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Statement

by

H.E. Mr. Gyan Chandra Acharya

**Under-Secretary-General
and High Representative for the Least Developed
Countries, Landlocked Developing Countries
and Small Island Developing States**

**at the preparatory event for the Comprehensive Ten
Year Review Conference on the implementation of
the Almaty Programme of Action
“Transport Development and Trade Facilitation”**

**Room MC4-800, Main Building, World Bank HQ,
Washington, D.C.**

Thursday, June 13, 2013.

10:00am to 5:00pm

H.E. Mr Saleumxay Kommasith, Permanent Representative of the Lao People's Democratic Republic to the United Nations and Chair of the Group of LLDCs

Ms. Zoubida Allaoua Acting Vice-President for Sustainable Development World Bank Vice President

**Excellences, Ministers, Ambassadors,
Distinguished participants,
Ladies and Gentlemen.**

Good morning and a warm welcome to you all. I would like to express my deep gratitude to the World Bank for partnering with us in organizing this important pre-conference event as part of the substantive preparations for the comprehensive global 10-year review conference on the implementation of the Almaty Programme of Action. This will be the Second United Nations Conference that will discuss the special needs of LLDCs and formulate a renewed global partnership to support them.

Improved transport infrastructure and services and trade facilitation underpin poverty reduction, economic development and achievement of overall sustainable development in all countries but most importantly in LLDCs who because of their geography require an efficient transit transport system in order to effectively participate in global trade as highlighted in the Almaty Programme of Action.

We are now near the end of ten years of implementing the Almaty Programme of Action. The achievements so far are encouraging. LLDCs as a group have improved their share of world trade over the past decade – and by that, their economic growth. However their trade only account for 1.2% of total world trade showing that they are still marginalized from the global markets. Much more need to be done to establish a firm foundation for development in these countries.

The preparations for the Ten-Year Review Conference are underway and are progressing well. The preparatory process for the Conference is being undertaken in three main tracks including: the intergovernmental track; the UN Inter-Agency track; and the Private Sector track.

Regional review meetings are being organized in close collaboration with the UN Regional Commissions. The Euro-Asia Regional review meeting was convened in March this year in Vientiane, Laos. The Regional

Review Meeting for Africa will be held from 16 to 18 July 2013 and the one for Latin America, will be held later this year.

Substantive preparations include thematic pre-conference events that will enrich the inter-governmental debates, in areas such as transport, trade facilitation, climate change, desertification and land degradation, enhancing productive capacities, international support measures and ICTs and preparation of special analytical reports on LLDCs. We have also already held successfully a number of the pre-conference events, including the meeting on International Trade, Trade Facilitation and Aid for Trade held in September 2012 in Almaty back to back with the Fourth Meeting of Ministers of Trade of LLDCs and the Brainstorming Meeting on the priorities for new development agenda for the LLDCs.

Allow me to briefly touch upon a few issues related to transport development and trade facilitation that are of critical importance for addressing the special development needs of the LLDCs that have resonated from the preparatory process and review studies.

Transport as Development Enabler in LLDCs

Transport is a lifeline to the modern economy. Its smooth and efficient functioning determines the speed and scale of integration and thus benefits generating from it. It is the key to sustaining the economic growth needed by LLDCs. While transport costs have decreased in all the other parts of the world, they are still very high and have on average increased in LLDCs, resulting in high and uncompetitive costs of doing business. This is a very worrying trend.

The World Bank's Doing Business Report, Logistics performance Index, OHRLLS' recent study on the economics of landlockedness and many studies by the World Bank on this issue clearly show that high transport costs and trade transaction costs constitute the greatest impediment to LLDCs' trade competitiveness, equitable access to global markets and the overall welfare of the people.

With support from partners, LLDCs and their transit neighbours have made progress on the development and upgrading of road and rail transport networks since 2003. However despite this, there are still significant infrastructure gaps that need to be addressed in order to lower transport costs and improve the competitiveness of the LLDCs. In addition, transport systems today also need to be sustainable. Yet, many LLDCs are ill equipped for developing sustainable transport.

We therefore need to have transport systems that are sustainable, efficient, reliable and have seamless connectivity. Development of hard infrastructure is one part of the equation, the other part is about removing obstacles in transit and at the borders which brings me to the important issue of trade facilitation.

Excellencies, Ladies and Gentlemen

Trade facilitation

Soft infrastructure which comprises of border crossing procedures, policies, laws, transit procedures, logistics and regulatory regimes account for a major proportion of the trade transaction costs and form a major barrier to trade than tariffs. Although some progress has been achieved, much more still needs to be done to really achieve a meaningful reduction in the high trade costs of LLDCs. There is greater need for coherence at all levels behind the border, at the border and beyond the border. Harmonization of policies, simplification and standardization of rules, documentation, and border crossing and customs procedures are still of great importance.

