

**Expert Group meeting for Least Developed Countries  
on the preparation for the  
World Trade Organization Ministerial Conference,  
Bali, Indonesia**

*11 November 2013*

**Opening Remarks**

by

**H.E. BAIRAGI D. Shanker**  
Ambassador, Peoples Republic of Nepal  
Mission of Nepal, Geneva

*Opening Remarks by H.E. Shanker D. Bairagi, Ambassador/PR of Nepal at the Expert Level Meeting on LDCs Issues in the Context of Bali Ministerial Conference (UNCTAD, 11 November 2013)*

---

Mr. Chairman  
Excellencies  
Distinguished Delegates  
Ladies and Gentlemen

At the outset, let me thank UNCTAD for convening this interaction program on LDC trade issues in the context of the 9<sup>th</sup> WTO Ministerial Conference in Bali which is just three weeks away from now. This event is therefore both timely and relevant.

Needless to say, the LDCs are the poorest and most vulnerable members of the international community. Grinding poverty and hunger as well as overall backwardness are the characteristic features of these countries. It is disheartening to note that despite four decades of international efforts still 49 countries are in this category. The fact that only three countries have graduated from this category to date is something that needs to be seriously analyzed to ascertain the suitability of policy strategies that have so far been employed in addressing their deep-rooted constraints and multiple vulnerabilities.

The statistics that I will cite here will give us an indication of LDCs negligible standing in the global economy. They house 12% of the world population but their share of the world GDP still remains below 2%. While their share of merchandise trade is around 1 percent their share in commercial services export is even more trivial, which stands at 0.62%. This speaks nothing but grossly marginalized state of affairs of LDCs, which must be taken seriously by every one of us.

Trade can be seen as an important vehicle for them to reduce poverty and accelerate their pace of economic growth and achieve sustainable development. This is one of the key priorities underlined in the Istanbul Programme of Action. But this objective will not be achieved easily. Expansion of LDCs trade and increase in their share of exports depend on the following mutually reinforcing elements:

1. Greater and commercially meaningful market access for all products originating in LDCs;
2. Simplified, transparent and facilitating rules of origin together with the elimination of trade distorting subsidies and other non-tariff barriers and obstacles;
3. Addressing supply-side constraints and infrastructure bottlenecks; and
4. Appropriate national policy regime that encourages investment in productive sectors and economic diversification

Where do the LDCs stand vis a vis these key elements in the context of the upcoming Bali Ministerial?

In the preparation for the Bali Ministerial, LDCs, in May earlier this year, submitted an LDC package consisting of four proposals namely, implementation of DFQF, preferential rules of origin, operationalization of services waiver and cotton. Though not in the package, we have consistently called for meaningful support measures to address our supply-side constraints

through the provisions of aid for trade and EIF. Accession is also an important systemic issue for LDCs. We want a firm commitment on facilitating accession process of fellow LDCs which have been working hard for many years. Seeking concessions from LDCs in negotiations beyond their capacity is something that has delayed progress on accession.

Let me quickly capture the core LDC issues and the current state of play in the negotiations.

**On market access:** This is unfortunate that the decision made in the Hong Kong Ministerial Conference on DFQF has not been fully implemented. While many developed and some developing countries have implemented the decision, the largest economy in the world still continues to link this issue to the overall conclusion of DDA. After 13 years of negotiations we are nowhere near in concluding DDA. This frustrating situation has to come to an end sooner than later. Development imperatives in LDCs are such that demand a meaningful progress on this vital development issue without delay. Full implementation of DFQF should benefit all LDCs in a meaningful way. In the context of the 9th WTO Ministerial, we are working on some elements that could possibly be agreed upon as an outcome on this issue. Greater understanding and solidarity among LDCs will provide a powerful negotiating weight to realize a desirable outcome.

**On preferential rules of origin:** LDCs made attempts since 2006 to have a binding multilateral agreement on preferential rules of origin. However, nothing of that kind has happened until now. We have however been able to register a modest outcome this time, the first of its kind, on this crucial area. After months' of negotiations with the members a text on the preferential rules of origin in the form of guidelines has been agreed upon and stabilized. This is certainly not the level of ambition that we wanted to achieve. But it is a step in the right direction with future prospect. The proposed guidelines do not intend to constitute a single set of rules. Recognition of the percentage threshold easy to meet, acknowledgement of the need for product specific rules for certain products where value addition or change of tariff classification criteria become difficult for LDCs and expanded scope of cumulation are some of the key elements in the text.

