

LLDCs Ministerial

4 November 2021

Transcript of Kyrgyz Republic intervention

00 Dear Participants, Dear Participants of the Ministerial meeting between the Landlocked developing countries (LLDCs) “Towards sustainable, resilient COVID-19 recovery: bridging the LLDCs trade gap”,

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I bring my sincere apologize to the participants that I cannot take part virtually in this very interesting and valuable event in a real-time format, and thus

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delivering this video-statement. I would like to thank the ministers of Mongolia and Kazakhstan their excellencies Mr. Battsetseg Batmunkh and Mr. Muhtar Tileuberdi for your invitation and participants of this Ministerial Meeting.

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Today we gathered together from all corners of the world representatives of LLDC countries to such an important and timely event to discuss and share the best practices of addressing the challenges

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and combating the problems faced by the LLDC countries especially during the COVID-19 and the negative economic and international trade impacts, the pandemic is causing to the already vulnerable economies of LLDCs.

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We are all well aware of the geographical inconveniences faced by 32 landlocked countries of the world, and we have discussed a lot about all the

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constraints and problems LLDCs face, especially in terms of benefiting from the global trading system. Let us just briefly bring some very important figures.

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Typically, LLDCs are highly dependent on a very limited range of sources of export earnings. The biggest obstacle on our way to the international market remains high freight charges.

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According to some international organizations analysis, the transit costs of countries far from seaports are equal to 70 percent of their export earnings.

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Products from countries far from the sea are practically not represented on international trade markets. LLDCs account for less than 1 percent of world exports.

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More than 80 percent of LLDCs exports are commodities and natural resources.

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So, we share the view that being landlocked is one of the main reasons why half of the 32 countries surrounded by land on all sides are among the poorest countries in the world.

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As any other LLDCs, due to its remoteness to the seaport, Kyrgyzstan is highly dependent on neighboring transit countries for our external trade and suffers from high trade transaction costs.

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Huge transport costs, inadequate infrastructure and bottlenecks associated with importation and exportation requirements serve a serious obstacle to Kyrgyzstan's

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integration into the global economy, impairing export competitiveness or the inflow of foreign investment. As it is shown on the concept note to the today's meeting, the Covid-19 have brought its significant

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negative impacts to the LLDCs whose economies continue to be very dependent on a limited number of export goods, which declined by more than one third during the pandemic, and still exports continue to decline.

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The Kyrgyz Republic has been one of the countries in the region to be seriously hit by the COVID-19 pandemic, as well as the economy has also been significantly damaged.

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The pandemic resulted in an 8.6 percent drop in production in 2020. Sectors with high labor intensity were damaged relatively harder. Tourism was down nearly 80 percent. Transport, trade and construction were also severely damaged.

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Inflation has increased from 3 percent in 2019 to 10 percent in 2020. Due to a decrease in output, a widening budget deficit and the depreciation of the national currency,

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the public debt increased by 16 percentage points of GDP and amounted to 68 percent of GDP in 2020.

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According to the systemic recommendations of the lower poverty line. The poverty rate has risen from 20 percent to 31 percent due to declining incomes and rising unemployment.

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In order to respond to the crisis related to covid, the Kyrgyz Government quickly launched a wide set of measures to protect public health and mitigate the economic impact of the pandemic.

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When the health crisis comes to an end, we expect life to gradually return to normal, companies will start hiring again, unemployed people will return to jobs, and borders will reopen, creating opportunities for trade and travel.

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In this scenario, we project economic growth of 3.8 percent in 2021 and 6.4 percent in 2022. However, uncertainty remains high as the pandemic could take an unexpected turn.

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Dear participants, Vulnerability of the LLDCs which we have been heavily discussed since our first dedicated

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global conference in 2003, was once again vividly shown during the pandemic. We must move forward together towards finding common solutions

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for our challenges including the pandemic and struggle to increasing the inclusiveness of international trade. On this regard, Kyrgyzstan is ready

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to rally together with other LLDCs to push forward in the WTO platform the issues of bridging the gaps between LLDC countries and other WTO

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members who have access to the sea in the areas of special and differential treatment approach, the enhanced market access for goods and services, trade facilitation sustainably, financed technical assistance,

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capacity-building programs and other issues to struggle the abovementioned challenges in order to address the special development needs and

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challenges in line with the six priority areas identified by the Vienna Program of Action.

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I would like to thank participants of the event for your attention and wish you the best luck.

English (United Kingdom)

END