Committee/Council: The Economic and Social Council

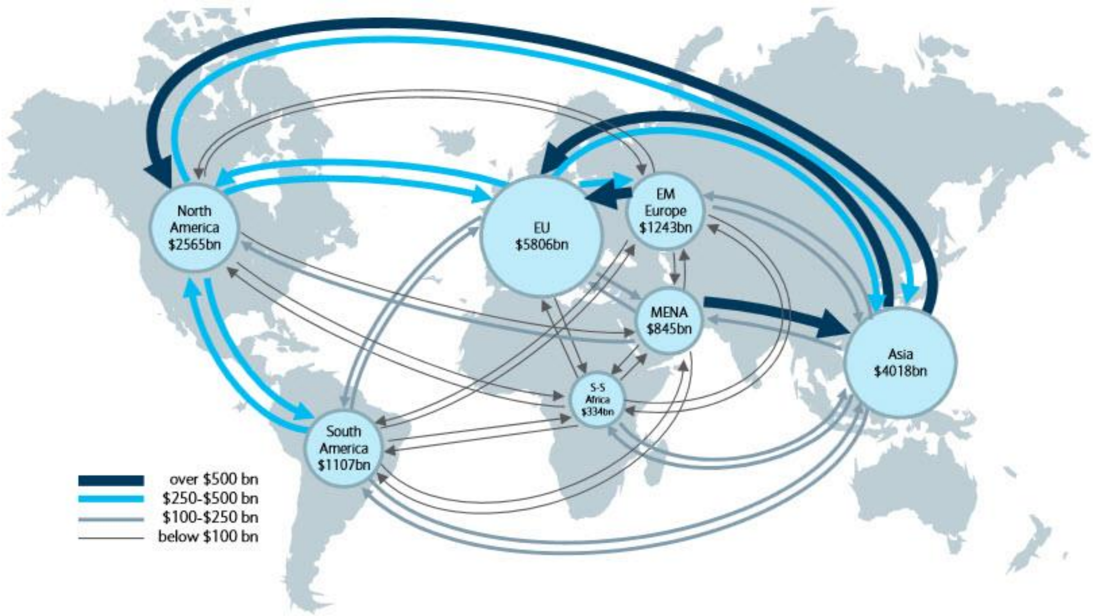
Issue: Integrating LEDCs into global trade

Student Officer: Lydia Lampiri

Position: President

Introduction

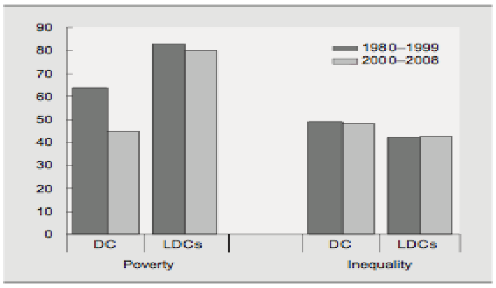
In our day to day lives, we are constantly exposed to the benefits of globalisation, free trade, and trade liberalisation. Low tariffs on imported goods allow us to purchase them in a price similar to their export country. For example, due to trade liberalisation, it is cheaper to buy an avocado from Mexico now than it was fifty years ago. With that thinking, there is no doubt that the phrase "poverty is the plague of our times" is correct. Poverty is one of the main causes of food insecurity, illiteracy, unemployment and child mortality among others. These calls for a change in the way LEDCs grow and develop.



With the introduction of the Millennium Development Goals (MDGs) in 2000, Less Economically Developed Countries (LEDCs) became dependent on national and economic growth to achieve all their goals, specifically MDG1 and MDG8. In order to reduce the amount of impoverished, LEDCs need to open up their markets and accelerate their economic growth. By liberating the markets, efficiency and the allocation of scarce resources are improved, economic growth and welfare are enhanced and contributions are made to long-time growth and development. The short term adjustment costs may include the usage of only import channels since export opportunities arise from sectors that will not have reached maximum production capacity at the time.

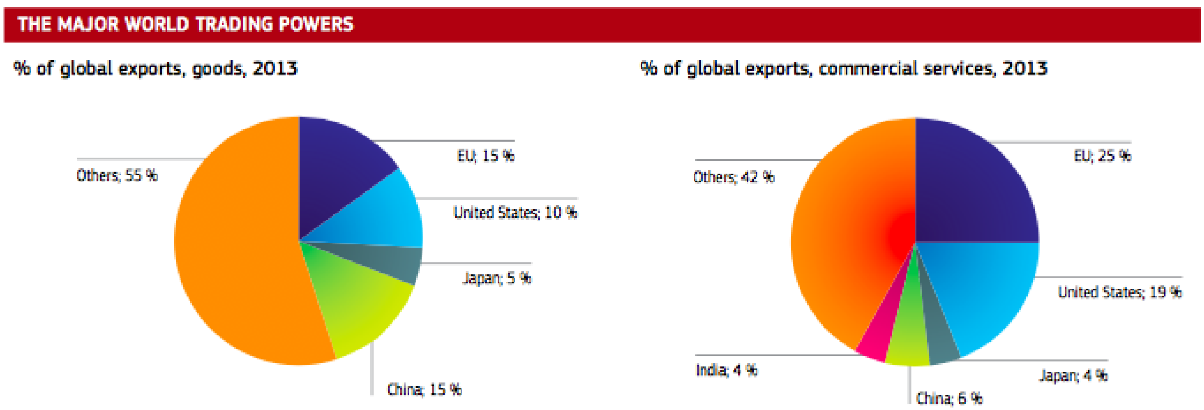
By liberalising trade, the world can gain 90-200 billion dollars, 2/3 of which would come from LEDCs. This would lift up more than 140 million people from poverty and increase GDP in regions such as Africa, West Asia and Latin America; granting them larger employment and investment opportunities.

