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**United Nations Office of the High Representative for the Least
Developed Countries, Landlocked Developing Countries and
Small Island Developing States (UN-OHRLLS)**

Statement

by

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for the Least Developed Countries, Landlocked Developing
Countries and Small Island Developing States**

**at the High-Level International Workshop on “WTO
Agreement on Trade Facilitation: Implications for LLDCs”**

**2 June 2014
Ministry of Foreign Affairs of Mongolia Conference Hall
“Consensus” Peace Avenue -7a,
Ulaanbaatar, Mongolia,**

- Your Excellency, Mr. Luvsanvandan Bold, Minister for Foreign Affairs, of Mongolia,
- Your Excellency, Mr. Robert Sichinga, Minister of Commerce, Trade and Industry, Zambia,
- Ambassador of Zambia in New York,
- Ambassador of Paraguay in Geneva,
- Director from ESCAP
- UN Resident Coordinator, and representatives from UN and other organisations,
- Distinguished delegates from the Landlocked and Transit Developing Countries and Donor Countries,
- Representatives from several organisations from Mongolia and abroad,
- Ladies and Gentlemen,

At the outset, allow me to express my hearty thanks to the Government and People of Mongolia for the gracious hospitality extended to us and for the excellent arrangements made for hosting this event in this historic city. I wish to commend Mongolia's consistent support for and commitment to the cause of LLDCs, which is clearly reflected by your hosting of the Trade and Trade facilitation thematic meeting in 2007 during the preparatory process of the Mid-term Review of the Almaty Programme and your hosting of the International Think Tank for LLLDCs. This support is in line with your dedication to contribute to the purposes and principles of the United Nations to promote social progress and better standards of life in larger freedom.

Your Government's focus on connectivity through building infrastructure is well appreciated. With the successful linking up with the capitals of the two neighboring countries, we are happy to learn that you are building western

regional road corridor. Your joining CAREC has promoted collaboration to build better and efficient connectivity within a regional framework. Similarly, we are aware of your commitment to the diversification of economic activities and promotion of employment and sustainable management of resources. We appreciate the good progress you have made in many MDGs. United Nations and the country team here is happy to lend full support to your endeavors.

Let me now turn to the theme of the conference. Before doing that, I would like to welcome and express our thanks to Minister Robert Sichinga, of Zambia, for his country's able chairmanship of the Group of Landlocked Developing Countries at the global level and for his very important statement this morning. A word of appreciation is also due for Ambassador Kasese-Bota for shouldering that responsibility very effectively at the United Nations in New York. I also would like to commend Ambassador Martinez, Permanent Representative of Paraguay to the United Nations in Geneva, for his leadership in promoting the interests of landlocked developing countries as coordinator on trade and development matters in Geneva.

Let me also take this opportunity to thank the representatives from landlocked and transit developing countries and donor countries for accepting our invitation to participate in this meeting. My thanks also go to the representatives of UN system and other international organizations for their active involvement in this important meeting.

Inherent geographical difficulties, and poorly developed transport, communications and border management and inefficient logistics systems

hamper productivity growth and poverty reduction in all landlocked developing countries, irrespective of their location in Asia or Africa or Latin America. The Almaty Programme of Action was adopted in 2003 as the United Nations response to the growing need to address the special development challenges faced by LLDCs in a collective and focused manner at the global level.

Now the Government of Austria has generously offered to host the conference from 3 to 5 November this year in Vienna. This will be the Second UN Conference on LLDCs that will formulate a global development framework to support the needs of LLDCs for the next decade, based on renewed partnerships among landlocked and transit developing countries and their development partners.

As the Secretary General of the Conference, my office is working as the UN System-wide focal point for the Conference preparations. Let me now give you an overview of the status of preparation along the three tracks that the preparatory process is following: intergovernmental, inter-agency, and private sector tracks.

