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What the United Kingdom's new Developing Countries Trading Scheme means for least developed countries (LDCs), including countries in the graduation process

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ABSTRACT

The United Kingdom has adopted a new Developing Countries Trading Scheme (DCTS) which comprises three different regimes – one for least developed countries (LDCs), one for non-LDC economically vulnerable low-income and lower-middle-income countries, and one for other low-income and lower-middle-income countries. Compared to the previous scheme, which largely mirrored the European Union's, the DCTS makes it easier for an LDC to accede to the intermediary “Enhanced Preferences” scheme when it graduates. For most countries, graduation from the LDC category will have little impact on trade with the United Kingdom, and less impact than it might have had under the previous regime. Impacts will be greater for countries whose main exports are not covered by Enhanced Preferences, such as certain agricultural products, or whose exporters are unable to comply with the more stringent rules of origin than those applied to LDCs.

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I. Introduction

In the immediate post-Brexit period, the United Kingdom adopted a scheme analogous to the European Union (EU)'s Generalized System of Preferences (GSP), pending the formulation of its own preferential trade scheme. In 2022, it launched the Developing Countries Trading Scheme (DCTS), due to come into effect in early 2023. The new scheme shares many similarities with its predecessors while at the same time incorporating significant variations. Like the current EU GSP, the DCTS comprises three different schemes: i) DCTS Comprehensive Preferences are the most generous and reserved for the countries in the United Nations' list of least developed countries (LDCs), ii) DCTS Enhanced Preferences, the second-best preferential regime, which will benefit economically vulnerable low-income (LIC) and lower-middle-income (LMIC) countries, and iii) DCTS Standard Preferences, designed for other low- and lower-middle-income countries (United Kingdom Government, 2022).

Initially, 47 countries (including Vanuatu, which graduated from the group of LDCs in December 2020) will benefit from the DCTS Comprehensive Preferences¹; 16 vulnerable low and lower-middle-income countries will have access to the DCTS Enhanced Preferences (Algeria, Bolivia, Cabo Verde, Congo, Cook Islands, Kyrgyzstan, Micronesia, Mongolia, Nigeria, Niue, Pakistan, Philippines, Sri Lanka, Syrian Arab Republic, Tajikistan, and

Uzbekistan)²; and two countries – India and Indonesia – will enjoy DCTS Standard Preferences.

Compared to the previous regime, the DCTS makes it easier for countries that graduate to access preferences, especially by allowing greater flexibility for them to accede to the Enhanced Preferences regime. According to the latest triennial review of the United Nations Committee for Development Policy (CDP), there are 16 countries at different stages of the LDC graduation process. Seven are scheduled to graduate by 2026 (see Table 1). After graduation, like in the EU GSP, countries have a three-year transition period during which they continue to benefit from the LDC-specific scheme (Comprehensive Preferences).³ Subsequently, the DCTS allows these countries to access benefits under the Enhanced Preferences scheme. The transition from Comprehensive to Enhanced Preferences, while easier than under the EU scheme (which requires, among other conditions, the

¹ After its graduation in December 2020, Vanuatu is currently in the three-year transition period granted by the preferential systems of the EU and United Kingdom. With the completion of this transitional period, Vanuatu will move into the group of countries with DCTS Enhanced Preferences.

² The United Kingdom signed a free trade agreement (FTA) with Viet Nam in 2020. Viet Nam then entered a transition period and was permitted to trade on both the terms, i.e., on FTA provisions as well as on the then United Kingdom GSP. After the DCTS comes into force, Viet Nam's trade will be governed on the terms of the FTA alone, and it will no longer benefit from the DCTS (United Kingdom Government, 2022).

³ When the General Assembly of the United Nations issues its resolution endorsing a country's graduation from the LDC category, it establishes the length of a *preparatory period* during which the country remains an LDC and continues to benefit from all LDC-specific international support measures. The standard preparatory period is of three years, but specific factors can justify longer periods. The EU and United Kingdom allow an additional three-year *transition period* (sometimes referred to a smooth transition period) before the discontinuation of their LDC-specific preferences for the countries that have graduated.

Table 1
LDC graduation eligibility and status of countries in the graduation process, 2021

Country	Eligibility	Graduation status
Angola	Angola met the income-only graduation criteria in 2012, 2015, 2017, 2018, and 2021.	Graduation is scheduled for February 2024.
Bangladesh	Bangladesh met the graduation criteria in 2018 and 2021.	Graduation is scheduled for November 2026.
Bhutan	Bhutan met the graduation criteria in 2015, 2018 and 2021.	Graduation is scheduled for December 2023.
Cambodia	Cambodia met the graduation criteria for the first time in 2021.	Graduation recommendation will depend on the outcome of the CDP's 2024 Triennial Review.
Comoros	Comoros met the criteria for the first time in 2021.	Graduation recommendation will depend on the outcome of the CDP's 2024 Triennial Review.
Djibouti	Djibouti met the income-only criterion for the first time in 2021.	Graduation recommendation will depend on the outcome of the CDP's 2024 Triennial Review.
Kiribati	Kiribati met the graduation criteria in 2012, 2015, and 2018.	Recommended for graduation by CDP in 2018. ECOSOC deferred consideration of the recommendation to 2024.
Lao PDR	Lao PDR met the graduation criteria in 2018 and 2021.	Graduation is scheduled for November 2026.
Myanmar	Myanmar met the graduation criteria in 2028 and 2021.	CDP deferred its decision to the 2024 Triennial Review.
Nepal	Nepal met the graduation criteria in 2015, 2018 and 2021.	Graduation is scheduled for November 2026.
Sao Tome and Principe	Sao Tome and Principe met the graduation criteria in 2015 and 2018.	Graduation is scheduled for December 2024.
Senegal	Senegal met the criteria for the first time in 2021.	Graduation recommendation will depend on the outcome of the CDP's 2024 Triennial Review.
Solomon Islands	The Solomon Islands met the graduation criteria in 2015 and 2018.	Scheduled to graduate in December 2024.
Timor-Leste	Timor-Leste met the graduation criteria in 2015, 2018 and 2021.	CDP deferred its decision to the 2024 Triennial Review.
Tuvalu	Tuvalu met the graduation criteria in 2006, 2009 and 2012.	Recommended for graduation by CDP in 2012. ECOSOC deferred consideration of the recommendation to 2024
Zambia	Zambia met the criteria for the first time in 2021.	Graduation recommendation will depend on the outcome of the CDP's 2024 Triennial Review.

Source: Razzaque (2022a) and United Nations (2021a, 2021b), UNCDP (2021), UNDESA, n.d. For updates, see the LDC Portal (www.un.org/ldcportal).

ratification and implementation of 27 conventions on human rights, labour rights, environmental protection and good governance) can have implications for individual product market access terms. Understanding these implications can help these countries prepare for a smooth transition.

Against this backdrop, the objective of this paper is to assess the likely changes in trade preferences for LDCs, including those in the graduation process, when exporting to the United Kingdom, and analyse any consequent implications of graduation, including sector-specific and beneficiary-specific changes

affecting trade prospects of countries that graduate. The paper is organized as follows: after this brief background, Section II discusses the significant changes in the DCTS compared to the erstwhile GSP scheme, focusing on the terms and conditionalities applicable to countries in the graduation process; Section III provides salient features of DCTS beneficiary exports to the United Kingdom, including those for the countries in the graduation process; Section IV assesses the potential implications of the changes in trade preferences on the exports to the United Kingdom of countries in the graduation process. Section V summarises the main findings and concludes the paper.

Table 2

The three schemes under the DCTS: Comprehensive, Enhanced and Standard Preferences

	DCTS Comprehensive Preferences	DCTS Enhanced Preferences	DCTS Standard Preferences
Eligibility criteria	Least developed countries as classified by the United Nations	Economically vulnerable low-income and lower-middle-income countries	Low-income and lower-middle-income countries
Eligible countries	46 LDCs and Vanuatu ^a	16 countries ^b	2 countries ^c
Tariff concession	Duty free for all products excluding arms and ammunition	Zero tariffs for more than 85% of eligible lines	Partial or full removal of customs duties on over 80% of tariff lines. Product graduation usually at 6% of United Kingdom imports; 1% for certain sensitive products
Rules of origin	Single transformation for textile and clothing items. For all other products, the minimum local value added of 25%. More generous product-specific rules.	Double transformation for textile and clothing items. For all other products, the general rule of origin requires a minimum local value-added of 50%.	Double transformation for textile and clothing items. For all other products, the general RoO requires a minimum local value-added of 50%.

Source: Based on the policy paper published by the government of the United Kingdom.^d

^a See footnote 1.

^b Algeria, Bolivia, Cabo Verde, Congo, Cook Islands, Kyrgyzstan, Micronesia, Mongolia, Nigeria, Niue, Pakistan, Philippines, Sri Lanka, Syrian Arab Republic, Tajikistan, and Uzbekistan.

^c India and Indonesia.

^d "Developing Countries Trading Scheme: government policy response". Policy paper, published on 16 August 2022. Available: <https://www.gov.uk/government/publications/developing-countries-trading-scheme-dcts-new-policy-report/developing-countries-trading-scheme-government-policy-response>.

II. The DCTS and how it differs from the previous scheme

Main features of the DCTS

The United Kingdom applies the DCTS to those countries that benefit from the United Kingdom's GSP, including LDCs and countries or territories classified by the World Bank as low-income (LIC) and lower-middle income (LMIC). It specifies that countries classified as upper-middle income (UMIC) for three consecutive years or LICs and LMICs with a free trade agreement (FTA) with the United Kingdom will not be eligible for DCTS preferences.

Table 2 summarizes the three different preferential schemes under the DCTS. Essentially, the Comprehensive Preferences scheme, the most generous of the three, is reserved for countries designated as LDCs by the United Nations. It succeeds the LDC Framework and is comparable to the EU's Everything But Arms initiative. The Enhanced Preferences scheme, built upon the previous Enhanced Framework and comparable to

the EU GSP+ scheme, offers the next most generous benefits after Comprehensive Preferences and will initially benefit 16 economically vulnerable low- and lower-middle-income countries. The Standard Preferences scheme will initially benefit two countries (India and Indonesia), given the changes in accessibility conditions for Enhanced Preferences. Only these countries will be subject to goods graduation.

How the DCTS differs from the previous United Kingdom GSP system (or the EU GSP)

Changes for LDCs

Under the previous GSP, LDCs enjoyed zero tariffs for all products except arms and ammunition. The United Kingdom has retained the same level of tariff preference coverage for the LDCs under the DCTS Comprehensive Preferences scheme. However, the DCTS offers more generous and simplified provisions than those offered under the previous United Kingdom system or the EU EBA in terms of rules of origin and cumulation:

- Product-specific rules (PSRs) are processing rules that export items need to comply with to be considered as originating from the country that claims preferential tariff rates. The United Kingdom has specified more liberal product-specific rules (PSRs) only for LDCs (Razzaque, Baker, and Elder, 2022).⁴
- The minimum local value-added content for exports, except for textile and apparel and other selected products, in the previous GSP was 30 per cent for LDCs and 50 per cent for non-LDCs. The DCTS Comprehensive Preferences reduce the minimum value-added requirements for LDCs to 25 per cent in half of the chapter headings (48 chapters) defined at the HS 2-digit level.
- Almost all chapters have alternative PSRs, providing more flexibility to the countries. LDCs can meet either of the requirements. Most chapters (80) now contain single rules that apply to all products under the relevant chapter. It should simplify PSRs to help exporters meet their requirements.
- LDCs benefit from the single-stage transformation PSRs for textiles and clothing exports under the current EU GSP. They will continue enjoying it under the DCTS.⁵
- The United Kingdom grants extended cumulation for LDCs with DCTS countries and countries with Economic Partnership Agreements (EPA) with the United Kingdom on duty-free and quota-free materials when traded between the cumulating partner and the United Kingdom. The new cumulation provisions are in addition to the existing cumulation provisions, which permit cumulation with the EU, Norway, and Switzerland and regional groupings. As a result, there will now be more than 90 countries from which the LDCs can import materials and still export their final products to the United Kingdom duty-free.

⁴ See Annex 7.

⁵ However, the 'double-stage' transformation requirement for apparel imports from non-LDC DCTS beneficiary countries (under Enhanced and Standard Preferences) remains unchanged.

Provisions for non-LDC low-income and lower-middle-income countries under Enhanced Preferences

Under the previous GSP rules (and current EU rules), non-LDC LICs and LMICs would have had to fulfil vulnerability and sustainability criteria in order to accede to the intermediary preference scheme (GSP+ in the EU; Enhanced Framework in the UK). In this context, a country is considered vulnerable if the seven largest broad groups (known as sections) of GSP-covered imports from that country into the market in question (EU, in the case of the GSP+) represent 75 per cent or more of total GSP imports from the country over a three-year period, and if the share of imports from the country in total GSP-covered imports from all GSP countries is lower than 6.5 per cent. Sustainability development criteria require countries to ratify and effectively implement numerous pre-specified international conventions.⁶

In a significant departure from the previous provisions, the United Kingdom's new system will allow vulnerability to be determined by the share of the seven largest broad export groups alone and by removing the requirement for countries to ratify and implement the international conventions.⁷ The United Kingdom intends to review alternative options for assessing economic vulnerability within one year of the DCTS launch to refine the basis for this assessment.

⁶ The draft EU GSP for 2024-34 would abolish the import share criterion but raise the number of international conventions to be ratified and implemented by the beneficiary countries from 27 to 32. At the time of writing, the draft EU proposals are under review the EU Parliament and Council.

⁷ That is, access to the Enhanced Preferences for LICs and LMICs will be solely based on the vulnerability criterion. The DCTS also suspends the conditionalities on export competitiveness (the import share criterion) leaving the export diversification criterion to be the sole determinant of DCTS Enhanced Preferences qualification. This means that when export receipts emanating from the seven largest broad category of goods from a beneficiary represent more than 75 per cent of its total shipment to the United Kingdom, the exporting country will be determined as economically vulnerable, and thus will be eligible for DCTS Enhanced Preferences.

Although ratification and implementation of international conventions will not be a pre-requirement for Enhanced Preferences, the DCTS retains powers to suspend a country on the grounds of human rights and labour rights violations. The scope of suspension can be broadened to include violations concerning anti-corruption, climate change, and environment conventions.⁸

Removing sustainability criteria in the DCTS makes eight countries eligible for the Enhanced Preferences scheme (rather than the Standard Preferences): Algeria, Congo, Cook Islands, Micronesia, Nigeria, Niue, Syria, and Tajikistan. This simplification will help countries in the graduation process that are economically vulnerable to immediately benefit from Enhanced Preferences after graduation and the transition period. As things stand, by 2030, six countries that are currently in the graduation process – Angola, Bangladesh, Bhutan, Lao People's Democratic Republic, Nepal, and Sao Tome and Principe – should be able to access DCTS Enhanced Preferences after their graduation and transition period. These countries together exported \$3.5-4 billion to the United Kingdom in recent years. Bangladesh will be the largest beneficiary of this change, with more than 95 per cent of its export continuing to benefit from duty-free access after it graduates from the group of LDCs (in 2026) followed by an additional three-year transition period granted in the United Kingdom.⁹

8 While the EU sustainability criteria in the draft GSP proposals for 2024-34 include 32 international conventions for ratification and effective implementation (European Commission, 2021), the DCTS expands the list to 29 (from the current list of 27 international conventions). The two additional conventions in the DCTS are: (i) the United Nations Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea (UNCLOS) of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks; and (ii) Convention on the Rights of Persons with Disabilities. One additional change to the DCTS is the replacement of the Kyoto protocol with the Paris agreement. The list of international conventions is provided in Annex 8.

9 In the EU draft GSP proposal for 2024-34, some sensitive agricultural products and apparel items are included

The DCTS also simplifies and liberalizes tariffs imposed on the Enhanced preferences countries. Under the previous United Kingdom GSP Enhanced Framework, more than 80 per cent of tariff lines benefitted from zero tariffs. Further tariff liberalization has been undertaken for the DCTS Enhanced Preferences scheme resulting in more than 85 per cent of eligible lines with zero tariffs. This includes extending preferences by lowering or removing tariffs on an additional set of 156 products. The new tariff lines include some agricultural products with an estimated \$2.5 billion (GBP 2 billion) worth of exports from the DCTS Enhanced Preferences countries benefitting from this liberalization.¹⁰ The United Kingdom has also simplified seasonal tariffs on four items at the 8-digit product level for the Standard Preferences and removed those duties for the Enhanced Preferences.¹¹

However, it is worth pointing out that while LDCs under the DCTS Comprehensive Preferences benefit from the single-stage transformation PSRs for textile and clothing exports and a lower value-added requirement for other products, the rules of origin conditions

in the safeguard measures (European Commission, 2021). It seems that Bangladesh's apparel products after LDC graduation would be subject to these safeguard measures, making those items ineligible for duty-free market access irrespective of its inclusion to Standard GSP or GSP+ (Razzaque, 2022a). The United Kingdom DCTS does not include any such provision. Therefore, even after LDC graduation, Bangladesh's exports of garment items to the United Kingdom will continue to benefit from duty-free market access, provided rules of origin are met.

