



**OUTCOME DOCUMENT**

# **Seminar on WTO MC-12: Implications for Graduating LDCs**

**Organized by  
Support to Sustainable Graduation Project  
(SSGP)  
Economic Relations Division  
Ministry of Finance**

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**Tuesday 26 July 2022  
BIAM Foundation, Dhaka**

## Background

A seminar on **WTO MC-12: Implications for Graduating LDCs** was held on 26 July 2022 at the BIAM Foundation of the capital. **Support to Sustainable Graduation Project (SSGP)** under Economic Relations Division (ERD) organized the seminar. Senior Secretary of the Ministry of Commerce Mr. Tapan Kanti Ghosh was the chief guest of the inaugural session of the seminar, while ERD Secretary Ms. Sharifa Khan chaired the session. Director General (Additional Secretary) of the WTO Cell of the Ministry of Commerce Mr. Md. Hafizur Rahman made the keynote presentation at the seminar. Key stakeholders of the LDC graduation process across the government, private sector, and think-tanks participated in the event.

Due to the widespread COVID-19 pandemic, the 12th Ministerial Conference of the WTO being deferred a couple of times took place on 12-16 June 2022, in nearly a five-year time. The MC12 of WTO was expected to have significant implications for LDCs including Bangladesh on two grounds. First, it took place at a time when Bangladesh is preparing for LDC graduation, which is going to be effective in November 2026. Secondly, Bangladesh and other LDCs were expecting an optimistic agreement among the WTO members to support the submission of the LDC (Least Developed Country) Group for extending concessions to graduating nations beyond graduation for a certain period.



The seminar aimed at analysing the decisions of the WTO MC12 outcome package in the bigger picture- how developed, developing, and LDCs are impacted. It had a particular interest in the takeaways for LDCs from the MC12 and what measures and preparation are required in the run-up to the MC13.

This outcome document covers the inaugural remarks, keynote presentation, and remarks of the three distinguished panelists who participated in the business session and the valuable feedback from the participants.

## Inaugural Session

### Inaugural Speech by the Chief Guest: Mr. Tapan Kanti Ghosh, Senior Secretary, Ministry of Commerce

Mr. Tapan Kanti Ghosh, in his speech, observed that there are differences in terms of concerns, interests and level of development of the LDCs. He also opined that the issues related to the political economy also come into play in the international trade regime. Reflecting on the outcome document of the WTO—he opined that although it had fallen short of the expectations of the LDCs, it still recognized the need for certain measures for their smooth and sustainable graduation. In this context, he underlined the need to actively negotiate at the bilateral and multilateral levels to secure the continuation of ISMs beyond graduation. He put special emphasis on stronger bilateral engagement with the major actors of WTO like the US, China, and the European Union.



Mr. Tapan Kanti Ghosh delivering his inaugural remarks

Mr. Ghosh also emphasized proper marketing, innovation, and the establishment of necessary market linkage for diversification of export items and markets. He observed that equitable opportunities should be provided to all sectors for the diversification of export items. Mr. Ghosh underlined the need for enhancement of skills and regulatory reforms for attracting more Foreign Direct investment (FDI). He also observed that a study should be carried out to assess the impacts of the loss of subsidies upon LDC graduation. At the same time, he observed that there are scopes for expanding the scope of the WTO cell and greater engagement of it with various stakeholders.

### Remarks by the Chair: Ms. Sharifa Khan, Secretary, Economic Relations Division

Ms. Sharifa Khan, in her speech, said that utmost importance should be given to domestic capacity building to prepare the country for the post-graduation phase. Noting that Bangladesh is currently in a transitional phase between LDC and developing countries—she said that the country needs to strike a balance when it comes to chalking out its strategy to deal with its trade partners. Pointing out that the subsidies currently provided to the non-agricultural products

would have to be discontinued once Bangladesh graduates from the LDC status— she emphasized enhancing the competitiveness of local products without the support of subsidies.