Under the intergovernmental track, the LLDCs prepared and submitted national reports on the implementation of the Almaty Programme of Action. Regional reviews were successfully held in 2013 in Vientiane, Addis Ababa and Asuncion. These events have provided substantive inputs for developing a new programme of action for LLDCs. Two sessions of the intergovernmental preparatory committee for the Conference will be held in June and October this year in New York. The main mandate of these meetings of the intergovernmental preparatory committee is to prepare the outcome document of the conference.

Under the UN inter-agency track, the Inter-Agency Consultative Group, comprised of key UN system, international, regional and other organizations have held a series of meetings to consult on the substantive and organizational preparations for the Conference. UN-OHRLLS and other UN system and international organizations have successfully organized fourteen pre-conference events focused on key developmental issues of crucial importance to the LLDCs. They were all issues of critical importance to LLDCs. They include, for example, international trade, trade facilitation and aid for trade, road and rail financing, the role of services, transport development, impacts of climate change, desertification, land degradation and drought, ICT development and connectivity. Similarly, my office organized a very comprehensive brainstorming meeting on the priorities for a new development agenda for the LLDCs and a retreat of New York-based Ambassadors to discuss the substantive elements of the outcome document. Thanks to the contributions of Mongolia, today's event is another pre-conference event being held in preparation for the conference.

Under the private sector track, there is a Steering Committee consisting of about 15 members drawn from the Chambers of Commerce, business sector, national and international investors from LLDCs, transit developing countries and donor countries, as well as representatives from international organizations. This committee has held regular consultations to build a common position and prepare substantive inputs. The private sector has also participated actively in all the preparatory events. The private sector track is also organising a high-level private sector forum that will be held on the side-lines of the conference in Vienna.

Excellencies, Ladies and Gentlemen,

I will now briefly highlight the importance of this meeting to the preparations for the conference. Tremendous efforts have been made, and some tangible progress has been achieved since the Almaty Programme of Action was adopted in 2003. Over the last 10 years, there has been steady and incremental support from development partners. Gains have been made in developing transit transport infrastructure and in enhancing trade facilitation. Landlocked and transit developing countries have undertaken some concrete actions to harmonize transport and transit policies. The LLDCs as a group have improved their share of world trade over the past decade – and by extension, their economic growth. The LLDCs have also made some advances on some aspects of social development such as primary education, gender parity in primary education, and representation of women in decision-making.

Despite this progress, much remains to be done. The disaggregate analysis of the situation in LLDCs gives us a sobering picture. LLDCs have not undergone the desired structural transformation, as shown by LLDCs' continued dependence on a few, unprocessed export commodities, with lack of competitiveness and constraints in productivity. This leaves them in an extremely vulnerable position in the face of persistent global crises. LLDCs are still beset by challenges such as joblessness, persistence of extreme poverty, economic informality and isolation, lack of efficient transit and transport infrastructure, declining productivity in agriculture, increased deindustrialization, and limited resilience to internal and external shocks, including from climate change, desertification, land degradation and drought.

As we prepare for the Vienna conference, it is clear that we have to come up with a development framework for LLDCs that can truly deliver and adequately address all these issues and help them achieve rapid economic growth that is inclusive and sustainable. Now is the time to identify such deliverables.

The major underlying structural constraint of the LLDCs is high trade transaction costs, which are at the core of the continued lack of competitiveness and marginalization of the LLDCs in the world economy. This underscores the crucial importance of trade facilitation measures for LLDCs and their coastal neighbours in order to ensure quicker, easier and less costly transactions for the LLDCs.

In this respect, the Trade Facilitation Agreement approved by WTO Members in December 2013 is potentially a major progress in this area. The agreement could yield benefits to LLDCs, as it seeks to drive customs efficiency, lower trade costs, and reduce delays at border crossing. It will improve transparency, consistency and predictability, which are the necessary ingredients for making trade flow faster and more efficient. The OECD analysis in 2013 which covered 133 countries revealed that full implementation of the Trade facilitation Agreement is estimated to reduce total trade cost by 14.5% for low income countries (includes 10 LLDCs), 15.5% for middle income countries (includes 9 LLDCs) and 13.2% for upper middle income countries (includes 4 LLDCs).

