



SWAZILAND GOVERNMENT

**STATEMENT BY THE RIGHT HONOURABLE
PRIME MINISTER**

DR B.S.S. DLAMINI

**On the occasion of the Opening Ceremony of the Third Meeting
of Trade Ministers of Landlocked Developing Countries**

At the Royal Swazi Sun Convention Centre

Wednesday 21 October, 2009

Your Excellency, Mr. Cheick Sidi Diarra, Under Secretary and High Representative for the Least Developed Countries, Landlocked Developed Countries and Small Island Developing States;

Honourable Ministers of Trade and their Representatives;

Cabinet Ministers in attendance

Your Excellency, Ms Jo Bulter, Deputy Director of UNCTAD-Africa, LDCs Special Programme Division;

Your Excellencies Members of the Diplomatic Corps;

Distinguished Delegates;

Program Director

Ladies and Gentlemen.

On behalf of His Majesty King Mswati III and Her Majesty Indlovukazi, the Queen Mother let me welcome you to the Kingdom of Swaziland on the occasion of the Third Meeting of Trade Ministers of Landlocked Developing Countries.

What is common to all of us here is that because of geography we are among the disadvantaged countries in the globe. An inherent feature in our economies is relative high vulnerability to external shocks. Thus, the global economic crisis has compounded the challenges that are faced by our countries.

To this end, I find it fitting that the theme of this Ministerial Meeting is ***"Strengthening Trade Competitiveness in times of global economic crisis – Challenges faced by Landlocked Developing Countries (LLDCs)"***.

This Meeting is happening at a time when the negotiations at the World Trade Organisation (WTO) have taken a break and there are calls for their resumption, so that the Doha Development Round may be concluded. It is also taking place when expectations are high for the next Conference in Copenhagen on Climate Change to make meaningful progress on the commitments to reduce emissions. As I glance at your programme, I am delighted to take note that the outcome of your meeting would deliberate on these issues and come out with recommendations that may bring solutions to the challenges that are faced by our countries.

In addition to our relatively high vulnerability to external shocks, we have other challenges that affect our competitiveness in international trade as landlocked developing countries. These challenges include a poor physical infrastructure, weak institutional and productive capacities; small domestic markets and remoteness from world markets. Statistics show that LLDCs have low economic performance indicators accounting for only 2 percent of world total GDP yet they occupy 2.5 percent of earth's total surface area.

High Transport costs is one of many problems that LLDCs face which inevitably make their imports of raw materials expensive and exports uncompetitive.

Many LLDCs already benefit from preferential markets access. However, these preferential markets mean nothing as transport still represents the highest barrier to the markets. Excessive transport costs have also affected LLDCs major income earners such as the tourism sector which is sensitive to cost variation.

Studies have shown that an additional 1000 km adds 1 percent to transport costs. Transport insurance costs constitutes 12.9 percent for LLDCs while it is 8.1 percent for coastal developing countries.

A recent report by the United Nations Conference on Trade and Development (UNCTAD) concludes that the global economic crisis that has its origins from the financial sector has spilled over to the real economy.

This has resulted to a downward trend in industrial production and accelerated decrease in international trade and a slowdown in foreign direct investment as well as a potential slag in development assistance.

For our countries, which are open and vulnerable to external shocks, the effect of the crisis has a potential to raise levels of unemployment and bring our people back into poverty. These challenges can erode the gains we have made towards achieving our Millennium Development Goals (MDGs).

Since 1995, when the United Nations General Assembly endorsed the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing Countries and the Donor Community, we have come a long way as a group of Landlocked Developing Countries.

In recognition of the transit problems that are faced by our countries, the Framework was aimed at enabling our countries to reduce our marginalization from world markets.

The Framework provided that to address our transit problems a multi-dimensional approach should be adopted, including developing sufficient national transport networks and efficient transit systems, promoting regional or sub-regional economic integration and encouraging foreign direct investment in economic activities that are not distance-sensitive.

In this regard, the Almaty Programme of Action adopted by Ministers in August 2003 was a major milestone in addressing the special needs of Landlocked Developing Countries and Transit developing countries. Let me recall that the Almaty Programme of Action (APA) has five priority areas all centred on addressing challenges faced by LLDCs.

These are transit policy regulatory framework, infrastructure developments, trade and transport, development assistance and implementation and review of the APA. The Programme urges bilateral and multilateral donors to raise their financial and technical assistance to our countries.

To address the insignificant participation of our countries in international trade, at Almaty, Ministers called upon the United Nations and other international Organisations, including the World Bank, the World Customs Organization and regional economic integration organisations to target assistance to the areas that pose a serious challenge to our countries.

A majority of our countries have undertaken needs assessments in the area of trade facilitation. It has been proved that the lack of territorial access to the sea; the remoteness from international markets; and the lack of adequate infrastructure in transit countries, cumulatively have a direct consequence in the high transit and transport costs that are borne by landlocked countries.

To expand on this, let me refer to a study by the World Bank that concluded that landlocked countries trade less vis-à-vis coastal countries - on average 30 percent less than coastal countries.

The Aid for Trade initiative which was endorsed by the WTO Ministerial Conference in December 2005, is a positive development to complement the successful conclusion of the Doha Round. An aid for trade package must respond to the concerns of some WTO Members that may require help to implement the results of the current multilateral trade negotiations and to cope with certain economic adjustment costs that may be incurred.

Furthermore, the aid for trade package must respond to a broader sense of concerns, that is, the insufficiency of trade-related capacity in many WTO Members to allow them to benefit from the opportunities the multilateral trading system creates to increase investment and expand the production of tradable goods and services.

This covers a wide area – from setting up testing facilities that will help ensure products can meet technical, sanitary and phytosanitary regulations and standards in export markets, through to much larger-scale projects such as improving transport infrastructure and trade logistics.

There are new and emerging challenges that affect our countries. The adverse effects of climate change on our countries manifesting itself in fall in food production; desertification, and water shortages would require appropriate intervention from our bilateral and multilateral partners.

With these remarks I would like to take this opportunity to declare this meeting officially opened and wish you fruitful discussions in your deliberations.

Thank you.