United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

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Statement by

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at the Ambassadorial level meeting of LDCs, LLDCs and SIDS on WTO trade negotiations in the post-Buenos Aires era

Friday 19 July 2019
3:00-6:00pm, Conference room # 11
New York
Distinguished Chairs of LDCs, LLDCs and SIDS  
Deputy Director-General of the WTO  
Excellencies  
Ladies and gentlemen,

I welcome you all to the Ambassadorial level meeting of LDCs, LLDCs and SIDS on the WTO trade negotiations.

I would like to thank Mr. Yonov Frederick Agah, the Deputy Director-General of the World Trade Organization for visiting New York for the third time in a row to brief us on the WTO trade negotiations.

International trade offers huge opportunities for economic growth and sustainable development of LDCs, LLDCs and SIDS. However, in recent years, international trade has stagnated after a robust growth in the first few years of this century. This is largely owing to commodity price plummets, protectionist measures, erosion of preferences, restrictive market entry measures and deceleration of activities associated with global value chains. Furthermore, the system is facing serious challenges due to growing trade tensions, especially among the major global trading partners.

The 2030 Agenda sets an ambitious target of doubling the least developed countries’ share of global exports by 2020. For several years, merchandise exports of LDCs continued to fall. This trend seems to have halted. As we see their exports have increased by 13 per cent in 2017. Nonetheless, the share of LDCs in world exports remained less than 1 per cent, which is far below the SDG target. There is also very little progress in the realization of the Bali and Nairobi packages for LDCs including preferential rules of origin; implementation of preferential treatment in favour of services and service suppliers of LDCs; and preferential market access under the Duty Free Quota Free (DFQF) market access to the developed and developing countries’ markets. LDCs are calling for expeditious implementation of the previous Ministerial Decisions in favour of LDCs.

An increasing number of LDCs are in the process of graduation. Graduating countries are apprehensive of the abrupt loss of preferential market access and other special and differential treatments. Smooth transition and withdrawal of benefits in a phased manner is vitally important for them for their development to proceed in a seamless manner.

The LLDCs’ share of merchandise exports decreased, from 1.19 per cent in 2014 to an estimated 0.98 per cent in 2018. LLDCs exports are also undiversified and are largely commodities. According to 2019 Global aid for Trade Review, LLDCs only export in 279 product categories compared to 4,500 product categories for
the top three traders (China, United States and EU). This situation renders LLDCs vulnerable to volatile commodity prices as well as the impact of climate change. Integrating LLDCs into global trade requires enhanced efforts by all relevant stakeholders in particular, LLDCs, transit countries, development partners, private sector and relevant international organisations. There is need to address the inherent productive capacity constraints and high trade costs. Accelerated implementation of the six priorities of the Vienna Programme of Action is fundamental to building their trade capacity and integrating them into global trade. The Midterm review of the Vienna Programme of Action therefore offers the opportunity to see how the implementation can be accelerated.

The Small Island Developing States are facing unique challenges to participate in the international trading system. These include small size, remoteness from markets, narrow export base and limited negotiating capacity. Further efforts are needed to support their integration into regional and global trading systems, including targeted additional measures to more effectively address the unique and particular vulnerabilities and development needs of SIDS. Work programme on small economies of the WTO is particularly important to these countries and needs to be given special attention. This group of countries also need increased international support to promote their trade in services, which constitute a considerable share of their GDP. These issues would be critical in the context of the MTR of the Samoa Pathway to be held in September of this year.

Agriculture remains a critical sector for the development of LDCs, LLDCs and SIDS. The vast majority of their farmers are small or semi-subsistence farmers. They are extremely vulnerable to price fluctuations and import surges. Domestic subsidies also continue to distort international prices and put the producers of these countries under unfair competition.

Micro, small and medium-sized enterprises (MSMEs) also offer tremendous opportunities for the three groups of countries to better tap trade opportunities and integrate into international value chains. However, this sector in the poor countries is mostly having no access or little access to finance and is also hampered by insufficient access to reliable and modern energy.

E-commerce provides opportunities for integration of LDCs, LLDCs and SIDS into global trade. However, these countries remain relatively under-connected to the internet and other infrastructure and thus to e-commerce platforms. This underlines the importance of increasing investment in information and communication technology (ICT) and enhancing broadband connectivity.

Access to trade finance is a key enabler of international trade, with about 80 per cent of trade requiring short-term credit or a guarantee. It is a great concern that
the gap in trade finance has increased since the global financial crisis and the three groups of countries are the most affected by this predicament. Trade finance has been echoed in different fora, including the recently concluded Aid for Trade Global review, as being one of the key challenges inhibiting participation of LDCs, LLDCs and SIDS in global trade. There is an urgent need to find multilateral solutions to addressing trade finance challenges and to also enhance capacity building of these countries in this area.

Improving trade facilitation presents immense potential in reducing trade cost and increasing public revenue. International assistance remains critical to making progress in these areas, notably through Aid for Trade. The WTO Trade Facilitation Agreement (TFA) is expected to provide a much-needed boost to global and regional trade growth by easing the cross-border movement of goods, reducing costs and simplifying trade procedures.

Concluding negotiations on fisheries subsidies by 2019 is also vitally important, especially for SIDS. Further progress in the work programme of the small economies is urgently needed to address the challenges and priorities of SIDS.

Excellencies, it is clear that the LDCs, LLDCS and SIDS face multiple challenges that left them marginalised in the global trading system. Addressing these challenges requires concerted efforts by all relevant stakeholders. A strong multilateral trading system is also vital in supporting efforts to enhance their participation in global trade. It is therefore important and urgent that the Members of the WTO find solutions to the current challenges facing the multilateral trading system.

I will stop here and give the floor to ….