Statement

by

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at the SIDE EVENT held in the margins of the 9th Joint AUC-ECA Annual Meetings of the AU Conference of Ministers of the Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development

Enhancing Africa’s trade potential: The key role of trade and transport facilitation legal instruments

Sunday 3 April 2016
15.00 hrs to 17:00 hrs
Caucus Room 11, the United Nations Conference Centre, ECA
Addis Ababa, Ethiopia
Thank you Moderator.

- H.E. Hon. Francis Mokoto Hloaele, Minister of Development Planning, Lesotho
- H. E. Ms. Fatima Haram Acyl, Commissioner for Trade and Industry, African Union Commission
- Senator Olubunmi Adetunmbi
- Fellow Panellists
- Ladies and Gentlemen

It is an honour and pleasure for me to be here and to jointly host this side event with the Economic Commission for Africa, the IRU and the UN Economic Commission for Europe who could not be physically here.

My Office is highly appreciative of the support and partnership from the Economic Commission for Africa (ECA) and I would like to express my heartfelt thanks to them for this excellent partnership.

I would like to thank all of you who are here today for the great interest that you have shown in this important meeting.

Excellencies, Ladies and Gentlemen

The African continent is on the rise because of the immense potential that it has. According to ECA’s estimates, Africa’s real GDP growth is expected to increase by about 4.3 per cent this year and 4.4 per cent in 2017 and that the growth continues to be driven by strong domestic demand and investment, better macroeconomic management, buoyant services sector and increasing trade and investment ties within Africa, and between Africa and emerging economies. Commitment on the ground and leadership and ownership of development in Africa needs to
be equally supported by robust cooperation and conducive global development framework.

It is also very encouraging that Africa has also made great strides on regional integration. Africa’s launch of the African Tripartite Free Trade Agreement that includes notably includes COMESA (Common Market for Eastern and Southern Africa); SADC (Southern African Development Community) and the EAC (East African Community) creating a large trading block with 26 out of the 54 African countries. Africa is also making major steps towards establishing a Continental Free Trade Area which will further deepen African integration. Regional integration and cooperation is very important for the development of landlocked developing countries through improved connectivity, enhanced competitiveness and trading capacity, market expansion and upgrading of the value chains.

Africa is home to half of the 32 landlocked developing countries found globally. The LLDCs have major constraints associated with their geography, including remoteness from markets and lack of direct territorial access to the sea ports. Because of these challenges, the LLDCs are not able to fully harness their full potentials to support their sustainable development efforts. They therefore require very strong partnerships with neighbouring countries and other countries globally to assist with special measures and support that could assist them to end their marginalization in the international trading system and promote inclusive and sustainable development.

In November 2014 in Vienna, at the end of the Second United Nations Conference on the LLDCs, the Vienna Programme of Action for the
Landlocked Developing Countries was agreed upon by the international community as a development blueprint for LLDCs for the period 2014-2024 and as a successor programme of the Almaty Programme of Action. The VPoA addresses the challenges that the LLDCs face that are linked to their landlockedness and the need to structurally transform the poor productive capacities.

Effective implementation of the VPoA’s six priority areas namely: 1) Fundamental transit Policy Issues, (2) Infrastructure Development and Maintenance, (3) International Trade and Trade Facilitation, (4) Regional Integration and Cooperation, (5) Structural Economic Transformation, and (6) Means of Implementation will help to achieve rapid, inclusive and sustained economic growth along with poverty reduction for the more than 470 million people in the 32 LLDCs.

Excellencies, Ladies and Gentlemen

World leaders last year adopted the 2030 Agenda for Sustainable Development and reaffirmed that international trade remains an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development. The 2030 Agenda supports the implementation of the Vienna Programme of Action and acknowledges that each country faces specific challenges in its pursuit of sustainable development in particular the most vulnerable countries including the LLDCs and stressed that they deserve special attention.

Likewise, the Addis Ababa Action Agenda stresses the need to address the special challenges and needs of LLDCs in structurally transforming their economies, harnessing benefits from international trade, and
developing efficient transport and transit systems. Overall, the Vienna Programme of Action is integral to the 2030 Agenda and the Addis Ababa Action Agenda and the full and effective implementation of the VPoA will contribute to the effective implementation of the 2030 Agenda.

