

**STATEMENT BY THE DELEGATION OF MALAWI ON BEHALF OF
THE LDCS
TRADE AND DEVELOPMENT COMMISSION, ELEVENTH SESSION
MONDAY, 25 NOVEMBER 2019**

Mr. Chair, Ambassador Khalil Hashmi, Permanent Representative of Pakistan,

Mr. Mukhisa Kituyi, Secretary-General of UNCTAD,

Ms. Pamela Coke-Hamilton, Director of the Division on International Trade and Commodities,

Ms. Shamika Sirimanne, Director of the Division of Technology and Logistics,

Excellencies,

Ladies and Gentlemen,

I have the honour to make this statement on behalf of the Group of the Least Developed Countries. It is timely that this eleventh session of the UNCTAD's Trade and Development Commission addresses the issue of trade and vulnerability, which is a main concern to the Least Developed Countries.

The LDC group would like to congratulate the new office bearers that have been elected and looking to successful engagement with them, in the same vein we would like to align ourselves with statement presented by G77+China and African group. We would like to thank the SG for the statement delivered which rightly touches on challenges being faced by us developing countries in the current global climate characterized by different challenges affecting multilateral trading systems.

Mr. Chair, the Group notes with concern that the number of commodity-dependent countries increased from 92 in the period 1998–2002 to 102 in the period 2013–2017. Out of the 102 commodity-dependent countries, the overwhelming majority, that is 97 of them, are developing countries and countries with economies in transition. Most importantly, this pervasive problem of commodity dependence affects particularly countries that are the most vulnerable, such as LDCs. Roughly 85%, or 39 out of 46 LDCs for which data is available, were commodity-dependent in the period 2013 to 2017.

The Group would like to highlight that the median of commodity exports as a percentage of total exports in the world increased consistently from 56 per cent in 1998-2002 to 64.4 per cent in 2013-2017. This reinforces the observation that commodities have become, by value, a larger component of exports for the average country in the world. This phenomenon is also observed in LDCs as a group, for which the median commodity export share rose from 82.6 per cent in 1998–2002 to 83.8 per cent in 2013–2017.

Mr Chair the 2019 LDC report, notes that presently 5 states in LDCs face debt distress situations, while 13 are at risk of facing the same problem. Exports of goods have been particularly buoyant for Asian and island LDCs, growing at 7 per cent per year, whereas African LDCs and Haiti have been hit by the heightened volatility of primary commodity prices in the aftermath the global financial crisis of 2008/09 .The inadequate financial gains from commodity prices makes LDCs to be

more vulnerable to borrowing to reduce the gap for development at times at terms not favorable or clear to the borrowers.

Monitoring and addressing commodity dependence is paramount, because the latter can negatively impact development through different channels. In particular, commodity-dependent countries are vulnerable to negative terms-of-trade shocks and commodity price volatility. Many commodity-dependent developing countries, including LDCs, are very vulnerable, as they have less capacity to absorb negative commodity price shocks than developed countries.

Commodity-dependent developing countries recently experienced a negative commodity price shock, as the average commodity price levels in the period 2013-2017 were substantially below their peak in the 2008-2010 period. The LDC Group took note for instance of the “State of Commodity Dependence 2019” figures reflecting that 17 commodity-dependent developing countries experienced increases of more than 25% in their external debt as a percentage of GDP between 2008 and 2017. This includes LDCs like Djibouti, Mauritania, Mozambique, Niger, Senegal and Uganda.

The LDC Group would like to express its appreciation for the work of the Division on International Trade and Commodities in relation to key issues of concern to LDCs such as commodity dependence. The Group would like to encourage the Division to continue its excellent analytical work and technical cooperation in this area.

Mr chair the LDC group, having experienced the shocks and negative impacts of commodity markets, has been looking at services as also another important sector which could assist in increasing the participation in the Global economy. Currently the share of LDCs in services stands at 0.9% in the global market shy of the aspired target of 2% though there has been notable increase. As a result, the LDC group would appreciate if UNCTAD expertise could be used to increase capacity and productivity of LDCs in services. As despite notifications availed to LDCs in the WTO to use services waiver, many LDCs are unable to fully utilize provisions due to capacity both at supplier, and unable to clearly explained to potential suppliers by member states Therefore UNCTAD assistance in this area in the form of intergovernmental meetings and increasing reach of the very important services policy reviews to most LDCs.

Mr. Chair, turning to the issue of trade logistics and transport. Promoting and investing in efficient, reliable, environmental-friendly and climate-resilient trade facilitation and transport systems is key to achieving trade competitiveness and sustainable economic growth, improving access and social well-being of communities and societies, building productive capacity, which contribute to reducing the vulnerability of LDCs.

The LDC Group recognizes the analytical work and technical cooperation by the Division of Technology and Logistics to LDCs. For example, more than 36 LDCs run national ASYCUDA projects, improving their way of 'doing business' by catalyzing customs reform and

modernization. LDCs have also benefitted from efforts made by UNCTAD, supported by donors, to roll out trade facilitation capacity building, including the UNCTAD Empowerment Program for National Trade Facilitation Committees. The assistance provided by UNCTAD provides a very valuable guidance for the implementation of trade facilitation reforms and in particular the implementation of the obligations of the WTO Trade Facilitation Agreement and other related international legal instruments. The Group encourages UNCTAD to continue efforts in this field.

The LDC groups also acknowledges with thanks the work of the Division in strengthening the capacities of port managers, by the TrainForTrade Port Management Programme. 14 LDCs have received assistance under this programme. The training received has resulted in better port management in beneficiary countries, which has a positive impact on the resilience of their economies, given the central role played by ports in international exchanges.

Finally, in line with the one of the focus areas of the agenda of this meeting, the LDC Group would also like to highlight the work of UNCTAD supporting LDCs that are Small Islands Developing States, on topics including climate change adaptation and disaster risk reduction for coastal transport infrastructure and stresses the need to build on and expand such activities, in vulnerable coastal LDCs. The group also looks forward to the Expert meetings reports conducted in the period under review and their recommendations to this commission.

Thank you.

