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Statement

by

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**for the Least Developed Countries, Landlocked Developing Countries
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at the

**Introduction of the report of the Secretary-General on the implementation of
the Vienna Programme of Action for the LLDCs to the General Assembly**

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**Excellencies,
Distinguished Delegates,**

I am pleased to introduce the first report of the Secretary-General on the implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024. This comprehensive development framework is a commitment of the international community to help the world's 32 LLDCs tackle landlockedness through structural economic transformation, harnessing benefits from international trade, and the development and maintenance of efficient transport and transit systems.

The Vienna Programme of Action is centered around six priority areas namely: fundamental transit policy issues; infrastructure development and maintenance; international trade and trade facilitation; regional integration and cooperation; structural economic transformation; and means of implementation. It is important for us to remind ourselves that two priorities, regional integration and structural economic transformation, represent substantial revolution from the Almaty Programme of Action (APoA).

Recalling that this Programme of Action was adopted by the General Assembly just last December, the current report covers the first part of 2015. Generally speaking, the report considers progress in the implementation of the six priority areas, along with socioeconomic development that is being observed across the 32 countries.

Excellencies,

LLDCs witnessed a solid average GDP growth rate of 6.6 per cent last year - which was significantly higher than 5.9 per cent the year before. In fact, one-third of LLDCs had growth rates of above 7 per cent which - if sustained and are made inclusive – would be critical in their efforts to eliminate poverty.

Looking ahead, plummeting global fuel prices, currency devaluations and fluctuations, and economic slowdown in some major global markets and sectors are expected to negatively impact LLDCs, especially those with greater reliance on primary commodities and minerals, including hydrocarbons.

The need to urgently return to peace and stability in a number of LLDCs would be crucial in consolidating and securing development gains.

A number of LLDCs have also experienced, in recent years, a healthy and steady growth in per capita incomes. It is also true that a number of LLDCs, such as Ethiopia, Rwanda, Laos and Bhutan are routinely ranked among the star performing economies.

Regrettably, the report also highlights persistent economic challenges.

For instance:

Real GDP per capita in 16 countries remains well below \$ 1,100; eight of the 15 countries with the lowest Human Development Index are LLDCs; and the share of LLDCs' global merchandise trade has remained flat at 1.2 per cent.

This insufficient trade performance highlights the unmet potential that needs to be exploited. Effective participation in international trade has implications on sustainable development, employment, value-addition and manufacturing, as well as a strong bearing on productivity and poverty eradication efforts.

Excellencies,

Allow me now to highlight specific findings that this report contains on each of the six priority areas, starting with the fundamental transit policy issues.

This remains a crucial issue to many LLDCs since many of them do not enjoy smooth and unhindered access and flow of good to and from the sea. Effective implementation of the Vienna Programme of Action on this front is critical for the overall progress in LLDCs. This report also states that several initiatives are underway to speed up the movement of goods and people along transit corridors. These initiatives include one-stop border posts, electronic single-window facilities, and the use of permits for transit, TIR carnets, and Automated System for Customs Data.

With cargo moving more than 600 km per 24 hours, LLDCs in the Central Asia Economic Cooperation have already achieved one of the key targets of this priority.

A majority of LLDCs are keen to explore the benefits that stem from accession to and ratification of all international legal instruments, including

multilateral and bilateral Agreements. It is for this reason that several LLDCs have recently completed negotiations to formally join the World Trade Organization. Furthermore, two LLDCs, Botswana and Niger, were among the first countries to ratify the 2013 WTO Trade Facilitation Agreement. I would like to emphasize that the cooperation of all transit countries and development partners on this issue is crucial to LLDCs.

On infrastructure development and maintenance, the report states that despite great effort to expand and upgrade their transport infrastructure, LLDCs still have poorer road networks compared with their transit neighbours. Since 2009, rail networks have been expanded in 7 countries, yet they have stagnated or shrank in 12 LLDCs.

On priority three, regarding international trade, the report observes that the steady expansion of merchandise exports from LLDCs has once again slowed down. In 2014, exports fell by 1.8 per cent, largely due to the prolonged sluggish growth and downward trending of commodity prices.