At the regional level, Africa’s Agenda 2063 stresses the importance of trade in achieving sustainable development. It notes that the world-class infrastructure accompanied by trade facilitation is important for the growth of intra-African trade and for increasing the African share of global trade. These aspirations are very similar to those of the VPoA. Achievement of these aspirations need improved cooperation between the countries in the region to further enhance transport infrastructure and trade facilitation through effective implementation of supportive legal instruments.

The trade of African LLDCs is much lower when compared to the region’s total trade. This is partly because of the high trade costs which are twice that of the coastal countries and these costs have been increasing over time.

Excellencies, Distinguished Delegates, Ladies and Gentlemen,

Addressing the trade-related challenges of the LLDCs requires a multi-dimensional approach from building physical infrastructure to reducing the trade costs; addressing other supply-side constraints in order to increase the LLDCs’ trade competitiveness; improving the market access for their products; and enhancing structural transformation in order to help diversify their product and markets.
Today I wish to underscore the importance of a legal framework for improved transit transport and trade facilitation and its great potential to reduce the high trade costs. The VPoA stresses the importance of a legal framework to promote harmonization, simplification and standardization of rules and documentation to facilitate trade and for the improvement and maintenance of infrastructure connectivity. While the African continent has made very commendable strides in implementing regional and sub-regional agreements, it is equally important to implement the international agreements.

Some of the key legal instruments that offer legal and regulatory framework to facilitate transit transport and trade facilitation at international level include the WTO Trade Facilitation Agreement, the Revised Kyoto Customs Convention the International Convention on the Harmonization of Frontier Controls of Goods, the Customs Convention on the International Transport of Goods under Cover of TIR Carnets, and the International Convention on the Harmonization of Frontier Controls of Goods.

For example, the WTO Trade Facilitation Agreement aims at further expediting the movement, release and clearance of goods, including goods in transit and thereby significantly cut the costs of trade. The 2015 WTO’s World Trade Report shows that full implementation of the TFA could reduce trade costs of members by an average of 14.5% and increase global GDP growth up to 0.5 percentage points per annum. The report also notes that implementation of the TFA can help developing countries like the LLDCs to diversify their economies — in terms of both exported products and markets reached and can also enhance their participation in
global value chains. Early ratification and subsequent implementation of the WTO Trade Facilitation Agreement is very important.

Last year OHRLLS undertook regional studies and prepared regional reports for Latin America, Euro-Asia and Africa and a synthesized global report on Improving Transit Cooperation, Trade and Trade Facilitation for the Benefit of the LLDCs. In a meeting to discuss these reports it was clear that some conventions such as the TIR Convention had yielded benefits in the European and Asian regions. The discussions in the meeting noted that it is important for all countries to seriously consider becoming party to the international conventions that have proved to enhance trade in other regions of the world.

I hope that in our discussions today, we will share information on successful experiences, practices and lessons learned from the implementation of international conventions in other regions. Full implementation of the legal instruments can generate substantial revenue for governments and simultaneously create the conditions to advance national and regional efforts toward achievement of the Sustainable Development Goals and aspirations of the Agenda 2063.

I therefore wish to invite you to actively participate in this year’s treaty event which will be led by the Treaty Section of the UN Office of Legal Affairs and held in New York in the sidelines of the 71st Session of the General Assembly from 20 to 23 September 2016. The Event will feature some of the key United Nations Conventions on transport and trade facilitation.
Excellencies, Ladies and Gentlemen

Let me conclude by expressing OHRLLS’s full commitment to working with all Member States to support the achievement of a legal framework that is conducive to deepened regional integration, facilitation of trade and improved trade competitiveness of African countries in particular the LLDCs in international trade. This can help the LLDCs to achieve a sustainable and inclusive economic growth that delivers decent jobs, accelerates poverty reduction and leads to the achievement of higher levels of wellbeing of their people on a sustained and sustainable basis and can ensure that they are not left behind in the global development process.

I thank you for your attention.