Ms. Sharifa Khan making Chair's remarks

Citing the example of India, she said that a study should be carried out to analyse how Bangladesh can continue to provide indirect subsidies following various mechanisms in the aftermath of graduation. She also underscored the need of enhancing productivity, competitiveness, and quality to prepare the country for the post-graduation challenges. She also observed that Bangladesh should look on to engaging in various plurilateral negotiations in the WTO from the beginning to enjoy an advantageous position —especially in areas like e-commerce and investment facilitation. Lastly, she called for carrying out systematic planning in collaboration with the private sector to overcome the challenges of LDC graduation. She also said that the SSGP project stands ready to provide any technical support to carry out research, studies, and stakeholder consultations to address graduation-related issues.

#### **Welcome Remarks from Mr. Farid Aziz, Additional Secretary & Wing Chief, DE Wing, ERD and Project Director, SSGP**

Mr. Farid Aziz, in his welcome speech, recalled that the recently held Twelfth Ministerial Conference (MC12) of the World Trade Organization (WTO) was expected to have significant implications for LDCs including Bangladesh on two grounds. Firstly, it took place at a time when Bangladesh is preparing for graduation from the LDC category, which is scheduled to be effective in November 2026. Secondly, Bangladesh and other LDCs were expecting an optimistic agreement among the WTO members to support the submission of the LDC (Least Developed Country) Group for extending International Support Measures (ISMs) to the graduating nations for a certain period beyond graduation. He opined that although the MC12 had fallen short of the expectations of the LDCs, it had still recognized the need for certain measures by the WTO for their smooth and sustainable graduation.



Mr. Farid Aziz delivering welcome remarks

Against this backdrop, he explained that the seminar had been organized to analyse the key takeaways of Bangladesh from MC12 and also to discuss how the country should get prepared in the run-up to the next Ministerial Conference (MC-13) in the context of Bangladesh's scheduled graduation in November 2026. He expressed his hope that the seminar would allow the participants to learn first-hand experience from the key members of the Bangladesh Delegation.

**Presentation on “WTO MC-12: Implications for Graduating LDCs” by Mr. Md. Hafizur Rahman, Director General (Additional Secretary), WTO Cell, Ministry of Commerce**

At the beginning of his presentation, Mr. Md. Hafizur Rahman highlighted that the MC12 had taken place amid multiple crisis situations like global health crisis (COVID-19), looming economic recession, food and fuel price hikes, moribund DDA, expanding mega regionals like RCEP and CPTPP as well as Russia-Ukraine War. Mr. Rahman noted that there had been some inherent crises in the WTO like the failure of MC11, unusual delay in organizing the MC (almost 5 Years) as well as defunct Dispute Settlement System. He informed that Bangladesh's approach for the MC12 in the context of LDC graduation was to get a package deal for graduating LDCs or at least to keep the agenda alive for the next ministerial. He, however, observed that what the country had received from the MC12 is something in between these two. He pointed out that the 'Graduating LDC' Issue was completely new in the WTO system. Therefore, Bangladesh had to convince other WTO members-- especially other LDCs that the countries which are in the process of LDC graduation require special support and attention.

Reflecting on the outcome document of MC12, he cited the 5<sup>th</sup> paragraph of the document:

“In this difficult context, we note with satisfaction the progress achieved by LDC Members who have met or who are about to meet the graduation criteria set by the United Nations Committee for Development Policy (CDP) and acknowledge the particular challenges that graduation

presents, including the loss of trade-related international support measures, as they leave the LDC category.



Mr. Md. Hafizur Rahman delivering the keynote presentation

We recognize the role that certain measures in the WTO can play in facilitating the smooth and sustainable transition for these Members after graduation from the LDC Category.”


Reflecting on this particular paragraph—he observed that the paragraph had recognized the role WTO can play in facilitating smooth and sustainable transition for these members after graduation. He termed it as a major success of this conference which had created a baseline for raising the demand for continuation of international support measures for graduating LDCs at the global level.

He also noted that the second paragraph of the outcome document had called for considering the level of development of a country while providing them with Special and Differential Treatments (S&DTs) facilities. He said that this particular provision would be a major concern for Bangladesh which should be subject to further active negotiation.

He also highlighted the eighth paragraph of the outcome document which addressed the operationalization of services waiver in the following manner:

“We reaffirm our decision at the Tenth Ministerial Conference in Nairobi on implementation of preferential treatment in favour of services and service suppliers of least-developed countries and increasing LDC participation in services trade, and instruct the Council for Trade in Services to review and promote the operationalization of the waiver including to explore improvements in LDC services export data; to review information on LDC services suppliers and consumers of LDC services in preference providing Member markets, and to assess best practices in facilitating the use of the preferences. On this matter, we instruct the General Council to report to our next session on progress.”