POVERTY HEADCOUNT RATIO (PER CENT OF POPULATION BELOW $2 A DAY) AND INEQUALITY IN DEVELOPING AND LEAST DEVELOPED COUNTRIES, AVERAGES



Source: Author's elaboration, based on World Bank, *World Development Indicators*, 2011, online; and Karshenas, 2010.
Note: DC denotes developing countries, excluding LDCs.

Trade liberalisation however, does not necessarily mean increased trade and growth. The impact of liberalising trade depends on the national context at the time rather than how the theory is applied with factors such as macroeconomic stability, infrastructure and the financial sectors being key players in each country's success story. Additionally, trade alone will not allow countries to reach goals such as the MDGs and SDGs, the international community must increase efforts to integrate trade liberalisation in global economy, thus leading to an increase in living standards and development as well as establish conditions for trade to take place in all countries. This is essential since the poorest LEDCs have the least world trade and must lower barriers or will face a marginalisation risk due to structural problems, weak policy framework and institutions and at home and abroad protection.



Source: Eurostat and WTO.

Definition of Key-Terms

LEDCs

Less Economically Developed Countries

MEDCs

More Economically Developed Countries

GDP-Gross Domestic Product

The total amount of goods and services produced by a nation in one year

Value Added Service

An enhancement given by a company to a product or service before provided to its customers

Macroeconomic stability

An economy that has decreased its susceptibility to shocks and increased its sustained growth prospects

GATT

General Agreement on Tariffs and Trade

Outward oriented

Macroeconomic development strategy based on the openness of a country's market and efforts to increase international trade

Inward oriented

A strategy that encourages the domestic production of goods rather than their import

New Globalisers

Developing countries that have significantly excelled in exploiting their comparative advantage due to labour productivity growth, lower costs of labour, high levels of investment and lower tariffs

Tariff peaks

High tariffs on certain products

Tariff escalation

Occurs when the importing country lowers duties on raw materials and components and increases duties on finished products to protect its manufacturing industry

Tariff quotas

Trade policy aimed at protecting a domestically produced good from competitive imports

Dumping

An export by a country or firm where the price is lower in the foreign market than the domestic one

Anti-dumping

Protectionist tariff imposed by a government on imported foreign goods when it believes that a certain good's price is lower than fair market value

Trade Bloc

Agreement between nations, which aims at reducing and/or eliminating regional barriers to trade.

Background Information

Globalisation

Globalisation is the latest economic trend in the 20th and 21st century. Even though there is no direct definition for it, we know it's a way for our world to be interrelated with many sectors from culture to markets to crime to the environment through the enhancement of broadening and widespread of global interconnection.