10 "Developing Countries Trading Scheme: government policy response". Policy paper, published on 16 August 2022. Available: <https://www.gov.uk/government/publications/developing-countries-trading-scheme-dcts-new-policy-report/developing-countries-trading-scheme-government-policy-response>.

11 The seasonal tariff on cucumbers (0707005), globe artichokes (07099100), wilkings (08052900) and strawberries (08101000) are set to 8.5 per cent, 6.5 per cent, 12.5 per cent, and 6.5 per cent respectively for the DCTS Standard Preferences for the entire year. Tariffs on these items for the DCTS Enhanced Preferences beneficiaries are zero. As many as 15 seasonal tariffs were identified for potential simplification. However, due to sensitivities arising from likely preference erosion of certain LDCs and EPA countries, all but four of the seasonal tariffs have been maintained.

for DCTS Enhanced Preference countries will remain unchanged from the previous GSP system. In particular, the ‘double-stage’ transformation requirement for clothing could be a major obstacle for graduating apparel exporters (including Bangladesh, Lao PDR, and Nepal) to continue to benefit from duty-free market access under DCTS Enhanced Preferences.

Provisions for the countries under DCTS Standard Preferences

The United Kingdom has introduced product-specific graduation rules, which will now apply to the DCTS Standard Preference countries only. Goods graduation will occur based on HS chapters rather than GSP sections (applicable under the previous United Kingdom GSP system). Product graduation will usually apply at 6 per cent of United Kingdom imports, but for certain sensitive products, the threshold is set at 1 per cent of United Kingdom imports. According to the estimates provided by the DCTS, changes in product graduation would result in £748 million of Indian exports graduating off the preferential rate, compared to £791 million in GSP. For Indonesia, £62 million in exports graduated compared to £88 million in GSP. Finally, the DCTS cuts all 33 nuisance tariff rates (i.e., where tariff rates of 2 per cent or less existed) to zero for Standard Preference beneficiaries. These are textiles products (under HS headings 51, 56, 63) and parts of bicycles (under HS headings 87). The Enhanced Preferences tariffs on these items are already zero. The rules of origin provisions for DCTS Standard Preferences countries remain unchanged.

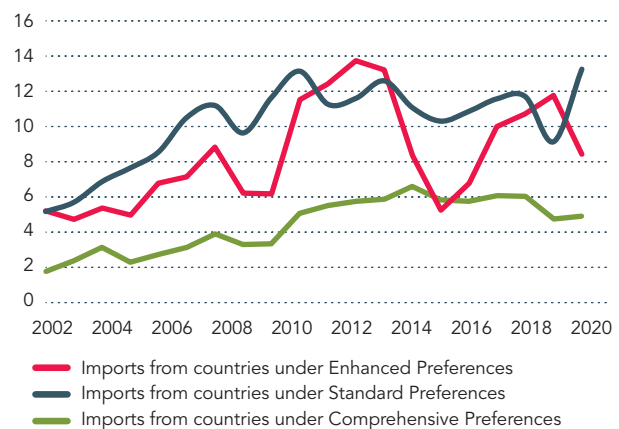
III. Characteristics of the exports that benefit from the United Kingdom’s Developing Countries Trading Scheme (DCTS)

Exports to the United Kingdom under the DCTS

In 2021, the United Kingdom’s combined imports from all DCTS beneficiary countries were US\$ 26.7 billion—just 3.9 per cent of all United Kingdom

imports of merchandise goods. On the other hand, United Kingdom aggregate exports to the same countries were \$15 billion, comprising 3.1 per cent of its total exports. Over the past decade, the overall exports from DCTS countries (in all categories of Comprehensive, Enhanced, and Standard Preferences) have generally portrayed a lacklustre performance (Figure 1).

Figure 1
United Kingdom’s total imports from various DCTS country groups, 2002-2021 (billion \$)



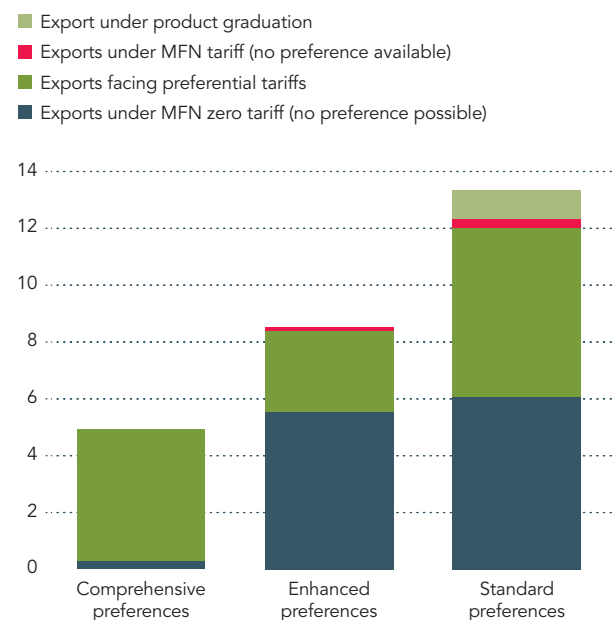
Source: Author’s estimations using ITC Trade Map data.

The United Kingdom’s imports from all LDCs (i.e., the countries that will now be regarded under Comprehensive Preferences) in 2021 amounted to about \$5 billion—significantly lower than the peak of \$6.7 billion in 2015. The LDC’s combined share in United Kingdom imports is estimated to be just 0.7 per cent. Two-thirds (\$3.3 billion) of all LDC exports to the United Kingdom are due to Bangladesh alone, and another 16 per cent (around \$800 million) are from Cambodia. The United Kingdom’s imports from 45 other LDCs were about \$850 million (Annex 1).

The countries now eligible for Enhanced Preferences together exported \$8.5 billion worth of goods to the United Kingdom (in 2021), or 1.2 per cent of the United Kingdom’s total imports and 31 per cent of all imports from all DCTS beneficiaries. Pakistan is the largest beneficiary of DCTS Enhanced Preferences, followed by Uzbekistan, Algeria, and Nigeria. Finally, the combined exports of two beneficiaries of DCTS Standard Preferences—India and Indonesia—to the

United Kingdom were \$13.3 billion or 1.9 per cent of the United Kingdom's global imports.¹²

Figure 2
DCTS countries' exports to the United Kingdom, by tariff structures, 2021 (billion \$)



Note and source: Within Comprehensive Preferences, a small proportion of exports are subject to MFN tariffs as countries fail to comply with the rules of origin conditions. Author's estimations using ITC Trade Map data and tariff data from the World Integrated Trade Solution (WITS).

At the outset, it must be pointed out that not all of the \$26.7 billion imports from beneficiary countries benefit from preferences. For many items, the MFN tariff rate in the United Kingdom is zero; thus, the scope of trade preference does not arise. In some cases, beneficiary countries cannot use the preferences due to supply-side capacity constraints not enabling them to fulfil rules of origin requirements. In other cases, the scope of preferences is quite narrow due to product graduation. For instance, India and Indonesia have preferential access to a few selected products. Figure 2 attempts to decompose the exports of developing countries that enter the United Kingdom with and without preference. It is estimated that just

about half of such exports, or \$13.4 billion, enjoy preferential treatment in the United Kingdom.

Figure 3 provides the composition of United Kingdom imports from various DCTS country groups at the HS2 digit level of trade classification.

- Considering all the countries together (Figure 3a), precious and non-precious stones (HS71) account for 18 per cent of United Kingdom imports; knitwear garments (HS61) – 15 per cent; woven garments (HS62) – 11 per cent; mineral fuels and oils (HS27) – 13 per cent; and many different items clubbed together as others – 28 per cent.
- Imports from countries with Comprehensive Preferences (or LDCs), apparel products combining woven and knitwear items, dominate the United Kingdom-bound shipments capturing about 83 per cent of imports (Figure 3b). It mainly reflects the export compositions of Bangladesh and Cambodia.
- From the group of Enhanced Preferences, close to 40 per cent of United Kingdom imports comprise precious and non-precious stones, followed by mineral fuels and oils (27.7%), clothing (woven and knitwear) (10.4%), etc. (Figure 3c).
- Finally, the United Kingdom has highly diversified imports from the DCTS Standard Preferences countries. Major imports items from these countries include iron and steel and articles made thereof (14.2%), clothing items (woven and knitwear – 10%), electric machinery and equipment (5.0%), pharmaceutical products (6.0%), pearls and precious metals (6.6%), mineral fuels and oil (6.1%), knitwear items (6.1%), organic chemicals (6.0%), footwear (6.1%), various categories of other items clubbed together (about 50%), etc. (Figure 3.d).

Countries in the graduation process and the United Kingdom

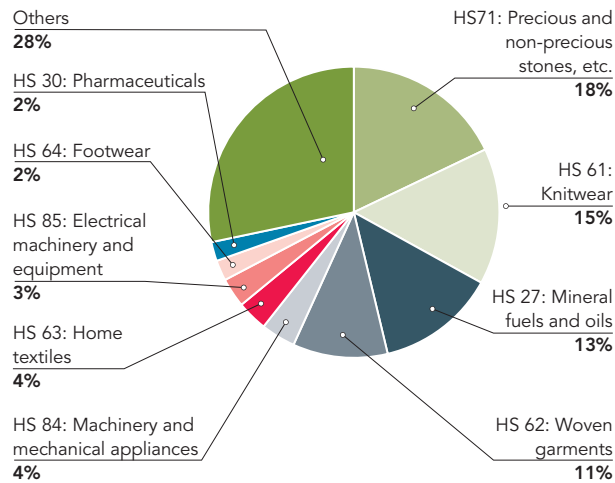
As mentioned above, 16 LDCs are currently at different stages of the graduation process. These countries together exported \$4.6 billion worth of goods to the United Kingdom in 2021 (Figure 4),

¹² The United Kingdom's imports from individual Enhanced Preferences and Standard Preferences countries are provided in Annexes 2 and 3.

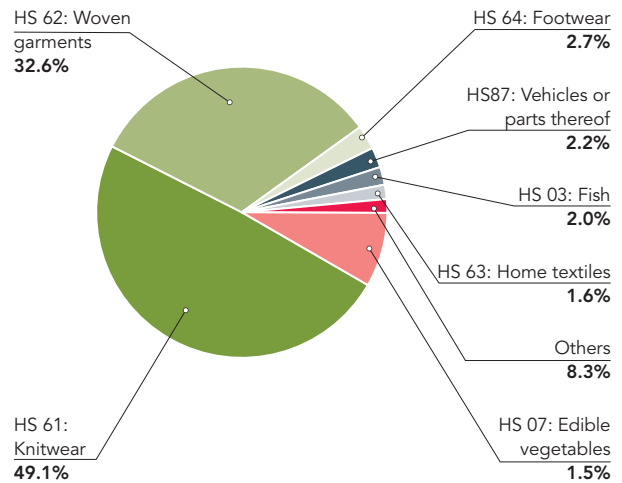
Figure 3

Composition of imports by the United Kingdom from DCTS countries, by products, average from 2019 to 2021

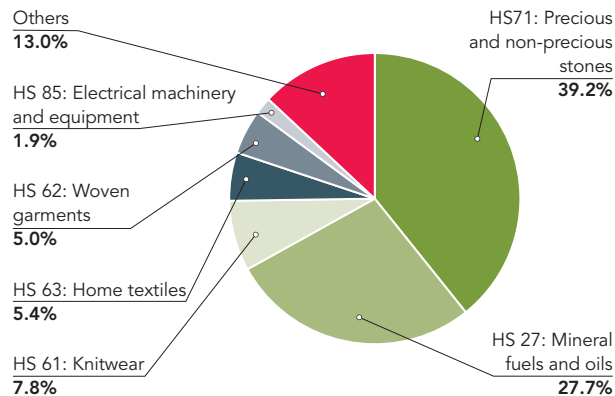
(a) Imports from all DCTS beneficiary countries



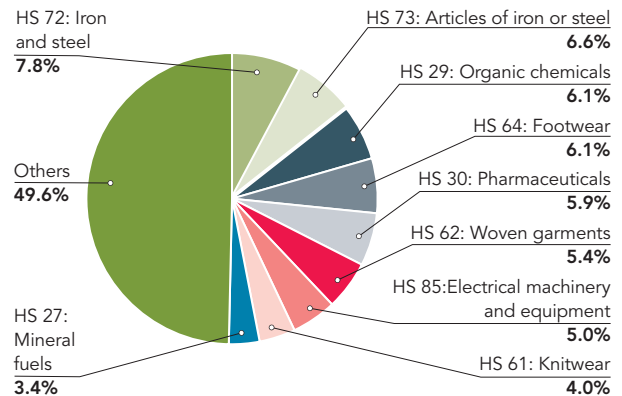
(b) Imports from DCTS Comprehensive Preferences countries



(c) Imports from DCTS Enhanced Preferences countries



(d) Imports from DCTS Standard Preferences countries



Source: Author's presentation using ITC Trade Map data.

with Bangladesh being the most dominant exporter (Table 3). Their combined market share in United Kingdom imports rose to 1 per cent in the mid-2010s before gradually declining to about 0.7 per cent. After graduation, they countries will move from the DCTS Comprehensive to the Enhanced Preferences scheme.

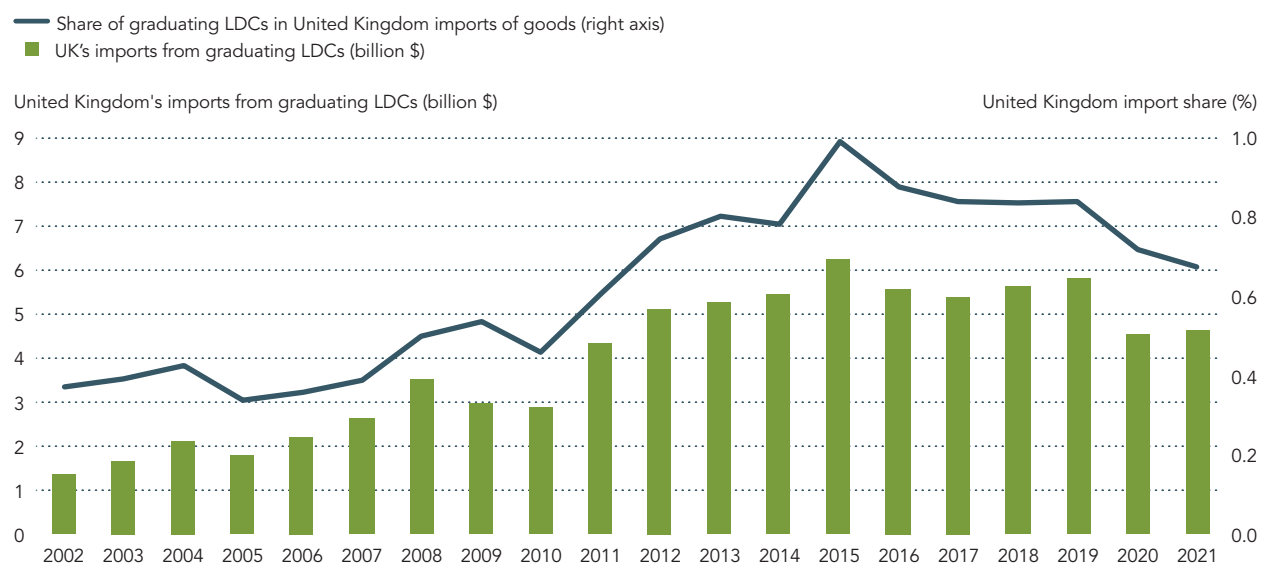
The share of the United Kingdom as an export destination for exports of the countries in the graduation process varies widely from more than 6 per cent in

the case of Bangladesh to less than 0.1 per cent for Angola, Bhutan, Kiribati, and Tuvalu (Table 3).¹³ In 2021, it is of more than one per cent for Cambodia, Comoros, Djibouti, Myanmar, Nepal, Senegal, Sao Tome and Principe, and the Solomon Islands, in addition to Bangladesh.