With regard to TRIPS agreement related decision in MC12, Mr. Rahman said that the decision mentions:



“3. (a) An eligible Member need not require the proposed user of the subject matter of a patent to make efforts to obtain an authorization from the right holder as set out in Article 31(b).

(b) An eligible Member may waive the requirement of Article 31(f) that authorized use under Article 31 be predominantly to supply its domestic market and may allow any proportion of the products manufactured under the authorization in accordance with this Decision to be exported to eligible Members, including through international or regional joint initiatives that aim to ensure the equitable access of eligible Members to the COVID-19 vaccine covered by the authorization.”

However, he observed that when it comes to TRIPS related issues, the MC12 outcomes had brought nothing significant that could benefit the developing countries.

Mr. Rahman observed that although the MC12 had fallen short of the expectation of the LDCs in this conference. However, he believes there are scopes in the next MC and Bangladesh should engage in bilateral and multilateral negotiations for the continuation of ISMs for an extended period. In this context, he observed that we should adopt the following measures to prepare itself for the next ministerial conference of the WTO:

- Revise the original submission and resubmit it immediately after the first General Council (GC) Meeting after the MC-12
- Conduct studies on graduation issues to support the negotiators
- Engage in bilateral negotiations with obstructing Members
- Apprise constantly the representative in Dhaka
- Apprise the relevant Government bodies of other potential countries to get support for the proposal.
- Keep developing countries on board to support the proposal
- Send a high-level delegation to potential countries to convince the governments in favour of the proposal

## Business Session

The inaugural session of the seminar was followed by a business session. Former Member of Bangladesh Trade and Tariff Commission (BTTC) Dr. Mostafa Abid Khan, Chief Executive Officer of Business Initiative Leading Development (BUILD) Ms. Ferdaus Ara Begum, and International Trade Expert of SSGP Mr. Nesar Ahmed took part in the panel discussion. ERD Secretary Ms. Sharifa Khan moderated the session.




ERD Secretary Ms. Sharifa Khan moderating the business session

### Remarks from Mr. Nesar Ahmed, International Trade Expert, Support to Sustainable Graduation Project (SSGP):

Mr. Nesar Ahmed, in his remarks, said that although Bangladesh should remain engaged with the process of resubmitting the proposals of the LDC group to the WTO for the continuation of ISMs—the greater emphasis should now be put on the reform process of the WTO and other broader issues given Bangladesh would, sooner than later, become a graduated country. He observed that chances are limited that the proposals of the LDC group for the continuation of ISMs for an extended period would receive the WTO nod.

<p>Mr. Nesar Ahmed making his remarks</p>	<p>Ms. Ferdaus Ara Begum making her remarks</p>	<p>Mr. Mustafa Abid Khan making his remarks</p>





Explaining the reason- he opined that since only Bangladesh, among the LDCs, had been able to make the best utilization of the DFQF measures and other ISMs-- no other LDCs is interested in this issue. Noting that it is high time for the reform of the WTO—he said that Bangladesh should take an active role in that reform process so that the concerns of the country receive adequate global attention in the future. Echoing the opinion of the moderator, He affirmed that Bangladesh should actively participate in various plurilateral negotiations in the WTO. While affirming that there would be some challenges in engaging in various plurilateral negotiations—he opined that becoming a party to plurilateral agreements may create compulsion for necessary reforms and capacity developments.

#### **Remarks from Ms. Ferdaus Ara Begum, CEO, BUILD**

Ms. Ferdaus Ara Begum, in her remarks, said that Bangladesh should actively negotiate both at bilateral and multilateral levels for the continuation of ISMs beyond LDC graduation. Noting that the latest national budget had imposed a supplementary duty on 90 more products-- she observed that such para-tariffs would have to be withdrawn following the country's graduation. She also called for more simplification of trade facilitation-related issues. She underscored the need for amending the existing patent law to address the issue of compulsory licensing in the context of LDC graduation. Highlighting the importance of the WTO cell in safeguarding the country's trade interest in the global arena, she called for enhancing the capacity of the WTO cell by engaging experts on WTO-related issues.

