

EU statement at the Trade Policy Review of Maldives, 21/03/16

Statement by EU Deputy Ambassador Detlev Brauns

I would like to start by welcoming the Delegation of Maldives, led by Mr. Ibrahim Yusuf Fulhu (Executive Coordinator, Ministry of Economic Development). I would also like to thank the WTO Secretariat for their report and the Discussant, H.E. Mr Syed Tauqir Shah (Pakistan) for the contribution to this review.

For much of the last three decades, Maldives has, despite the challenges that being a small island state represent, been a development success story. Maldives is now classified by the World Bank as an upper middle income country. The EU welcomes these achievements. Maldives' rich and varied marine resources have played a vital role in shaping its development. Nature-based tourism and fishing have been the main drivers of its economic growth and employment. However, this narrow economic base makes Maldives vulnerable to external shocks and to the risk of unsustainable use of natural resources. In that respect, the EU is interested in hearing more from the delegation on Maldives' strategy for diversification.

Regarding trade, Maldives can be commended for having adopted a new customs legislation implementing the WTO Agreement on Customs Valuation. Moreover, we understand that Maldives has started the process of ratification of the Trade Facilitation Agreement and we would be grateful to have more details on the finalisation of the process.

Despite these positive achievements, important barriers to trade remain. The business climate could be further improved. Economic operators look for transparency, consultation, the application of the rule of law.

Transparency is a fundamental principle embedded in the WTO rule book. Like others, the EU regrets to note that Maldives has not improved its record since the last TPR in 2009 despite the recommendations of this Body and the assistance provided. We hope that Maldives will use this review to update the Members on the actions planned to remedy this situation. The EU also notes that Maldives did not opt for the alternative review timeframe which



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would have enabled the Members to receive the replies to their advanced questions before this meeting and enhance interaction and transparency.

As to our bilateral trade relationship, the EU remains Maldives' biggest export market taking 43% of its total exports to the world. The preferential access Maldives enjoyed under the EU's Generalised System of Preferences (GSP) and in particular duty free and quota free access under the Everything But Arms (EBA) regime, certainly contributed to these results. Despite Maldives' graduation from the LDC status, the EU remains an accessible and open market as demonstrated by EU imports that grew by 38% in 2015 compared to 2014.

The EU has submitted a number of questions in writing and would like to seize the opportunity of this meeting to raise some issues of concern regarding, in particular, tariffs and import licensing. While the EU welcomes the steps taken by Maldives to liberalise its tariffs, the EU notes that the authorities continue to maintain a number of applied tariffs above the country's bound rates. In addition, there seems to be a practice of quite frequent changes to applied tariffs that is noted by the Secretariat and which creates uncertainty. Maldives continues to operate an import licensing system, which is not very transparent and not trade-friendly. The situation of overdue notifications is also applicable for import licensing.

In conclusion, the EU is looking forward to studying the responses by Maldives to our advance questions and would like to wish Maldives a successful trade policy review. Thank you.