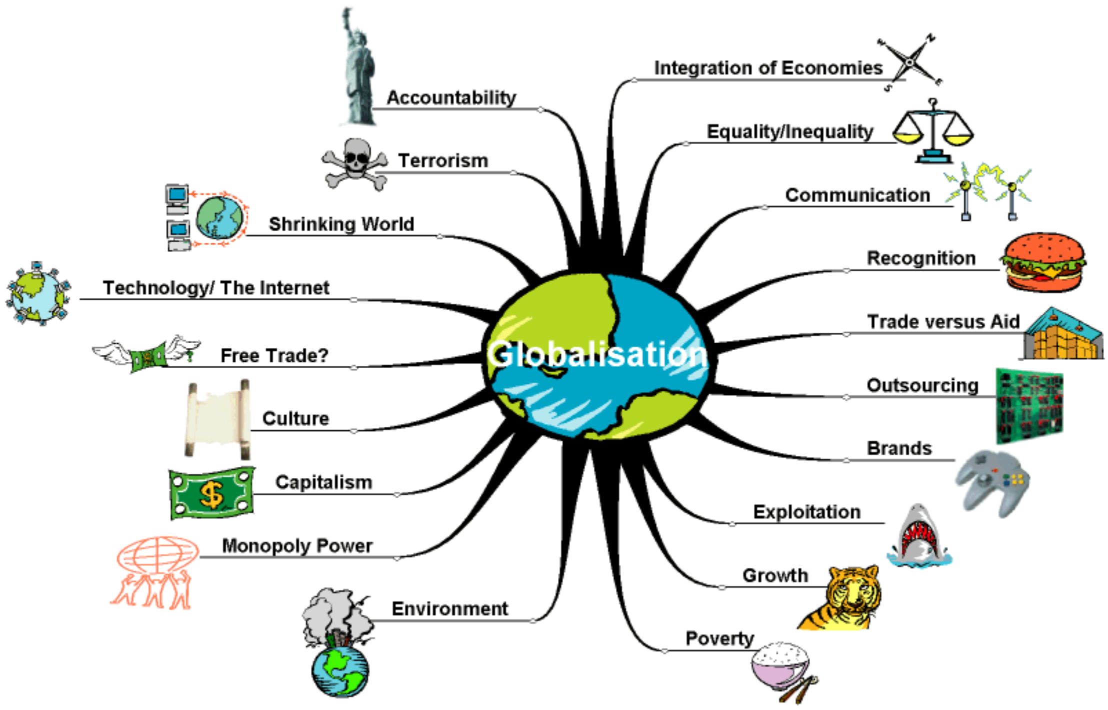
Pros of Globalisation

Globalisation can be perceived as a very positive thing, which, in many cases it is. The world is interconnected now more than ever, allowing the trade of goods, services and ideas to be constant. Business abroad has never been easier and farmers can now taste the benefits of a global market. The truth is, globalisation benefits a country primarily when the country specializes on a specific product and exchanges it with other countries. This helps countries integrate economically and enhances free trade, producing an economic movement that is virtually unstoppable, promotes wealth, and is applauded by many noted economists. Since globalisation has increased international trade to a large extent, it is evident that economic growth has evolved, and especially in the cases of GDP increases in East and Southeast Asia, as well as Latin America and Sub-Saharan Africa, globalisation is perceived as a promising trend allowing both growth as well as development and with the closeness that countries become, many can argue it may even promote peace.

Cons of Globalisation

The truth is, globalisation is not the ideal solution at all times. The unemployment effect is one of the largest side-effects of globalisation. Even though world trade creates more jobs, it also creates competition for profit maximisation. This causes companies to fire their workers and move to areas where labour is cheaper and laws can be modified because of the corruption existing in the government. For example, there has been an unemployment struggle in China despite its economic growth.

Additionally, income distribution may also be a side effect of globalisation. Although a lot of income inequality among semi-skilled workers has decreased, income inequality between high skilled workers has increased. For example, some industries such as the manufactured exports one provide higher wages for those with limited skills and education while service and technology businesses increase wages for highly skilled workers and have no available employment for those who are semi-skilled.



Global Trade

In the last 20 years, growth has increased twice as fast as output. This has been reflected on the global trade percentage in LEDCs which has increased from 29% in 1996 to 37% in 2006. Tariffs on the other hand, have been reduced by 4% in the period between 2000 and 2006. Finally, a GDP increase of at least 16% in the 2003 to 2008 period occurred in regions of Africa, Western Asia and Latin America; this called for more employment and investment and was immediately translated into growth.

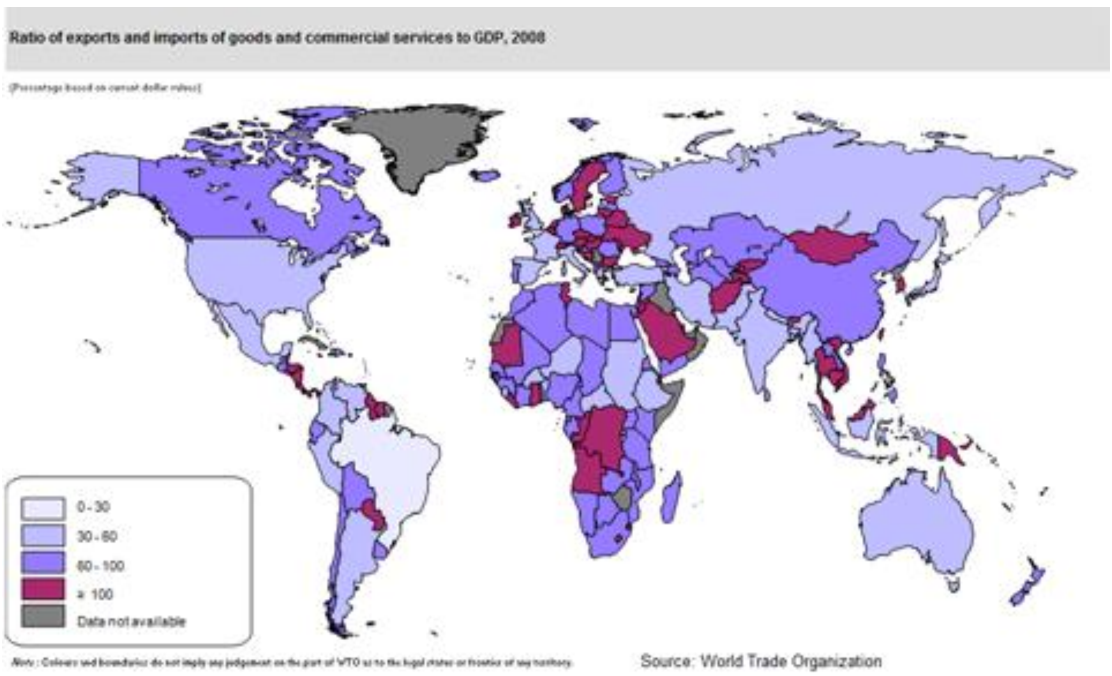
World trade has grown unevenly. Some LEDCs in mainly Asia have more growth by manufacturing but others in Africa are further behind. This is because many LEDCs depend on one export such as wood or cotton and those prices decline. In contrast prices of manufactured goods have arisen. Subsidies by western countries to their farm populations are also an issue since they outweigh aid given to LEDCs. Even though MEDCs have pledged to reduce the subsidy sizes and increase trade, the opposite has happened in the last 20 years with little to no change.