#### **Remarks from Dr. Mostafa Abid Khan, Former Member, Bangladesh Trade and Tariff Commission (BTTC)**

Mr. Mustafa Abid Khan, in his remarks, identified the continuation of ISMs as the major challenge for the country in the context of LDC graduation. In this context, he emphasized enhancing the country's internal capacity to decrease its dependency on ISMs. He also said that although Bangladesh should remain engaged with the process of resubmitting the proposals of the LDC group for continuing ISMs to the WTO—the country should lower its expectation in this regard.

## **Open Floor Discussions**

At this stage, the floor was opened for feedback from participants. During this phase, the following observations and recommendations came from the participants.


Mr. Mustafizur Rahman from the Bangladesh Association of Pharmaceutical Industries (BAPI) queried what sort of policy reforms would be taken by the government to address the challenges to be faced by the pharmaceuticals sector after the country becomes graduated. Also pointing out that the country is overwhelmingly import-dependent when it comes to agriculture-related products like fertilizer, seeds, and pesticides—he called for policy support to increase self-sufficiency in such items.



Participants providing feedback during the open floor discussion

Addressing these observations, Ms. Sharifa Khan said that the pharmaceuticals sector should put forward specific proposals about the type of policy support they would require to address the LDC graduation-related challenges. She also informed that ERD, with support from SSGP, is planning to organize a consultation with the pharmaceuticals sector to exclusively discuss the graduation-related challenges of the pharmaceuticals sector. With regard to the concerns raised about the agricultural products—Ms. Khan informed that as per the WTO rules, a developing country can provide domestic subsidies for up to 10 percent of the total agricultural production. She pointed out that Bangladesh’s current domestic support is around 1.5 percent of the total production and the country will be able to continue such support even after LDC graduation.

Reflecting on the issues of the pharmaceuticals sector-- Ms. Ferdaus Ara Begum, citing recent research, pointed out that the Bangladeshi pharmaceutical companies had produced around 16 thousand formulations of their own which are yet to be patented. In this context, she observed that the pharmaceutical industry should give serious thought to how to address this issue in the context of the expiry of TRIPS-related flexibilities after graduation. Pointing out that the demand for biological drugs had increased significantly in the global market in recent years—she opined that Bangladesh should look to tap this market. Ms. Ferdaus Ara Begum observed that although Bangladesh imports a significant portion of agricultural materials like fertilizers and seeds from abroad—domestic manufacturers of these products had also created a niche in recent years.




Head of Research and Development of Dhaka Chamber of Commerce and Industry (DCCI) Mr. AKM Asaduzzaman Patwary said that the government should formulate specific measures to promote local manufacturing and export. He also emphasized sector-specific action plans to tackle the challenges of LDC graduation. He also said that a study should be carried out to evaluate whether CEPA (Comprehensive Economic Partnership Agreement) would be beneficial for Bangladesh or not. He also observed that currently there is no focused area in the national budget for the sector-specific direction of the policy that supplements the LDC graduation-related preparation of the country. Citing a recent study from DCCI, he said that the withdrawal of cash incentives is unlikely to have any impact on Bangladesh's exports after LDC graduation. Citing the same study, he said that the private sector would rather require technological support, easier access to finance, skills, and research development plan to offset the withdrawal of cash incentives.

Noting that the importation of mother ships for frozen fish is currently subject to 55 percent import duty—Mr. Shaikh Sohel Pervez from Bangladesh Frozen Foods Exporters Association said that withdrawal of this import duty would be beneficial for the frozen fish sector. He also observed that tax incentives should be provided for importing relevant materials to bring much more diversity to this sector. He said that the next generation of farmers or entrepreneurs should be encouraged and incentivized to engage in this sector. Noting that Vietnam had recently signed a special agreement with the EU to gain easier access to its frozen fish products in the EU market—he said that Bangladesh should explore the possibility of reaching such deals with the EU.

Ms. Rehana Akter from Bangladesh Tanners Association said that the issues pertaining to the domestic leather sector should receive increased focus in Bangladesh's negotiations with the WTO. Participants also said that there should be a comprehensive assessment of how the already graduated countries had promoted their private sector.

