

Strengthening Trade Competitiveness in times of global economic crisis – Challenges faced by LLDCs

Third Meeting of Trade Ministers of Landlocked Developing Countries Ezulwini, Swaziland, 21-22 October 2009

Annotated Agenda

Setting

The Third Meeting of Trade Ministers of Landlocked Developing Countries will take place at a time of an unprecedented economic crisis, which has spared no region or country. All major developed countries have gone through a period of severe recession, and economic growth of the most dynamic developing countries has slowed significantly. Even countries that are marginalized in the international economy, such as most LLDCs, are not de-linked from global events. It is certainly true that the combined shares of these countries in global trade and FDI flows are very low. But their marginalization in the world economy is associated with high levels of trade integration and high levels of dependence on external financial flows, particularly aid, FDI and remittances, which accelerated the transmission of the crisis effects to LLDCs.

It is against this background that the Third Meeting of Trade Ministers of Landlocked Developing Countries is convened under the theme "*Strengthening Trade Competitiveness in times of global economic crisis – Challenges faced by LLDCs*". Trade ministers and senior government officials from LLDCs will take stock of the achievements reached since the Ministerial Meeting in Ulaanbaatar in 2007 and discuss policies and measures on how to tackle best the challenges facing LLDCs in their efforts to reap more benefits from international trade.

Session 1: The impact of the global economic crisis on the economies of LLDCs

The Global economic crisis has affected developed and developing countries including LLDCs. The crisis still continues. Developed countries suffer a deep recession, affecting global demand, investment and employment. The effects of the crisis have been transmitted to developing countries, slowing down their economic growth due to, inter alia, diminished exports.

Mr. Cheick Sidi Diarra, Under-Secretary and High Representative for the Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States. UN-OHRLLS, will present the key findings of the report "*The impact of the Global Financial and Economic crises on the development prospects of the LLDCs*". The study deals with the implications of landlockedness on development, the crisis transmission to developing countries, and the vulnerabilities of landlocked countries. Moreover, it also addresses the mitigation and the protection of development objectives, the access to credit as well as the assistance programs of international financial institutions.

This session will deliberate the profound and diverse impacts of the global economic crisis on the economies of the LLDCs, in particular on their export sectors. There are different challenges that the LLDCs will have to face as a consequence of the crises. In this regard, the discussions will also aim at identifying possible policy responses by both the LLDC governments and their development partners to adjust the national economies to the changing external economic environment.

Session 2: Policies and measures to improve the trade efficiency of LLDCs

LLDCs have to take actions to minimize the impact of the global economic crisis on their economies. Landlocked countries face additional difficulties due to their geographical position and remoteness from the main global trade interfaces: sea ports. The lack of territorial access to the sea, the remoteness from world markets, the lack of infrastructure, the geographical isolation have a direct consequence higher transaction costs in international trade, including high transit and transport costs, but also costs related to a low degree of reliability and predictability of merchandise shipments, that burden the LLDC and diminish their international competitiveness.

For this reason, LLDCs have to apply policies and take measures to improve trade efficiency in order to be more competitive as well as to integrate more efficiently in the international trading system.

Improving trade efficiency implies a broad scope of trade facilitation issues to be addressed. Key are issues such as the simplification, harmonisation, standardisation and modernisation of trade procedures which help to reduce transaction costs in international trade, especially those between business and government actors at trans-border border crossings. To accomplish this goal, countries need to improve their infrastructure, modernize their customs and broaden access to information technology.

However, transport costs and delays are only one part of the LLDCs problems. The LLDCs must diversify their production and strengthen their productive capacity.

This session discuss policies and measures that help reduce transactions costs incurred by LLDCs in moving goods across frontiers as well as obstacles to trade in order to analyze how to improve the competitiveness of LLDCs.

Presentation on the Think Tank of LLDCs:

At the Ulanbaatar Meeting, it was decided to establish an international think-tank devoted to the specific problems of landlocked developing countries. The think-tank was inaugurated in Ulaanbaatar on 27 July 2009 in the presence of the UN Secretary-General.

The main objective of the think-tank is to enhance the analytical capability of landlocked developing countries and provide home-grown research to cater for our specific needs, maximize our coordinated efforts for the full and effective implementation of the Almaty Programme of Action and the Millennium Development Goals. The Delegation of

Mongolia will provide further information on the operation of the Think-Tank and answer related questions.

Session 3: Mobilization of resources for improving the trade competitiveness of LLDCs

In the context of the current crisis, attracting resources for improving their trade competitiveness will be more than ever a formidable challenge for most LLDCs. There is a real danger that, along with trade and remittances, aid will also fall as developed countries struggle to balance their national budgets. FDI has for years bypassed most LLDCs, and with the drop in prices for commodities, even fuel and mineral exporting LLDCs have become less attractive for private capital.

Session Three will address the question how LLDCs can have better access to financial resources for the external sector through initiatives such as Aid for Trade, attract more FDI inflows and improve trade financing.

Aid for Trade aims to help developing countries, including landlocked ones, to develop the trade-related skills and to build infrastructure that is needed to implement and benefit from WTO agreements and to expand their trade. The success of the initiative depends on creating closer cooperation among and between trade, finance and development officials of WTO member governments, both at national and international levels. This needs to be matched by close cooperation at the international and regional levels among intergovernmental organisations with core responsibilities in these areas and their member governments

Delegations will have the opportunity to learn about resources and cooperation projects undertaken by international organizations, regional banks and bilateral donors. Delegation will also be able as to ask questions or give their own considerations of the issue.

Session 4: Way forward

Session Four will provide an opportunity to look ahead at forthcoming issues that are of particular interest to LLDCs, such as future developments in the context of the multilateral trade negotiations and the second half of the implementation of the Almaty Programme of Action on the trade competitiveness of LLDCs. This session will also wrap up the deliberations of the preceding sessions and express the consensus found on the issues discussed in the Ezulwini Declaration.

The first part of the session will be devoted to a report on the implementation of the Almaty Program of Action and the way forward. The Almaty Program of Action, adopted in 2003, promotes partnerships to overcome the specific problems of the landlocked developing countries. The Midterm review of the Almaty Program of Action held in October 2008, took stock of the progress achieved so far and shed light at the challenges ahead.

The second part of the session will be devoted to a discussion of the current situation of the Doha Round Negotiations. A report about the state of the negotiations will be

presented, which will be commented by a developed country (Switzerland) and a LLDC (Lesotho). Delegations will have the opportunity to express their own view with regard to the negotiations.

The meeting will end with the adoption of the Ezulwini Declaration.