¹³ The share of the United Kingdom in the total exports of individual countries in the graduation process are provided in Annex 4.

Figure 4

Exports to the United Kingdom from countries in the graduation process, 2002-2021 (billion \$ and percentages)



Source: Author's presentation using ITC Trade Map data.

Table 3

Exports of selected countries to the United Kingdom and their shares

Country	Exports to the United Kingdom ('000 US\$) (average of 2019-21)	United Kingdom share in total exports, % (average of 2019-21)	United Kingdom share in total exports, % (2021)
Angola	9,260.7	0.03	0.02
Bangladesh	3,426,864.0	7.13	6.12
Bhutan	335.3	0.12	0.03
Cambodia	997,620.3	3.58	2.64
Comoros	413.7	0.69	1.37
Djibouti	5,618.7	2.03	1.17
Lao PDR	27,781.3	0.39	0.33
Kiribati	38.0	0.04	0.01
Myanmar	412,317.0	2.21	1.89
Nepal	20,557.3	1.75	1.30
Senegal	63,023.0	1.82	2.00
Sao Tome and Principe	186.7	0.67	1.40
Solomon Islands	11,802.7	1.98	1.33
Timor-Leste	1,215.7	0.64	0.70
Tuvalu	29.0	0.05	0.02
Vanuatu	242.0	0.10	0.16
Zambia	14,132.3	0.18	0.15

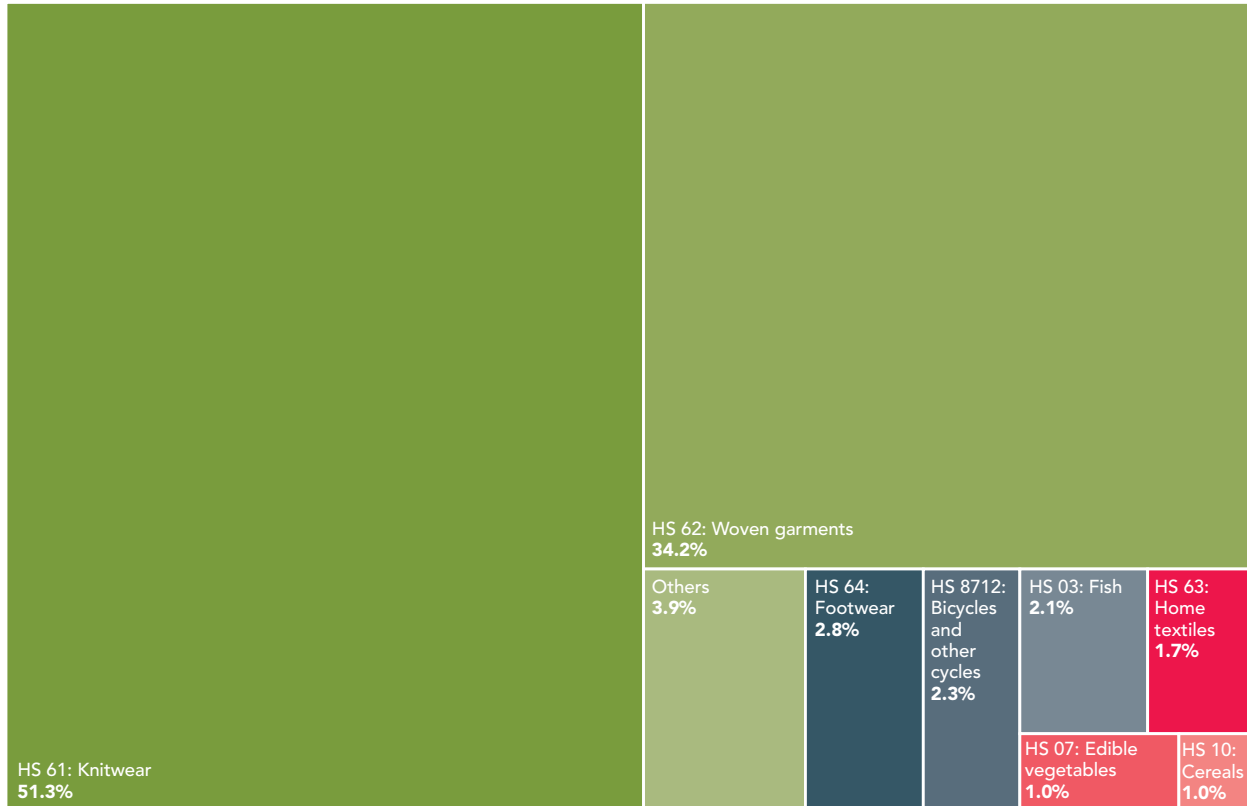
Source: Author's presentation using ITC Trade Map data.

Mainly because of Bangladesh and Cambodia, the composition of exports to the United Kingdom of the group of countries in the graduation process is dominated by clothing. At the 2-digit level in the Harmonized System classification (HS), knitwear accounts for 51% and woven garments 34% (Razzaque, 2022b). Other major exports are footwear (2.8%), bicycles (2.3%), fish (2.1%), and home textiles (1.7%) (Figure 5). Figure 6 shows the export composition of individual LDCs to the United Kingdom market. Textiles and clothing dominate exports to the United Kingdom from Bangladesh, Cambodia, Myanmar, and Nepal. More than three-quarters of these countries' exports to the United Kingdom are clothing (Annex 5).¹⁴ In the case of Lao PDR, footwear is almost as important as clothing. Djibouti, Senegal, and Solomon Islands predominantly export agricultural products to the United Kingdom; Angola, oil; and Zambia, agricultural and other primary products. For other countries, exports to the United Kingdom are less concentrated.

¹⁴ Major exports items from countries in the graduation process to the United Kingdom are provided in Annex 6.

Figure 5

Composition of the exports of the group of countries in the graduation process to the United Kingdom, 2019-2021 (top sectors at 2-digit HS classification, percentages)



Source: Author's presentation using ITC Trade Map data.

Bangladesh is the largest exporter to the United Kingdom among the LDCs, and more than 90 per cent of its exports comprise clothing products. Among the countries in the graduation process, Cambodia and Myanmar are the second and third largest exporters to the United Kingdom, exporting about \$800 million and \$370 million in 2021, respectively, three quarters of which are of apparel products. The United Kingdom accounted for 2.6 per cent and 1.8 per cent of all exports of Cambodia and Myanmar, respectively. Lao PDR is another apparel exporter among the Asian countries in the graduation process. Its exports to the United Kingdom in 2021 amounted to \$28 million, just 0.4 per cent of its overall exports.¹⁵

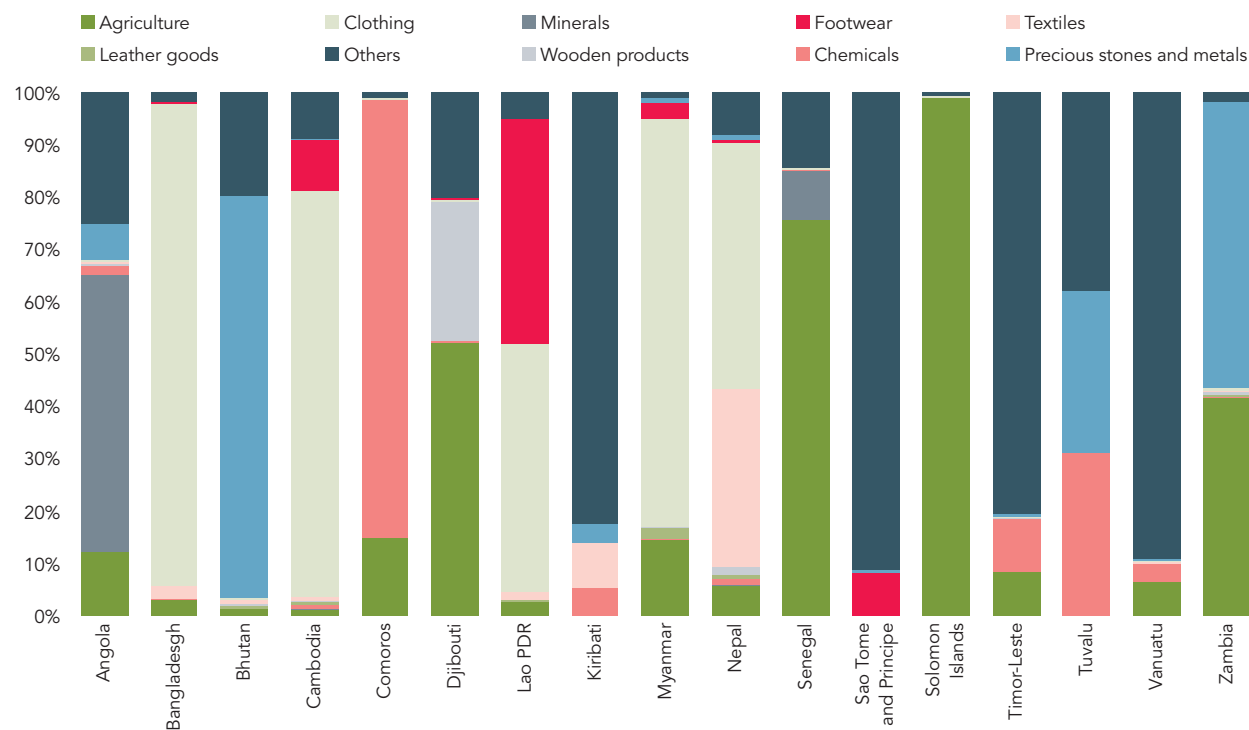
¹⁵ The significance of the United Kingdom market in the overall exports are gradually declining for Bangladesh, Cambodia, and Lao PDR.

The other two Asian countries in the graduation process, Nepal and Bhutan, are relatively small exporters to the United Kingdom. In 2021, Bhutan exported \$0.1 million to the United Kingdom (less than 1 per cent of Bhutan's total exports) while Nepal shipped \$21.4 million (less than 1.3 per cent) (Figure 6). Precious/semi-precious stones and other miscellaneous items are major exports of Bhutan. Nepal predominantly exports clothing and some specialized textile items to the United Kingdom.

With limited productive capacity, the exports from the four Pacific countries in the graduation process (Kiribati, the Solomon Islands, Timor-Leste, and Tuvalu) are highly volatile. Their combined exports to the United Kingdom in 2021 were around \$10 million, almost half the corresponding value in 2015.

The six African countries in the graduation process – Angola, Comoros, Djibouti, São Tomé and Príncipe,

Figure 6

Composition of the merchandise exports of countries in the graduation process to the United Kingdom, average of 2019-2021 (main categories)

Note: Categories are defined as follows: agricultural: HS 01-24; minerals: HS 25-27; chemicals: HS 28-40; leather goods: HS 41-43; wooden products: HS 44-49; textiles: HS 50-60 and 63; clothing: HS 61-62; footwear: HS 64; precious stones and metals: HS 68-84.

Source: Author's presentation using ITC Trade Map data.

Senegal, and Zambia – together exported close to \$100 million to the United Kingdom in 2021. Angola is the largest African LDC exporter, shipping around \$33 billion worth of goods, mostly fuels. However, at just \$7 million, the United Kingdom's share in Angola's total exports is negligible. Among African countries in the graduation process, Senegal was the largest exporter to the United Kingdom in 2021, with \$70 million, followed by Zambia (\$12 million) and Djibouti (\$4.5 million). The United Kingdom's share in Senegal's total exports was approximately 2 per cent, three quarters of which were agricultural products.

Despite experiencing steady export growth to the world market, Zambia's exports to the United Kingdom have declined recently. Consequently, the United Kingdom's share in Zambia's exports declined from 3.6 per cent in 2006 to less than 1 per cent

in 2021. Precious stones, metals, and agricultural products have comprised more than 95 percent of Zambia's total exports to the United Kingdom.

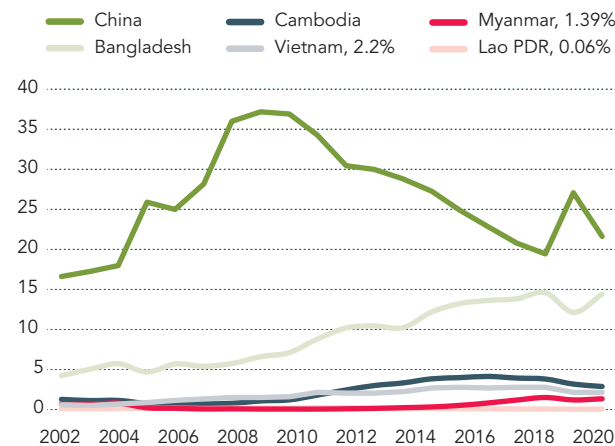
Comoros and Sao Tome and Principe are two small island LDCs whose respective exports to the United Kingdom are smaller than \$1 million. Only 1.2 per cent of Djibouti's exports are bound for the United Kingdom market. Coffee, tea, mate, spices, wooden products, oil seeds, fruits, and fish are Djibouti's major export items.

Most Asian countries in the graduation process that are apparel exporters fare well in the United Kingdom market. Over the past decade, China's apparel market share in the United Kingdom declined sharply from about 37 per cent to about 21 per cent. A significant portion of the market share lost by China has been captured by Bangladesh, which doubled its market

share to more than 14 per cent in 2021 from 7 per cent in 2010 (Figure 7) thanks to the duty-free unilateral trade preferences for LDCs. Cambodia's same market share in recent years has been over 3 per cent while Myanmar also saw its share rise to 1.4 per cent. It is important to note that the market share of Viet Nam, the third largest apparel exporter in the world, has remained almost stagnant at around 2 per cent. Viet Nam has exported under the Standard GSP, which did not provide duty-free treatment of its exports to the EU and the United Kingdom. The average tariff on Viet Nam's exports under the Standard GSP was around 9 per cent. Viet Nam has, from 1 January 2023, started trading under the United Kingdom-Vietnam Free Trade Agreement (FTA) terms. This FTA will allow Viet Nam to export apparel items duty-free after the transition period in 2027, which would mean stiffer competition for other countries exporting apparel to the United Kingdom.

Figure 7

Apparel market shares of selected countries in the United Kingdom, 2002-2021 (percentages)



Source: Author's estimation using ITC Trade Map data.

Current state of trade preferences of countries in the graduation process

As pointed out earlier, not all imports from the DCTS beneficiary countries will actually use preferences. There are several reasons:

The weak supply-side capacity of LDCs means they often do not have products to benefit from duty-free

access and trade preferences. Even when they produce goods that could benefit from preferences, they may not be competitive enough to break into export markets.

A significant proportion of trade occurs under the most favoured nation (MFN) zero tariff. For these products preferential treatment is irrelevant.

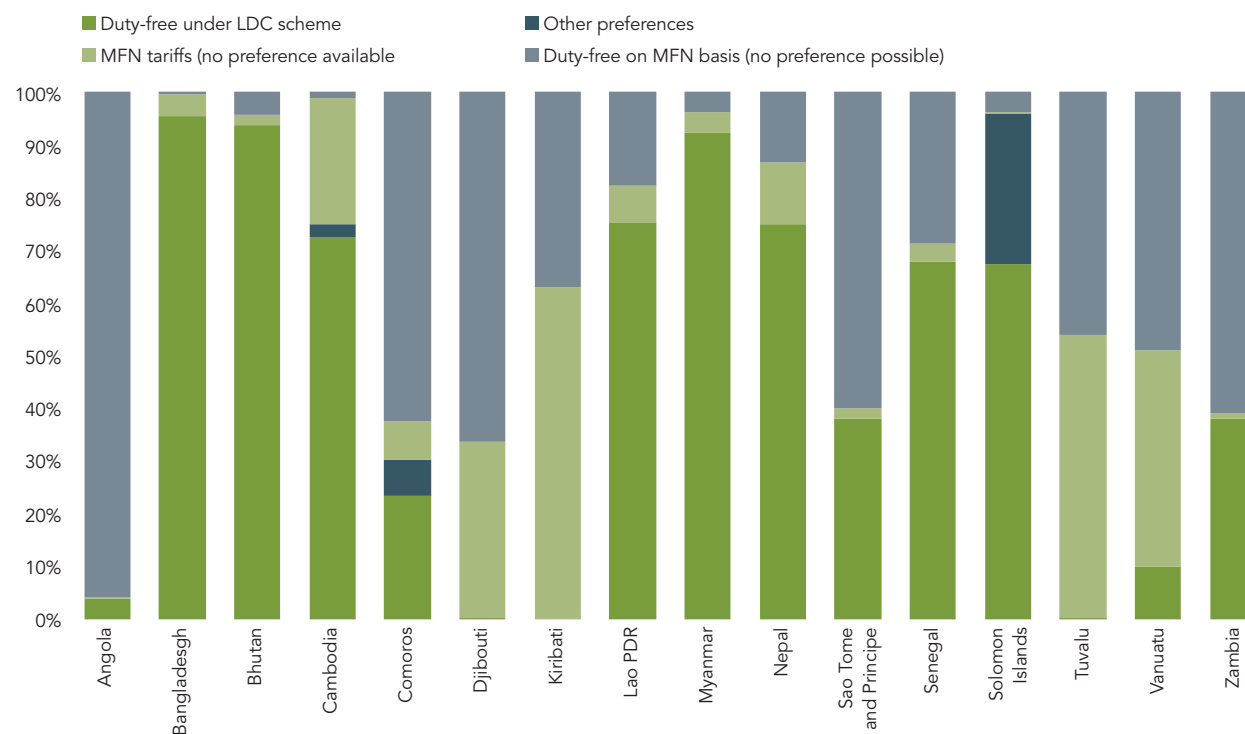
In many cases, eligible countries cannot fulfil duty-free market access preconditions. For instance, a potential beneficiary country must add a certain proportion of domestic value-added content to its exports (known as rules of origin requirements) before they qualify for tariff preferences.

