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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)**

Presentation

by

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

**Session 1: The development challenges of LLDCs and their
participation in international trade**

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

Excellencies,

Ladies and Gentlemen

I am particularly happy to be part of this panel that is highlighting the development challenges of landlocked developing countries and their participation in international trade.

I am going to give you a brief review of the economic and social development trends in landlocked developing countries and key achievements made on the priority areas of the Almaty Programme of Action, and the major outstanding challenges.

As highlighted in the Statements presented earlier, there has been increased economic growth that has been achieved by landlocked developing countries since the adoption of the Almaty Programme of Action in 2003. GDP growth rate for the LLDCs increased from 4.5% in 2002, to 6.3% in 2013.

However it is important to note that although an overall positive trend was achieved by landlocked developing countries as a group, there are very wide disparities across the countries – only 35% of the LLDCs have a GDP growth rate of more than 6% in 2013. Furthermore LLDCs remain relatively vulnerable to external shocks, and they have been negatively affected by the global financial and economic crisis in 2007 and some countries are yet to recover to the pre-crisis levels.

The high economic growth rates have neither translated to job-creation nor rapid reduction in extreme poverty. Although the average GDP per capita for the Group increased from US\$697 in 2003 to US\$ 1,423 in 2012; in 20 out of the 32 LLDCs the GDP per capita is still well below US\$ 1,000.

While there has been some positive developments with regard to the Human Development Index (HDI) in the last 10 years, 15 LLDCs are still in the lowest HDI ranking.

LLDCs have made some advances in net primary enrolment, gender parity in primary education, representation of women in decision-making, and in stemming the spread of HIV/AIDS. However there is still widespread poverty.

Landlocked developing countries are also vulnerable to climate change that is exacerbating desertification and land degradation.

Progress achieved on Priority area 1. Fundamental transit policy issues

The landlocked developing countries have increased harmonisation of transport and transit policies, laws, procedures and practices with transit countries. There has been increased establishment, adoption and implementation of regional and sub-regional agreements including the Intergovernmental Agreement on the Asian Highway and Railway Networks.

The Africa region is also developing an agreement for the Trans African Highway. In April African Ministers of Transport in April 2014 held a conference which endorsed the Trans-African Highway Agreement.

Some landlocked developing countries have developed supportive institutional framework for example, transport and trade facilitation bodies or coordination committees, and road funds.

Border facilities and procedures have been streamlined and harmonized leading to increased efficiency and fewer delays. For example: one stop border controls at Zambia – Zimbabwe, Chirundu Border, and at Malaba border, between Kenya and Uganda.

- These are trade facilitation initiatives that need to be scaled up or replicated.

According to the World Bank's doing Business Report 2014, the number of days that landlocked developing countries take to import has decreased from 57 in 2006 to 47 in 2014 and the number of days to export have reduced from 48 to 42 days over the same period.

- Although this is a major achievement, the number of days taken by landlocked developing countries to import and export is still almost **double** that of transit countries, 22 days to export and 27 days to import.
- Furthermore, transport costs for LLDCs remain high and have increased over the review period.

Even though relevant international, regional and sub-regional agreements and conventions have been established such as the TIR (1975), Harmonization of frontier controls of goods (1982), Contract for the International Carriage of Goods by Road (1956), the Revised Kyoto Customs Convention (1999);

- Ratification and effective implementation of relevant international conventions and regional and sub-regional agreements is slow.

Progress achieved on Priority area 2. Infrastructure development and maintenance

Progressive efforts have been made to develop and upgrade road and rail infrastructure and to foster the maintenance of the existing infrastructure at national, sub-regional and regional levels. For example there has been development and upgrading of both the Asian Highway and the Trans-Asian Railway networks. The Africa region is implementing the Programme for Infrastructure Development in Africa (PIDA). The South America region is implementing the Initiative for the Integration of Regional Infrastructure.

Dry ports are being established in all regions.

However despite the progress made under priority area 2, Physical infrastructure development is still inadequate and poses a major obstacle to the trade potential of LLDCs.

Progress achieved on Priority area 3. International trade and trade facilitation

Total trade (exports and imports) from landlocked developing countries grew from US\$93 billion in 2003 to US\$443 billion in 2013.

However when compared to world total trade – LLDCs account for a very low proportion of global exports of only 1.2%. This demonstrates the marginalisation of the LLDCs from the global markets.

Furthermore, only a few LLDCs account for 60% of the total exports.

The Landlocked developing countries rely heavily on natural resources and agricultural products for their exports making them highly vulnerable to commodity price volatility. It is very important that LLDCs diversify their export base.

Many Landlocked developing countries have low productive capacity and this limits them from adding value to their exports or diversifying their exports.

In terms of accession to WTO, the review period has witnessed the accession of – Nepal, Lao PDR, and Tajikistan.

Progress achieved on Priority area 4. International support measures

In current terms, Official Development Assistance (ODA) disbursements to LLDCs more than doubled - from US\$ 12.2 billion in 2003 to US\$ 25.9 billion in 2012. ODA accounts for more than 20% of central Government expenditure in 16 LLDCs.

Aid-for-Trade disbursements to LLDCs have grown strongly, from US\$ 3.5 billion in 2006, to over US\$ 5.9 billion in 2012. Aid for trade has helped improve trade facilitation and trade related infrastructure.

Support from the UN system and other international and regional organisations has increased at global, regional and national levels. The major support provided include: advocacy and resource mobilization, capacity building – trade negotiations, customs reforms and border cross management, technical assistance in the areas of needs assessments for Aid-for-Trade, trade and trade facilitation, infrastructure development, capacity building and commissioning of specific studies.

Excellencies, ladies and gentlemen

These are the main developments since the Almaty Programme was agreed upon in 2003.

As way forward, these challenges constitute some of the important issues to be addressed as we discuss today and tomorrow in preparation for the upcoming Second United Nations Conference to be held in November in Vienna, Austria. The Trade Facilitation Agreement has the potential to address many of the fundamental transit policy issues that affect exports and imports of the landlocked developing countries. The recommendations that we will come up with from this workshop will be crucial to the development of a comprehensive development framework for the next decade that can address these special needs of the landlocked developing countries, based on scaled-up partnerships and enhanced international support.

Thank you for your kind attention.