A Trade Facilitation Agreement under the Doha Round has the potential to address many of the fundamental transit policy issues that affect LLDC exports. According to the WTO, a Trade Facilitation Agreement could bring down the cost of moving trade today from roughly 10 per cent of trade value to 5 per cent. Globally, removing these barriers could stimulate the US\$ 22 trillion world economy by more than US\$ 1 trillion. It is therefore of very important for LLDCs to participate actively in the negotiations and push for adoption of a Trade Facilitation Agreement with binding and ambitious provisions.

Holistic approach to the development needs of LLDCs

The outcome of the substantive events that have been held so far emphasize that the LLDCs deserve a holistic programme of action for the next decade that will more concretely address their broader development issues. As you know LLDCs have other structural constraints including: heavily reliance on the export of primary commodities; low productive capacities which limit their ability to add value to their exports or to diversify their exports; and high vulnerability to external and internal shocks.

Furthermore new and emerging challenges linked to the global food, energy and economic crises, as well as the negative impacts of climate change and environmental degradation including loss of biodiversity have

increased tremendously the burden on LLDCs' economies – a burden that none of the countries can afford to confront themselves alone.

In order to achieve rapid and sustainable economic growth that is required to support social development, the LLDCs need to structurally transform their economies with an emphasis on industrialization, value-addition, enhanced diversification, increased technology transfer, increased agricultural productivity and improved market access. Hence the new development agenda needs to capture these broader issues.

The increasing importance of Global Value Chains and Services

Today the use of Global Value Chains and trade in services are becoming more prominent features of the international production landscape and provide opportunities for LLDCs. The pre-conference events have noted that participation in such global value chains, by becoming a key supplier feeding into the chains, holds significant potential benefits for LLDCs and services offer many LLDCs an untapped potential beyond agriculture and the industrial sector. However, there is need to have the right policies in place, development of relevant national and regional regulatory frameworks and transparent business environments and strengthening of the productive capacities of domestic suppliers, particularly in producing higher value added goods and services.

Enhancing Implementation

Transport infrastructure development and trade facilitation plans are easier to build on paper than in practice. The recently held regional review meeting in Euro-Asia region and brainstorming meeting clearly indicated that implementation of transport and trade agreements and other legal instruments has been a major drawback. It is therefore important to come up with suggestions on how the next decade could better address this challenge.

A key challenge has been limited human and institutional capacity. The other key requirement is availability of means for implementation, which brings me to the important issue of Financing for transport infrastructure and trade facilitation.

Financing

Given today's challenging economic environment it is critical than ever before to put our attention to financing of transport infrastructure in both LLDCs and their transit neighbours in order to continue building on the progress that has been made over the past decade. Transport infrastructure demand is huge in all regions with LLDCs - And public

sector funding alone – already stretched by the demands of non-infrastructure spending – is not sufficient to meet this demand.

The World Bank and other multi-lateral and regional financial institutions; South-South cooperation; the development partners through ODA and Aid for trade and the private sector have made tremendous efforts towards meeting the infrastructure development needs. However more is required. The critical role of the private sector and public private partnerships today cannot be over-emphasized. Innovative sources of funding need to be explored. Ways of tapping into remittances need to be explored. There is need to share experiences on infrastructure bonds and other forms of financing that some regions have been able to successfully utilize.

LLDCs in the SDGs and the Post-2015 Development Agenda

The process of formulation of the post 2015 development agenda and the SDGs is currently underway and it is important to integrate the key development priorities of the LLDCs and ensure meaningful development outcomes. In particular the future Development Agenda should pay greater attention to the need for LLDCs to structurally transform the economies. We need a transformational agenda which creates jobs, develops infrastructures, raises productivity, improves competitiveness and promotes sustainable production and consumption. In addition, diversified productive capacity is essential for growth to be resilient.

Excellencies, Ladies and Gentlemen

In closing, I wish that today we will have inspiring discussions, share practical experiences, identify what worked well, what did not and suggest priorities on transport development and trade facilitation for the new development agenda for LLDCs. Priorities that can assist LLDCs to achieve a sustainable and inclusive economic growth that delivers decent jobs, accelerates poverty reduction and leads to the achievement of higher levels of wellbeing of their people.

For my part, I would like to assure you that the United Nations will remain a strong partner to enhancing transit transport development and trade facilitation to support the LLDCs.

I thank you for your kind attention.