Some products not covered by LDC-specific or other preferential arrangements. LDC exporters must pay the MFN tariff rate.

The information on trade preference utilization in the United Kingdom is not available at the time of writing.¹⁶ The GSP Utilisation Database developed by the United Nations Conference on Trade and Development (UNCTAD) provides GSP beneficiary countries' exports under different types of tariff the EU, which can be used as a proxy and provide insights into the likely situation in the United Kingdom market. Figure 8 shows the regimes under which exports from the countries in the graduation process have entered the EU market.

¹⁶ A LDC export product enters an importing market under one of the following conditions: (i) the product obtains an LDC-specific trade preference for duty-free market access to a preference-granting country; (ii) the product enjoys preferential treatment under a free trade agreement (FTA) or a preferential trade agreement (PTA), irrespective of the exporting country's LDC status; (iii) the product is not eligible for trade preference because the LDC exporter fails to comply with RoO requirements and therefore must pay the MFN tariff rate; (iv) the product is not covered by either an LDC-specific or other preferential arrangement; thus, no trade preference is available and the LDC exporter must pay the MFN tariff rate; and (v) the product does not attract any duties on an MFN basis (i.e., the product has an MFN zero-duty rate), therefore, the LDC exporter cannot receive trade preference.

Figure 8

Exports of countries in the graduation process to the EU by duty type, 2021 (percentages)

Note: The information on Timor-Leste is not available

Source: Author's presentation from the UNCTAD GSP Utilisation Database.

More than 90 per cent of exports of Bangladesh, Bhutan, and Myanmar enter the EU under the LDC-specific duty-free preferences, as do at least two-thirds of exports from Cambodia, Lao PDR, Nepal, Senegal, and the Solomon Islands. On the other hand, as much as 95 per cent of Angola's exports (mostly fuels) are of products that are MFN duty-free, and for which there is therefore no scope for tariff preference. The same is true of a high proportion of the exports of Comoros, Djibouti, Kiribati, Sao Tome and Principe, Tuvalu, and Zambia. Djibouti, Kiribati, and Tuvalu do not enjoy any LDC tariff preferences, with 33 per cent, 63 per cent and 54 per cent of their respective exports subject to MFN tariffs. This could be attributable to lack of capacity to fulfil the rules of origin conditions for export products that are dutiable. Comoros and the Solomon Islands are members of the EU-Eastern

and EU-Pacific Economic Partnership Agreement, with some preferences accessed through those FTA arrangements.

Some importing countries report what is known as the 'preference utilization rate' for the beneficiary countries, defined as the percentage of GSP-eligible exports that use trade preferences. Table 4 shows that most countries in the graduation process have high preference utilisation rates in the EU market. Nearly 100 per cent of Bangladesh's exports to the European Union are GSP-eligible, and 97 per cent of goods can use duty-free market access; the remaining 3 per cent are subject to MFN tariffs because the goods do not fulfil rules of origin. Djibouti, Kiribati, and Tuvalu have the lowest GSP utilisation rates, as reflected in their high MFN-basis exports.

Table 4

Countries in the graduation process: GSP eligibility and utilisation rates in the EU market
(Percentages, Average of 2019-2021)

Country	Total export ('000 \$)	GSP eligible export ('000 \$)	GSP received ('000 \$)	GSP utilization rate (%)
Angola	1,969,292.0	82,517.0	76,886.5	93.2
Bangladesh	18,441,328.5	18,351,975.1	17,597,821.0	95.9
Bhutan	8,135.7	7,774.8	7,620.3	98.0
Cambodia	4,110,835.0	4,063,241.1	2,981,293.1	73.4
Comoros	19,462.3	7,347.4	4,570.4	62.2
Djibouti	7,013.5	2,366.1	24.0	1.0
Lao PDR	334,978.3	275,439.6	251,498.8	91.3
Kiribati	362.7	228.6	0.0	0.0
Myanmar	2,622,757.6	2,523,815.8	2,416,357.1	95.7
Nepal	82,702.1	71,530.2	61,878.7	86.5
Senegal	545,392.4	388,246.3	370,451.5	95.4
Sao Tome and Principe	19,026.8	7,576.9	7,148.3	94.3
Solomon Islands	75,405.7	72,364.6	50,743.2	70.1
Tuvalu	71.4	38.6	0.3	0.7
Vanuatu	715.0	363.2	71.9	19.8
Zambia	379,533.9	147,415.7	144,867.8	98.3

Note: UNCTAD GSP Utilisation Database does not contain information on Timor-Leste.

Source: Author's presentation from the UNCTAD GSP Utilisation Database.

IV. Implications of graduation under the DCTS for the 16 countries currently in the graduation process

As explained above, it will be easier for a country that graduates to accede to the DCTS Enhanced Preferences scheme than it was to accede to the Enhanced Framework in the previous system (or than it is to accede to the GSP+ in the EU, as per current rules). All countries currently in the graduation process meet the economic vulnerability criteria for Enhanced Preferences. They will therefore move from Comprehensive Preferences to Enhanced Preferences after graduation and a three-year transition period.

The Enhanced Preferences scheme offers less favourable market access conditions than those under Comprehensive Preferences, though still more favourable conditions than the Standard Preferences.

In moving to the Enhanced Preferences, along with tariff changes, a country that graduates also faces more stringent rules of origin to make use of any tariff preferences. While the changing circumstances could adversely affect export potential, the actual impact will depend on the utilization of preference before graduation, export structure and changes in tariffs for the relevant products, and changes in product-specific rules under Enhanced Preferences.

Table 5 compares average tariff rates at the HS 2-digit level across the three DCTS preference schemes. Based on the numbers in the table:

Several agricultural items (e.g., HS01, HS02, HS 04, HS10, HS11, and HS17) will see a high tariff rate increment under Enhanced Preferences compared to a zero tariff under Comprehensive Preferences. Countries that export those products will experience a considerably large preference erosion when they graduate.

For manufacturing sectors (HS25-97), there is almost no tariff difference (at the HS 2-digit level) between Comprehensive and Enhanced Preferences.

Exporters of apparel products will see tariff rates unchanged between Comprehensive and Enhanced Preferences. However, duty-free access under Enhanced Preferences will require a double transformation (i.e., in the case of woven garments, the used fabrics will have to be locally produced, while the yarn used in knitwear garments will have to be locally sourced). Most countries in the graduation process could find it difficult to comply with the requirements for exporting duty-free.

A look at the tariff structure at the 8-digit Combined Nomenclature (CN) level confirms that most manufacturing products, mineral items, precious/semi-precious stones, and metals, etc., that are of export interest to LDCs have similar tariff rates (mostly duty-free) under Enhanced and Comprehensive Preferences. Therefore, preference erosion on these products for countries that graduate is expected to be minimum. However, the higher domestic value addition requirement of 50 per cent from the current 30 per cent could be a binding constraint for many LDCs that graduate to utilize duty-free access.

Given its overwhelming dependence on clothing exports (HS61 and HS62) and large export volume to the United Kingdom, Bangladesh will be the largest beneficiary of the United Kingdom DCTS scheme, and will have access to Enhanced Preferences after graduation (and the three-year transition period). This is a more favourable situation compared to the one in the EU, where Bangladesh would have to ratify and implement international conventions, among other conditions, to accede to GSP+. Moreover, in the EU Bangladesh would be subject to safeguard measures given the high share of EU imports that are from Bangladesh. The United Kingdom DCTS removes such safeguards and product graduation provisions for the countries that move to Enhance Preferences.¹⁷

¹⁷ The EU draft GSP proposal for 2024-34 considers product graduation even for GSP+ countries. Furthermore, some sensitive agricultural products and apparel items are sub-

An analysis based on more than 9,500 CN 8-digit level trade figures finds that close to 1,700 products are not being considered for any tariff concessions under Enhanced Preferences. Standard Preferences, on the other hand, exclude around 1,900 items. The countries currently in the graduation process, together, are found to have an export presence in 1,801 products (during 2019-2021). Of these, 132 are excluded from Enhanced Preferences and will face MFN rates. Some other products have partial tariff cuts under both Standard and Enhanced Preferences. Some degree of tariff preference erosion will be experienced for these items.

Among the LDCs in various graduation stages, Myanmar exports to the United Kingdom the largest number of products (1,072 products) defined at the CN 8-digit level for 2019-21. It will also have the highest number – 75 – products excluded from Enhanced Preferences (Table 6). Most of the excluded items are in agricultural product categories. Bangladesh has export presence in 1,064 products, of which 57 are not included in DCTS Enhanced Preferences. Cambodia's export products are about half of Bangladesh's and Myanmar's, and 28 items are not included in Enhanced Preferences. Senegal exports 164 CN 8-digit products to the United Kingdom, and 22 are excluded from Enhanced preferences. Among the other countries, only Zambia exports several items (15) that will be excluded from Enhanced Preference. Bhutan, Djibouti, Solomon Islands, and Timor-Leste each export around 25 products to the United Kingdom, and the number of their export products excluded from preference after graduation is also very small. None of the products exported by Comoros, Kiribati, Sao Tome and Principe, or Tuvalu face exclusion in Enhanced

ject to EU safeguard measures (Article 29 of the draft EU GSP Proposal for 2024-34). While these provisions are still under review of the EU Parliament and Council, if those are enacted as per draft proposals, Bangladesh could be in a unique situation of qualifying for EU GSP+ while its clothing items are being subject to MFN tariffs (Razzaque, 2022a, 2022b). The United Kingdom has removed safeguards and product graduation provisions for Enhanced Preferences countries.

Table 5

Average tariff rates under different DCTS schemes in the United Kingdom

HS code	MFN tariff	Standard Preferences	Enhanced Preferences	Comprehensive Preferences	HS code	MFN tariff	Standard Preferences	Enhanced Preferences	Comprehensive Preferences
01	6.1	5.7	5.2	0	49	1.5	1.2	0	0
02	20.6	20.4	19.7	0	50	2.7	2.2	0	0
03	10.1	6	0.03	0	51	3.8	3	0	0
04	34.5	34.1	21	0	52	1.4	1.1	0	0
05	0	0	0	0	53	3.4	3.1	0	0
06	4.2	2	0	0	54	4.9	3.9	0	0
07	9	7.1	2.3	0	55	5.3	4.2	0	0
08	5.8	3.7	0.6	0	56	6.6	5.2	0	0
09	1.8	0.7	0	0	57	5.5	4.4	0	0
10	13.4	13.4	9.3	0	58	3.8	3.1	0	0
11	25.2	24.8	15.1	0	59	7	5.6	0	0
12	4.7	4.4	4.4	0	60	11.6	9.3	0	0
13	0	0	0	0	61	11.3	9	0	0
14	0	0	0	0	62	9.8	7.8	0	0
15	9.2	7.6	4.7	0	63	10.2	6.9	0	0
16	21.9	14.7	7.1	0	64	1.2	0	0	0
17	36.1	35.6	25.9	0	65	2.3	0	0	0
18	7.1	4.8	2	0	66	2	0	0	0
19	10.8	9.3	8	0	67	0.1	0	0	0
20	17.4	14.3	4.8	0	68	3.5	0.9	0	0
21	6.3	4	0.4	0	69	2.6	1.4	0.02	0
22	5.5	5.2	1.7	0	70	0.6	0	0	0
23	10.2	9.9	4	0	71	0	0	0	0
24	30.4	22.3	0	0	72	0.3	0	0	0
25	0	0	0	0	73	0.7	0	0	0
26	0	0	0	0	74	0.2	0	0	0
27	0.2	0	0	0	75	4.3	1.9	0.2	0
28	2.5	0.08	0.07	0	76	0	0	0	0
29	3.5	0.6	0.20	0	78	0	0	0	0
30	0	0	0	0	79	0	0	0	0
31	4.3	2.02	0	0	80	0.3	0.05	0	0
32	3.2	0.8	0	0	81	1.6	0.3	0	0
33	1.4	0	0	0	82	0.5	0	0	0
34	1.9	0	0	0	83	0.6	0	0	0
35	5	4.2	3.2	0	84	0.7	0.1	0	0
36	0.4	0	0	0	85	0	0	0	0
37	0	0	0	0	86	4.9	2.2	0	0
38	3.5	0.7	0.7	0	87	0.2	0	0	0
39	4.9	0.8	0.03	0	88	0	0	0	0
40	1.9	0.3	0	0	89	0.3	0	0	0
41	0.4	0.2	0.1	0	90	1.4	0.09	0	0
42	3.4	0.7	0	0	91	1.4	0	0	0
43	0.8	0	0	0	92	1.4	1.4	1.4	0
44	1.2	0.5	0	0	93	1.5	0	0	0
45	0	0	0	0	94	1.5	0	0	0
46	0.8	0	0	0	95	1	0	0	0
47	0	0	0	0	96	0	0	0	0
48	0	0	0	0	97	1.5	1.2	0	0

Note: Ad-valorem and ad-valorem equivalent specific tariff rates are considered for calculations. Estimations are based on simple average tariff rates.

Source: Author's estimation using data from the World Integrated Trade Solutions (n.d.), as available at <https://wits.worldbank.org/>

Table 6

Number products exported by countries in the graduation process to the United Kingdom and their exclusion from Enhanced and Standard Preferences, 2019-21 (average; CN 8-digit level)

	Enhanced Preferences				Standard Preferences		
	Total # of products exported	# of products facing duty-free exports	# of products not included in Enhanced Preferences	# of products facing tariffs (lower than MFN rate but non-zero rate) under Enhanced Preferences	# of products facing duty-free exports	# of products not included in Standard Preferences	# of products facing tariff (lower than MFN rate but non-zero rate) under Standard Preferences
Angola	227	215	12	0	201	12	14
Bangladesh	1,064	984	57	23	335	61	668
Bhutan	29	27	2	0	21	2	6
Cambodia	664	635	28	1	242	30	392
Comoros	9	9	0	0	6	0	3
Djibouti	28	25	3	0	23	3	2
Kiribati	4	4	0	0	3	0	1
Lao PDR	167	157	8	2	45	9	113
Myanmar	1,072	984	75	13	339	88	645
Sao Tome and Principe	16	16	0	0	15	0	1
Senegal	164	139	22	3	93	22	49
Solomon Islands	30	28	2	0	13	2	15
Timor-Leste	25	24	1	0	23	1	1
Tuvalu	6	6	0	0	6	0	0
Zambia	97	82	15	0	58	16	23

Source: Author's compilation from ITC Trade Map and United Kingdom GSP data.

Preferences, indicating that these countries—given their current export structures—will unlikely to suffer any significant impact from graduating to Enhanced Preferences (Table 6).¹⁸ Overall, much of the narrow export base of most LDCs is covered with duty-free treatment under Enhanced Preferences.

Most of the excluded products belong to three HS chapters: 03, 10, and 19, including such products as fish, cereals, flours, starches, and milk products. That is, among the products exported by the countries in question, the exclusion facing graduation to Enhanced Preferences is mostly in agricultural goods. Therefore, as mentioned earlier, the agricultural products of the respective economies will have a greater likelihood of being impacted by tariff rises.

