[Introduction]

Under Secretary-General 'Utoikamanu, Excellencies, Ladies and gentlemen.

- I am very happy to be here for this Mid Term Review of the VPOA; as we have seen from yesterday's deliberations much progress has been made in achieving its objectives, but a much also remains to be done.

- The LLDCs are a very important constituency of the WTO; trade is very important for them; as is a strong MTS. This is why I am sure that we can always count on these countries to express support for the system.

- LLDCs have very characteristic constraints due to their geographical challenges that affect their ability to participate in international trade; we are very aware of this in the WTO and we have been working to remove them.

- This is why the WTO is one of the main implementation partners for the Vienna Programme of Action (VPOA) and cooperates very
closely with OHRLLS to help LLDCs integrate into the Multilateral Trade System.

**[The role of the MTS in economic transformation]**

- The Multilateral Trade System that is overseen by the WTO plays a very important role in supporting inclusive growth, jobs and poverty reduction in LLDCs though the promotion of trade led structural economic transformation.

- By fostering economic growth, the efficient reallocation of resources, exploitation of scale economies, technology spillovers, and raising living standards and income levels, trade and the WTO enhance the structural economic transformation of LLDCs.

- Trade and the WTO have contributed significantly to the unprecedented economic development that has taken place in the last decade and a half.

- For example, trade has allowed many developing countries to benefit from the opportunities created by emerging new markets, to integrate into the world market through global value chains at lower costs and to reap the rewards from higher world commodity prices.

- The WTO has played a key role by providing certainty regarding the commitments of its members, thereby creating a predictable environment that allowed economic activity to flourish. It has also given flexibilities to developing countries to address their specific economic needs and has helped contain protectionism, thus helping
to safeguard the economic gains made by developing countries in the past.

- Trade works for developing countries, including the LLDCs, because opening up to trade increases a country’s economic growth as it allows each country to use its resources more efficiently by specializing in the production of the goods and services it can produce more competitively.

- By increasing growth, trade can also make available the necessary resources to implement other development targets in the social and environmental sphere and achieve structural economic transformation.

- Trade also contributes directly to poverty reduction by opening up new employment opportunities and reducing the prices of goods and services for poor consumers, including foodstuffs.

- Integration into the multilateral trading system, as embodied by the WTO, also helps the long-term growth prospects of developing countries by providing them with access to new markets, new technologies and new investment, making their development sustainable.

- But in order for countries to fully reap the benefits of trade, it is necessary to adopt approaches which aim to mainstream trade into their national sustainable development strategies. This is because trade has crosscutting effects in the economy and significant linkages to other sectors. Therefore, mainstreaming trade policies into development plans enhances coherence in the use of trade as a
proactive tool in achieving poverty reduction and economic transformation.

[WTO, LLDCs & Trade Facilitation]

- One example of how the WTO has contributed to the economic transformation of the LLDCs is with the adoption of the Trade Facilitation Agreement (TFA).
- WTO has estimated that full implementation of the TFA, will lead to a reduction of trade costs in LLDCs of 15.4% on average.
- The TFA is also expected to help developing countries in some key areas for their sustainable development.
- It can help member's efforts on export diversification by enhancing their capacity to participate in global value chains and lower the entry barriers for small firms to join international trade. It also improves a country's ability to attract investment.
- And by making customs procedures more efficient and transparent the TFA helps countries generate more customs revenues and lower the incidence of corruption.

[Challenges to the MTS & WTO Reform]

- The MTS, under the WTO, also serves as a watch-dog in facilitating smoother and freer trade among the comity of nations and thus contributing to higher incomes, raising living standards thus making a positive contribution towards reducing poverty and inequalities.
• As an embodiment of more open and integrated rule-based system, the WTO rules are important means towards ensuring inclusive trade and economic growth.

• One of the core principles that underpin the functioning of the MTS is that of non-discrimination. The most-favoured nation and national treatment provisions of the WTO prohibit arbitrary discrimination amongst trading partners and ensure inclusive approach to sharing of benefits of trade concessions among all.

• But we should not take these benefits for granted, especially when multilateralism is under threat. For the WTO to keep working, delivering on development and the implementation of the VPOA the system needs to be supported and strengthened.

• As you are probably all aware these are very trying times for the system. There are several challenges that put into question its ability to keep on functioning as it has in the past.

• The main challenges that we are experiencing today are the marked increase in trade restrictive measures which the press has called the "trade war", and the impasse over the selection of Appellate Body judges which threatens to paralyze the dispute settlement mechanism.

