ITC DEPUTY EXECUTIVE DIRECTOR

HARNESSING INTERNATIONAL TRADE AND INVESTMENT OPPORTUNITIES FOR LLDCS’ DEVELOPMENT

LLDC II CONFERENCE
05 NOVEMBER 2014
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DOROTHY TEMBO
DEPUTY EXECUTIVE DIRECTOR
Excellencies and Distinguished Delegates,

It is a pleasure to be with you today to collaborate on a forward-looking and results focused programme on transforming the notion of land-locked into one on land-linked. Changing the debate into one from challenges to one around opportunities - including contributing to the current discussion for the post 2015 Agenda.

For ITC this means continuing to increase our focus on how we can connect LLDCs to markets and create business opportunities SMEs on these economies. A fundamental component of this is creating opportunities for developing the economic empowerment of women and job creation for youth.

Trade, and in particular SME development, is a powerful engine for sustainable growth and job creation. This is why ITC, which is celebrating its 50th in 2015 is dedicated to work for SME internationalization and competitiveness for sustainable development.

To that end I would like to underline two central points:
Importance of regional integration as well as South-South cooperation especially for landlocked developing countries in Sub-Saharan Africa.

And two, the role of Aid for Trade as a connector and enabler between the private sector and trade-related capacity building.

ITC is a 100% Aid for Trade joint UN and WTO Organization where LDCs, LLDCs and SIDS represent where we focus the greatest amount of our interventions. In 2013 69% of our spending was in activities in these countries.

LLDCs have particular constraints. But technological change and innovations in transportation are helping to overcome these factors. With the increasing role of services in manufactured trade, investment in people-skills upgrade and investment in an effective business and regulatory environment are two fundamental policy areas where LLDCs must focus and where ITC can be your partner.

During the 10-year period of implementation of the Almaty Program of Action (APoA), ITC has actively worked with LLDCs especially in the
areas of WTO accession and NTMs and increasingly in trade facilitation and services.

In line with priority 3, paragraph 37 of the APoA on international trade and trade facilitation, ITC supports LLDCs in their efforts on WTO accession. The accession has direct and tangible implications for the business community as WTO agreements shape the international and national trading environment in which enterprises operate. ITC builds the private sector understanding and facilitates partnership dialogue with the public sector to take advantage of WTO membership.

An example of this is our work in Lao People’s Democratic Republic and Tajikistan. ITC provided support for Lao’s and Tajikistan’s accession by focusing on bringing the private sector actively into the WTO process and, following accession, on assisting SMEs to exploit new market opportunities offered by WTO membership.

On Non-tariff measures we continue to deepen our interventions. NTMs represent significant obstacle to trade for many developing countries especially for LLDCs. They include, among others, a variety of regulations on imports and exports such as technical requirements,
rules of origin or quotas. The NTMs limit the ability of exporters and importers to fully integrate into the international trade system.

Through its programme on NTMs, ITC has worked over 30 developing countries including various LLDCs such as Burkina Faso, Kazakhstan, Malawi and Rwanda, to identify and tackle the obstacles to trade as a first step to improving the business environment.

ITC works to increase competitiveness and internationalisation of SMEs in LLDCs. A strong strategic partnership with the EIF has also been an important platform to build productive capacities. In close collaboration with EIF partners- UNDP, UNIDO, UNCTAD, and WTO ITC has implemented projects to boost exports for poverty reduction and employment generation in LLDCs, such as Chad, Lesotho, Malawi, Uganda and Burkina Faso. This will continue as ITC remains a key partner for the EIF.

Exploiting the opportunities existent in South-South Cooperation is also an avenue for increased work. ITC is working with China, India, Brazil and Turkey to facilitate the transferral of know-how; better linking of investment opportunities and market opening; and helping LLDCs and
LDCs benefit from this transformed trade landscape dominated by value chains.

New opportunities need to be explored by the international community to support the sustained economic growth and sustainable development of LLDCs. ITC believes that a post-2015 development agenda should give particular attention to LLDCs. The challenges have meant that many LLDCs are amongst the most vulnerable economies. Anchoring the special needs of LLDCs, particularly those related to trade development, in a post-2015 MDG planning process will help focus international attention and help ensure a coordinated response. This has to be coupled by strong national ownership and better collaboration amongst Aid for Trade donors to ensure resources are used effectively and in the interest of LLDCs.

The new Vienna Plan of action should take its focus from the specific challenges facing the private sector in LLDCs and mobilize its capacities for achieving sustainable economic development goals. Some priorities would include addressing non-tariff barriers to trade (1), trade transaction costs (2), low productive capacities (3), as well as enabling trade in services (4).
Recommendation 1: Address non-tariff barriers to trade

Based on the work that has been undertaken by the different players the ITC’s SME survey methodology. The private sector in LLDCs is seriously affected by non-tariff barriers and procedural obstacles. Rules of origin and technical measures (the requirements as such and the associated conformity assessments) as well as pre-shipment inspection and other customs formalities account for a large part of the NTMs identified as burdensome by exporters. This points to the necessity of enhancing the transparency of procedures, the capacities of enterprises to meet international standards and enhancing trade facilitation procedures.

Recommendation 2: Trade facilitation

Effective trade facilitation is critical for all countries but especially so for landlocked countries as it can be an engine for boosting their small and medium enterprises (SMEs) competitiveness. In light of the WTO Trade Facilitation Agreement, the new programme of action for LLDCs should place the role of the private sector at the centre. It should call for action to assist businesses to manage cross-border operations efficiently, thus contributing to exporter’s competitiveness.
Recommendation 3: Building productive capacities given the social and economic challenges facing LLDCs, it is recommended to focus the call for action on building productive capacities and trade promotion to facilitate economic diversification and employment creation. This would also allow LLDCs to take greater advantage of existing benefits from regional integration and free trade agreements.

Recommendation 4: Enabling trade in services: Efficient services such as air-transport and telecommunication play an important role in helping the private sector in LLDCs effectively link with international markets. Services has a huge potential in contributing to diversification of LLDC economies adding value to export and need to be considered not only as an enabler but as a sector in itself full of opportunity. However, trade in these key facilitating services is often highly restricted. A key priority for a new programme of action for LLDCs should include building an enabling policy environment for trade in services. Since trade in services in areas such as information and communication technologies - ICT, education and construction is of economic importance in several LLDCs, but still very limited, the new framework should call for assistance to develop and increase their
exports as they are less sensitive to constraints related to transport and distance.

I thank you for your attention

Dorothy Tembo,