¹⁸ Table 6 also provides the information on the hypothetical situation of these countries facing Standard Preferences as well, in which case there will be substantially more products with tariff implications.

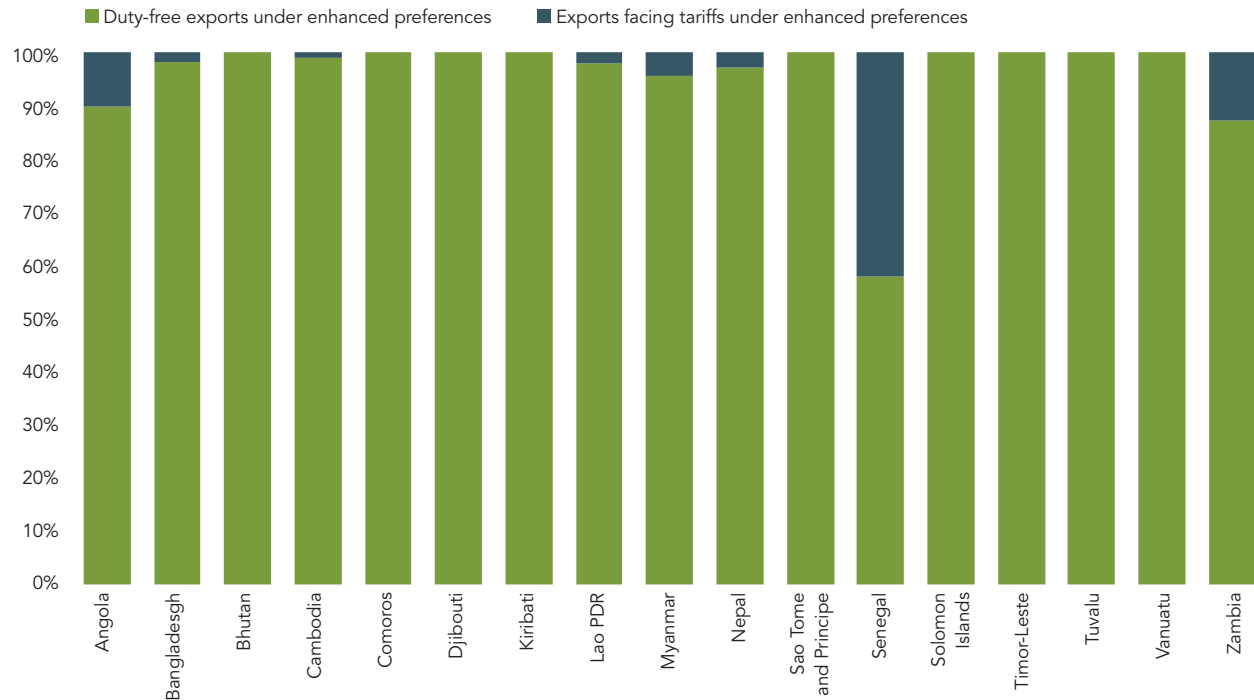
A simple count of the products excluded from preference cannot indicate the extent of the impact on exports, given that most LDCs rely on only a few products for the bulk of their exports. It is thus important to examine how much of the current export earnings of individual countries will be subject to any tariff hike after graduation to Enhanced Preferences. To assess this, the average 2019-2021 exports from each country is assessed against the Enhanced Preferences tariff structure (Figure 9).

For most countries in the graduation process, the proportion of current exports that will be subject to any tariff under Enhanced Preference is either null or negligible.

Given the current export structure to the United Kingdom, Senegal will be most impacted as it will see tariff preference erosion for more than 42 per cent of its exports to the United Kingdom. Senegal exports various agricultural products to the United

Figure 9

Exports of countries in the graduation process to the United Kingdom, tariff applicability under DCTS Enhanced Preferences, 2019-2021 (percentages)



Source: Author's computation using exports and tariff data.

Kingdom, including edible vegetables, certain roots and tubers (almost three-quarters of its exports to the United Kingdom), and fish and seafood (another 5 per cent of its exports). It is this dependence on certain agricultural products that causes this impact.¹⁹

For Angola and Zambia, moving to Enhanced Preferences could lead to 10-12 per cent of exports facing tariffs.

Bangladesh, Cambodia, Lao PDR, Myanmar, and Nepal will see preference erosion for 1-5 per cent of their respective exports to the United Kingdom.

Therefore, the impact graduation and the move from Comprehensive to Enhanced Preferences in terms of increased tariffs on export products is likely to be limited.

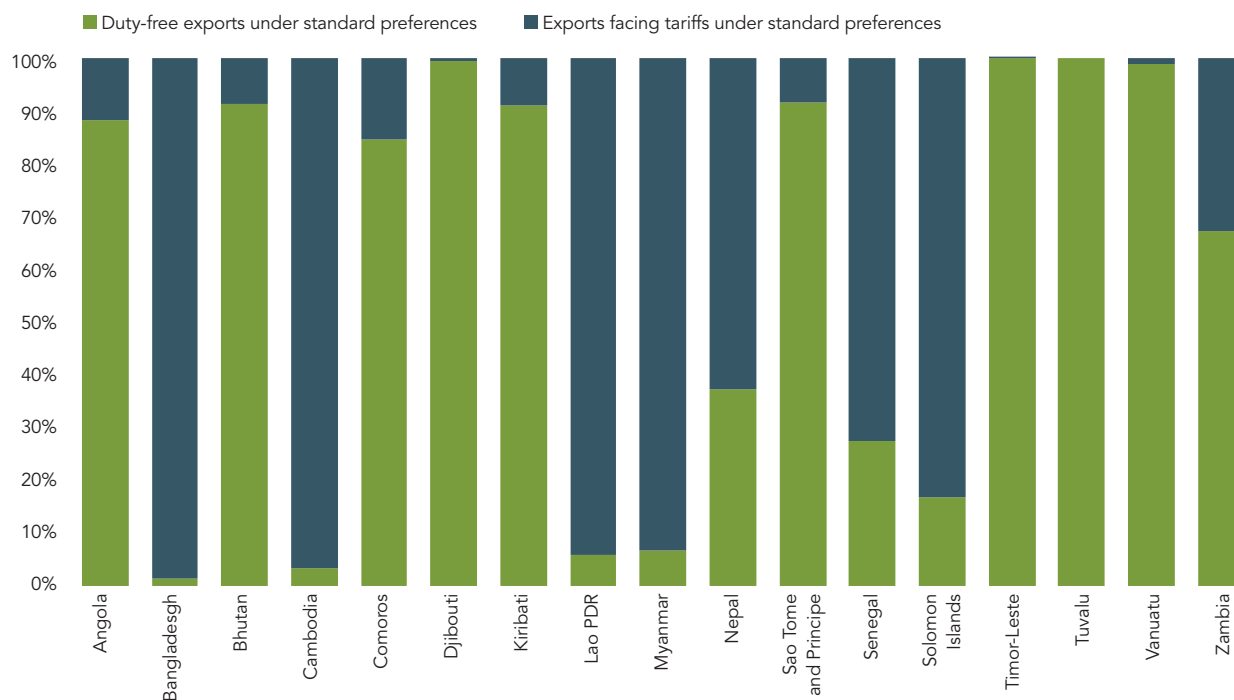
¹⁹ It is worth noting that export volumes are often characterised by export instability and fluctuations in export receipts. Here, the average of 2019-21 export structure and earnings are used. If product compositions change, the graduation impact can change considerably.

Other countries in the graduation process – Bhutan, Comoros, Djibouti Sao Tome and Principe, the Solomon Islands, Timor-Leste, and Tuvalu – will continue to benefit from zero tariffs for almost all of their exports.

It is, however, important to note that the analysis above does not capture the impacts of changes in rules of origin and their implications for securing duty-free access. Moving into Enhanced Preferences will require countries to add much higher domestic value-added (from currently 30 per cent to 50 per cent). For agricultural products, this might not be a major barrier. However, LDCs that export clothing will likely find it harder to fulfil the requirement of 'double transformation' given that domestic capacity for backward linkage textile production is extremely limited in these countries.²⁰

²⁰ Only Bangladesh has significant domestic knitting capacity, while it relies heavily on imported fabrics for woven garment items.

Figure 10

Exports of countries in the graduation process to the United Kingdom, tariff applicability under DCTS Standard Preferences, 2019-2021 (percentages)

Source: Author's Computation using exports and tariff data.

An alternative scenario has been analyzed to determine what would happen if these countries were considered for Standard Preferences only. The most important changes would occur in textile- and clothing-exporting LDCs, with Bangladesh, Cambodia, Lao PDR, Myanmar, and Nepal seeing an overwhelming majority of their respective exports being affected by tariffs (Figure 10). Much of the exports of Senegal and the Solomon Islands will also be impacted. For Angola, Bhutan, Comoros, Djibouti, Kiribati, Sao Tome and Principe, Timor-Leste, and Tuvalu, given their current export structures to the United Kingdom, changes would be minimal if they exported under Standard Preferences.

An ex-ante impact assessment for countries in the graduation process

It follows from the above that considering the export composition of countries currently in the graduation process, any new tariff coverage under Enhanced

Preferences will be mostly limited. The changes in tariff situations, initial export volume size, nature of product demand, etc., determine the eventual impact on a country's exports. In international trade, tariffs are expected to reduce imports and thus lower revenues for the concerned exporters. Preferential market access makes the preference-receiving country's exports more competitive, potentially enabling them to export more. Conversely, from a situation of duty-free market access to being subject to tariffs would undermine export competitiveness and thus potentially reduce export earnings. One simple approach to analyze the potential implications of tariff rate changes on exports is to use a partial equilibrium model. The data requirements are minimal, and the simulation exercise is quite straightforward.²¹

²¹ Being a partial equilibrium model means it uses only one sector while disregarding interactions with others—a feature that general equilibrium models (GEMs) deal with. However, in contrast to general equilibrium models, the

Table 7

Potential impact of graduation on exports to the United Kingdom by countries currently in the graduation process or recently graduated

	Initial exports (avg. 2019-21) (\$ '000)	LDCs get Enhanced Preferences after graduation	
		Estimated changes in exports after LDC graduation (\$ '000)	Loss of exports as % of initial exports
Angola	10,947	-235.48	-2.15
Bangladesh	3,219,331	-2,726.29	-0.08
Bhutan	66	0	0
Cambodia	952,326	-2,104.19	-0.22
Comoros	415	0	0
Djibouti	5,627	0	0
Kiribati	37	0	0
Lao PDR	27,604	-342.68	-1.24
Myanmar	362,662	-2,576.73	-0.71
Nepal	20,519	-63.52	-0.31
Sao Tome and Principe	184	0	0
Senegal	62,754	-1,938.92	-3.09
Solomon Islands	9,126	0	0
Timor-Leste	1,190	0	0
Tuvalu	29	0	0
Vanuatu	210	0	0
Zambia	14,110	-1,043.21	-7.39

Note: Ad-valorem and ad-valorem equivalent specific tariff rates are considered for calculations.

Source: Author's estimation.

This exercise aims to capture the impact on exports due to price changes emanating from forgone tariff preferences in the United Kingdom after graduation, under Enhanced Preferences.

The results of ex-ante partial equilibrium simulations—as presented in Table 7—suggest a very small impact for most countries. In fact, for eight of the countries under review (Bhutan, Comoros, Djibouti, Kiribati, Sao Tome and Principe, Solomon Islands, Timor-Leste, Tuvalu) and Vanuatu, moving from Comprehensive to Enhanced Preferences under the DCTS will not have any impact in terms of potential loss of exports. Among the remaining countries, apart from Zambia, Senegal, and Lao PDR, the

impact is very small (less than one per cent of the individual countries' current exports).

The potential implications for Zambia, Senegal, and Lao PDR arise from some agricultural items that these countries export, which face high tariffs after graduation. These include such products as fresh or chilled sweetcorns for Zambia and Senegal (HS07099960), some rice and related items for Lao PDR (under HS10 category), and fish and frozen shrimps and some grains for Senegal.

For Bangladesh, the biggest exporter to the United Kingdom amongst LDCs, the impacts are estimated to be minimal. The removal of product graduation and safeguards measures for Enhanced Preference countries means Bangladesh can maintain almost the same market access benefits as it currently enjoys. However, any implications arising from changes in rules of origin requirements for apparel exporters cannot be quantified here. Thus, it will be an area for further academic and policy analysis. Beyond

partial approach can make use of highly disaggregated trade and tariff data. Given the simplicity and data availability, the potential implications of tariffs are analysed here using a partial equilibrium model suggested in Commonwealth Secretariat (2018). The estimation results from the partial equilibrium model uses a unitary elasticity. The methodology is explained in Annex 9.

Table 8

Most impacted products due to tariff changes after graduation under Enhanced Preferences

Country	CN code	Description	Initial exports (avg. of 2019-21) ('000 \$)	Enhanced Preferences tariff rate (%)
Angola	23023010	Bran, sharps and other residues, whether or not in the form of pellets, derived from the sifting, milling or other working of wheat, with a starch content of $\leq 28\%$ by weight, and of which the proportion that passes through a sieve with an aperture of 0,2 mm is $\leq 10\%$ by weight or alternatively the proportion that passes through the sieve has an ash content, calculated on the dry product, of $\geq 1,5\%$ by weight	1,118.3	21.04*
	22042198	Wines not produced in EU, in containers holding ≤ 2 l (other than sparkling wine, semi-sparkling wine, white wine and varietal wines)	7.3	2.42*
	39173900	Flexible tubes, pipes and hoses, of plastics, reinforced or otherwise combined with other materials (excl. those with a burst pressure of $\geq 27,6$ MPa)	0.3	1.50*
Bangladesh	10063023	Semi-milled medium grain rice, parboiled	237	23.31*
	10063067	Wholly milled long grain rice, length-width ratio ≥ 3 , parboiled, whether or not polished or glazed	107	23.31*
	19041030	Prepared foods obtained by swelling or roasting cereals or cereal products based on rice	346	20.50*
	19049010	Rice, pre-cooked or otherwise prepared, n.e.s. (excl. flour, groats and meal, food preparations obtained by swelling or roasting or from unroasted cereal flakes or from mixtures of unroasted cereal flakes and roasted cereal flakes or swelled cereals)	489.3	20.22*
	19021910	Uncooked pasta, not stuffed or otherwise prepared, not containing common wheat flour or meal or eggs	993	18.23*
Cambodia	10063027	Semi-milled long grain rice, length-width ratio ≥ 3 , parboiled	17	23.31*
	10063065	Wholly milled long grain rice, length-width ratio > 2 but < 3 , parboiled, whether or not polished or glazed	39.3	23.31*
	10063092	Wholly milled round grain rice, whether or not polished or glazed (excl. parboiled)	252	23.31*
	10063096	Wholly milled long grain rice, length-width > 2 but < 3 , whether or not polished or glazed (excl. parboiled)	1,622	23.31*
	10063098	Wholly milled long grain rice, length-width ratio ≥ 3 , whether or not polished or glazed (excl. parboiled)	6,327.7	23.31*
Lao PDR	17011490	Raw cane sugar, in solid form, not containing added flavouring or colouring matter (excl. for refining, and cane sugar of 1701 13)	305.67	90.98*
	10063096	Wholly milled long grain rice, length-width > 2 but < 3 , whether or not polished or glazed (excl. parboiled)	59.3	23.31*
	10063098	Wholly milled long grain rice, length-width ratio ≥ 3 , whether or not polished or glazed (excl. parboiled)	215.7	23.31*
	19052010	Gingerbread and the like, whether or not containing cocoa, containing $< 30\%$ sucrose, incl. invert sugar expressed as sucrose	0.3	9.57*
	20058000	Sweetcorn "Zea Mays var. Saccharata", prepared or preserved otherwise than by vinegar or acetic acid (excl. frozen)	5.3	8.71*
Myanmar	10063065	Wholly milled long grain rice, length-width ratio > 2 but < 3 , parboiled, whether or not polished or glazed	105.3	23.31*
	10063067	Wholly milled long grain rice, length-width ratio ≥ 3 , parboiled, whether or not polished or glazed	289.3	23.31*
	10063094	Wholly milled medium grain rice, whether or not polished or glazed (excl. parboiled)	280.3	23.31*
	10063098	Wholly milled long grain rice, length-width ratio ≥ 3 , whether or not polished or glazed (excl. parboiled)	85	23.31*
	10064000	Broken rice	11,493.7	18.51*

Country	CN code	Description	Initial exports (avg. of 2019-21) ('000 \$)	Enhanced Preferences tariff rate (%)
Nepal	11022010	Maize flour, with fat content of <= 1,5% by weight	5	29.44*
	11031390	Groats and meal of maize, "corn", with a fat content, by weight, of > 1,5%	8.3	26.66*
	11043010	Wheat germ, whole, rolled, flaked or ground	20	21.33*
	19021990	Uncooked pasta, not stuffed or otherwise prepared, containing common wheat flour or meal but no eggs	58.3	16.31*
	19021100	Uncooked pasta, not stuffed or otherwise prepared, containing eggs	17	13.85*
Senegal	19049080	Cereals in grain or flake form or other worked grains, pre-cooked or otherwise prepared, n.e.s. (excl. rice, maize [corn], flour, groats and meal, food preparations obtained by swelling or roasting or from unroasted cereal flakes or from mixtures of unroasted cereal flakes and roasted cereal flakes or swelled cereals and bulgur wheat)	2.3	12.88*
	07099960	Fresh or chilled sweetcorn	23,724.3	7.64*
	07020000	Tomatoes, fresh or chilled	804.7	7.00*
	03061792	Frozen shrimps of the genus "Penaeus", even smoked, whether in shell or not, incl. shrimps in shell, cooked by steaming or by boiling in water	1,930.3	3.60
	93040000	Spring, air or gas guns and pistols, truncheons and other non-firearms (excl. swords, cutlasses, bayonettes and similar arms of heading 9307)	9.7	2.0
Zambia	17011410	Raw cane sugar for refining, in solid form, not containing added flavouring or colouring matter (excl. cane sugar of 1701 13)	1,375	73.61*
	07099960	Fresh or chilled sweetcorn	406.7	7.64*

Note: Ad-valorem and ad-valorem equivalent specific tariff rates are considered for calculations.