Furthermore, LLDCs still contribute a negligible share to the global merchandise trade, averaging just 1.2 per cent. Even then, two LLDCs captured half of the export earnings of the group in 2014. This indicates a continued marginalization of a large number of LLDCs from the global trading system.

Regarding priority 4 that covers regional integration, LLDCs participated, on average, in about 3.8 regional trade agreements. As of March 2015, LLDCs had signed an average of 20 bilateral investment agreements and seven other international investment agreements which shows their commitment to utilize FDI to spur inclusive growth and sustainable development.

A number of issues are apparent under priority 5 on structural economic transformation. For instance, the contribution of the agricultural sector is in steady decline, and the Group is also experiencing the slowing down of industries, for the contribution of manufacturing to GDP has fallen by 3 per cent since 2003.

This trend is extremely worrisome given the importance of rural development, food security and the critical role of manufacturing as an engine for economic growth and transformation.

Finally, priority 6 relates to the means of implementation. The report shows that the 2013 ODA flows to LLDCs increased slightly - but remained well below the 2010 level, of \$26.5 billion. Regrettably, FDI receipts fell by 11 per cent - marking the first time that FDI flows to LLDCs have fallen in two consecutive periods.

The international community needs to arrest this trend, given the critical role that FDI plays in building up and strengthening the productive capacity, export growth, technology transfer, the diffusion of productive know-how, managerial skills and capital, opening up of new markets among others.

Excellencies,

A roadmap for the successful implementation of the VPoA is in place, and a number of important intergovernmental activities have either been initiated or undertaken in support of LLDCs.

This report notes that the United Nations system is preparing, in close collaboration with the Member States, a set of indicators to inform national, regional and global follow-up and review processes related to the Vienna Programme of Action.

This past summer, the Government of Zambia generously hosted a high-level follow-up meeting to the second United Nations Conference on Landlocked Developing Countries. At the end of that meeting, representatives adopted the Livingstone Call for Action for the Accelerated Implementation of the Vienna Programme of Action for Landlocked Developing Countries which highlighted some urgent key measures and initiatives.

Effective implementation of the Vienna Programme of Action hinges on the ability to successfully mainstream it into national and sectoral development plans and into the programme work of multilateral organizations. The report identifies a number of initiatives that are being implemented by LLDCs and their transit neighbors. Furthermore, it urges all development partners to accord priority to LLDCs and mainstream VPoA into their overseas development portfolios.

Concerning the goal of turning landlocked countries into land-link economies, this report calls for concerted and dedicated efforts by LLDCs and their development partners. In particular, it underscores the need for a

close and enhanced collaboration between LLDCs, transit countries and development partners, including global multilateral institutions in all the six priority areas, so that they can reap the benefits of being linked with their neighbors.

Excellencies,

The Vienna Programme of Action for LLDCs was adopted ahead of the third UN Conference on Financing for Development, and the adoption of the 2030 Agenda for Sustainable Development. Regarding these three separate but interrelated processes, please allow me to briefly highlight the following issues.

1. The full realization of the Addis Ababa Action Agenda (AAAA) is extremely important to LLDCs. How and when the various elements of that document are implemented is of direct consequences to LLDCs and the success of their Programme of Action.
2. Agenda 2030 is complementary to the VPoA. With the support of their transit neighbors and development partners, LLDCs seek to implement the VPoA in order to address, in more concrete terms the challenges of landlockedness and isolation from global systems. On the other hand, the 2030 Agenda for Sustainable Development goes beyond that, and comprehensively aims at growing economies in a balanced and sustainable manner, ending poverty while at the same time protecting our life-supporting environment.
3. We recognize the need to identify and exploit synergy between Agenda 2030 and the VPoA, and also ensuring that the Addis Ababa Action Agenda delivers on its promises.

In conclusion, I would like to observe that there is no doubt that LLDCs remain greatly disadvantaged due to their special needs and challenges. Early indicators suggest strong commitment and political willingness to diversify LLDCs economies and undertake measures that would lead to rapid, inclusive and sustained growth and development. Implemented in a coherent manner, both VPoA and the Sustainable Development Goals will no doubt make this possible.

I thank you