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*Permanent Representative of the Maldives to the United Nations*

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**Statement on AHWG on Smooth Transition**

Amin Javed Faisal, Charge d’Affaires.a.i.

Distinguished Colleagues,

Let me begin by thanking the co-chairs for convening this meeting of the Ad Hoc open ended Working Group. I would also like to extend our appreciation for the excellent presentations given this morning by the esteemed representatives of Botswana and Cape Verde

It is an honor and a pleasure for the Maldives to be here today. As the most recently graduated Least Developed Country, we are still reeling from a process which is decidedly inadequate and unable to meet the needs of the Maldives. Yet we persevere –meeting new challenges head on; mitigating the loss of LDC benefits by speeding up market-based and private sector-led economic reforms.

Though our economy is still very young, it is also dynamic and is driven by a world-class tourism sector that can only gain from further integration into the global economy. But we cannot emphasize enough, that the transition from LDC status cannot be abrupt or haphazard, but rather a carefully calibrated and calculated process.

In the Maldives’ case, as a Small Island Developing State, we face additional well-known, well-documented vulnerabilities that run deep into our economic, social and environmental sectors. While we strive to ensure that our economy and society are both resilient and flexible, we require greater recognition of the particular vulnerabilities that SIDS face, along with a more efficient framework to address them. It is in this regard we once again call for the official recognition of a SIDS category at the United Nations.

Though we enjoy some prosperity, we are extremely vulnerable to external shocks and face high infrastructure development costs due to the dispersed geographical nature of the Maldives. Our key productive capacity is also

inextricably linked to our natural environment and the durability of our fragile ecosystem. High per-capita incomes often mask high economic vulnerability and structural handicaps

Our purpose here is to ensure a smooth transition, and that means that post-LDC life must include recognition of SIDS vulnerabilities, but beyond that – the smooth transition should include trade preferences, technical assistance, developmental financing, as well as UN budgetary support.

Luckily, the Maldives has been fortunate to have international partners ready and willing to help us. The EU agreed to extend its “Everything but Arms” preferential trade regime for a further three years; and the WTO has undertaken a range of steps, as well as others who have come to our aid – and for this I thank them.

Unfortunately, the EU’s decision was not mirrored by other trading partners, and the WTO’s structured approach has not been mirrored by the UN.

A smooth transition plan needs to be continually reassessed, and we must ensure that they are effective and relevant. Graduation from LDC status is not meant to threaten the success of LDCs but rather to help them in the next logical step of their national development.

The previous Administrations of the Maldives were unprepared for graduation, and international aid together with a concrete national plan is absolutely essential. So dire was our straits in the lead up to graduation that we introduced austerity measures, including the entire administration, from the Head of State to the Municipality local levels, taking 20% reductions in public wages.

In large part, the economic strain currently being felt by every sector of our society is due to the economic reform program that we have only just introduced, too early to yield substantial results yet.

In conclusion, distinguished co-chairs, these are the reasons why this Working Group is so important. We need to ensure the stability and success of every nation that graduates. We need to ensure that graduation is a boon and not a handicap.