Source: WITS.

garments, Bangladesh's exports of fish items and some agricultural exports will be affected by tariffs under Enhanced Preferences, with the partial equilibrium model results showing a potential export loss of \$2.7 million, a small impact compared to Bangladesh's total exports to the United Kingdom.

Like in the case of Bangladesh, the clothing exports of Cambodia, Myanmar, and Nepal will be spared from any tariff rise, provided that the rules of origin requirements are fulfilled. These three countries also export certain agricultural products—primarily rice and cereal items that will face higher tariffs. Myanmar's fish and frozen shrimp exports will also be subject to import duties.

From the analysis of disaggregated products, it is possible to identify certain individual products that will experience a significant rise in United Kingdom tariffs for countries that graduate. These items, listed

in Table 8, include mainly agricultural and fish (frozen shrimp) products. The list does not include any apparel items for any country. However, more demanding rules of origin provisions under DCTS Enhanced Preferences could make it difficult for the exporting countries to avail of duty-free access.

V. A summary of main findings and concluding remarks

The United Kingdom, through the launch of the Developing Countries Trading Scheme (DCTS), introduced its version of the Generalized System of Preferences (GSP), marking a significant departure from the regime, analogous to the EU GSP, that was adopted after Brexit. The basic structure of the DCTS remains comparable with that of the EU regime, in which trade preferences are tiered amongst

three groups of developing countries, with the LDCs receiving the most generous treatment. However, the DCTS has simplified provisions and provides more generous terms of market access, particularly for countries that are not LDCs.

Among the main differences in the LDC-specific regime are:

- The DCTS Comprehensive Preferences, designed for LDCs, retains the same level of duty-free market access as the EU's EBA provides but offers more liberal and simplified rules of origin provisions.
- The minimum value addition requirement to benefit from duty-free preferences for LDCs, except for textile and clothing, has been reduced from 30 per cent to 25 per cent. LDCs will continue to benefit from single-stage transformation for textile and clothing exports. Exclusively for LDCs, product-specific RoO requirements have been simplified, and alternative rules have been added to many HS chapters.
- The United Kingdom has expanded cumulation for LDCs with DCTS countries and countries with Economic Partnership Agreements (EPA) with the United Kingdom. The current provisions that allow LDC cumulation with the EU, Norway, Switzerland, and other regional groupings will continue to exist. Thus, there are now more than 90 countries from which the LDCs can source intermediate inputs, and their finished products will still be eligible for duty-free access in the United Kingdom.

The DCTS Enhanced Preferences—targeting the non-LDC low-income and lower-middle-income countries, including the countries in the graduation process—have also been simplified and made more generous.

- The United Kingdom will employ a simple admissibility criterion based on beneficiary vulnerability to be determined by the share of the seven largest broad export groups in the country's total exports to the United Kingdom. The previous

requirement of countries to ratify and implement numerous international conventions has been removed.

- In addition to the tariff concessions of the previous regime, the DCTS removes or lowers tariffs for Enhanced Preference countries for additional 156 products at the HS 8-digit level. This results in duty-free benefits for more than 85 per cent of tariff lines for DCTS Enhanced Preferences countries.
- Product graduation and safeguard measures will not apply to the beneficiaries.

The DCTS Standard Preferences will be available for a group of other developing countries, currently including only India and Indonesia.

- Specific product graduation rules have been specified for these beneficiaries.
- Numerous nuisance tariff rates (i.e., rates of 2 per cent or less) have been slashed to zero.

There are 16 countries at different stages of LDC graduation, with eight scheduled to graduate by 2026. Under the current rules, these countries would, after graduation and a 3-year transition period, be able to export under the DCTS Enhanced Preferences scheme. The overall impact of the transition from Comprehensive to Enhanced Preferences will depend on the export composition of individual countries and the structure of the post-graduation tariff in the United Kingdom. The analysis presented in this paper shows that for a large share of exports, duty-free market access will be maintained, but certain primary products, there will be significant tariffs. Moreover, countries graduating from the group of LDCs will have to meet stricter rules of origin for zero-tariff access. They will not be eligible to cumulate materials with others, which is allowed for LDCs only.

It is difficult to assess the potential impact of the rules of origin in accessing preference. If the rules are fulfilled, the DCTS Enhanced Preferences scheme offers duty-free market access for an overwhelming majority of current export items from the countries in the graduation process. Therefore, the impact

of increased tariffs and the consequent export loss would be extremely limited. All current export items of eight of the 16 countries currently at different stages of the graduation process (viz., Bhutan, Comoros, Djibouti, Kiribati, Sao Tome and Principe, Solomon Islands, Timor-Leste, and Tuvalu) will continue to export duty-free under Enhanced Preferences. Lao PDR, Senegal, and Zambia will face higher impacts as they move from Comprehensive to Enhanced Preferences, which can be attributed to the greater significance, in their exports, of a few selected primary products (e.g., fresh or chilled sweetcorns, rice and cereal items, and frozen shrimps in these countries' export baskets), which will face high tariffs after graduation.

Bangladesh, the biggest LDC exporter to the United Kingdom, stands to benefit greatly from the DCTS. The removal of product graduation and safeguards measures for Enhanced Preferences countries means Bangladesh's apparel items will be able to maintain the same duty-free market access as currently available, if rules of origin are met. However, Bangladesh's exports of fish, frozen shrimps, and some agricultural exports will be affected by tariffs, with partial equilibrium model results showing a potential export loss of \$2.7 million. However, this impact is insignificant compared to the overall exports of Bangladesh to the United Kingdom.

Clothing exports from Cambodia, Myanmar, and Nepal will be spared from any tariff rise provided that the rules of origin requirements are fulfilled. These three countries also export certain agricultural products—primarily rice and cereals items—that will see some tariff hikes. Myanmar's fish and frozen shrimp exports will also attract import duties.

Although Angola is the largest exporter among the African countries in the graduation process, the share of the United Kingdom in Angola's total exports is negligible. Of the 227 HS 8-digit items United Kingdom-bound exports in 2021, only 12 will face a tariff rise under Enhanced Preferences.

The potentially limited impact for countries in the graduation process could partly be attributable to

the United Kingdom's making Enhanced Preferences more generous. Strengthening the LDC preference scheme through more liberal rules of origin and adopting a simplified and more relaxed eligibility condition in conjunction with expanded tariff preference and removal of product graduation for Enhanced Preference countries have been the most important improved features of the United Kingdom's new GSP system. However, the supply-side capacity of LDCs, including the graduating ones, remains weak, as reflected in their almost stagnant combined exports to the United Kingdom over the past decade or so. Most of these countries continue to rely on a very narrow range of products, lacking diversification and structural transformation of their economies. Furthermore, the significance of the United Kingdom market for most LDCs has not been prominent, resulting in limited preference utilization.

Given the need for revitalized participation of LDCs (including those in the graduation process) in world trade, the United Kingdom's DCTS could be an example for other preference-granting countries. Unilateral trade preferential schemes for countries that graduate remain limited, and their importance should be given due consideration, since many LDCs will graduate with extremely limited export diversification and without achieving much transformation of their productive capacities. Their participation in global trade remains marginal.²²

While the DCTS will be recognized as more liberal and development-friendly than the previous regime, there is further room for improvement. One area in this regard are the rules of origin for graduated LDCs or the countries with Enhanced Preferences. The relevant provisions have been kept unchanged. With already limited productive capacity, the stringent rules, along with restricted cumulation, could make it difficult for the countries that graduate to

²² In fact, SDG target 17.11, to “significantly increase the exports of developing countries, in particular with a view to doubling the least developing countries' share of global exports by 2020” remains elusive.

benefit from preferences, and therefore the impact of graduation significant.

Furthermore, the current improvements should not generate a sense of complacency about boosting development through trade (Mendez-Parra, 2022). More should be done to enhance trade capacity in the world's poorest and most vulnerable countries. Trade preference, development financing, and investment are all essential ingredients in boosting export supply response from those countries.

The United Kingdom is to review the alternative options for assessing economic vulnerability within the first year of DCTS implementation. It can help design more generous preferences for specific countries/country groups (e.g., by relaxing the rules of

origin requirements further for LDCs, and also for Enhanced Preference beneficiaries) and reconsidering the current exclusion of all upper-middle income countries, amongst others.

Finally, despite the limited overall impact, moving from Comprehensive to Enhanced Preferences could have significant implications for specific sectors and their workers in countries that graduate. The analysis has shown that several agricultural products can be adversely affected, while the more stringent rules of origin could hamper textile and clothing exports. Given the employment pattern in both sectors, any disproportionate impact on women and more vulnerable people's livelihoods should be carefully considered.

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Annexes

Annex 1

United Kingdom's imports from DCTS Comprehensive Preferences countries

Country	Exports (thousand \$)				Share in United Kingdom's imports from DCTS Comprehensive Preference countries 2021
	2005	2010	2015	2021	
Bangladesh	1,372,210	2,071,748	3,539,788	3,298,637	66.66
Cambodia	194,379	496,414	1,371,738	808,446	16.34
Myanmar	88,704	54,969	157,004	370,669	7.49
Senegal	12,052	21,385	36,313	69,377	1.4
Ethiopia	31,546	37,994	67,739	55,711	1.13
Mauritania	9,156	239	338	36,532	0.74
Madagascar	29,485	49,773	61,388	35,944	0.73
Lao PDR	45,078	80,692	50,663	28,122	0.57
Liberia	11,588	7,858	1,606	25,383	0.51
Rwanda	1,958	8,270	12,163	21,622	0.44
Malawi	36,286	54,602	35,339	21,508	0.43
Nepal	18,514	21,093	27,214	21,468	0.43
Uganda	21,353	17,598	23,870	20,733	0.42
Tanzania	69,852	45,650	38,071	20,636	0.42
Mozambique	132,044	108,717	103,172	15,101	0.31
Zambia	38,104	62,960	23,172	12,621	0.26
Sudan	-	-	12,057	11,560	0.23
Congo, Democratic Rep.	12,401	50,256	7,036	9,025	0.18
Haiti	2,538	4,037	6,448	8,156	0.16
Angola	15,586	66,700	1,006,251	7,991	0.16
Solomon Islands	96	2,036	20,167	7,115	0.14
Mali	843	787	1,087	6,483	0.13
Afghanistan	995	2,589	7,209	5,688	0.11
Burkina Faso	1,007	327	1,729	4,976	0.1
Djibouti	36	87	329	4,510	0.09
Gambia	5,339	6,116	5,682	4,002	0.08
Sierra Leone	2,282	13,662	1,481	2,908	0.06
Timor-Leste	37	508	117	2,341	0.05
Guinea	1,536	3,287	1,285	1,846	0.04
Togo	615	1,070	3,110	1,494	0.03
Niger	208	187	236	1,190	0.02
Yemen	5,938	63,752	3,244	1,083	0.02
Somalia	161	15	141	911	0.02
Burundi	1,179	76	1,417	777	0.02
Benin	81	25	1,177	750	0.02
Comoros	223	56	102	738	0.01
Lesotho	1,191	2,094	774	686	0.01
Chad	153,137	1,144	1,145	553	0.01
Vanuatu	1,726	755	345	513	0.01
Sao Tome and Principe	4	159	1	448	0.01
Eritrea	176	191	2	127	0.003
Bhutan	85	104	231	112	0.002

Country	Exports (thousand \$)				Share in United Kingdom's imports from DCTS
	2005	2010	2015	2021	Comprehensive Preference countries 2021
South Sudan	-	-	3	108	0.002
Tuvalu	11	4	33	30	0.001
Central African Republic	105	228	98	20	-
Kiribati	8	28	11	10	-
Guinea-Bissau	2	10	1	1	-
Total	2,319,855	3,360,252	6,632,527	4,948,662	100

Source: Author's presentation using ITC Trade Map data.

Annex 2

United Kingdom's imports from DCTS Enhanced Preferences countries

Country	Exports (thousand \$)				Share in United Kingdom's imports from DCTS Enhanced
	2005	2010	2015	2021	Preferences countries 2021
Pakistan	893,100	1,317,668	1,675,348	2,083,222	24.47
Uzbekistan	188,662	103,621	2,681	1,880,484	22.09
Algeria	810,278	915,446	2,730,795	1,434,745	16.86
Nigeria	276,062	1,234,985	2,173,267	1,302,547	15.30
Sri Lanka	1,138,011	1,379,283	1,082,903	777,648	9.14
Philippines	1,399,380	1,066,125	627,785	738,978	8.68
Kyrgyzstan	938	184	377	237,427	2.79
Bolivia	37,998	42,661	57,449	30,659	0.36
Congo	10,884	74,049	33,311	10,843	0.13
Mongolia	6,482	64,279	18,303	8,625	0.10
Syrian Arab Republic	234,592	26,366	5,394	1,887	0.02
Cabo Verde	1,445	182	141	486	0.01
Tajikistan	1,933	67	843	426	0.01
Micronesia	30	55	138	58	0.001
Niue	14	32	38	30	-
Cook Islands	30	32	62	15	-
Total	5,000,487	6,232,374	8,409,181	8,511,887	100.0

Source: Author's presentation using ITC Trade Map data.