Responding to these observations, Ms. Sharifa Khan said that Bangladesh, with its huge population, large GDP, and strong manufacturing base—provides a unique case among the LDCs. In this context, she observed that analysing the experience of other graduated LDCs would not be worth it for Bangladesh. However, she also pointed out that other graduated LDCs had witnessed an uplift in their flow of FDI after their graduation due to reforms in their IP regime as well as other rules and regulations brought forth by LDC graduation. Ms. Ferdaus Ara Begum said that Bangladesh would be able to continue to provide duty drawback facilities after graduation. She observed that duty drawback facilities will be a crucial requirement for the leather and RMG sector in the coming years.

Responding to the feedback coming from the participants, Mr. Md. Hafizur Rahman affirmed that there are scopes for boosting the size of manpower of his cell with a view to enhance its capacity. He also informed that the Ministry of Commerce is closely examining the FTA recently signed between the EU and Vietnam as a lesson learning process. He informed that during the recently concluded trade talks between the EU and Bangladesh—the EU had queried whether Bangladesh is interested in signing an FTA with the EU. He, however, observed that Bangladesh will need to




address various issues like labour rights, Intellectual Property Rights, and environmental compliance issues for signing an FTA with the EU. Noting that around 25 percent of the pharmaceutical products currently being manufactured in the country would be subject to patent protection after graduation—he called for taking necessary steps for overcoming post-LDC challenges in this regard. He informed that the Ministry of Commerce is looking for ways to continue the TRIPS-related flexibilities up until 2033 even if the country graduates by the end of 2026. Noting that the challenges and vulnerabilities of a particular LDC should be taken into account while considering its level of development—he informed that the WTO cell is working on how to properly accentuate it in the future high-level meetings of WTO as well as the future MC outcome documents.

#### **Wrap up by the Chair and Moderator**

ERD Secretary Ms. Sharifa Khan, in her concluding remarks, recalled that Bangladesh had successfully tackled a number of similar challenges in the past including the phasing out of the quota system in 2005. She expressed her hope that Bangladesh would similarly be able to tackle the challenges posed by LDC graduation and would emerge as a stronger nation in the post-graduation phase. She informed that ERD, with support from SSGP, would organize sector-specific consultations in the near future to have a detailed discussion on how to address the graduation-related challenges. She asked the private sector representatives to formally send their issues relating to sectoral development that supports sustainable graduation to ERD so that those could be placed before the National Committee on LDC graduation. Finally, she thanked all the participants for their active participation and for making a valuable contribution to the policy discussion.

### **Key Takeaways**

- The outcome of the MC12 of the WTO had fallen short of the expectations of the LDCs, however, it has recognized the need for certain support measures for their smooth and sustainable graduation. The outcome is regarded as a great success for the graduating nations as it has kept the agenda alive for future discussion;
- The submission of the LDC group for continuing ISMs needs to be revised in the context of the new global scenario and should be resubmitted immediately after the first General Council Meeting after the MC-12;
- Bangladesh should actively negotiate at the bilateral and multilateral levels to secure the continuation of ISMs beyond graduation. Stronger bilateral engagement with the major actors of WTO like the US, China, and the European Union would be required in this context;
- Bangladesh should look on to engage in various plurilateral negotiations going on in the WTO —especially in areas like e-commerce and investment facilitation;
- Utmost importance should be provided to domestic capacity building to prepare the country for the post-graduation phase; Proper marketing, innovation, and establishment of necessary market linkage are essential for the diversification of export items and markets;

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- Simplification of trade facilitation-related issues is required in the context of Bangladesh's upcoming LDC graduation;
  - Policy support is required to increase Bangladesh's self-sufficiency in agricultural items like fertilizer, seeds, and pesticides;
  - The pharmaceutical industry should give serious thought to how to patent its products which would require patenting in the context of the expiry of TRIPS-related flexibilities after LDC graduation; Local pharmaceutical industries should look to tap the rising demand for biological drugs in the global market;
  - A study should be carried out to analyse whether CEPA would be beneficial for Bangladesh or not;
  - The government should formulate sector-specific action plans to tackle the challenges of LDC graduation; and
  - ERD, with support from SSGP, would organize sector-specific consultations in the coming months to have a detailed discussion on how to address the graduation-related challenges.