

2ND UN CONFERENCE ON LLDCS

VIENNA, 3 NOVEMBER 2014

WTO Director General

Before I begin, I would to offer my sincere condolences – and those of the WTO – to the government and to the people of the Republic of Zambia on the sad death last week of President Michael Sata. The thoughts of everyone at the WTO are with you.

Excellences

Ladies and gentlemen,

I am delighted to be here today at this important event, and to have the chance to address this distinguished audience.

As we have already heard this morning, landlocked developing countries face some very specific challenges which can obstruct their integration into the global economy.

The poorer the country, and the fewer resources it has, the more difficult these challenges can be to overcome.

As a consequence, many LLDCs are less likely to reap the development benefits that trade and foreign direct investment can bring – and many millions of lives remain bound, needlessly by poverty.

This is not acceptable in the 21st century, when we have the technology in transport and communications to eliminate distance as an economic issue.

So, in the few minutes I have now, I want to talk briefly about two ways that the WTO can help to improve this situation.

The first area of our work that I'd like to mention is the Aid for Trade initiative.

LLDCs receive comparatively less foreign direct investment than coastal states – and of course they need more help to deal with their specific challenges, such as diversifying export markets, for example, or dealing with bottlenecks in

transit.

The Aid for Trade initiative can help to fill this gap. The most recent figures available on Aid-for-Trade flows indicate that commitments to LLDCs stood at 8.8 billion US dollars in 2012, up from 7.2 billion in 2011.

In addition, all landlocked countries that are also Least Developed Countries, receive support through the Enhanced Integrated Framework.

The Enhanced Integrated Framework is an important Aid-for-Trade programme – of which the WTO is proud to be a key partner. It can do a great deal to support those LLDCs to build their capacity to trade.

I am currently working to ensure that this programme is continued into a new phase – so that it can provide more, and better, support to LLDCs, and others, in the future.

The second way that the WTO can help is by supporting efforts to facilitate trade across borders.

The WTO struck a major agreement on this issue in Bali last December.

The LLDCs had a very prominent voice in the negotiations which led to the Trade Facilitation Agreement along with a number of other important issues – and I want to take this opportunity to thank you for the role you played.

You rightly identified, very early in the process, the great potential that the Trade Facilitation Agreement would have to address many fundamental issues for the LLDCs.

And your efforts paid off. Once implemented, the agreement will cut the costs and delays at borders which can prove so prohibitive.

And, thanks in no small part to your influence, the agreement makes clear that countries should not apply their technical regulations and standards to goods in transit. This is crucial for LLDCs, as it will provide LLDC producers with significant cost savings, making their exports more competitive in foreign markets.

And Trade Facilitation does not just work in theory – we have ample evidence

that it works in practice too – especially for LLDCs.

An excellent illustration of this is the corridor in East Africa linking Burundi, the Democratic Republic of Congo, Rwanda, Uganda and South Sudan to the Kenyan port of Mombasa.

The achievements here have been remarkable. For example, the cost of moving a container from Mombasa to Kampala has been cut by almost 50%. And the time taken for goods to complete this journey has been cut from 18 days to just 4.

Reducing costs and delays like this can be the difference between a business failing or thriving.

The WTO's Trade Facilitation Agreement would apply this approach on a global level – and it would provide for capacity building support to help developing countries make the necessary reforms.

We know that the main challenge holding LLDCs back from increased participation in international trade continues to be their very high transaction costs. So it is essential for LLDCs that this agreement is implemented as soon as possible.

48 developing country members of the WTO have already taken practical steps to prepare for the Agreement by notifying us of the commitments they are ready to implement. Of those 48, 6 are LLDCs and 10 are transit countries. This is a technical point, but I raise it because it shows that transit measures would likely be put in place as soon as the agreement is implemented. This would be a crucial step for LLDCs.

However, I am sorry to say that WTO members are currently at an impasse on the implementation of the Agreement. This has been the case since July, and we continue to do all we can to ensure that a solution is found.

I have heard strong support for Trade Facilitation in Vienna today – and this is reflected in the draft Programme of Action for LLDCs that is before this conference.

It is vital that the Programme of Action sends a strong message about the importance which LLDCs attach to the Trade Facilitation Agreement.

The voices of the LLDCs must be heard – and others should listen carefully to what you have to say.

For the sake of the LLDCs – and all developing countries – I am determined that we will make progress.

[CONCLUSION]

In closing, I would just like to make one further point.

The adoption of this new Programme of Action for LLDCs comes at a crucial time in the development calendar, as the post-2015 development agenda and the Sustainable Development Goals are being discussed.

It will be important to build strong links between these two agendas to support development and poverty reduction in the LLDCs.

In addition, I believe any development agenda which is people-focused and forward-looking must have a strong emphasis on the economic aspects of human development. And therefore trade must also be central.

I look forward to continuing this debate with all of you in the weeks and months ahead.

Thank you very much for listening. I wish you a successful conference.