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# The development challenges of LLDCs and their participation in international trade

Trade Facilitation and beyond...

*Ambassador Juan Esteban Aguirre*



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## 1. The Trade facilitation Agreement

**What the TFA offers to LLDCs to improve transit conditions?**



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Transparency

Opportunity to comment on neighbors  
new policies and regulations

Customs Cooperation, exchange of information

Transit AO  
Scheme

One-stop border  
posts

Introduced the  
concept of  
"disguised  
restriction on  
traffic in transit"

Advance filing of  
documentation

Reducing  
requirement at  
entry points

More convenient  
guarantees regimes

No TBT to goods  
in transit

Free circulation of  
goods in transit

Prompt termination



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And... of course

Technical Assistance for Capacity Building



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**Do all LLDCs face the same trading problems?**



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**Definitely NOT,  
but they share some common difficulties...**



## Endogenous Factors

- Infrastructure constrains
- Lack of ICTs tools
- Limited public goods provided
- Institutional bottlenecks
- Market competition problems
- Landlocked Mindset

## Exogenous Factors

- Infrastructure constrains in neighbor countries
- Additional border crossing costs
- Higher transportation costs
- Lack of access to sea ports and remoteness from major markets
- Dependency on transit countries...



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**Endogenous  
Factors**

**Exogenous  
Factors**



High export concentration

Low value added of exports

More vulnerability to the volatility  
of international prices

Low level of inflow of export  
oriented FDI's

Assymmetric interdependence to  
neighbor countries





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When those factors turn into facts...



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## LLDCs today:

- Accounts for only 1,2% of the world trade
- Represents only 2/3 of the trade volume of their neighbor countries
- Are twice costly than coastal economies for trading goods.
- Trading from or to LLDCs takes in average a double time than in transit countries.
- The manufacturing value addition is only a half of transit countries



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What LLDCs can do to overcome that?



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Inmediately...



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**GOBIERNO NACIONAL**  
Construyendo Juntos Un Nuevo Rumbo

## Implement the Trade Facilitation Agreement



## Strengthen the Group participation in Geneva

## Expand the scope of the APOA





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# 1. The Trade facilitation Agreement

- **Category A Notification**
- **Internal implementation**
- **Work jointly with transit countries and donors**



## **2. Enhance LLDCs participation in Geneva**

- Look for an Special Recognition of the Group in the WTO: a Working Programme for LLDCs.
- Enhance participation and coordinación in UNCTAD activities (G77, MYEM, etc)
- Be more involved as a Group in the International Trade Center activities
- World Economic Forum and other relevant international fora.



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## Expand the scope of the APOA

Services

Environmental issues

Regional Value  
Chains

Aid for trade





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In the medium and long run...



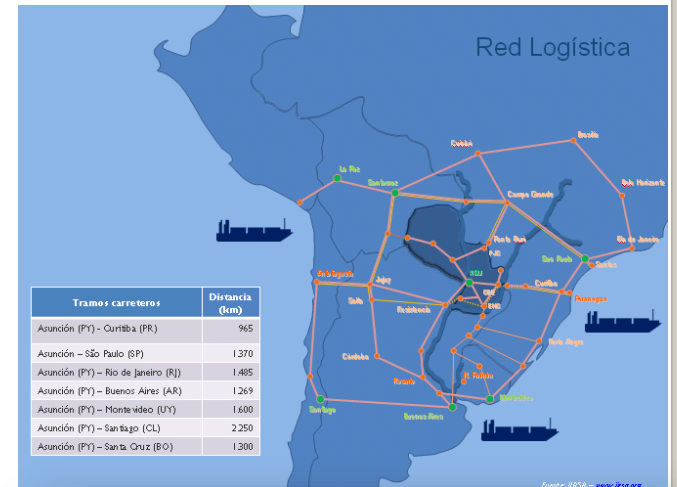
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## Transport and Trade Facilitation reforms

Enhance regional integration

Enhance productive capacities, value addition, diversification and reduction of dependency on commodities





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## Final Remarks

- Implement the Trade Facilitation Agreement is esencial but it is just the beginning...
- Geneva plays a key role in our development prospect and plans.
- The APOA shall be broader and ambitious



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# **маш их баярлалаа**

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