Annex 3

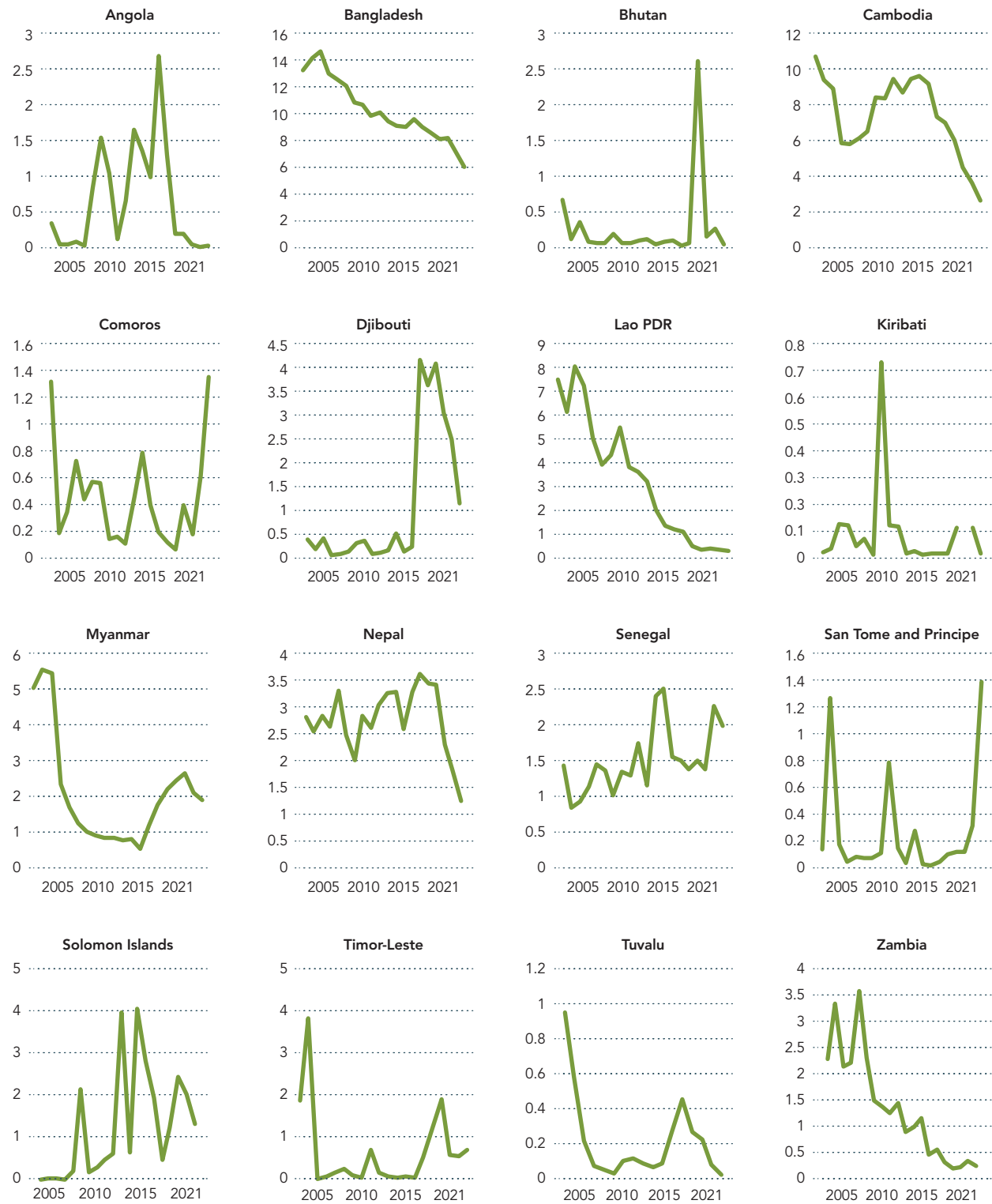
United Kingdom's imports from DCTS Standard Preferences countries

Country	Exports (thousand \$)				Share in United Kingdom's imports from DCTS Standard
	2005	2010	2015	2021	Preferences countries 2021
India	5,689,398	9,415,862	9,325,949	11,326,324	84.7
Indonesia	2,014,222	2,327,396	1,834,503	2,047,595	15.3
Total	7,703,620	11,743,258	11,160,452	13,373,919	100

Source: Author's presentation using ITC Trade Map data.

Annex 4

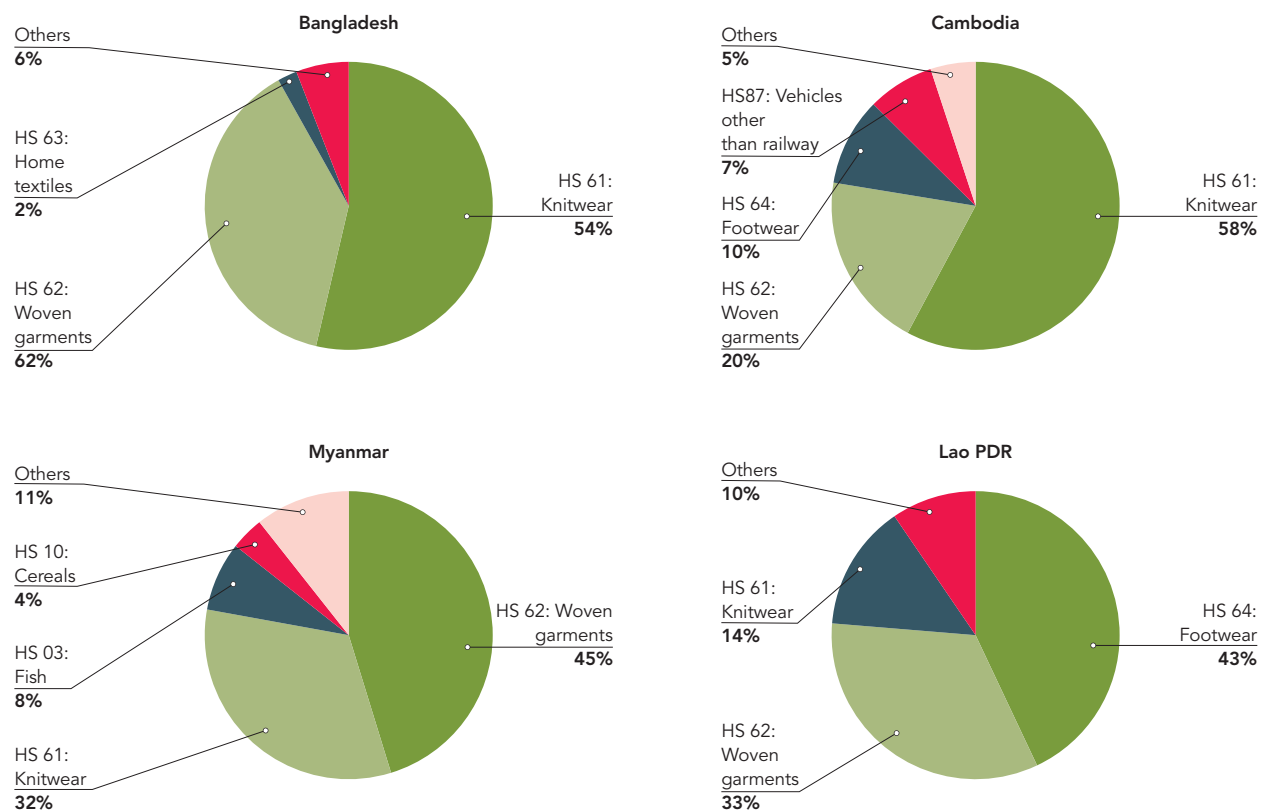
Share of the United Kingdom market in the total exports of individual countries in the graduation process, 2000-2021



Source: Author's presentation using ITC Trade Map data.

Annex 5

Export composition of the leading exporters of apparel to the United Kingdom among the countries in the graduating process, HS 2-digit level



Source: Author's presentation using ITC Trade Map data.

Annex 6

Major exports of countries in the graduation process in 2021

Angola

HS Code	Commodity	Exports (million \$)	% of total exports to the United Kingdom
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2.37	29.70
	903289 Regulating or controlling instruments and	1.99	24.92
	903290 Parts and accessories for regulating or controlling instruments and apparatus, n.e.s.	0.16	2.03
	901890 Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	0.08	1.01
23	Residues and waste from the food industries; prepared animal fodder	2.23	27.92
	230230 Bran, sharps and other residues of wheat, whether or not in the form of pellets	2.23	27.92
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1.24	15.45
	841182 Gas turbines of a power > 5.000 kW (excluding turbojets and turbo propellers)	0.88	10.96
	847990 Parts of machines and mechanical appliances, n.e.s.	0.15	1.88
73	Articles of iron or steel	1.18	14.74
	732619 Articles of iron or steel, forged or stamped, but not further worked, n.e.s.	0.62	7.76
	732690 Articles of iron or steel, n.e.s. (excluding cast articles or articles of iron or steel wire)	0.56	6.96
38	Miscellaneous chemical products	0.22	2.69
	382499 Chemical products and preparations of the chemical or allied industries	0.22	2.69
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0.25	3.17
	854460 Electric conductors, for a voltage > 1.000 V, insulated, n.e.s.	0.11	1.33
	853669 Plugs and sockets for a voltage <= 1.000 V (excluding lamp holders)	0.11	1.31
86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	0.09	1.09
	860900 Containers, incl. containers for the transport of fluids, specially designed	0.09	1.09
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	0.08	0.98
	630900 Worn clothing and clothing accessories, blankets and travelling rugs, household linen	0.08	0.98
39	Plastics and articles thereof	0.08	0.98
	391733 Flexible tubes, pipes and hoses of plastics, not reinforced or otherwise combined	0.07	0.88

Source: Author's presentation from ITC Trade Map database.

Bangladesh

HS Code	Commodity	Exports (million \$)	% of total exports to the United Kingdom
61	Articles of apparel and clothing accessories, knitted or crocheted	1913.3	58.0
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	437.8	13.3
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted	205.1	6.2
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted	201.0	6.1
62	Articles of apparel and clothing accessories, not knitted or crocheted	1100.1	33.3
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton	246.1	7.5
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton	203.5	6.2
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres	78.2	2.4
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	70.5	2.1
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	11.7	0.4
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton	10.2	0.3
630532	Flexible intermediate bulk containers, for the packing of goods, of synthetic or man-made textile materials	7.4	0.2
03	Fish and crustaceans, molluscs and other aquatic invertebrates	60.4	1.8
030617	Frozen shrimps and prawns, even smoked, whether in shell or not	48.1	1.5
030389	Frozen fish, n.e.s.	9.0	0.3
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	51.0	1.5
871200	Bicycles and other cycles, incl. delivery tricycles, not motorised	50.9	1.5
64	Footwear, gaiters and the like; parts of such articles	16.8	0.5
640391	Footwear with outer soles of rubber, plastics or composition leather	5.6	0.2
640399	Footwear with outer soles of rubber, plastics or composition leather	4.8	0.1
19	Preparations of cereals, flour, starch or milk; pastrycooks' products	14.0	0.4
190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion	6.2	0.2
08	Edible fruit and nuts; peel of citrus fruit or melons	8.6	0.3
081090	"Fresh tamarinds, cashew apples, jackfruit, lychees, sapodillo plums, passion fruit, carambola	4.9	0.1
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	8.2	0.2
530310	Jute and other textile bast fibres, raw or retted (excluding flax, true hemp and ramie)	5.1	0.2
07	Edible vegetables and certain roots and tubers	7.4	0.2
070999	Fresh or chilled vegetables n.e.s.	4.5	0.1

Source: Author's presentation from ITC Trade Map database.

Bhutan

HS Code	Commodity	Exports (million \$)	% of total exports to the United Kingdom
95	Toys, games and sports requisites; parts and accessories thereof	0.005	4.5
950720	Fish-hooks, whether or not snelled	0.005	4.5
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	0.007	6.3
630190	Blankets and travelling rugs of textile materials (excluding of wool or fine animal hair, cotton)	0.005	4.5
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.002	1.8
21	Miscellaneous edible preparations	0.003	2.7
210690	Food preparations, n.e.s.	0.003	2.7
57	Carpets and other textile floor coverings	0.002	1.8
570291	Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked	0.002	1.8
39	Plastics and articles thereof	0.002	1.8
392390	Articles for the conveyance or packaging of goods, of plastics (excluding boxes, cases, crates)	0.002	1.8
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.002	1.8
621790	Parts of garments or clothing accessories, of all types of textile materials, n.e.s.	0.002	1.8

Source: Author's presentation from ITC Trade Map database.

Cambodia

HS Code	Commodity	Export (million \$)	% of total exports to the United Kingdom
61	Articles of apparel and clothing accessories, knitted or crocheted	501.4	62.0
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted	67.4	8.3
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted	63.4	7.8
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres	53.4	6.6
62	Articles of apparel and clothing accessories, not knitted or crocheted	111.6	13.8
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton	13.8	1.7
620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres	13.8	1.7
621210	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted	11.1	1.4
64	Footwear, gaiters and the like; parts of such articles	71.0	8.8
640299	Footwear with outer soles and uppers of rubber or plastics	15.7	1.9
640399	Footwear with outer soles of rubber, plastics or composition leather	14.3	1.8
640419	Footwear with outer soles of rubber or plastics and uppers of textile materials	13.8	1.7
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	70.4	8.7
871200	Bicycles and other cycles, incl. delivery tricycles, not motorised	70.2	8.7
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	10.9	1.4
850440	Static converters	5.8	0.7
850300	Parts suitable for use solely or principally with electric motors and generators	4.5	0.6
39	Plastics and articles thereof	9.6	1.2
392530	Shutters, blinds, incl. Venetian blinds, and similar articles and parts thereof	6.7	0.8
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	8.1	1.0
630140	Blankets and travelling rugs of synthetic fibres (excluding electric, table covers)	3.5	0.4
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)	7.8	1.0
420292	Travelling-bags, insulated food or beverage bags, toilet bags, rucksacks, shopping-bags, map-cases	3.0	0.4
10	Cereals	7.7	0.9
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	7.5	0.9

Source: Author's presentation from ITC Trade Map database.

Comoros

HS Code	Commodity	Exports (million \$)	% of total exports
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0.654	88.6
330129	Essential oils, whether or not terpene less, incl. concretes and absolutes	0.654	88.6
09	Coffee, tea, maté and spices	0.081	11.0
090710	Cloves, whole fruit, cloves and stems, neither crushed nor ground	0.081	11.0

Source: Author's presentation from ITC Trade Map database.

Djibouti

HS Code	Commodity	Exports (million \$)	% of total exports to the United Kingdom
09	Coffee, tea, maté and spices	3.2	70.7
090111	Coffee (excluding roasted and decaffeinated)	1.8	39.6
090240	Black fermented tea and partly fermented tea, whether or not flavoured	1.4	31.0
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	1.0	21.4
481310	Cigarette paper in the form of booklets or tubes	1.0	21.4
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	0.2	5.0
120799	Oil seeds and oleaginous fruits, whether or not broken	0.2	4.2
120721	Cotton seeds for sowing	0.0	0.8
03	Fish and crustaceans, molluscs and other aquatic invertebrates	0.1	1.3
030119	Live ornamental fish (excluding freshwater)	0.1	1.3

Source: Author's presentation from ITC Trade Map database.

Kiribati

HS Code	Commodity	Exports (million \$)	% of total exports to the United Kingdom
40	Rubber and articles thereof	0.006	60
401190	New pneumatic tyres, of rubber (excl. of a kind used on agricultural, forestry, construction)	0.006	60
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	0.004	40
711319	Articles of jewellery and parts thereof, of precious metal other than silver	0.004	40

Source: Author's presentation from ITC Trade Map database.

Lao PDR

HS Code	Commodity	Export (million \$)	% of total exports to United Kingdom
64	Footwear, gaiters and the like; parts of such articles	13.3	47.3
640391	Footwear with outer soles of rubber, plastics or composition leather	5.9	20.9
640299	Footwear with outer soles and uppers of rubber or plastics	5.5	19.7
640399	Footwear with outer soles of rubber, plastics or composition leather	1.5	5.2
62	Articles of apparel and clothing accessories, not knitted or crocheted	7.9	28.2
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres	3.3	11.8
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton	1.0	3.6
620433	Women's or girls' jackets and blazers of synthetic fibres	0.5	1.7
61	Articles of apparel and clothing accessories, knitted or crocheted	3.9	13.7
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted	0.9	3.1
610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted	0.6	2.0
610520	Men's or boys' shirts of man-made fibres, knitted or	0.5	1.8
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	1.4	4.9
851718	Telephone sets (excluding line telephone sets with cordless handsets and telephones for cellular)	0.9	3.3
851769	Apparatus for the transmission or reception of voice, images or other data, incl. apparatus	0.2	0.9
17	Sugars and sugar confectionery	0.9	3.1
170114	Raw cane sugar, in solid form, not containing added flavouring or colouring matter	0.9	3.1
10	Cereals	0.3	1.0
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	0.3	1.0
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	0.3	0.9
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.3	0.9
09	Coffee, tea, mate and spices	0.1	0.3
090111	Coffee (excluding roasted and decaffeinated)	0.1	0.3

Source: Author's presentation from ITC Trade Map database.