**On Operationalization of Services Waiver:** MC8 decided to grant waiver in recognition of LDCs special needs and interest in export of services. This decision, which is an LDC only enabling measure, exempts developed and developing country Members to provide preferential treatment to services and service suppliers of LDCs going beyond the notion of MFN treatment. It also releases them from their legal obligation to grant non-discriminatory treatment to all trading partners when granting trade preferences to LDCs. Two years have elapsed since the decision was taken still the decision has not been implemented. A draft decision on operationalization of services waiver has been agreed upon and stabilized. It seeks to anchor the implementation issue in the works of Council in Trade in Services where periodic review will be undertaken. LDCs will have to develop requests prior to a high level conference next year to seek preference offers from partners. The draft decision also contains certain actions partners can take anytime without waiting for requests. This includes autonomously extending to LDCs preferences covered by PTAs of which our partners are a party to.

**On Cotton:** C-4 friends have recently submitted a new proposal on cotton covering all three aspects: market access, elimination of subsidies and development. Consultations are ongoing in various formats led by the Chair of the Committee on Agriculture in Special Session and the Facilitator for LDC package. The proposal is doable and must be addressed with priority taking into account the vital development needs of fellow C4 countries. The LDC group has extended

its unequivocal support to this proposal. We are hopeful of having a positive outcome on this issue.

LDCs have significant efforts in liberalizing their economies with trade and investment friendly policy framework in place. Despite this, LDCs have not received required flow of investment in productive sector. Whatever is received in LDCs as FDI is heavily concentrated on extractive sectors with no or little impact on employment generation and poverty eradication. Reform is a continuous process which is always desirable. But there has to be a matching response from outside in terms of investment as well.

### **Overall Balance in Negotiations**

There are three pillars in the Bali package- trade facilitation, agriculture and development/LDC issues. Our view is that a proper balance across three pillars is yet to be achieved. Negotiations on trade facilitation have received priority while other two pillars are lagging behind. This is a development round and naturally one would expect development issues to remain at the heart of discussions. But this has not happened. TF is placed at the center and other pillars are treated as peripheral. LDCs have joined negotiations in trade facilitation with the understanding that their core issues will also be taken on board and addressed in a meaningful way. Even on trade facilitation, we have seen that proper balance is not maintained between two sections. While Section I contains binding obligations and a substantial portion of the text has been cleared as I speak here but similar progress has not been achieved in Section II, which is yet to be emerged and indications are that it will not going to be a strong package of S and D provisions. We have maintained the view that Annex D of July package and Annex E of Hong Kong Ministerial Declarations provide the basis for S and D provisions and that any obligation to implement category C provisions will be conditional on our acquiring of capacity on a sustainable basis. For this, adequate financial and technical assistance is required beyond what is available today as ODA and other forms of technical assistance.

### **Bali and Beyond**

Success in Bali will very much hinge whether we will be able to deliver a credible package, keeping the development issues at the center. No one will have moral authority to claim success in Bali if our vital issues are not addressed in a meaningful way.

Successful outcome in Bali will help restore confidence in WTO as a multilateral trade negotiating forum. For this, what we need more is mobilization of political will to achieve a balanced outcome. When we talk about a balanced outcome we should bear in mind that our issues, which have been termed as the best candidates for an early harvest, should remain beyond the ambit of any balancing exercise. The poor countries, with their negligible share in global trade and in state of continued marginalization, have nothing to trade off. The other important point to be emphasized is that having binding decisions on TF and declaratory statements or mere guidelines on other two pillars will not do justice to a large number of developing and least developed countries. In fact, this will blacken the prospect for a successful Bali outcome. We also want outcome in Bali to clearly outline a roadmap to accomplish DDA in a reasonable period of time.

As we are engaged in defining the post 2015 development agenda, we need to think seriously as to what extend WTO should contribute to it with a view to helping the poor countries in

achieving a broad-based economic growth and sustainable development. I think contribution of trade could be enormous provided development dimension of trade is properly addressed in the form of meaningful market access opportunities for the poor countries.

Finally, I hope this seminar will help further highlight LDCs vital trade related needs. LDC group is striving hard to get meaningful outcome on all issues in its Package for Bali Ministerial. Strong commitment on the part international trade community is essential to deliver credible outcome on our issues which are linked to the survival of nearly a billion people still living in miserable condition of poverty.

Thank You.