

Speech by Mr. V. Enkhbold, Director General of the Trade and Economic Cooperation Department, Ministry of Industry and Trade of Mongolia at the High-level meeting on Global Review of Aid for Trade

21 November 2007

Mr. Chairman,
Excellencies, Distinguished delegates,

First of all, on behalf of the Government of Mongolia, I wish to express our sincere gratitude to Director General and the WTO Secretariat for organizing this very important and well timed event. The global economy is widely being liberalized; however, it is apparent that the majority of developing countries need support to benefit from trade liberalization.

Associating with the statements made by previous speakers and trying to avoid repeating points raised by other delegates due to time constraint, I would like to draw your attention to the following three points, which seem to us necessary to highlight and clarify.

First, as many delegates, panelists and moderators have been addressing since yesterday, trade-related difficulties faced by landlocked developing countries need special consideration of international and regional communities. Despite continued effort by those affected countries towards overcoming the difficulties, the LLDCs continue to be marginalized in the international trade of goods due to the geographical disadvantages related to landlockedness.

Lack of territorial access to the sea, remoteness from major world markets and subsequent high transportation costs is one of the major impediments to the development of landlocked developing countries' trade. For instance, Ulaanbaatar, the capital of Mongolia, is 1700 km away from its nearest port of Tianjin in China, and about 6000 km from the ports of Vladivostok and Nahodka in Russia. Transit transport

costs including insurance through Russia and China, paid by Mongolian businesses, amount to 7-8% in GDP. This is double compared to other developing countries and triples those paid by developed countries, thus, as for most landlocked countries, high transport costs remain the biggest obstacle to Mongolia's access to global markets.

In August this year, Mongolian Government hosted the Meeting of LLDCs Trade Ministers, which provided good opportunity for 31 LLDCs and Switzerland to share their views and experiences regarding the difficulties associated with landlockedness. The Ulaanbaatar Declaration, which was adopted at the meeting and circulated to the Members as document WT/L/700, reflects the common position of the LLDCs on Doha Round negotiations, and their desire of special consideration of their specific problems within the Aid for Trade Initiative.

In light of the Ulaanbaatar Declaration, the Government of Mongolia urges multilateral and bilateral donors, and international organizations to pay more attention and to provide tangible support and additional financial assistance to their special needs associated with their disadvantaged geographical location.

As for Mongolia, we are seeking financial assistance to some important projects aimed at creating transit corridors and establishing free trade zones, industrial zones as well as whole sales chains, which are of great importance to trade expansion.

Second, my delegation's understanding is that Aid for Trade come in developing countries in the form of development assistance and Aid for Trade will be implemented as a part of existing ODA.

In this case, we should seek to find out more efficient funding mechanism and clear architecture of Aid for Trade and also to clearly distinguish Aid for Trade resources from existing ODA in order to utilize resources for trade-related projects. In short, it is not appropriate to name the certain increased amount of development assistance as Aid for Trade. Therefore, we seek demand driven, effective and well functioning aid for

trade in order to support broader participation of developing countries in the globalizing world economy and benefit from multilateral trade.

Third, I fully agree with the view raised by Director General, that many problems, especially for small or landlocked countries are regional in scope. As for Mongolia, the establishment of transport corridors linking the neighboring China and Russia would significantly increase Mongolian trade. Hence, we urge international and regional agencies to undertake more activities in this area.

In conclusion, let me express our appreciation to number of international organizations UNCTAD, UNDP, AITIC, ITC, ADB and UNESCAP among others and regional bilateral donors Government of Japan, Korea and China for their pledges and commitments that have been instrumental for small and resource-constrained developing countries.

Thank you.