MALAWI MINISTERIAL STATEMENT

Your Excellency Mr. Bakytzhan Sagintayev, Minister of Economic Development and Trade, Republic of Kazakhstan.
You Excellency Mr. Akhametzhan S. Yesimov, Akim (Mayor) of Almaty City.
Your Excellency Mr. Kairat Umarov, Deputy Minister of Foreign Affairs of the Republic of Kazakhstan.
The Chairman of LLDCs Group, Your Excellency, Dr. Nam Viyaketh, Minister of Industry and Commerce, Lao People’s Democratic Republic.
Your Excellency Mr. Manuel Caceres, Coordinator of LLDCs Group on Matters Related to Trade Development in Geneva and Vice Minister of External Affairs and Economic Issues of Paraguay.
Your Excellency, Mr. Gyan Chandra Acharya, Under-Secretary General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.
Ms. Valentine Rugwabiza, Deputy Director-General of World Trade Organization,
Ms. Sebnem Akkaya, World Bank Country Manager for Kazakhstan.
Your Excellencies who are my fellow members of the LLDCs Group.
Distinguished Ladies and Gentlemen.

Let me first greet you all on behalf of the people of Malawi, the Warm Heart of Africa, and indeed on my own behalf. I wish to inform you that Malawi values highly the efforts made by the Government of the Republic of Kazakhstan in hosting this meeting of Landlocked Developing Countries (LLDCs), which demonstrates its commitment to the economic development of these countries through trade as the engine of growth. Malawi therefore wishes to express its gratitude to the Republic of Kazakhstan for choosing to host this very important meeting at this opportune time when LLDCs have the desire to contribute to the struggle of addressing economic challenges in order to recover from global financial crises.

Mr. Chairman, the theme of this meeting is “Unlocking the Trade Potential of Landlocked Developing Countries (LLDCs)” which is appropriate because it sends a message to the world that our countries have the trade potential that needs to be tapped if the world is to succeed in the struggle to recover from the current effects of economic and financial crises. Despite LLDCs vulnerability to external shocks, evidence shows that financial support provided to some LLDCs such as Malawi by developing partners, and initiatives such as “Aid-For-Trade”, for example, has resulted in increasing exports in these countries. On this point, let me thank the development partners who have provided such assistance to LLDCs to improve their export performance.

Mr. Chairman; Your Excellencies
Let me now introduce my country, Malawi, since the expectation of this meeting from my statement is to share experiences of my country as an LLDC. Malawi is a landlocked
country with a population of approximately 15 million, with a total area of 118,484 square kilometers of which 84,000 square kilometers is land mass and the rest is water. With its small size, Malawi is worst hit by effects of global economic and financial crisis just like any other landlocked country. Malawi was however able to increase its exports from about 0.5 billion United States dollars in 2001 to about US$ 1.1 billion in 2010.

On its own, this seems to be a great achievement, indeed. But when imports are factored into the equation, the result is negative trade balance. From US$ 0.7 billion in 2001, imports increased to US$ 2.2 billion in 2010. Malawi has hence not been able to balance its trade in the period of ten years referred. In fact, the gap worsened over this period.

Mr. Chairman, Malawi exports face challenges mainly in the form of supply-side constraints at both production and transport stages. Water and power supply challenges as well as heavy reliance on one mode of transportation which is road transport, has impacted negatively on Malawi’s exports in a serious way. While challenges due to water and power supplies have affected the production capacity of exports, road transport has increased prices of goods due to exorbitant transport costs, worsening the competitiveness of Malawi’s exports on the international markets.

**Mr. Chairman; Your Excellencies**

Let me now come to trade facilitation experiences for my country. Malawi’s reliance on road transport for its exports has forced the Government of Malawi to make improvements on roads by rehabilitating existing roads as well as upgrading some seasonal roads to all weather roads. These works have resulted in the reduction of cost of transport of export goods from the original 60% down to 45%. However, cost of transport for exports in Malawi remains high compared to its neighbouring countries because of trade facilitation challenges. In this regard, Malawi has a trade facilitation program to address issues of border management which result in increased transit costs of exports. Under this program, Malawi acquired ICT program known as ESYCUDA together with neighbouring countries. Malawi has also established one border post with Zambia. Malawi also established a legal framework to reduce the number of documents required to clear goods at its borders from fourteen (14) to five (5). Mr. Chairman, let me at this point in time acknowledge that most of these results have been achieved with the assistance of Malawi Development Partners to whom Malawi owes a lot. Malawi is yet to introduce e-tracking of cargo and single windows and automated scanning facilities.

**Mr. Chairman; Your Excellencies**

Coming to participation at international trade talks, Malawi is convinced, just like other landlocked countries that its participation in the international trade talks for market access is not only essential but also a must. Despite the slow rate of increase, Malawi’s
exports require both a wide and varied export market both traditional and non-traditional products. My country therefore participates in multilateral trade talks in various groupings to secure market access for its agriculture and non-agriculture goods. As a Least Developed Country (LDC), Malawi qualifies for special and differential treatment which needs to be sustained by influencing adoption of trade disciplines and decisions which address special needs and concerns of landlocked countries. Hence, Malawi supports the proposal for LLDCs to find a way of pushing for conclusion of Trade Facilitation negotiations as part of the Doha Round.

**Mr. Chairman; Your Excellencies**

On the Global Economy challenges, as stated before, Malawi continues to experience the effects of these challenges. Effects of Global economic and financial crises have added pressure on Malawi as an LLDC and have slowed down its progress in achieving the Millennium Development Goals. Malawi exports still lag behind imports while foreign reserves are always inadequate, Direct Foreign Investment also continues to decline, leading to increasing unemployment and poverty. Malawi is nonetheless making efforts to reduce poverty levels by putting in place a number of initiatives in an effort to address this situation. At the moment, the focus is on value-addition and diversification of exports. Malawi would like to move from relying only on export of primary and unprocessed agriculture commodities to processed products which will fetch high prices on the international market. The country is also shifting from focusing only on traditional agriculture products such as tobacco and tea to others such as legumes and pulses. Apart from agriculture sector, Malawi is also venturing into other sectors such as mining where Foreign Direct Investment is in great need. The country believes that the development of these initiatives would address the vulnerability of commodity price volatility and other related external shocks.

**Mr. Chairman; Your Excellencies**

On the financial support from international and cooperating partners, Malawi is very grateful to several partners as already acknowledged before in this statement. My country faces insufficient water and power supplies, poor road infrastructure and intermittent communication provisions which have a serious impact on the overall export performance. This is the whole reason why Malawi supports the review of international support measures in the form of official development financing and other sources of support such as South-South cooperation to increase the LLDCs ability to tap on the trade potential as a development tool. The review should enhance the role of private sector to mitigate the supply-side challenges in order for the LLDCs to integrate into the global trading system.

Finally, let me assure you **Mr. Chairman and Your Excellencies** that Malawi values highly these discussions and expects the meeting to come out with outcomes which include (a) A common position for LLDCs as in the previous three meetings, (b) New Measures and Actions, (c) A Work-plan and Roadmap of Deliverables as well as (d)
Monitoring and Evaluation report which can be a basis for discussion at the next meeting.

I thank you all for your attention.