Myanmar

HS Code	Commodity	Export (million \$)	% of total exports to the United Kingdom
62	Articles of apparel and clothing accessories, not knitted or crocheted	160.3	43.3
620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres	21.0	5.7
620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres	16.7	4.5
621210	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted	15.6	4.2
620213	Women's or girls' overcoats, raincoats, car coats, capes, cloaks and similar articles, of man-made fibres	12.4	3.4
61	Articles of apparel and clothing accessories, knitted or crocheted	130.3	35.1
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted	33.8	9.1
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted	17.8	4.8
610832	Women's or girls' nightdresses and pyjamas of man-made fibres, knitted or crocheted	8.5	2.3
03	Fish and crustaceans, molluscs and other aquatic invertebrates	34.6	9.3
030389	Frozen fish, n.e.s.	16.5	4.4
030325	"Frozen carp ""Cyprinus carpio, Carassius arassius, Ctenopharyngodon idellus, Hypophthalmichthys ...	13.9	3.8
30489	Frozen fish fillets, n.e.s.	1.8	0.5
64	Footwear, gaiters and the like; parts of such articles	10.5	2.8
640419	Footwear with outer soles of rubber or plastics and uppers of textile materials	2.3	0.6
640411	Sports footwear, incl. tennis shoes, basketball shoes, gym shoes, training shoes	2.0	0.6
640399	Footwear with outer soles of rubber, plastics or composition leather	2.0	0.5
640299	Footwear with outer soles and uppers of rubber or plastics	1.8	0.5
10	Cereals	8.7	2.4
100640	Broken rice	8.4	2.3
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	6.7	1.8
710391	Rubies, sapphires and emeralds, worked, whether or not graded, but not strung, mounted or set, ...	5.9	1.6
07	Edible vegetables and certain roots and tubers	6.5	1.7
071331	"Dried, shelled beans of species ""Vigna mungo [L.] Hepper or Vigna radiata [L.] Wilczek""	4.9	1.3
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)	5.0	1.3
420292	Travelling-bags, insulated food or beverage bags, toilet bags, rucksacks, shopping-bags, map-cases	3.3	0.9

Source: Author's presentation from ITC Trade Map database.

Nepal

HS Code	Commodity	Exports (million \$)	% of total exports to United Kingdom
61	Articles of apparel and clothing accessories, knitted or crocheted	6.6	30.6
611011	Jerseys, pullovers, cardigans, waistcoats and similar articles, of wool, knitted or crocheted	2.4	11.0
611012	"Jerseys, pullovers, cardigans, waistcoats and similar articles, of hair of Kashmir ""cashmere""	1.1	5.1
57	Carpets and other textile floor coverings	5.5	25.4
570110	Carpets and other textile floor coverings, of wool or fine animal hair, knotted, whether or not made up (excl. those containing greater than 10 percentage silk or waste silk other than noil by weight)	4.7	21.8
570310	"Carpets and other floor coverings, of wool or fine animal hair, tufted ""needle punched""	0.3	1.5
62	Articles of apparel and clothing accessories, not knitted or crocheted	3.5	16.5
620442	Women's or girls' dresses of cotton (excluding knitted or crocheted and petticoats)	0.6	2.7
621420	Shawls, scarves, mufflers, mantillas, veils and similar articles of wool or fine animal hair	0.4	1.7
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.9	4.4
560290	Felt, impregnated, coated, covered or laminated (excluding needle loom felt and stitch-bonded)	0.8	3.9
65	Headgear and parts thereof	0.8	3.7
650500	Hats and other headgear, knitted or crocheted, or made up from lace, felt	0.8	3.5
19	Preparations of cereals, flour, starch or milk; pastrycooks products	0.6	2.8
190410	Prepared foods obtained by swelling or roasting cereals or cereal products, e.g., corn flakes	0.4	1.7
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton	0.3	1.2
95	Toys, games and sports requisites; parts and accessories thereof	0.3	1.4
950510	Christmas articles (excluding candles and electric lighting sets, natural Christmas trees)	0.2	1.0

Source: Author's presentation from ITC Trade Map database.

Sao Tome and Principe

HS Code	Commodity	Exports (million \$)	% of total exports to United Kingdom
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0.44	98.2
854239	Electronic integrated circuits (excluding such as processors, controllers, memories and amplifiers)	0.196	43.8
854290	Parts of electronic integrated circuits, n.e.s.	0.179	40.0
854231	Electronic integrated circuits as processors and controllers, whether or not combined with ...	0.050	11.2
851762	Machines for the reception, conversion and transmission or regeneration of voice, images	0.015	3.3
91	Clocks and watches and parts thereof	0.004	0.9
910211	Wrist-watches, whether or not incorporating a stop-watch facility, electrically operated	0.004	0.9
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.002	0.4
844399	Parts and accessories of printers, copying machines and facsimile machines, n.e.s.	0.002	0.4

Source: Author's presentation from ITC Trade Map database.

Senegal

HS Code	Commodity	Exports (million \$)	% of total exports to United Kingdom
07	Edible vegetables and certain roots and tubers	51.1	73.7
070999	Fresh or chilled vegetables n.e.s.	29.1	41.9
070310	Fresh or chilled onions and shallots	12.4	17.9
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	5.2	7.4
670419	False beards, eyebrows and eyelashes, switches and the like, of synthetic textile materials	5.2	7.4
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	4.9	7.1
250840	Clays (excluding fireclay, bentonite, kaolin and other kaolinic clays and expanded clay)	3.3	4.8
250810	Bentonite	1.6	2.3
03	Fish and crustaceans, molluscs and other aquatic invertebrates	3.1	4.5
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns	2.3	3.2
030289	Fresh or chilled fish, n.e.s.	0.5	0.7
08	Edible fruit and nuts; peel of citrus fruit or melons	2.4	3.5
080450	Fresh or dried guavas, mangoes and mangosteens	2.4	3.5
26	Ores, slag and ash	0.4	0.6
261510	Zirconium ores and concentrates	0.4	0.6

Source: Author's presentation from ITC Trade Map database.

Solomon Islands

HS Code	Commodity	Exports (million \$)	% of total exports to the United Kingdom
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	6.89	96.8
151110	Crude palm oil	5.91	83.1
151321	Crude palm kernel and babassu oil	0.98	13.7
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0.16	2.2
852560	Transmission apparatus for radio-broadcasting or television, incorporating reception apparatus	0.16	2.2
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.03	0.4
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission)	0.03	0.4
39	Plastics and articles thereof	0.03	0.4
392390	Articles for the conveyance or packaging of goods, of plastics (excluding boxes, cases, crates)	0.03	0.4

Source: Author's presentation from ITC Trade Map database.

Timor-Leste

HS Code	Commodity	Exports (million \$)	% of total exports to United Kingdom
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	1.85	79.1
854470	Optical fibre cables made up of individually sheathed fibres	1.34	57.4
854290	Parts of electronic integrated circuits, n.e.s.	0.34	14.6
09	Coffee, tea, maté and spices	0.19	8.1
090111	Coffee (excluding roasted and decaffeinated)	0.19	8.1
29	Organic chemicals	0.17	7.3
293359	"Heterocyclic compounds with nitrogen hetero-atom[s] only, containing a pyrimidine ring	0.17	7.1
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.07	2.9
841410	Vacuum pumps	0.04	1.9
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.03	1.2
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	0.03	1.2
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	0.02	0.9
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad	0.02	0.9

Source: Author's presentation from ITC Trade Map database.

Tuvalu

HS Code	Commodity	Exports (million \$)	% of total exports to United Kingdom
39	Plastics and articles thereof	0.016	53.3
392410	Tableware and kitchenware, of plastics	0.016	53.3
73	Articles of iron or steel	0.013	43.3
731700	Nails, tacks, drawing pins, corrugated nails, staples and similar articles of iron or steel	0.013	43.3
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	0.001	3.3
847330	Parts and accessories of automatic data-processing machines	0.001	3.3

Source: Author's presentation from ITC Trade Map database.

Zambia

HS Code	Commodity	Exports (million \$)	% of total exports
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	8.06	63.84
711299	Waste and scrap of silver, incl. metal clad with silver, and other waste and scrap	7.65	60.61
710391	Rubies, sapphires and emeralds, worked, whether or not graded, but not strung, mounted	0.21	1.62
710310	Precious stones and semi-precious stones, unworked or simply sawn or roughly shaped	0.19	1.51
08	Edible fruit and nuts; peel of citrus fruit or melons	2.38	18.83
081040	Fresh cranberries, bilberries and other fruits of the genus Vaccinium	2.13	16.88
081090	"Fresh tamarinds, cashew apples, jackfruit, lychees, sapodillo plums, passion fruit, carambola	0.25	1.95
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.99	7.80
060311	Fresh cut roses and buds, of a kind suitable for bouquets or for ornamental purposes	0.98	7.73
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	0.46	3.66
040900	Natural honey	0.46	3.66
07	Edible vegetables and certain roots and tubers	0.48	3.77
070810	"Fresh or chilled peas ""Pisum sativum""", shelled or unshelled"	0.28	2.23
070820	"Fresh or chilled beans ""Vigna spp., Phaseolus spp.""", shelled or unshelled"	0.20	1.55

Source: Author's presentation from ITC Trade Map database.

Annex 7

Product Specific Rules (PSR) schedule for least developed countries under current GSP and DCTS

HS2	Description of goods	GSP PSR	DCTS PSR
3	Fish and crustaceans, molluscs and other aquatic invertebrates	Manufacture in which all the materials of Chapter 3 used are wholly obtained in the country or territory	CC
7	Edible vegetables and certain roots and tubers	Manufacture in which all the materials of Chapter 7 used are wholly obtained in the country or territory	CC
Ex 0711	Vegetables provisionally preserved, but unsuitable in that state for immediate consumption	Manufacture in which all the materials of Chapter 7 used are wholly obtained in the country or territory	CTH
Ex 0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared	Manufacture in which all the materials of Chapter 7 used are wholly obtained in the country or territory	CTH
Ex 0713	Dried leguminous vegetables, shelled, whether or not skinned or split	Manufacture in which all the materials of Chapter 7 used are wholly obtained in the country or territory	CTH
38	Miscellaneous chemical products	(a) LDCs Manufacture from materials of any heading, except that of the good. However, materials of the same heading as the good may be used, provided that their total value does not exceed 20% of the ex-works price of the good or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good	CTSH; or maximum non-originating content of 75% EXW) or processing rule.
Ex 3803	Refined tall oil	Refining of crude tall oil or Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good	Change of tariff sub-heading; or a chemical reaction[footnote 6], or maximum non-originating content of 75% (EXW)
62	Articles of apparel and clothing accessories, not knitted or crocheted	(a) LDCs Manufacture from fabric	Manufacture from fabric
Ex 6213	Handkerchiefs	Weaving accompanied by making-up (including cutting) or Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40% of the ex-works price of the good (9) or Making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerising, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatising, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5% of the ex-works price of the good (7) (9)	CC or maximum non-originating content of 75% (EXW) or processing rule
Ex 6214	Shawls, scarves, mufflers, mantillas, veils and the like	Weaving accompanied by making-up (including cutting) or Manufacture from unembroidered fabric, provided that the value of the unembroidered fabric used does not exceed 40% of the ex-works price of the good (9) or Making-up preceded by printing accompanied by at least two preparatory or finishing operations (such as scouring, bleaching, mercerising, heat setting, raising, calendering, shrink resistance processing, permanent finishing, decatising, impregnating, mending and burling), provided that the value of the unprinted fabric used does not exceed 47.5% of the ex-works price of the good (7) (9)	CC or maximum non-originating content of 75% (EXW) or processing rule
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof; except for:	(a) LDCs Manufacture in which the value of all the materials used does not exceed 70% of the ex-works price of the good	CTH or maximum non-originating content of 75% (EXW)

Note: CC - change of chapter; CTH - change of tariff heading; CTSH - change of tariff subheading.

Source: United Kingdom Government (16 August 2022)

Annex 8

List of conventions related to suspension under the DCTS

1.	Convention on the Prevention and Punishment of the Crime of Genocide
2.	International Convention on the Elimination of All Forms of Racial Discrimination
3.	International Covenant on Civil and Political Rights
4.	International Covenant on Economic, Social and Cultural Rights
5.	Convention on the Elimination of All Forms of Discrimination Against Women
6.	Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment
7.	Convention on the Rights of the Child
8.	Convention on the Rights of Persons with Disabilities
9.	Convention concerning Forced or Compulsory Labour, No. 29
10.	2014 Protocol to forced labour convention No. 29
11.	Convention concerning the Abolition of Forced Labour, No. 105
12.	Convention concerning Minimum Age for Admission to Employment, No. 138
13.	Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No. 182
14.	Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No. 100
15.	Convention concerning Discrimination in Respect of Employment and Occupation, No. 111
16.	Convention concerning Freedom of Association and Protection of the Right to Organise, No. 87
17.	Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No. 98
18.	United Nations Convention against Corruption (UNCAC)
19.	United Nations Framework Convention on Climate Change (UNFCCC)
20.	Paris Agreement (to replace Kyoto Protocol in the GSP)
21.	Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
22.	Montreal Protocol on Substances that Deplete the Ozone Layer
23.	Kigali Amendment to Montreal Protocol
24.	Convention on Biological Diversity (CBD)
25.	Cartagena Protocol on Biosafety to the Convention on Biological Diversity (CBD)
26.	Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal
27.	Stockholm Convention on Persistent Organic Pollutants
28.	Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade
29.	UN Fish Stocks Agreement (UNFSA)

Annex 9

The Partial equilibrium model²³

The trade effect of graduation from LDC status can be estimated by comparing the unit price received by the preference-receiving country with that of the MFN exporters:

$$P_k^i = P_k^W (1 + m_k^i) \text{ or } m_k^i = \frac{P_k^i}{P_k^W} - 1$$

where P_k^i is the unit price of product k received by country i (i.e. preference recipient), and P_k^W is the world unit price of the same product. It is assumed that markets are perfectly competitive and there is no product differentiation. The above equation can be expressed as:

$$P_k^i = P_k^W (1 + T_k^{MFN} - T_k^i)$$

$$m_k^i = T_k^{MFN} - T_k^i$$

where T_k^{MFN} is ad valorem equivalent MFN tariff for product k, and T_k^i is the export-weighted preferential tariff faced by country i. The percentage changes in exports as a result of changes in the price of exports is given by:

$$\frac{\Delta X}{X} = \frac{\Delta P}{P} + \varepsilon \frac{\Delta P}{P} \left[\frac{\Delta P}{P} + 1 \right]$$

where X is exports and ε is price elasticity of demand for exports. The formula can be utilised to estimate the effect of abolishing tariff preferences resulting from graduation from LDC status. As a country graduates from the group of LDCs, its tariff preference regime changes, as it has to pay a higher tariff. The changes in export revenue as a result of graduation can be estimated from the following equation:

$$\frac{\Delta X}{X} = \mu_k^i \frac{\Delta m_k^i}{1 + m_k^i} + \varepsilon \left(\mu_k^i \frac{\Delta m_k^i}{1 + m_k^i} \right) \left(\mu_k^i \frac{\Delta m_k^i}{1 + m_k^i} + 1 \right)$$

where, $\mu_k^i = \frac{\Delta m_k^i}{m_k^i}$ indicates the changes in preference margin. The first component in the above equation computes the changes in unit price resulting from changes in tariff preference. The second component calculates the impact on export revenue for the given changes in price.

At the second step, to compute the trade-shift effects it is assumed that the declining exports from the graduate country will be proportionally distributed to the other competitors (i.e., non-graduates) based on their market shares. The implicit assumption here is that there is no product differentiation among the suppliers and that non-graduates' exports will increase proportionally (i.e., cross-price elasticity of demand is 1). Therefore, the market share approach is used to estimate how other countries' exports will be impacted.

²³ Based on Commonwealth Secretariat (2018) as adapted in Razzaque and Rahman (2019).

Annex 10

Potential impact of graduation on exports of the countries currently in the graduation process to the United Kingdom if they exported under the Standard Preferences scheme

	Initial exports (avg. 2019-21) (\$ '000)	LDCs get Standard Preferences after graduation	
		Estimated changes in exports after LDC graduation (\$ '000)	Loss of exports as % of initial exports
Angola	10,947	-242.23	-2.21
Bangladesh	3,219,331	-295,730.84	-9.19
Bhutan	66	-0.48	-0.72
Cambodia	952,326	-86,798.32	-9.11
Comoros	415	-1.92	-0.46
Djibouti	5,627	-3.64	-0.06
Kiribati	37	-0.21	-0.58
Lao PDR	27,604	-2,404.16	-8.71
Myanmar	362,662	-31,123.64	-8.58
Nepal	20,519	-1,164.90	-5.68
Sao Tome and Principe	184	-1.82	-0.99
Senegal	62,754	-3,003.52	-4.79
Solomon Islands	9,126	-239.70	-2.63
Timor-Leste	1,190	-0.03	0
Tuvalu	29	0	0
Zambia	14,110	-1,227.76	-8.70
Vanuatu	210	-0.11	-0.05

Source: Author's simulations.