Trade Blocs

In today's international market, trade blocs are always increasing. These agreements result into the reduction of protectionism in regions or between member nations taking part in the agreement. Regional Trading Blocs take part between specific member states, these blocs reduce protectionism between the member states that take part only, and increase protectionism and restrictions with the non-member states. These Regional Trading Blocs are beginning to dominate today’s global economy. One of the largest and most famous trade blocs is the European Union (EU) since its GDP is as large as the US’. The EU is the largest LEDC agricultural product importer and is very close to ACP former colonies through trade deals. One of the issues of the EU trade bloc is the protectionist past it used to have with self-sufficiency being an idea, limiting large exports from other countries to enter the EU. A way to amend this is the Common Agricultural Policy where subsidies are shifter to supporting the environment instead.

Trade Liberalization

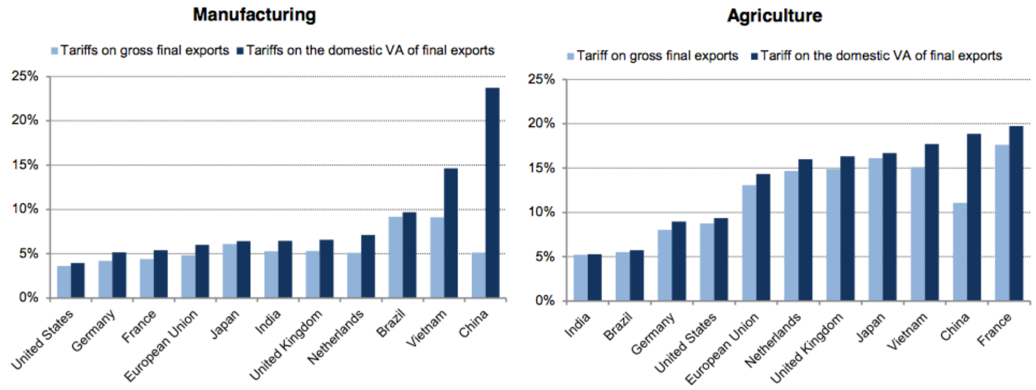
When countries partake in trade liberalization, they open their markets to trade and investments, allowing their economies to benefit in the areas of comparative advantage. When trade liberalizing, it is important to remember that countries must use their means of production (land, labor, capital, entrepreneurship) to focus on the most productive areas of the country’s economy with multilateral basis measures. These measures also have to be accompanied by employment, labor, and educational policies in order to maximize the benefits of trade.



Why Trade Liberalisation is needed

In the last 30 years, protection in terms of traded goods has decreased. It does however; remain significant in both MEDCs and LEDCs in areas of agriculture or labour intensive manufacturing. In those two cases, LEDCs happen to have an advantage. MEDCs protect agriculture through a variety of tariffs including tariff peaks, tariff escalation and tariff quotas. This causes the average tariff protection in agriculture to be approximately 9 times higher than in manufacturing with agricultural subsidies in LEDCs being 2/3s of Africa's entire GDP. This undermines the agricultural sectors and exports of LEDCs and decreases world prices. As a result, the EC (European Commission) spends 2.7 billion euro each year to reduce the price of sugar and make it profitable for the EU farmers, thus, excluding the low-price spectrum of tropical sugar imports.

MEDCs tend to have a low protection in the case of manufacturing. On the other hand, protection is relatively high in terms of LEDCs and manufacturing. An example of this is that in the US, where the tariff for imported goods is approximately 5%, there are about 300 products in which the tariff peaks. The tariff peaks mainly come from textiles and clothing items and are thus 90% of the annual 1 billion dollar import to the US from LEDCs. This though can be seen in other labour intensive manufacturing of products which are also subjected to tariff peaks, tariff escalation and the prevention of a larger range of diverse exports towards higher value added products. Many LEDCs have high tariffs themselves, especially on the industrial products they import. In those cases, the products imported are three to four times higher than in MEDCs exhibiting tariff peaks and escalation. In the agricultural sector, the tariffs reach 18%; a percentage that is much larger in LEDCs than in MEDCs.



Applied AVE tariffs, weighted by the share of each sector and destination market in the country's agricultural or manufacturing exports. For EU countries, tariffs are calculated on extra-EU exports.

Source: OECD (2013a).

As tariff protection regulations and quotas decline, non-traditional measures to delay trade such as antidumping policies arise. Antidumping policies are mainly faced by LEDCs, even though they affect both MEDCs and LEDCs. For example, the EU antidumping regulations cost Africa 1.3 billion dollars. There have been favourable trade access plans for LEDCs as time has progressed, yet, they have not proven any effectiveness in the access of those nations to world markets. These schemes may exclude or be less generous when it comes to the higher protected products of the market to those exporting them to LEDCs. The favourable trade access schemes may be complex, unclear, with numerous exceptions and terms limiting their benefits with the achievement of market access.

TRADE OPENNESS, CURRENT ACCOUNT BALANCE AND BARRIERS TO TRADE IN DEVELOPING COUNTRIES

	Trade openness		*Current account balance*		*Trade restrictiveness*		
					*Average tariffs*ξ		*TRI*
Country groups	*1980*	*2010*	*1980*	*2010*	*Industrial*	*Agriculture*	
Developed countries	34.3	42.0	-0.9	-0.6	4.7	5.2	0.29
Developing economies	50.0	69.9	1.2	2.3	9.3	14.2	0.33
Least developed countries	43.2	70.7	-6.0	-4.3	11.3	14.2	0.32
Middle-income developing countries	35.0	51.9	-2.1	2.5	9.1	13.9	0.36
Low-income developing countries	43.4	58.0	-1.9	-1.5	3.7	13.8	0.30
China	13.3	54.5	0.1	5.2	10.0	8.4	0.34
India	15.3	45.5	-1.0	-3.2	3.7	29.4	0.47
Sub-Saharan Africa	56.0	70.7	0.1	-1.2	10.9	12.9	0.30

Source: Trade and current account balances (UNCTADstat, 2011); Tariffs (WTO, 2011); TRI (Looi Kee et al., 2009).
Note: Trade openness is the ratio of exports plus imports to GDP. ξ denotes weighted averages for 2007–2009. TRI = Trade restrictiveness index (of tariffs and non-tariff barriers).

