Preparatory Process for the Comprehensive Ten-Year Review Conference of implementation of the Almaty Programme of Action

HIGH-LEVEL GLOBAL THEMATIC MEETING ON INTERNATIONAL TRADE, TRADE FACILITATION AND AID FOR TRADE

ALMATY, KAZAKHSTAN

13 to 14 SEPTEMBER 2012

Context of the meeting

In August 2003, the Government of Kazakhstan hosted the First International Ministerial Conference of Landlocked and Transit Developing Countries and Development Partners and adopted the Almaty Programme of Action (APoA) to address special needs and challenges faced by the landlocked developing countries in achieving their development goals. The overarching goal of the Programme is to foster the establishment of efficient transit transport systems in all landlocked developing regions based on mutually beneficial collaboration with the transit developing countries and with the support of the development partners. This would enhance their full integration into the multilateral trading system and help contribute directly to their achievement of the Millennium Development Goals.

One of the priority areas of the Programme is international trade and trade facilitation wherein the Programme calls for: the accelerated accession of landlocked and transit developing countries to the World Trade Organization (WTO); enhanced and predictable access to all markets for the exports of landlocked and transit developing countries; provision of assistance on trade facilitation and WTO negotiations; improved trade facilitation in particular at border posts; capacity-building of government agencies in the field of trade and trade facilitation, accession to and effective implementation of the international conventions and instruments that are applicable to various transport segments and establishment; and strengthening of existing national trade and transport boards or committees involving all major stakeholders, including the private sector.

Landlocked and transit developing countries have made some progress in implementing important policy reforms to remove physical and non-physical barriers to the effective participation of LLDCs in international trade. With support from partners they have made some
improvements in the transport, communication and energy infrastructure and in streamlining and harmonizing border facilities and procedures to increase efficiency and reduce delays.

LLDCs have also taken initiatives to strengthen and establish institutional mechanisms for coordinating work on national transit transport facilitation. For example, they have created or strengthened existing national trade and transit transport facilitation boards or committees. These bodies have facilitated effective coordination and cooperation among all the relevant agencies responsible for international trade and transport facilitation. However, some challenges to their effective functioning include insufficient financial resources, inadequate recognition of their roles and functions, and incomplete representation of key stakeholders.

LLDCs are making rather slow progress with their accession procedure to the WTO. Since the adoption of the Almaty Programme, only one landlocked country, Nepal, has acceded in 2004. One third of the members of the LLDC group has yet to accede to the WTO. LLDCs still need technical assistance to support their accession process. It is hoped that an agreement by WTO members on a revision to the guidelines for accession of LDCs may help facilitate the accession process for those LLDCs and transit countries that are also LDCs. LLDCs and transit developing countries are making some progress in ratifying international Conventions and Agreements on transit transport, and trade facilitation. However, the progress has been slow.

The LLDCs have also taken an increasingly active role in multilateral, regional and bilateral discussions and negotiations to enhance their integration into the global economy. LLDCs have made progress in coordinating their positions in WTO. Nevertheless, given how much they have to gain from a successful conclusion of the Doha Development Agenda they should be more proactive on issues of their interest, particularly trade facilitation.

The international partners have rendered technical and financial support to assist LLDCs to build capacity to boost their trade performance, become part of the WTO and improve their capacity for trade negotiations. In 2005, in Hong Kong, the WTO Ministerial Conference set up the Aid-for-Trade initiative. LLDCs have benefitted from the initiative as Aid for Trade disbursements to LLDCs, increased from US $4.1 billion in 2007 to US $6 billion in 2010. Net transfers of total Official Development Aid to LLDCs from traditional donors to the LLDCs increased from US $12.1 billion to US $25.3 billion from 2003 to 2010.

Since 2003, some modest increase in the trade performance of LLDCs has been made. The landlocked developing countries’ value of merchandise exports in nominal terms increased from US $33 billion in 2003 to US $158 billion in 2010 and their share of world exports increased from about 0.5% in 2003 to around 1% in 2010. This increase is mostly due to higher commodity prices which constitute the majority of LLDC exports. Due to this high concentration of exports LLDCs remain vulnerable to external price shocks that may greatly affect their economies. This is demonstrated by the fact that among the 31 LLDCs, the oil and mineral exporters experience the most significant gains in trade. Moreover, the current share of
LLDCs to global trade of 1% shows continued marginalization of the group of LLDCs from the world economy.

Overall, the efforts made in improving transit transport and trade facilitation policies have begun to yield some positive results especially in terms of reducing the time required to import or export. According to the World Bank’s Doing Business Report 2012, the average number of documents that LLDCs take to export have decreased from 9 in 2006 to 8 in 2012 whilst for importing have decreased from 11 to 9. The average time taken to complete export formalities has decreased from 49 days to 43 and in the case of import formalities, the time has decreased from 58 to 49 days. However when compared to transit developing countries where the average days to complete export formalities is 23 days and 27 days for import formalities, further efforts are required to improve trade facilitation and save time. Efficient border management and the coordination of agencies involved in border clearance has emerged as more critical than ever in achieving further reduction in transit time.

