

## KIRIBATI LDC GRADUATION

Statement of H. E. Teburoro Tito, Permanent Representative of Kiribati to the United Nations to the Expert Meeting Group (EGM) on Friday, February 2<sup>nd</sup> 2018 in the Headquarters of the United Nations, New York. (Room S25MM1)

Mr. Chairman,

At the outset please allow me to thank you and your colleagues for making time for me to make a presentation on behalf of the Government of Kiribati on this very important review process regarding the possible graduation of Kiribati out of the least developed countries (LDC)

Kiribati is indeed thankful to the United Nations system for the countless assistance and support it has provided through its various bodies, arms and activities towards the developmental efforts of Kiribati since its independence 38 years ago, and particularly after it joined the LDC group in 1986 and the United Nations in 1999, all of which have enabled more and more Kiribati people to enjoy the benefit of a cash economy in addition to their subsistence way of life.

Traditionally, Kiribati is free from the material poverty and hunger that many developing countries face, given the great abundance of food and materials readily accessible from the immediate environment and especially from its enormous sea and ocean space, large enough to fit ten countries the size of New Zealand or the UK, dotted with 33 flat low lying islands several feet high.

However, in the context of modernization and globalization, which every I-Kiribati aspires to be part of, the huge majority of people have fallen victims to hardships arising from lack of income, especially those in rural areas and the huge number of unemployed school leavers piling up in the urban centers. A recent ferry accident of MV Butiraoui costing more than 80 lives, exemplifies the extent to which the people of Kiribati are vulnerable when crossing their huge ocean on small vessels not appropriately built and fitted with safety equipment coupled with the inability of people with low income to choose a more secure but more costly means of travel. My constant wearing of the pandanus necktie in the UN is part of an effort to create a market here in the USA for weaving products of the huge number of very dexterous and industrious women in Kiribati who really want to earn money for their families.

At this juncture I wish to convey the request of my government if its graduation could be given special consideration as a very small and vulnerable island states heavily battered by climate change. The Government takes no issue over the accuracy or otherwise of the figures computed for its performance in the three areas ( the Gross National Income (GNI), the Human Assets Index (HAI) and the Economic Vulnerability Index (EVI)) as contained in a report prepared by UNCTAD dated 15 December, 2017 and titled "Vulnerability Profile of Kiribati" and also in the two previous reviews of 2015 and 2018 which show very good performance in the first two criteria but very poor performance in the third.

As highlighted in the Minister's communication, as per copy attached, the forefront issue is Kiribati's external shocks and the impact of climate change and sea level rise which, if occur, can instantly wipe out years of development work and take us ten years back. These vulnerability problems are further compounded by the country's narrow base and limited resources that can be exploited for sustained economic growth, a view that resonates with the IMF's comments in its most recent Article IV consultation that although Kiribati's economic fundamentals have strengthened ( with several donor financed infrastructure in the pipeline) risks to long –run economic development prospects remain high, acknowledging climate change as a significant contributor to these risks. As a result, IMF advised that "continued efforts are needed to enhance resilience to climate change and mitigate its negative impact on long run growth.

Another vulnerable factor for Kiribati is its overdependence on fisheries licensing revenue which over the past two to three years accounts for huge percentage of total income. This is very dependent on the climatic and weather conditions which in one year supports a high fishing revenue but in another year causes a huge drop in the fishing revenue. Also as highlighted by the Minister for Finance, the Revenue Equalisation Reserve Fund (RERF) "is vulnerable to risks due to adverse market forces an geopolitical events, and does not have the ability to sustain our macro and fiscal positions over the long run in times of persistent declining fishing revenues."

The new political leadership which began in March 2016 has rejected the former government's strong advocacy of "sinking islands – migration with dignity" ("SI-MWD") narrative and replaced it with a bold 20 year vision referred to as Kiribati Vision 20 (KV20) to turn the islands around into a wealthy and healthy fishing and tourism nation of the Pacific in the next twenty years. To this end the Government will invest much of its bilateral and multilateral assistance plus some of its RERF, alone or partnership with others, in rebuilding vital infrastructures that had been neglected over the years, capacity building and in creating huge fishing and tourism industries for Kiribati in pursuance of the KV20. The new Government would therefore need more time to remain under the ambit of the LDC category to improve on its economic vulnerability as a necessary ingredient of the its KV20 plan.

Kiribati believes that the current formula for graduation was drawn up at a time climate change was not yet known as a major global threat. Now that Science has confirmed the existential threats imposed by climate change particularly on low small island states and given the current strong call by many LDC states for an urgent review of the formula to make economic vulnerability a necessary component of graduation which is likely to be concluded next year, Kiribati would therefore request re-consideration of its case after adoption of the new formula.

Thank you.

## **Notes on dialogue between Ambassador Tito and members of the AGM**

The first question was raised as to what extent Kiribati has been assisted as a member of the LDC. The Ambassador stated that he did not have a list of the special assistance that Kiribati has received from the UN and other international agencies by virtue of its status but he knew from the several UN related meetings that Kiribati has attended that travel and per diem costs for one or two delegates from Kiribati were usually met by special funds in support of LDCs. Tito said that Government greatly appreciates and values this kind assistance and this why the Government would like to see this kind assistance continue for some more years.

The second question sought an explanation as to why a different stand now compared to that taken by the Former President, Anote Tong, in Samoa when he addressed a high level panel organized by UNCTAD on 2<sup>nd</sup> September, 2014, as recorded in the last sentence of the UNCTAD report on the Vulnerability Profile of Kiribati at page 15 in which he stated “ we would gladly lose the LDC status if only we could count on alternative avenues for special treatment in support of our efforts, particularly on special measures by virtue of our proclaimed small island developing state status..” Ambassador Tito agreed that the new government has found it difficult to go along with the stand taken by the former government mainly because the former government was more focused on the sinking islands -migration with dignity (SIMWD) narrative than in the rebuilding and developing the islands. Given such scenario he seemed not to care much as to the status of Kiribati whether it remains in the LDC or not.

The third question enquired as to why Kiribati should fear graduation when it is among the few countries that are referred to as oceans of islands with a great blue economy potentials. Ambassador Tito responded that while it is true that Kiribati has a huge a ocean rich in tuna but as stated in the Minister’s letter the share of the Kiribati, as a resource owner, from this blue economy is nothing compared to those of the fishing nations.