Honorable Co-Chairs,
Honorable Ministers,
Excellency,
Delegates, and
Friends

At the outset, I would like to thank the Government of Turkey and Under Secretary General, Mr. Gyan Chandra Acharya for the invitation. Indeed, it’s a privilege as well as an honor to join the panels of High Level Round Table on Trade and Commodities; Economic Diversification and Graduation.

Let me start with reminding what we have agreed, explicitly and implicitly, five years back in Istanbul, on the areas of trade, commodities and graduation, as a LDC and as a development partner, for the structural economic transformation of LDCs. We have concurred to increase LDCs exports significantly with a view to doubling their share of world exports by 2020; make substantial efforts to conclude the Doha Round at the earliest with development outcome at the center stage; to broaden least developed countries economic base in order to reduce commodity dependence; and enable half the number of LDCs to meet the criteria for graduation by 2020.

What are the achievements so far? Cautiously optimistic, at its best. There are some positive indications on trade related targets, while the targets that contribute to the pathways for structural economic transformation are gloomy. The trend shows that exports of goods and services from the LDCs are increasing, both in absolute and relative terms, with some cyclical hitches, but exports remained highly concentrated, with almost 70 percent of merchandise exports depending on main three products, up from 40 percent in 1995. The protracted Doha Round of trade negotiation is in limbo, except for decision on services waiver and rules of origins. The triennial review of 2015 indicates that at the end of the decade, 10 out of 48 LDCs of the Istanbul Programme of Action (IPOA) could have met the graduation criteria, that is around one fifth, instead of IPOA goal of one half.

Despite impressive growth in trade, overall LDC trade is characterized by structural deficits- only four-fifth of goods imports and less than half of service imports are covered by exports. LDCs have entered into ‘premature deindustrialization’ and value added component of manufactured goods exports has declined. Exports of products with higher value added and use of more advance technology remain very limited. There is limited structural change in export market orientation, rather there have been a shift from developed countries to few developing countries with increased risk of
dependency. LDC preferences have been eroded with increasing number of zero MFN tariffs and deepening bilateral and regional trade agreements. In addition, the ‘new normal’ of global economy with secular stagnation, rebalancing, rising interest rate, volatile exchange regimes and declining commodity prices is emerging challenge for expanding LDCs exports. The high concentration of global value chain within Europe - North America - East Asia triangle and many LDCs outside the production process in global value chain could be a roadblock for LDC to diversify exports.

What can be done? National governments, in its driving seat, should design and implement policies in relation to allocating resources among sectors, boost productive capacity, create job, stimulate technological progress and address coordination failures. In addition, national governments require to adopt policies to translate trade growth into sustainable development goals, i.e. creating job, fair distribution between profit and wage and reducing inequality. However, given the challenges in achieving structural economic transformation, export diversifications and specialization in low technology products, the international community has an obligation to act.

- The international community can support by establishing LDC Integration Fund, within the Aid for Trade initiative, dedicated to support LDCs in the areas of trade development, trade-related infrastructure, building productive capacity and lowering trade costs. The primary objective of international support should be to leverage private investment.

- It is advisable that DAC countries consider to enact a law that requires to meet 0.7 percent of GNI as ODA commitment as well as 0.15-0.20 percent commitment for LDCs. In addition, international organizations, including the World Bank, the International Monetary Fund (IMF) and regional development banks, should fully acknowledge the LDC category and have programmes specifically designed for LDCs.

- The Regional Trade Agreements (RTAs), including mega RTAs, should not undermine preferences currently being enjoyed by LDCs. In this context, the negotiated outcome on market access of all RTAs should be extended unilaterally, immediately and unconditionally to all LDCs.

- Technology rich countries should help LDCs access and utilize critical technology and build domestic capacity and knowledge base, including through unfailing support to the operationalization of Technology Bank dedicated to LDCs.

Honorable Co-Chairs,

Final words, the graduation of LDC should be effective and meaningful one, not simply a technical one. The graduation criteria should also capture ‘second generation’ development challenges dealing with ‘quality’ and ‘inclusions’ in addition to ‘first generation’ measures of development that look into basic achievements in health, education, nutrition, economic vulnerability and average income.
I thank you all for your attention.