The Agreement has some innovative features with capacity building as a central pillar. Not only will developing countries be expected to implement the commitments, but they would also be provided with the necessary

capacity building to allow them to undertake implementation, where necessary. Thus the trade facilitation agreement offers the legal certainty that neighbours and trading partners of LLDCs will be expected to reach similar customs and border standards. Hence the agreement provides a means of improving the competitiveness of LLDCs and its effective ratification and implementation makes it an important deliverable on trade facilitation.

In this context, the main focus of this meeting is to enable us to fully understand the Trade Facilitation Agreement and its implications for LLDCs and how to effectively take advantage of the trade facilitation provisions available. We will have the opportunity to benefit from the knowledge of the trade facilitation experts from technical agencies such as the WTO, World Bank, International Trade Centre, World Customs Organisation, UNCTAD, UNESCAP, UNDP, International Think Tank, the private sector and from the LLDC coordinator on trade and development matters in Geneva.

Let me also highlight some of the other key issues that we are looking for in the LLDC conference. These priorities have come up repeatedly from the many pre-conference events, regional review meetings, national reports and other substantive inputs.

1. Investment in the critical transit transport infrastructure development and maintenance - including sea and airports, road and rail networks, is important at local, national, sub-regional and regional levels and will help close missing links, improve efficiencies, promote development corridors and interconnectivity of markets. Both soft and hard infrastructure, need

to be strengthened. Investment in the development and maintenance of energy and ICT infrastructure is also equally important.

2. Development and consolidation of smooth, efficient and speedy transit facilitation for LLDCs with full and effective collaboration of transit neighbors and development partners. Similarly, promotion of the accession to as well as effective implementation of the relevant international conventions will also go a long way towards that direction. This will help create a win-win situation.
3. Deepening of regional cooperation and integration has the potential to enhance competitiveness of LLDCs, improve their access to the seaports, increase their markets and maximize the benefits from globalization.
4. Building resilience of LLDCs to internal and external shocks resulting from the global economic and financial crises, conflicts, climate change and desertification.
5. Enhancing productive capacities, linking up the global value chain, value-addition, diversification, promoting the role of the private sector and promoting trade in services are critical to structurally transform the economies of the LLDCs.
6. A strong national strategy is important to develop and implement national policies, promote good governance, rule of law, a good regulatory framework, human resource development, together with strengthening of domestic resource mobilization, and sound macroeconomic policies.
7. Adequate means of implementation including ODA, Aid-for-trade, FDI, market access, capacity building support, transfer of technology, South-South and triangular cooperation is important for LLDCs to achieve sustainable and inclusive development. Innovative forms of international support are also crucial.

These are some of the priorities that have come up so far. I would like to emphasize here that strong linkages should be established between the LLDC conference and the Post 2015 Development Agenda. It is important that we fully integrate these development issues of LLDCs into the Post 2015 development agenda. If we make our work on the LLDC conference more relevant to the global processes, there is a strong likelihood of getting the necessary attention as well as international support for LLDCs through ODA, trade, investment and innovative financing.

Finally, I would like to emphasize here that the Conference in Vienna is a very important international event, taking place once every ten years. The Secretary-General places the LLDCs high on his agenda and he has confirmed that he will attend the Conference. I would like to invite all of your Governments to attend the Conference at the highest level possible. After all, it is for the LLDCs to show the leadership on these issues. That will prompt equally strong participation from transit and development partners. That will also help build robust, forward looking and comprehensive support measures for LLDCs.

Let me conclude by assuring you, that the United Nations as a whole and my Office in particular, will continue to support the efforts of the LLDCs toward that worthy and achievable goal of rapid, inclusive and sustainable economic growth and the eradication of poverty. We cannot have any excuse not to do so. People in the LLDCs deserve better with strong, forward looking and holistic development of their potentials in a sustainable manner, with renewed and strengthened regional and global partnership.

I thank you for your kind attention and I wish substantive and fruitful deliberations in the next two days here.