

DIRECTOR-GENERAL DR NGOZI OKONJO-IWEALA OPENING REMARKS

COUNCIL FOR TRADE IN SERVICES WEBINAR

LEAST-DEVELOPED COUNTRY SERVICES EXPORT PERFORMANCE AND FACILITATING IMPLEMENTATION OF PREFERENCES NOTIFIED UNDER THE LDC SERVICES WAIVER

2 June 2021, 14h (Geneva time) via Zoom

Thank you, Chair.
Excellencies,
Ladies and gentlemen,
Good afternoon.

I am pleased to welcome you to this webinar organised by the Council for Trade in Services, on "Least-Developed Country Export Performance and Facilitating Implementation of Preferences Notified under the LDC Services Waiver".

This event is timely. We all know that the COVID-19 pandemic has had a devastating impact on trade in services. Preliminary estimates indicate that, in 2020, the value of global services trade was down 20% year-on-year, compared with a decline of "only" 7% for goods trade.

LDCs have been hit especially hard. According to preliminary figures, LDCs' services exports in 2020 dropped by 39%, almost double the fall registered by the rest of the world (-20%). This amounts to an export revenue loss of nearly US\$17 billion for LDCs.

Prior to the pandemic, tourism and transport were sectors where Least-Developed Countries had a relatively high footprint in global trade. While LDCs accounted for only 0.3% of total world services exports in 2019, their share in tourism exports was 1.3%, and their share in transport services – mostly air passenger transport - was 0.6%.

However, COVID-19 has largely paralysed services trade that requires physical proximity between suppliers and consumers. International tourism and travel have been amongst the hardest-hit sectors. In 2020, LDC exports of travel/tourism and transport services fell by 69% and 16%, respectively. Decreased export revenues mean job losses and economic distress for people, along with increased financial and debt pressures for governments.

Against this background, restoring and increasing the export performance of LDCs in services takes on even greater urgency.

Worldwide, services account for more domestic output and jobs than agriculture or manufacturing, and this is increasingly becoming true in LDCs as well. Services production has lower fixed costs than manufacturing production, as it does not generally require investment in machinery or factories. The services sector also exhibits significantly higher levels of female employment compared to manufacturing.

Taken together, these aspects mean services have considerable potential to boost the participation of women and small and medium-sized enterprises (MSMEs), which make up the near totality of businesses in LDCs, in international trade. Services trade can help reduce economic inequalities and contribute to making growth more inclusive.

Services can also help LDCs expand and diversify their exports away from more traditional agricultural products and commodities, reducing exposure to price volatility.

Increasing the participation of LDCs in international services trade helps make the trading system more inclusive and promotes LDCs' economic growth and development. This is a shared objective of all Members, as enshrined in the preamble to the General Agreement on Trade in Services.

In pursuit of that objective, in 2011 Members adopted the LDC Services Waiver, to allow preferential treatment for services and service suppliers from LDCs. Important advances have been made under the Waiver. 51 Members, collectively accounting for over four-fifths of global economic output and trade, have notified preferences for the benefit of LDC services and services suppliers to date.

However, we should not rest on our laurels. Our ultimate objective is to enhance LDCs' integration in global services trade. We need to ensure that we are doing enough, that our actions continue to facilitate progress. And we need to ask ourselves if there are other things that we can do that would help us reach our objective.

Doing so requires us to take stock of what we have achieved. At the Nairobi Ministerial Conference, Members agreed "to initiate a process to review the operation of notified preferences, on the basis of information provided by Members".

Today's event is part of that process. It is intended to facilitate an information and experience sharing between LDC service suppliers and Members, particularly those that have notified preferences under the Waiver.

Sessions will present the latest available data on LDC services exports; efforts to improve collection and dissemination of this data; first-hand information from exporters and importers of LDC services; and technical assistance and capacity building efforts to support LDC services suppliers and improve their export performance.

This information aims to assist Members in charting the way forward as they strive to increase LDC participation in world services trade.

I urge you to engage proactively and constructively over the next two days. Working together, we can ensure that trade improves the living standards of people in the poorest and most vulnerable of our Members, at a time when they are confronted with the human and economic devastation from COVID-19. There is no time to waste.

The WTO has an instrumental role to play in ensuring that all Members, and first and foremost LDCs, benefit from trade. I will not be able to stay with you for the entire webinar, but I look forward to receiving a detailed account of your discussions. I will continue to carefully follow your deliberations and am ready to assist in any way you see fit.

Thank you.