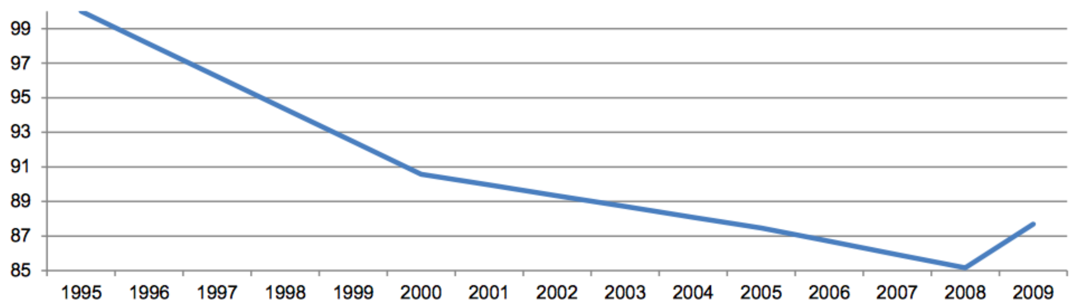
Pros of Trade Liberalization

In order to achieve a sustained economic growth, policies which open economies to global trade and investment are necessary. In fact, for a country to achieve an increase in living standards and economic success, it is essential that it opens up to the rest of the world. This has been a key factor in the economic successes of Eastern Asia where the import tariffs have decreased by 20% in the last 20 years.

There has been evidence that outward oriented countries grow faster than those that are inward oriented. Some countries that have become successful through outward oriented policies and opened their economies are the following: India, Vietnam and Uganda. These countries lowered their tariffs in the 1980's and faced a large economic growth in the 1990's in comparison to countries that did not.

According to the World Bank, the "new globalisers" were able to reduce poverty by 120 million people by opening up their economies in order to develop a competitive advantage in the manufacturing of certain products. This proves that increased growth due to freer trade can increase the income of the poor, create jobs for unskilled workers, reduce inequality, promote growth and finally create a larger middle class. This proves that LEDCs would gain a lot more in terms of GDP through trade liberalisation than MEDCs simply because their economies face higher barriers to trade. MEDCs would benefit through the liberalisation of their agricultural markets while LEDCs would benefit from both agriculture and manufacturing.

Figure 1. Average bilateral trade costs for goods and services, 1995 - 2009



Trade-weighted average for G20 countries based on years 1995, 2000, 2005, 2008 and 2009. Bilateral trade costs are indirectly inferred from observable trade data.
Source: OECD Inter-Country Input-Output tables.

Cons of Trade Liberalization

Trade reforms are not always beneficial to a country. Just like in globalisation, opening up a country's market to the worldwide market seems like an excellent idea at hand. The truth is though, that the competition may cause industries and jobs to suffer as well as might lead companies to disregard environmental concerns for the sake of profit. This doesn't mean that trade should be restricted; this means that the policies introduced by countries must have a foundation based on tackling issues pertaining to labour, education, and the environment.

Major Countries and Organizations Involved

Mauritius

Mauritius is a prime example on how trade can both increase GDP as well as help a country achieve its economic MDG goals. For example, the trade policies Mauritius chose to implement allowed the country to adapt to international competition and increase their value added services. As a result, the GDP of Mauritius between now and 1996, when the policies were introduced has increased tremendously. Similar results can be seen in Kenya and Rwanda.

Cameroon

In the case of Cameroon, a country whose economy primarily depends on exporting commodities such as coffee, there have been issues with development and trade since its independence in 1960. In the 1990's however, Cameroon's structural reforms and adjustments to stimulate economic recovery following the 1986-1995 bust lead to a GDP increase of 4% each year. This bust destroyed Cameroons economy leading to cuts in civil service benefits and unemployment. As an effort to solve the issue, coffee trade was liberalized. This promoted both differentiation in the agricultural market and creased a less intensive production of coffee. The issue Cameroon now faced was that of trade facilitation. Trade liberalization is easy to do, and prices are indeed lower. However, in a country such as Cameroon, where the infrastructure is minimum, some additional costs such as transportation, distribution, and transaction must also be kept in mind. The extend of trade facilitation in a country is able to determine how fast firms deliver goods and services and at what cost. It needs to be kept in mind that it is easy to cut tariffs, but not to facilitate how trade goes from point A to B in the case of LEDCs. This has caused Cameroon to focus on trade facilitation along with trade liberalization, since trade facilitation is currently one of the primary issues in the trade policy dialogues for economic growth in LEDCs. Trade facilitation includes improving or creating additional infrastructure, removing barriers not relating to tariffs, improving the marketing and promotion in terms of exports, providing wider transaction environments and eliminating government corruption.

