



WORLD TRADE
ORGANIZATION

CHECK AGAINST DELIVERY

ITC WORLD EXPORT DEVELOPMENT FORUM

*"Private sector engagement with LDCs for tourism-led growth and
inclusive sustainable development".*

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Director-General

Good Morning,

The fact that we are in Turkey to discuss and exchange views on how to support LDCs achieve their economic and developmental aspirations does not surprise most of us given the active leadership role Turkey is playing in advancing and supporting other developing countries. Turkey has emerged as one of the most active emerging countries in advancing south – South co-operation and I wish to applaud this.

In line with the ITC, s core mandate to support and work with the private sector to ensure that it plays its rightful role in contributing to the development of least-developed countries in particular, the WTO has since 2008 redoubled its efforts to engage with the private in developing countries, particularly in Africa where our sense is that participation is lagging behind. We are working very closely with the ITC and other regional partners including the African Development Bank and the AFRIEXIM Bank to support African private sector better organize itself and play a more active role on trade policy matters.

The choice of the tourism sector as the theme for this event is in our view a timely one given its strong performance in recent years. This is a sector that from an export perspective is a relatively new activity for LDCs. Despite this,

the development dimension of tourism is increasingly recognised as central to their economic recovery and long-term growth. Between 2000 and 2009, receipts from international tourism in LDCs grew by more than 14% annually, higher than the growth rate of 10% for other developing economies and the double the global average of 7%.

It is also encouraging to note that this sector was comparatively more resilient to the shock of the recent economic and financial crisis. Travel receipts in LDCs fell by less than 4% in 2009. The key factor behind this drop was that most tourist arrivals in the LDCs originate from developed countries where the crisis originated and its impact strongly felt.

However, in overall terms, the LDCs are still minor players in the global tourism market. In 2009 they represented around 3% of total travel related exports from developing countries and 1% of the world total but their market share is growing rapidly indicating the existence of a comparative advantage in this line of export activity.

It is also a well-known fact that like in other low income countries, tourism in LDCs is dependent on inward flows on FDI and towards this; many LDCs are taking steps to promote investment in this sector.

It therefore goes without saying that for the LDCs to fully exploit the potential presented by this sector to be a driver for economic growth and development, there has to be in place a set of core policy principles which will facilitate and encourage FDI flows.

For its part, the WTO from a trade policy perspective provides a policy framework that facilitates policy predictability and transparency which are critical for investment decision making. Already, the majority of the LDCs that are WTO members have made commitments that cover the tourism sector under the GATS, albeit the coverage varies from country to country. While this is a good policy foundation, there is still room for improvement. The current Doha Round negotiations on trade in services provide the LDCs with the flexibility to self-select the services sectors where they want to increase their binding commitments in line with their strategic objectives.

Furthermore, to ensure that the full benefits of putting in place this policy framework are realised, there has to be a corresponding effort to enhance the capacity of the LDCs to put in place the requisite economic and institutional infrastructure.

To this end, the WTO launched the Aid for Trade initiative in 2005 in co-operation with a number of key bilateral and multilateral partners including the ITC to mobilise increased and predictable resources towards economic related infrastructure.

To illustrate the progress the progress we have made in this regard. Since the adoption of the Brussels plan of action in 2001, donors have committed \$US 66 billion to help LDCs overcome their structural and capacity bottlenecks that undermine their economic development and growth.

In addition to this collective effort under the aid for trade initiative, the WTO and the ITC are part of the core group of Agencies supporting the Enhanced Integrated Framework (EIF) for LDCs. Under the EIF, LDCs are receiving financial and technical support for trade related capacity building projects. In this regard a majority of LDCs have identified tourism related projects as priorities.

In line with its mandate, the ITC is playing an important role in both these initiatives by ensuring that the voice of the private sector is heard.

For the WTO, the full potential of the benefits that will result from the Doha Round for LDCs including in enhancing their competitiveness in the tourism sector can only be realised if it is successfully concluded.

Thank you.