Numerous challenges and significant financing gaps continue to be faced by the LLDCs in their efforts to decrease economic distance to global markets, improve trade facilitation and enhance their integration in the world economy. Furthermore economic growth has not been accompanied by structural transformation and development of strong productive capacities to improve competitiveness of the exports. In addition, there has been a lack of concrete policy interventions instigating a change in the mix of exports towards a higher share of services and products representing low bulk, high value goods that would help reduce the additional transaction costs that these countries incur in international trade owing to market distance and transit hurdles. As a result, LLDCs continue to be vulnerable to trade shocks due to commodity price volatility and other external shocks.

The Third Meeting of Trade Ministers of LLDCs held in Ezulwini, Swaziland, in 2009 reaffirmed the need to accelerate the implementation of the APoA, in particular with regard to trade facilitation, with the ultimate objective of lowering transaction costs, by reducing transport time and enhancing certainty in trans-border trade. Ministers also requested for an expeditious implementation of the Aid-for Trade agenda that should give adequate consideration to the special needs and requirements of LLDCs. They also seized the opportunity to reaffirm their commitment to better articulate their countries’ trade needs and priorities for support, in particular in areas of capacity building for the formulation of trade policies, participation in trade negotiations, implementation of international agreements and in strengthening productive capacities with a view to increasing competitiveness of LLDCs’ products in export markets.

The Doha Mandate that was adopted in April 2012 at UNCTAD XIII recognises that LLDCs usually pay the highest transport and transit costs, due to lack of access to the sea, remoteness from major markets, inadequate transit facilities, cumbersome customs and border-crossing procedures, regulatory constraints, poor logistical capacities as well as weak legal and
in institutional arrangements. The mandate calls for assistance to LLDCs to improve their transport systems and connections, design and implement resilient and sustainable transport systems, and enhance transit infrastructure and implementation of trade facilitation measures regionally and multilaterally. The mandate also calls for development of physical and soft infrastructure so as to attract foreign direct investment to LLDCs. The mandate underscores that regional integration, including regional trade agreements should bolster productive integration and support economic diversification, especially in LLDCs.

As the end of the first ten years of the APoA is drawing to a close, the General Assembly adopted resolution 66/214, in which it decided to hold a comprehensive Ten-Year Review Conference of the APoA in 2014. In preparation for this conference it is important to undertake a comprehensive appraisal of the implementation of the priority area on international trade and trade facilitation of the APoA by the LLDCs and their transit neighbours and the development partners, the UN system, other international, regional and sub-regional organizations and the international community. It is important to review what has been done; what progress has been made in integrating the LLDCs into international trade; what are the major achievements and constraints encountered; and identify recommendations on actions and initiatives needed to enhance further integration of LLDCs.

It is in this context, the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, in collaboration with the Government of Kazakhstan, in partnership with other UN and international organisations, are organizing in Almaty, a High-Level Global Thematic Meeting on International Trade, Trade Facilitation and Aid for Trade to be held in Almaty, from 13 to 14 September 2012.

Objectives of the meeting
The main objective of the Meeting is to substantively assess the progress achieved in the implementation of the third priority area (international trade and trade facilitation) of the Almaty Programme of Action, examine the major achievements and constraints experienced and identify the opportunities presented. The meeting is expected to come up with recommendations in the area of international trade, trade facilitation and aid for trade with a view to further advance the goal of fully integrating the LLDCs into the multilateral trading system. In particular the meeting will discuss strategies for: enhanced and predictable access to all markets for the exports of landlocked developing countries; diversification and increased competitiveness of LLDCs’ export products; increased FDI flows and participation of the private sector; provision of assistance on accession to the WTO; improved trade facilitation; capacity-building in the field of trade facilitation and trade negotiations; accession to and effective implementation of the international conventions and instruments that are applicable to various transport segments; and improved international support measures including aid for trade. The deliberations of the meeting will represent the first substantive inputs to the preparations for the Ten-Year Review Conference.
**Partners:**
The UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLLS), IRU, United Nations Development Programme (UNDP), United Nations Conference on Trade and Development (UNCTAD), World Bank, WTO, WCO, ITC, CFC and United Nations Regional Commissions.

**Participants**
Ministerial and other high level representatives of all LLDCs, all United Nations Member States including transit developing countries and UN and international organisations.

**Background papers**

i. OHRLLS background paper on international trade, trade facilitation and aid for trade

ii. Almaty Programme of Action: Addressing the Special Needs and Problems of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries

iii. Report of the Secretary-General on the progress in the implementation of the Almaty Programme of Action

iv. General Assembly resolution A/RES/66/214

**Venue, date and duration of the event**
Almaty, Kazakhstan, 13 to 14 September 2012.