

Speaking points – session 3 (government initiatives to support LDC services suppliers)

- The EU welcomes the organisation of this webinar of the Council for Trade in Services on Least-Developed Countries' services export performance and facilitating implementation of preferences notified under the LDC Services Waiver.
- We would like to thank LDCs for the efforts undertaken so far, notably for their collective request of 2015 which set a good basis for allowing LDCs to benefit from trade in services. The EU would like to encourage Members who have not yet notified preferences to do so.
- This webinar is taking place under extraordinary yet unfortunately familiar circumstances. According to the WTO's Global Trade Report of 2020, the economic impact of the Covid-19 pandemic is expected to fall especially heavily on least-developed countries (LDCs). This is due to factors such as sectoral specialisation, occupational characteristics and financial resources, as well as to inadequate access to digital infrastructure and insufficient IT skills. The fall in tourism revenues and in remittances from migrant workers from LDCs returning from host countries affected by the pandemic have significantly dried up critical sources of income for many countries.
- That being said, we need to look at ways for LDCs to integrate their economies into the world economy by strengthening their competitiveness. Openness to trade is a necessary condition to this end.
- Sound domestic policies and reforms are needed to harness trade-induced growth, help reduce poverty and promote sustainable development. This calls for good governance and full ownership by LDCs of their own sustainable development processes.
- The EU would like to highlight several of its relevant tools which are of help to LDCs and their services suppliers to advance their development.
- Let me start with the *EU's unilateral preferences*. When it comes to the preferences under the LDC services waiver, the EU's notification of 2015 was one of the most comprehensive amongst the WTO Membership. It covered substantial preferences within all modes of supply and groups of sectors identified in the LDC collective request; namely in more than 155 services sectors for both market access and national treatment.
- In addition, the EU has implemented an ambitious and on-going *bilateral negotiation agenda* to improve its trade relations with countries most in need and to address issues that DCs and LDCs face.
- For example, the EU's Economic Partnership Agreements (or EPAs) are pro-development agreements, which reflect the level of development of EU trading partners. Their goal is to contribute to creating economic and social conditions to help partners attract investment and diversify their production of goods and services; integrate in global value chains; and draw the benefit of their comparative advantages.

- One example is that the EU launched negotiations with Eastern and Southern African States on deepening the existing EPA which currently only covers trade in goods, with services, investment, and digital trade, in October 2019.
- Certain positive developments are taking place when it comes to LDCs and trade in services. Firstly, exports of ICT services and services that can be delivered digitally accounted for an estimated 16 per cent of total services exports of LDCs. In other words, they more than tripled from 2005 to 2018, according to UNCTAD.
- Moreover, according to the said WTO Report of 2020, LDCs stand to gain increasingly in digital service exports, participation in global value chains, and the economic inclusion fostered by affordable mobile services, provided they continue to catch up on internet infrastructure and the right policy and business environment.
- However, the EU recognises that LDCs need help to draw the full benefit of services trade. The EU remains committed to continuing the discussion in view of a more efficient operation of the preferences granted under the LDC services waiver.
- LDCs continue suffering from impediments that affect their capacity to trade. We need to look beyond unilateral trade preferences to address them.
- The Well-designed Aid for Trade can help enhance LDC increasing value-adding trade and investment.
- **The EU has a comprehensive Aid for Trade strategy, updated in 2017**, which is results-driven and provides an integrated approach to aid and investment for trade, making the most of the wide range of EU policy tools available in order to increase their overall impact on growth and poverty reduction. The focus is on creating more and better jobs and on countries in the greatest need, in particular LDCs.
- **The EU and its Member States remain the leading Aid for Trade donor with one third of the global Aid for Trade.** In 2018, the EU and Member States' Aid for Trade commitments amounted to 13.6 billion euro. In line with the target of our Aid for Trade strategy, **the proportion that goes to LDCs is continuously increasing and stood at almost 3 billion euro, or 22 percent, in 2018.**
- **The EU Aid for Trade strategy puts special emphasis on services trade as an important sector for upgrading in global value chains and given the rise of e-commerce.** In particular, it notes that EU aid for trade will encourage investment in digital technologies and services, computerisation, e-Government and e-commerce logistics, as well as on technical assistance for governments to establish policies and favourable frameworks to cross-border e-commerce.

- Indeed, **the EU's commitment to strengthening trade in key services is growing.** For example, total EU Aid for Trade invested in partner countries in transport and storage, a vital area also for goods exports, stood at 605 million euro in 2018, doubled from the previous year. Our Aid for Trade in the tourism sector rose to 38 million euro in 2018, from 15 million euro in 2007). Unprecedented levels of EU support were recorded for banking services too, totalling more than 353 million euro in 2018 (from 22 million euro in 2007).
- But let me go a step further, Dear Audience. The commitment of the EU to support our partners, both less developed and developing countries, goes beyond our support to AfT and Trade Facilitation. The EU and its member States provide over half of all global development aid. That makes us the world's leading donor, investing in sustainable and inclusive economic growth and decent job creation in our partner countries, with the ultimate objective of contributing to poverty eradication in the world.

16b committed in 2019 in ODA

254 m directly invested in supporting trade facilitation and aid for trade

- Currently, the EU is preparing the next Multi-indicative Programme covering 2021-2027. While our priorities remain the same, our budget contributing to development cooperation has further increased by 27% with respect to the previous financial framework 2014-2020, going up to a global amount of 123 billion euros for the next 7 years period.
- Our priorities are based on five partnerships:
 - Green alliances and partnerships
 - Alliances for Science, technology, innovation and digital
 - Alliances for sustainable growth and jobs
 - Partnerships for migration and mobility
 - Partnerships for human development, peace and governance
- Covid-19: challenge for all of us: global pandemic, for the first time a global lockdown. How to ensure basic products, from food to medical equipment and medicines, could be transported across borders? How to overcome the disruption of value chains due to closing of borders?
- The EU quickly mobilised its resources to address the immediate ST challenges COVID was creating:
 - Amended ongoing programmes, including commitment of additional resources, to facilitate cross border territorial and maritime transport :

- EA-SA Tripartite Transport and trade facilitation programme : facilitate harmonised approach to cross border requirements in COVID times
 - Kenya safe trade emergency facility, which benefited also EAC/horn of Africa, and supported the design and implementation of protocols for safe trade
 - IGAD , also a programme to mitigate COVID impact, acting, among other things, in establishing safeguard of corridors and cross-border flows.
 - Besides: the EU disbursed 3b EUR in direct unconditional contributions to the national budgets of partner countries to address the negative consequences of the pandemic.
- In the medium- long term, and also in the context of our discussion for upcoming Multi-Indicative Programme 2021-2027, the EU has committed to support partner countries in “building back better”, focusing with an even stronger impetus into supporting a green and digital recovery, aiming at creating more, decent and inclusive jobs, with a focus on women and youth.

With that said, I would like to thank you for your attention. I look forward to hearing more from partners such as the EIF but especially LDCs, to get a better sense of their view of challenges and opportunities.