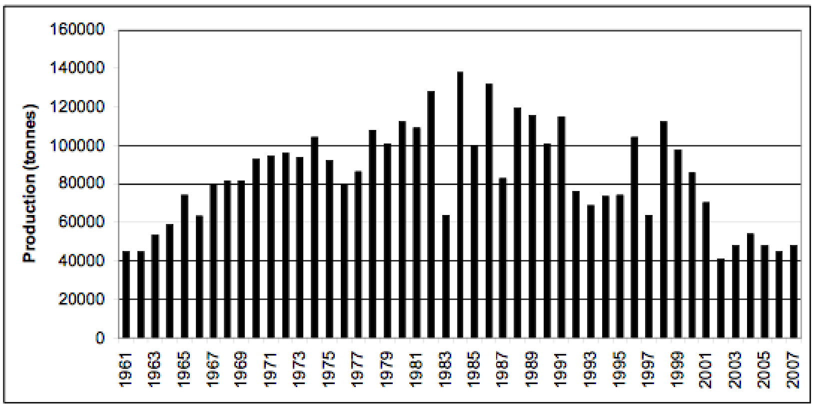


Fig. 1: Coffee Production in Cameroon, 1961 – 2007 (Data Source: FAOSTAT)

European Union

The EU trade and development policy circulates around inclusive growth and sustainable development. Its aim is to help LEDCs and countries in need to acquire the benefits of trade for growth and development. This has led to the EU creating and bringing into force the GSP from January 2014. This reduces beneficiaries and allows LEDCs to export more. The EU has also increased its relations with ACP countries for partnership and free trade agreements as well as promotes foreign direct investment through them. Moreover, the EU also encourages LEDCs to use trade as part of their development strategies and to cooperate with the EU initiative "Aid for Trade" for trade assistance. Finally, the EU supports small LEDC traders via the Export Helpdesk project as well as places emphasis on the importance of good governance as a key to successful development. This means that for a country to succeed and develop, the EU suggests domestic reforms, stimulation of trade and investment, securing sustainability and ensures that all economic classes benefit from trade.

Timeline of Events

Date	**Description of event**
1948	GATT put into effect
1958	European Economic Community formed
1964	United Nations Conference on Trade and Development (UNCTAD)
1967	ASEAN Established
1971	World Economic Forum Founded
1994	Uruguay Round: Creation of WTC
1994	North America Free Trade Agreement (NAFTA) began
1995	World Trade Organisation (WTO) Formed
2000	Cotonou Agreement

2001	Everything But Arms (EBA) Agreement Launched
2006	CAFTA is signed
2008	International Conference on Financing for Development in Doha, Qatar
2009	WTO Public Forum
2011	ASEAN Summit
2013	World Trade Facilitation Agreement
2013	Lima Declaration
2016	Trans-Pacific Partnership signed

Relevant UN Treaties, Resolutions and Events

United Nations Conference on Trade and Development (UNCTAD)

The work of the UNCTAD can be summarised in three terms, “think, debate, deliver”. The UNCTAD is the body that is responsible for dealing with development and international trade issues that arise today. It is a worldwide forum for representatives of each country to discuss how to improve and enhance the global economy.

Cotonou Agreement

The Cotonou Agreement (ACP-EU) was signed on the 23rd of June in 2000. This agreement entails a 20 year period (which began in 2000) between developing countries and the EU. This has led to the agreement becoming the basis of most European trade relations with the ACP. Following 2010 however, the trade agreement has broadened to face challenges pertaining to climate change, integration of regions, state fragility, aid, and food security. Additionally, despite the agreement being revised every five years, the three pillars of it, development cooperation, political cooperation and economic and trade cooperation have always been constant.

UNIDO

UNIDO came about following the Lima Declaration in 2013 in order to promote inclusive and sustainable development (ISID) in LEDCs and transitioning economies. The approach of ISID was adopted and recognised by the Sustainable Development Goals (SDG) Agenda which aims to create worldwide sustainable development by 2030. The three main pillars of ISID each represent a different aspect or goal for the organisation and are the following: “Creating shared prosperity, advancing economic competitiveness and safeguarding the environment”. Each pillar contains multiple programs within it in order to succeed in achieving UNIDO’s four facilitating purposes which are the following “technical cooperation, analytical research functions and policy advisory services, normative functions and standards and quality-related activities, convening and partnerships for knowledge transfer, networking and industrial cooperation”. These functions have allowed UNIDO to increase and improve its technical services in the last decade as well as its financial resource mobilization, allowing UNIDO to become a prime catalyst of industrial development.

WTO

The World Trade Organisation is a trade organisation acting as a forum for governments to negotiate agreements in terms of trade. Here is where trade disputes are settled and trade rules established. All the actions of the WTO come from negotiations and discussion in order to create documents such as the GATT as well as other which aim to lower trade barriers and promote free trade and development.

TPP

The TPP is a partnership agreement between the United States and Australia, Canada, Japan, Malaysia, Mexico, Peru, Vietnam, Chile, Brunei, Singapore and New Zealand aiming to increase US exports grows the US economy, support US employment and strengthen the US middle class.

General Assembly Resolution 57/273

This resolution was adopted by the General Assembly on March 5th, 2003. The issue it aimed to solve is “Ensuring effective secretariat support for sustained follow-up to the outcome of the International Conference on Financing for Development”. This resolution is essentially what created the Financing for Development Office since it has similar goals as the Financing for Development office.

Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

This draft resolution was distributed on December 9th, 2008 following the Doha Negotiations of the Financing for Development office. Here, the states agreed issues pertaining to human rights, gender equality, discussed terrorism, reaffirmed a political declaration on Africa's development needs and welcomed the decision to convene in 2011 and the UN conference of Least Developed Countries. Additionally, consensus was reached in issues pertaining to assembling international supplies for development, international trade as a catalyst for development, external debt, and staying committed to the goals and missions of this program.

Monterrey Conference

The International Conference on Financing for Development took place in Monterrey, Mexico in March 2002. It was a turning point in terms of the efforts of the international community for development. With more than 50 heads of state and 200 ministers attending, the UN-sponsored-summit aimed to address crucial financial issues relating to global development. The outcome of the conference was a global agreement by LEDCs and MEDCs in which both sides recognized their responsibilities in the areas of trade, institution building, and aid and debt relief.

Previous Attempts to solve the Issue

Aid for Trade

Aid for Trade is a program in LEDCs aiming to support the economic growth and competitiveness of each nation, reduce poverty through trade, establish regional trade and its integration in LEDCs and encouraging the establishment of a system that will bring development to LEDCs. Aid for Trade helps those wishing to start doing business with developing countries through contracts and funding that limit the risk of not getting paid with aid donors (Example: WTO and EU) being available in recipient countries.

Financing Development (FfDO)

The FfDO office was established in January 2003 following the General Assembly resolution 57/273. Its distinctive function is to provide support for following up agreements reached at the international FfDO conferences. The main aim of the office is to promote a follow-up process which is integrated cross-cutting and holistic through the UN Secretariat. Its main activities are: "serving as a focal point in the UN Secretariat for overall follow up to the implementation at the national, regional and global levels of the FfDO International conference outcomes in 2002 and 2008, promoting policy coherence with the UN to issues relating to FfDO, for the integrated and co-ordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields, providing substantive secretariat support to the intergovernmental process entrusted with the follow-up to the Monterrey and Doha Conferences on Financing for Development, organizing, in collaboration with experts from the public and private sectors, providing secretariat support to the work of the Committee of Experts on International Cooperation in Tax Matters" and finally, "providing advisory services and technical assistance to developing countries and countries with economies in transition in the areas of domestic and international resource mobilization for sustainable development, including the area of international tax cooperation."

WTO Doha negotiations

The Doha negotiations or Doha round are the latest round of trade negotiations among the WTO members. Their aim is to reform the international trading system through lower barriers and reviewed trade rules. By covering 20 areas of trade, it is rather clear that its main fundamental objective is to both improve the trading prospects of LEDCs but also address the issues LEDCs face when trying to implement WTO agreements.

Multifiber agreement

The Multifiber agreement was a 30 year agreement between the years 1974 and 2004. The agreement related to textile and clothing and imposed quotas on how much yarn, fabric, and clothing could be exported from LEDCs to MEDCs.

Economic Partnership Agreements (EPAs)

The EPAs are agreements between the EU, EU member states and African, Caribbean and Pacific countries (ACPs). The EPAs are shared Free Trade agreements that build off of the Cotonou Agreement which aims to create a type of agreement based off of the WTO trade agreement principles. The EPAs thus provides access to EU markets without quotas or duty, longer transition periods for LEDCs to open up their markets and the protection of each country's vital products through safeguards. Additionally, EPAs reduce barriers for trade between the ACP regions in order to encourage regional incorporation.

EU Generalized Scheme of Preferences (GSP)

The EU has set the GSP in order to provide 176 LEDCs with EU import tariff reduction, without being expected to do the same to EU countries in return. The three programs of the basic GSP provide provides LEDCs with preferences in terms of lower imports, the GSP+ offers a larger amount of incentives in order to encourage poorer LEDCs to apply international agreements in terms of human rights, working conditions, environmental issues, government, and, sustainability. Finally, the Everything but Arms

(EBA) agreement gives duty and quota free access to LEDCs for all goods but weaponry from the 50 poorest LEDCs in order to establish and maintain peace.

NAFTA

The North American Free Trade Agreement is an agreement between the United States, Canada and Mexico. The agreement covers environmental and labor issues as well as those relating to trade and investment. Some, especially US trade unions and environmental groups may argue that the safeguards are too weak. Additionally, the US is separately signing free trade agreements with Andean pact nations for CAFTA.

ASEAN

The Asia-Pacific Economic Cooperation Forum aims to facilitate free trade in the pacific bordering countries. Its 21 members make up 45% of all world trade and have pledged to liberalize trade among themselves by 2010 and for the case of LEDCs- 2015.

Possible Solutions

In order to resolve the issue, LEDCs must be better prepared to enter global markets. The way LEDCs enter global markets may lead to unemployment, since liberalisation is directly related to corruption within the government. In order to avoid this from occurring, LEDCs must expand their supply capacity and be given technical and financial assistance to benefit from the opportunities of the global markets. This is the reasoning behind “Aid for Trade”, a program designed to help LEDCs build their supply capacity through investments and assistance on the transition.

Additionally, a country ready to transition to a larger market needs to develop “safety nets” which will limit unemployment distress. With unemployment, the need to educate workers into new sectors occurs. This calls for governments to create and apply education training policies and as well as unemployment training programs. In the short term this may decrease government revenues and social spending; however, this will call for an international community to assist with the adjustment costs.

