Statement

by

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at the Seminar on the Importance of Key Trade and Transport Conventions

10:00-13:00
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Conference Room 1, UNHQ
Excellencies,
Distinguished delegates,
Colleagues,

It is an honour and pleasure for me to welcome you to the seminar on the Importance of Key Trade and Transport Conventions, jointly organized by my office UN-OHRLLS, International Road Transport Union and UN Economic Commission for Europe.

My Office is highly appreciative of the support and partnership with the IRU and UN ECE and I would like to express my thanks to the presenters for making themselves available today.

The 32 landlocked developing countries face major constraints associated with their geographical location, including remoteness from markets and lack of direct territorial access to the sea. Because of these challenges, LLDCs are not able to completely harness their full potentials to support their sustainable development efforts. They therefore require very strong partnerships with neighbouring countries and support from development partners globally in order to end their marginalization from the international trading system and to promote inclusive and sustainable development.

You are all aware that 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 the development blueprint for LLDCs for the period 2014-2024.
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.

The issues of trade and transport, as well as the need to address the special challenges of the LLDCs have also been acknowledged in the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda. Both acknowledge that international trade is an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development. Economic growth, energy, infrastructure and industrialization are now part of the global agenda. The Addis Ababa Action Agenda also recognized that technical assistance and improvement of trade- and transit-related logistics are crucial for LLDCs to participate in and benefit from multilateral trade negotiations, effectively implement policies and regulations aimed at facilitating transport and trade, and diversify their exports. Overall, the Vienna Programme of Action is seen as integral to the achievement of 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 SDGs.

Excellencies, Ladies and Gentlemen,

I was mentioning earlier that the marginalization is a key challenge. LLDCs represent only 1.2 per cent of international trade. They pay more
than twice the cost to export and import a standardized cargo container than their transit neighbours and these costs have increased significantly over time. For example, LLDCs paid on average over $3400 to export a container in 2004, 56 per cent more than in 2005, while transit developing countries paid only 27 per cent more to export than in 2005. Border inefficiencies alone are estimated to cost twice the amount of tariffs and are estimated to account for 75 per cent of delays in transport. It is estimated that the removal of those inefficiencies could increase global trade by as much as US$ 1 trillion and create as many as 21 million jobs worldwide.

Excellencies, Distinguished Delegates, Ladies and Gentlemen,

Addressing these transit and trade-related challenges of the LLDCs requires a multi-dimensional approach that includes reducing the trade times and costs, streamlining cross-border trade and building infrastructure. Today we will talk about the importance of the legal framework for improved transit transport and trade facilitation. Besides building physical infrastructure and connectivity, the effective implementation of a conducive legal framework is a prerequisite to reducing the high costs of trade and improving the export competitiveness of LLDCs.

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. The VPoA also calls for effective co-operation of LLDCs and transit developing countries and
promotion of an enabling legal environment on mutually beneficial basis for making transit transport and trade efficient and effective.

These actions 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.

There are a number of international conventions that offer a legal and regulatory framework to facilitate transit transport and trade at the international level. These include for example 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, the Customs Convention of Containers and the Revised Kyoto Customs Convention. The WTO Trade Facilitation Agreement is an important framework for trade facilitation.

Being a party to these conventions can yield far-reaching benefits. 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 OECD and WTO have estimated that full implementation of the Agreement could reduce trade costs by between 12.5 and 17.5 per cent and increase global GDP growth up to 0.5 percentage points per annum. Early ratification and subsequent implementation of the WTO Trade Facilitation Agreement is therefore critical.
The TIR Convention is a valuable trade and transport facilitation instrument that allows for goods to cross borders under the TIR Carnet from the customs office of departure to the customs office of destination without intermediary checks. The TIR system thus greatly reduces delays at borders, resulting in lower costs of trade. An IRU study of the potential economic benefits of using the TIR in nine Asian countries revealed that implementing the TIR system can potentially result in savings amounting to up to 1.3 per cent of national GDP annually.

As another example, the Harmonization Convention aims at streamlining administrative procedures at borders and reducing the number and duration of controls carried out by customs authorities. It is one of the most broadly accepted legal foundations of coordinated border management, contributing to a better flow of goods in international transport, reducing border delays and leading to lower transport costs.

The Revised Kyoto Convention is an international agreement that provides a set of comprehensive Customs procedures to facilitate international trade. In particular, many of the measures of the Convention, such as electronic data customs systems, customs risk management systems and pre-arrival information, can lead to faster customs release times, lower trade costs and increased revenue.

However, despite their benefits, the ratification and effective implementation of these legal instruments remains low at the global level and particularly among the LLDCs and transit countries. It is important for all countries to seriously consider becoming party to the international conventions that have proved to enhance trade and transport. The more countries accede, the more widespread the benefits will be. Full
implementation of the legal instruments can generate substantial benefits for governments and simultaneously create the conditions to advance national and regional efforts toward achievement of the SDGs and the 2030 Sustainable Development Agenda.

We have prepared a background document that has been shared with you, which highlights the key international conventions to facilitate trade and transport and the benefits stemming from accession. I hope that you will thoroughly use this document to understand the various aspects of the conventions and their benefits and will transmit it to your capitals.

Today, we will hear a number of presenters that will share with us information on the concrete benefits of some of these conventions, particularly the Harmonization Convention, the TIR Convention and the Law of the Sea Convention. We will also hear about the formal steps for acceding to treaties and other treaty law aspects. I hope that we will also have a lively discussion following the presentations and that you will share experiences with the implementation of international conventions in various countries.

As a follow-up to this event, I 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 19 to 23 September 2016. The Event will highlight some of the key United Nations Conventions on transport and trade facilitation that we will discuss today.

In this connection, I would like to also call on you, LLDCs, to ratify the
Multilateral Agreement for the Establishment of an International Think Tank for Landlocked Developing Countries. The Agreement will come into force once 10 LLDCs ratify it. So far, only five LLDCs have ratified. I have recommended for the Multilateral Agreement on the Think Tank to be highlighted during the Treaty Event and therefore I would urge you to take this opportunity to accede and deposit your instrument of ratification or accession to this Agreement, as well as the other Conventions relating to transport and trade with the UN Secretary-General.

Excellencies, Ladies and Gentlemen,

Allow me to 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 facilitation of trade and improved transit transport for Landlocked Developing Countries. This will greatly contribute to accelerating economic growth and thus reducing poverty in LLDCs.

I thank you for your attention.