

STATEMENT BY H.E. TŠIU KHATHIBE

AMBASSADOR AND PERMANENT REPRESENTATIVE OF

THE KINGDOM OF LESOTHO

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EXPERT MECHANISM ON THE RIGHT TO DEVELOPMENT

THEME: IMPACTS OF TRADE TARIFFS ON THE REALIZATION OF THE RIGHT TO DEVELOPMENT

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Thank you very much, Mr. Chair.

Let me also thank Mr. Kanade and my fellow panelists. Lesotho welcomes, the opportunity to share its experience as an LDC who has been actively using trade as a pathway for development and to engage in discussion on how tariffs can undermine sustainable development outcomes and right to development. In our case, while trade has provided important opportunities, the imposition of steep tariffs by key trading partners poses serious risks to economic growth, including youth unemployment, social inclusion and an impediment to realization of the right to development.

Moving to the tariff impacts themselves, Lesotho has built a significant textile and apparel export industry, largely directed to the US, and that the AGOA (African Growth and Opportunity Act) preferential access. This dependence on preferential market access means that certain tariff increases by a trading partner, in this case the US, translates quickly into disruption of economic landscape, loss of competitiveness, job losses, and weakened growth. The imposition of 50% reciprocal tariff on exports from the Lesotho to US, which were later revised downwards, threatens a sizable decline in textile orders translating into millions of USD in lost to export earnings. Lesotho obtains a large share of its budget through membership of Southern African Custom Union and associated revenue sharing, which is sensitive to customs volumes and partner country trade. The export contraction, which significantly pushed Lesotho GDP downwards and therefore severely reducing its capacity to invest in development. When fiscal space shrinks, investment in infrastructure, education, health, and the realization of the right to development becomes more difficult.

On the social dimension, the textile and apparel sector in Lesotho is one of the largest private sector employers, estimated between 30 thousand and 40 thousand workers, and many of those workers are women. The tariffs that reduced orders and lead to affected closures risk large scale job losses, increased unemployment, which in turn hamper poverty reduction and fulfillment of decent work, rights. Loss of income for households reduces access to housing, causes food insecurity, negatively affects rights to education, and undermines social stability and inclusion. With shrinking export earnings and fewer jobs for women, gender equitable development risks reversal. Women may be pushed back to informal work, lower incomes and reduced bargaining power, therefore social dislocation, job losses and increased poverty may create negative dynamic impacts on education, nutrition, migration, and social cohesion. Moving to the cultural side of things, the right to development emphasizes participation, equality, non-discrimination and beneficiary within and among countries. Tariffs that disproportionately affects sectors where women dominate, such as textiles, risk exacerbating existing inequalities.

When trade shocks hit LDCs, they may undermine cultural and social capital by forcing rural populations to migrate, disrupting local industries and communities that we are building value chains. 2 Lesotho's case shows that without stable trade conditions, opportunities for low local value-added skills development, technology transfer, and inclusive growth are curtailed, thereby limiting cultural and human capacity development, consistent with the right to development.

On the policy side and the international cooperation responses, strengthening the multilateral trading system is essential for building resilience supply chains, as it provides stable, rules-based framework that ensures predictable and transparent cross-border trade. When countries approach shared international standards and commitment such as those established under the WTO, they reduce uncertainty and risk for businesses operating within the global supply chain. This predictability helps prevent disruptions stemming from arbitrary trade barriers, inconsistent regulations, or abrupt policy changes, all of which can impede the smooth flow of goods and services, ultimately reinforce multilateral trading system, strengthens economic stability, encourages innovation, and enhances countries' capacity to absorb and adapt to external shocks, protecting livelihoods, and advancing sustainable development.

With regard to international cooperation mechanisms and policy solutions that can mitigate the negative impacts of tariffs and promote the realization of right to development, they may include trade facilitation and transit agreements, for example, harmonization of customs, licensing payment, and reduce duplicative documentation. They may also simplify and streamline border procedures that use non-tariff barriers and informal costs that also would include infrastructure investment and resilience. An example would be we ensure reliable energy for critical infrastructure and manufacturing, would also need to invest in transport and digital infrastructure, including secure networks. That also says we need to diversify and have value addition, example being encouraged firms to diversify supply sources. We need to also develop export market diversifications and strengthen trade agreements and access. And we also need to build capacities to be able to meet the global demand. That also says we need to support micro, small and medium-sized enterprises and inclusive value chains. That says there's a need to facilitate access to affordable finance, credit insurance for MSMEs and informal sector. There's also a need to simplify business registration and regulation, and therefore reduce barriers to formalization. We need also to build digital and capacities for small enterprises, which is the key also is to access to finance and risk management instruments. That says there will be a need to establish and strengthen public contingency funds and safety nets and secure concessional finance and explore regional and multilateral risk pooling mechanisms.

Chair,

Let me conclude by saying tariff related negative effects may be incorporated into development planning frameworks and human rights frameworks, right to development, economic and social rights, so that trade policy coherence with development goals are ensured. And my message or my point showed to be, tariffs are not just a trading instrument. They have direct implications for realization of the right to development, economic growth, social inclusion, cultural empowerment, equality, and participation. In Lesotho's case, the tariff shock threatens to reverse years of progress, especially for young people and women, and undermines inclusive growth strategies. A principled approach to trade policy recognizes that the LDCs require stability, fairness, and support to ensure trade contributes to development rather than vulnerability.

I thank you, Chair.