Further liberalization is needed to determine the trade potential of both MEDCS and LEDCs and to be recognised as the economic growth and development force. The efforts of MEDCS and the international community need to call for limiting and removing trade barriers to LEDCs. This calls for a limitation of quotas and an elimination of tariff peaks. LEDCs on the other hand, will have to reinforce their own economies in order to reduce their own trade barriers.

If LEDCs had an increased market access, they would be provided with the means to connect trade together with development and the reduction of poverty. If LEDCs were to be offered duty and quota free access to the global market, they would benefit at a small cost in comparison to the rest of the world. Even though some past efforts of bodies such as the EU to open markets are seen as important steps, they need to be made permanent, extend to all goods, and have transparent and simple rules in order to be effective.

The WTO is starting to consider some specific measures meant to benefit LEDCs such as special measures for them and smaller economies, a different approach to the connection between trade, debt, and finance; patents and development, and, technology transfers. Keeping these in mind, some issues arise. These issues are caused by disagreements between LEDCs and MEDCs in terms of agriculture, farming, trade, debt, and finance. If these measures do not have a safeguard mechanism when implemented, they may lead to an economic crisis.

When considering key policies, BinswareeBolaky suggests that four factors should be kept in mind. First of all, these policies need to both support as well as challenge businesses. This leads to conditional government assistance only when a business goal is reached (for example, a larger amount of exports). Secondly, experimentation and learning in both private and public sectors is encouraged. This means that governments should interact with the private sector as part of a search process to find the issues faced by them. Thirdly, binding constraints should be lifted or relax. Fourthly, monitoring and evaluating performance through criteria is suggested in order to minimise support errors due to poor performance and identify strengths as well as reward them accordingly. Finally, policies must remember that each country is different and should thus have a policy fit for its needs. If a policy is established for all countries, it will most likely lead to undesirable outcomes in many cases.

Bibliography

http://unchronicle.un.org/article/trade-and-mdgs-how-trade-can-help-developing-countries-eradicate-poverty/

https://www.gov.uk/guidance/the-world-trade-organisation-and-trading-with-developing-countries

https://www.imf.org/external/np/exr/ib/2001/110801.htm#i

http://www.slideshare.net/guest628f486/regional-trade-blocs?next_slideshow=1

http://www.oxforddictionaries.com/definition/english/gross-domestic-product http://www.ictsd.org/bridges-news/trade-negotiations-insights/news/fostering-industrial-development-in-africa-in-the-new

http://www.oecd.org/tad/tradeliberalisation.htm

https://laboureconomics.wordpress.com/2012/05/14/causes-and-effects-of-globalization-6/

http://ec.europa.eu/europeaid/where/acp/overview/cotonou-agreement/index_en.htm_en

http://reut-institute.org/Publication.aspx?PublicationId=1299

http://www.investopedia.com/terms/g/gatt.asp

https://ib-econ.wikispaces.com/Q78+-+Development?responseToken=0fceb66d5018b3243d794122b23eb9cb3

http://www.infocheese.com/thenewglobalizers.html

http://www.unido.org/who-we-are/unido-in-brief.html

https://www.wto.org/english/thewto_e/whatis_e/tif_e/dev4_e.htm

http://www.investopedia.com/terms/q/quota.asp

http://www.investopedia.com/terms/d/dumping.asp

http://www.businessdictionary.com/definition/trading-bloc.html

https://www.polity.co.uk/global/whatisglobalization.asp

http://www.investopedia.com/terms/v/valueadded.asp

http://www.businessdictionary.com/definition/trading-bloc.html

https://ustr.gov/tpp/#what-is-tpp

https://www.wto.org/english/thewto_e/whatis_e/who_we_are_e.htm

http://www.un.org/esa/ffd/overview/mission-statement.html

http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/57/273&Lang=E

https://documents-dds-ny.un.org/doc/UNDOC/LTD/N08/630/55/PDF/N0863055.pdf?OpenElement

http://www.un.org/esa/ffd/overview/monterrey-conference.html

http://www.un.org/esa/ffd/doha/

http://www.un.org/ga/econcrisissummit/

http://www.investopedia.com/terms/m/multi-fiber-arrangement.asp

https://www.wto.org/english/tratop_e/dda_e/dda_e.htm

http://www.trapca.org/documents/journal.pdf

http://www.enotes.com/homework-help/what-globalization-list-the-advantages-113501

http://www.zerohedge.com/news/2013-05-02/why-us-economic-shirt-cant-stay-clean-long

http://www.cipe.org/blog/2013/08/05/the-importance-of-trade-liberalization-for-developing-countries/#.V2_QXVfwzGI

http://ec.europa.eu/trade/policy/countries-and-regions/development/

http://www.unisa.ac.za/contents/colleges/docs/TMALI-Trade-Presentation-Vickers.pdf

http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Inclusive%20development/Towards%20Human%20Resilience/Towards_SustainingMDGProgress_Chapter1.pdf

http://www.intracen.org/itc/about/priority-countries/least-developed-countries/

http://europa.eu/pol/pdf/flipbook/en/trade_en.pdf

https://www.wto.org/english/tratop_e/devel_e/w15.htm

http://www.intracen.org/itc/about/priority-countries/least-developed-countries/

http://unctad.org/en/PublicationsLibrary/osgdp20121_en.pdf