



Statement

by

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Mr. Chairman,

The report of the Secretary-General on international trade and development (A/60/225) has very effectively highlighted issues of concern in the area of international trade and development to the Least Developed Countries (LDCs) – the weakest segment of the international community. This, we hope, would facilitate the member-states to reflect the special measures in the trade and trade-related matters that are needed for these countries so that they can integrate better in the increasingly globalizing world economy.

The 50 LDCs comprise about 12.5% of the world's population but their contribution in the world trade hovers around only half a percent. From total world merchandise trade of \$8.9 trillion in 2004 the share of LDCs was a meagre 0.64% -- and it took fourteen years to reach this paltry increase from 0.56%, the percentage for 1990 when the LDCs were fewer in number. The situation is worse for trade in services – 0.44% in 2004 down from 0.49% in 1990.

Their insignificant share in trade is indeed one of the greatest concerns of the LDCs as that has a serious negative impact on their development efforts. That concern becomes particularly serious as these countries would be way off-track in achieving the Millennium Development Goals and in realizing the Commitments of the Brussels Programme of Action. A steady improvement of their performance in the area of international trade is vital, as trade is an engine for development and a supportive force for poverty reduction. As the Brussels Programme points out, LDCs have to rely increasingly on trade to generate the resources to finance growth and development in order to complement these from official development assistance and private capital flows.

Towards overcoming their own national limitations, the LDCs, under Commitment 5 of the Brussels Programme, are to establish development-led trade policies conducive to poverty reduction. To achieve that, it is necessary to increase their capacity in attracting investments, increase the transport and communications efficiency and make a more appropriate use of technology.

In this regard, I would like to make a special mention of the importance of the implementation of Trade Facilitation Measures for LDCs as the needs for trade and transport facilitation has increased over the years as a consequence of trends in globalized production, change in trade patterns, logistics development, and the spread of new technologies. To help LDCs enhance their efforts in building their capacities, I would very strongly underscore the need for the expansion of the Integrated Framework for Trade-related Technical Assistance for LDCs (IF) to include all 50 LDCs. At the moment, 31 LDCs are covered by the IF and needed resources should be forthcoming to include the remaining.

The Secretary-General's report has pointed out that the lack of supply capacity in the LDCs also continued to limit the fuller utilization of preferences by the LDCs. The complicated "rule of origin" procedures impose additional constraints. In this respect, the LDCs have called for the provision of bound duty-free and quota-free preferential treatment by developed countries to all products from their countries. This alone, if implemented by the WTO, could generate welfare gains up to \$ 8 billion and export gains of up to \$ 6.4 billion in the next years.

The situation in the LDCs gets doubly complex due to geography in the 31 Landlocked Developing Countries (LLDCs), 16 of which are also LDCs. I would like to take this opportunity to draw the attention of the Second Committee to the measures that are being initiated to enhance the international trade of the Landlocked Developing Countries within the framework of the Almaty Programme of Action. Because of lack of territorial access to the sea, remoteness and isolation from the world markets, the economic and social development of the LLDCs have been seriously hampered. While the Landlocked Developing Countries and their development partners, notably the international financial institutions and the transit neighbours have undertaken some action towards implementing the five priorities outlined in the Almaty Programme, international support measures need to be considerably enhanced.

Supply-side constraints, lack of market access in agriculture and textile products, and increased global competitiveness without a level playing field are seriously hindering the abilities and the efforts to increase their share in the world trade by the most vulnerable countries -- the Least Developed, the Landlocked and the Small Islands.

Opportunities for growth and diversification of trade of these vulnerable countries will also depend to a large extent on an increased sub-regional and regional cooperation. Such cooperation needs international political, technical and financial support, especially in the framework of the South-South cooperation. The current trends in international trade, investments, regional and economic integration -- all offer new opportunities and challenges for the South-South cooperation. South-South trade has been growing at 11 percent a year for the past decade, with trade in services also registering a rise. Africa's trade with Asia, for example, almost trebled from \$6 billion to nearly \$18 billion in the last decade. South-South trade now represents approximately 40% of the trade of developing countries.

The LDCs, LLDCs and SIDS should be supported to benefit from these potential opportunities by their fellow developing countries. The existing trade barriers -- tariff and non-tariff -- should be lifted as soon as possible in respect of these particularly disadvantaged countries. The third round of negotiations of the Global System of Trade Preferences among Developing Countries that is expected to be completed by November 2006 is a good opportunity for them. The development partners -- both countries and multilateral institutions -- should effectively assist this process through triangular collaboration.

The upcoming Sixth WTO Ministerial Conference in Hong Kong in December should give the much-needed boost to the Doha Development Agenda, particularly for the most vulnerable countries whose situation deserves special attention. The Meeting of the Ministers of Trade of LDCs in Livingstone last June developed a common platform that, inter alia, called for a binding commitment on duty-free and quota-free market access for all products from LDCs to be granted and implemented immediately. This internationally agreed goal has been reiterated in various UN summits and conferences. The LDCs also called for an ambitious, expeditious and specific cotton-based decision, particularly for the elimination of domestic support and export subsidies that distort

international trade, by no later than the Hong Kong conference. I would emphasize strongly the imperative for urgent decision bearing in mind the fate of millions of cotton growers in the West African LDCs. In the context of the special and differential treatment that is essential for an equitable multilateral trading system, it is encouraging that since the WTO July package, priority has been given to the five outstanding agreement-specific proposals pertaining to the LDCs. A meaningful outcome on those would be a concrete contribution to the achievement of the Millennium Development Goal 8.

The Landlocked Developing Countries Meeting of the Ministers responsible for Trade held in Asuncion last August also prepared a common platform to be presented in Hong Kong in support of their well-deserved case for special and differential treatment. The proposals, including the incorporation of a correction coefficient in the treatment of non-reciprocal preferences, identified at the African Union Conference of Ministers of Trade in Cairo last June also deserve due recognition in Hong Kong, more so for the fact that 34 of 53 African states are LDCs. In addition, we should also heed to the proposal of the African, Caribbean and Pacific (ACP) countries for the use of a “vulnerability index” to identify those products eligible for non-reciprocal preferential treatment.

Another area that needs serious attention is the widespread economic hardship and uncertainty with deep social consequences faced by the preference-dependent LDCs and some Small Island Developing States as in the case of sugar, bananas and textiles. The Report of the Secretary-General states that “a key objective is to identify solutions that would reflect both the trade and development interests of affected countries.” While staggering the elimination of preferences to allow adjustments in the preference-receiving countries would be one aspect of the solution, we need to give serious attention to the proposal for the creation of an “Aid for Trade” fund. This mechanism would support financial requirements for adjustment challenges arising from preference erosion, textile quota elimination, the commodities problematique, and government revenue losses. Increased international assistance is required particularly to help the most vulnerable

countries to overcome supply-side constraints as well as to address these transitional adjustment costs.

Let me conclude by drawing the Committee's attention to the report by the WTO Consultative Board to the Director-General entitled "The future of the WTO" – the so-called Sutherland report - that recommended that new agreements reached in the WTO in future should contain provisions for a contractual right, including the necessary funding arrangements, for the Least Developed Countries to receive adequate technical assistance and capacity-building as they implement new obligations. The issue of facilitating WTO accession by the LDCs becomes even more relevant in this context.

In concluding, I would like to extend my warm felicitations to the new leadership in the area of international trade and development – Dr. Supachai as the Secretary-General of UNCTAD, whose statement this morning is very much appreciated, and Mr. Lamy as the Director-General of the WTO – and express our expectation of their full understanding and support to the concerns of the most vulnerable countries.