• These are significant challenges and the best way I see to resolve these pressing challenges is to work actively to strengthen mechanisms of cooperation and build confidence in the trading system.
• Just sitting back and letting the trade war play-out or to let the Dispute Settlement Mechanism succumb to paralysis, is not an option. The economic impact of inaction could be damaging and long-lasting. And the only way to strengthen the system is to make it evolve.

• Members have already started working on this task and which has in general been called WTO reform or modernization. These efforts for reform cover all the main functions of the organization.

• First is dispute settlement and addressing the impasse in the appointments to the Appellate Body.

• This is of the utmost importance in preserving the rules-based trading system which protects all WTO members, and makes sure that the rules remain enforceable.

• A well-functioning Dispute Settlement Mechanism benefits the smaller members, such as the LLDCs, that rely on the rule of law to defend their interests.

• Resolving the impasse over the Appellate Body may require significant changes in the way it has been operating. We all must continue to speak up in support for finding a solution as its paralysis will affect each member.

• The second area of focus is in improving the regular work of the WTO’s councils and committees. These bodies monitor how members observe the current rules of the WTO.
• Several members have insisted on the need to improve transparency among the membership’s trade policies. Clearly it is vital that members meet their obligations on transparency and notifications – but in this conversation it should also be recognized that some members may need assistance to do so.

• The third area of focus, and one which is of strategic importance, is advancing negotiations at the WTO.

• In the short term the key multilateral test is the negotiations on fisheries subsidies.

• To the WTO this is not just a trade issue it is a sustainable development issue. It is part of the SDGs and so delivering here is vital.

• While the substantive issue of fisheries subsidies may be of limited relevance to LLDCs, its importance lies in that failing to successfully conclude these negotiations will not just be bad for marine fish stocks: it will damage the credibility of the WTO and discredit the feasibility of multilateral rule-making, which has greatly helped the LLDCs for example through the Trade Facilitation Agreement.

• Another important issue that as made it to the top of the agenda is the question of who should continue to benefit from Special and Differential treatment.

• Some members feel that eligibility for special and differential treatment should be determined before any negotiations start. Others feel that potential flexibilities, and the extent to which members can
use them, should be part of a negotiation. Still others want the present system to continue.

- The Trade Facilitation Agreement, where LLDCs played a crucial role in shaping its rules, shows that functional, good-faith solutions are possible. I’m sure there are other templates and alternatives that can be found. It is therefore imperative to pursue this dialogue in a way that is not unnecessarily divisive.

- And this also goes for all our discussions on WTO reform, we need to show the pragmatic spirit that the organization has been known for. This means harvesting what we can, when we can. Reform will be – and should be – a constant process of adapting to economic conditions and responding to members' concerns.

- Every change to WTO rules and procedures is part of reform.

- And here I want to go back to the example that was set by the Trade Facilitation Agreement in 2013. This agreement didn't just offer large commercial gains and a platform for implementing trade facilitating measures that helped to provide certainty to LLDCs in their transit operations. It represented a positive change in the way we do things at the WTO. It was reform in action.

[MC12]

- Work has also already started in defining more concretely the outcomes for the 12th WTO Ministerial Conference, in Kazakhstan.
• Some longstanding issues such as agriculture and food security, for example continue to be on the docket as items that need to be addressed.

• Some like-minded members have also started to pursue Joint Initiatives on e-commerce, investment facilitation, small businesses, women's economic empowerment and domestic regulation in services.

• These initiatives should have a strong development component as they could help make trade more inclusive – and many developing and least-developed have signed up.

• Now you should also be aware that some other members are of the view that the WTO should finish the work on issues that were mandated in Doha before embarking on any discussions of other issues.

• LLDCs should take advantage that this is the first time a WTO Ministerial Conference is being held in one of your countries and make your voices heard, and come up with proposal for concrete deliverables in that would help your integration into the MTS.

• Many members are looking towards the Ministerial Conference as a possible target for delivering some tangible outcomes on reform. This is clearly achievable if the will and determination are there.

[Conclusion]

• The current discussions on WTO reform reflect members' recognition of the need to make the multilateral trading system more inclusive,
equitable and transparent, including addressing the challenges faced in decision making with such a diverse membership.

- The decisions members take on the issues I’ve raised today will determine the future of the global trading system and its potential to keep driving development. Equally, a failure to confront these issues would also determine the path forward in what could be a very negative way.

- The world needs the WTO and the Multilateral Trading System that it underpins more than ever. Without it, the global economy faces a future of uncertainty, trade war, lower growth, lower salaries and diminished job opportunities everywhere – in both poor and powerful countries alike.

- Members must use this moment of crisis to strengthen global cooperation on trade, which ultimately is in the interest of all and remains a crucial element in the attainment of the Vienna Program of Action and the 2030 Sustainable Development Agenda.

- Thank you.