FOURTH MEETING OF TRADE MINISTERS OF 
LANDLOCKED DEVELOPING COUNTRIES 

"Unlocking the Trade Potential of LLDCs"

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Thank you to the Government of Kazakhstan and to the United Nations Office for the Least-Developed countries, Landlocked Developing countries and Small Island Developing States for the invitation to participate in this important meeting. The WTO Director-General Mr. Pascal Lamy and asked me to extend his wishes to you for a successful and productive series of discussions.

My participation at this 4th Meeting of Trade Ministers of Landlocked Developing Countries and the thematic session which will follow is an indication of both my personal interest, for as you may know I am from a landlocked country, and the continued support of the WTO for the better integration of LLDCs into the Multilateral Trading System. You can therefore be assured of the WTO's full engagement in the preparatory process for the Ten Year Review Conference to be held in 2014.

I will begin with a brief assessment of the global economic context, provide you with an update on the DDA negotiations and other areas of work in the WTO and then briefly address where the work in the WTO can best support the elements of the Almaty Programme of Action. On the first issue, you are all fully aware of the uncertainty which has plagued the global economy since the economic crisis began in 2008-2009. Global unemployment remains too high especially in some developing country regions, and the WTO's projections are that trade growth will further decelerate this year to 3.7 per cent, down from 5 per cent in 2011. The current Eurozone crisis is also troubling for global growth with recent reports showing that the growth-led momentum needed to lift Europe out of its crisis remains elusive.

I am, however, cautiously optimistic about the outlook for the LLDCs. The LLDCs experienced an increase in economic growth from 3.1% in 2009 to 6.6% in 2010 and when I examine the trends in merchandise exports, for example, the figures show an increase in value of these exports from US 33 Billion in 2003 to
US 158 billion in 2010. Your share of global exports has also increased from 0.5% in 2003 to approximately 1% in 2010 and LLDCs registered a 9% increase in merchandise imports in 2010. In terms of FDI, LLDCs did register an aggregate 12% decrease in FDI inflows in 2010 but saw its share of global inflows increase from 2% in 2009 to 4% in 2010.

On the surface these are indeed positive trends. But of course we must dig deeper and as we do, we see that not all LLDCs benefit from these trends and in those countries that do, much of the increase is due to higher commodity prices but with the concomitant fluctuations and unpredictability that accompany them. Another concern is the high concentration of LLDCs exports both in terms of export market concentration and in the limited diversification of the basket of goods. A major concern remains, of course, the high cost of getting your goods to markets which continues to put all LLDCs at a structural disadvantage.

Hence, despite some admittedly positive signs we must not, metaphorically, 'remove our foot from the gas', rather efforts should be focused on maintaining and enhancing these positive trends and ensuring full operationalization of the Almaty programme of Action.

Potentially aggravating an already perilous global trade reality is the constant threat of protectionism. During and after the crisis we saw many countries, particularly developed countries, enact certain measures to bolster growth and employment in their domestic economies. However the WTO's most recent monitoring report from mid-June shows that governments are still implementing new measures which restrict or potentially restrict trade and that this situation is further aggravated by the relatively slow pace with which governments are rolling back existing, trade-restrictive measures.

Protectionism breeds further protectionism and the cumulative impact is one which is potentially disastrous for small and low-income developing countries. The international community is increasingly recognising the need to redouble efforts to keep markets open and trade flowing. I hope this will also be a message emanating from this Meeting.

The Members of the LLDCs are a varied and geographically disparate group brought together by the common and shared notion of 'landlockedness'. Many of you are full and active WTO Members, some are in the process of accession and others have not yet begun that consideration of joining the WTO. I am certain however that all of you have been following the negotiations under the DDA. It
is no surprise therefore when I tell you that these DDA negotiations have indeed reached an impasse. This impasse however should not be mistaken for malaise. For even though Members have found it difficult to move forward on the path charted in 2001, there remains a willingness to look for new ways to address elements of the negotiations, especially those areas of particular importance to developing countries—especially the LDCs—of which a number of you are.

At the 8th WTO Ministerial Conference in December 2011 Ministers adopted a number of decisions. One in particular was the need to clarify and strengthen the guidelines for LDC accession. I am very pleased to report that on 25 July the WTO General Council agreed to and formally adopted such a decision which will bring greater confidence and build more trust in the ability of the WTO to address the specific needs of LDCs in accession.

Let me now turn to the Doha Development Agenda. To find new momentum, Members have agreed to explore new negotiating approaches that might open the way to results, starting with those areas of negotiations that might be ready for early conclusion. One of these areas is trade facilitation which is, of course, of great interest to you.

Geography matters for trade. When it comes to exporting goods to overseas markets, landlocked countries are at an inherent disadvantage compared to coastal states as their exports must pass through neighbouring countries simply to reach the nearest port. Imports face the same obstacles in the opposite direction. Higher transport costs coupled with bureaucratic costs combine to make trade more difficult and costly. The trade facilitation negotiations are continuing constructively at the technical level. There is a general agreement that Trade Facilitation is a win-win and that a multilateral Agreement can bring tremendous dividends to the multilateral system and to Members at the local and regional level.

For LLDCs trade facilitation is a sine qua non. I know for many of the countries here today, trade facilitation is a major potential deliverable and that has been clearly translated in the critical role that the LLDCs have continued to play in the negotiations. All elements of these negotiations—Article V, Article VIII and Article X—are of extreme relevance to you. Article V on transit especially, is crucial. For LLDCs, trade facilitation is one of the core elements of the Almaty POA and beyond. Arguably it is one of the main political and economic 'non-negotiatables' for you.
Although the WTO continues to enhance its monitoring and surveillance function, expand the range and reach of its technical assistance and capacity building and continues to serve as the seat of adjudication for international trade disputes, there is no doubt that efforts to conclude the DDA must continue. LLDCs have a great deal to gain from a successful conclusion of the DDA negotiations. Your continued support as one of the driving forces behind finding a solution to facilitate efforts to break the deadlock is essential.

Aid for Trade is also a fundamental component of the discussion this week. LLDCs, by virtue of their relative poverty and economic isolation, stand to reap substantial gains from Aid for Trade, such as in the areas of building productive capacity, trade-related infrastructure and trade development. Given your reliance on multi-country transit corridors, the focus on regional, sub-regional and cross-border issues in Aid for Trade is also a priority.

Aid-for-Trade commitments to LLDCs have risen steadily since 2002-2005. Total commitments to LLDCs in 2010 stood at US$ 9.1 billion - a more than 100 per cent increase over the original baseline figure of US$ 4.1 billion. Given the impact of the economic crisis on donor budgets the prognosis for Aid for Trade commitments for the immediate future is flat. But Aid for Trade is much more than just the numbers. Aid for Trade is also about developing the internal capacity, with necessary external support, to be able to better determine your trade-related needs through enhanced mainstreaming of trade within sectoral, national and regional policies. It is also about better harnessing the funding and operational potential of other actors, such as the regional development banks, the economic commissions and the national and the private sector.

The vision for Aid for Trade moving forward is that it progressively encompasses the concept of "aid and investment for trade" with a strong private sector development component. The theme for next year's Global Review in July 2013 is 'connecting value chains' and is very much predicated on this notion of helping developing countries to better access and exploit the potential benefits which value chains offer to them. Regional integration and private sector investment are important components of this, as is trade facilitation. Exploring the potential of regional and global supply chains is an area that could form an important focus for you during the post-Almaty phase.

I anticipate dialoguing with you in even greater detail on these issues and more during the thematic session later this week. Once again I thank you for the invitation to address you this morning and I look forward to the stimulating discussions to follow.