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Reaching the MDGs: An Action Plan for Trade

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EXECUTIVE SUMMARY

Lack of integration into the global economy is a major factor in the continued underdevelopment of the poorest countries. The reasons for this include obstacles faced by exporters both abroad and at home: access to foreign markets is frequently limited by import barriers, while inadequate infrastructure and weak policies at home—including their own trade policies—often frustrate producers seeking to compete abroad.

With many low-income countries (LICs) lagging in the global effort to reach the Millennium Development Goals (MDGs), there are calls for intensified action to spur growth and development. Trade is one key area where action can be taken. This paper suggests possible actions to foster trade integration for the LICs, substantially increasing their export potential and thereby helping them to progress toward the Millennium Development Goals.

As the foundation for these ambitions, we emphasize the role of a secure, open global trading environment—strengthened further by concluding the WTO Doha Round. From this base, the poorest countries could also benefit from better trade preferences from the Advanced Market (AM) and major Emerging Market (EM) countries. Building the capacity to take advantage of trade opportunities will require support from the international community and policy reforms—including to their own trade regimes—by the poorest countries themselves. The Fifteen Point Plan of possible actions outlined in this paper could increase annual exports of the least-developed countries (LDCs) by US\$10 billion or more, with additional benefits for other LICs.

Fifteen Trade Actions That Could Help to Achieve the MDGs

The following actions, elaborated in the main text, could help to increase the exports of the least-developed countries (LDCs) and also benefit other low-income countries (LICs):

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|----------------------------------|--|
| All WTO Members | 1. Conclude the WTO Doha Round |
| Advanced Market Countries | 2. Extend duty-free, quota-free coverage to all products from LDCs without delay |
| | 3. Make origin rules more flexible and consistent |
| | 4. Provide extended cumulation provisions |
| | 5. Tilt preference benefits toward LDCs and LICs |
| | 6. Provide government procurement preferences |
| Emerging Market Countries | 7. Extend duty-free, quota-free coverage to all products from LDCs by 2015 |
| | 8. Make origin rules more flexible and consistent |
| | 9. Provide extended cumulation provisions |
| | 10. Provide government procurement preferences |
| Complementary Measures | 11. Reduce trade-distorting domestic farm subsidies |
| | 12. Assist LDCs and non-LDC LICs in meeting standards of importing countries |
| | 13. Fill key gaps in providing aid for trade |
| | 14. LICs should reform their own trade and tax regimes |
| | 15. Take steps to guard against disruptions in the global trade system |