

## **Concept Note**

### **Importance of Efficient transit cooperation for the achievement of the SDGs by Landlocked Developing Countries**

**to be held in the side-lines of the WCO Global Transit Conference**

**11 July 2017, 13:10 – 14:45**

**Brussels, Belgium**

#### **1. Background**

Landlocked countries are not only faced with the challenge of long distance to the sea port, but are also faced with the challenges that result from dependence on passage through a sovereign transit country through which their export goods must pass in order to access international markets. In most cases, the transit neighbours of landlocked developing countries are themselves developing countries, often with broadly similar economic structures and beset by similar challenges such as inadequate transit transport infrastructure and cumbersome border crossing procedures. Other factors that affect transit include political relations with a transit neighbour as well as peace and stability. Due to these persistent transit challenges, the landlocked developing countries (LLDCs) take longer time and pay more than double compared to their coastal counterparts to reach the markets.

The high trade costs erode the competitive edge of the LLDCs as well as the trade volumes resulting in an enormous negative impact on their overall sustainable development. They are also not able to fully tap on the benefits of trade such as investment finance, technology and services needed to further improve productive capacity in agriculture, industry and services that are needed for structural transformation of economies.

Reducing the high costs and improving the export competitiveness of the LLDCs requires improving the “hard” physical infrastructure such as roads, railways and addressing the “soft” infrastructure that involves the transit issues between the LLDCs and the transit countries such as enhancing the legal framework; simplification of customs and border procedures; automation of processes; transparent and consistent fees and charges; harmonization of policies between the LLDCs and transit countries and between the institutions involved and the private sector. These measures would simplify procedures at the borders, cut down delays, ensure faster and more reliable transport, reduce the cost of trade and improve connectivity of LLDCs within their regions, as well as subsequently to global markets.

To address the challenges of the LLDCs, the international community adopted in 2014 the Vienna Programme of Action (VPoA) for LLDCs for the Decade 2014-2024. The VPoA offers a holistic approach to improving the integration of LLDCs into the global economy and identifies fundamental transit policy issues, infrastructure development, international trade and trade facilitation, regional integration, structural economic transformation and means of implementation as its key priority areas.

The 2030 Agenda for Sustainable Development underscores the importance of international trade as an engine for inclusive economic growth and poverty reduction, and an important means to achieve the Sustainable Development Goals (SDGs) and underscores that the VPoA is an integral part of the 2030 Agenda for Sustainable Development. The SDG framework

recommends through SDG 17 on means of implementation and partnerships - that certain actions should be taken at the global level to enhance global trade particularly in the developing countries. The 2030 Agenda acknowledges that the most vulnerable countries, including LLDCs deserve special attention and particularly emphasises the need for trade-related capacity-building and the promotion of regional economic integration and interconnectivity.

The Addis Ababa Action Agenda (AAAA), which is an integral part of the 2030 Agenda, also recognizes the special challenges and needs of the LLDCs and stresses the need to support the LLDCs to enable them to structurally transform their economies, harness benefits from international trade, and develop efficient transport and transit systems. It also emphasizes that effective global partnerships, capacity-building, science and technologies are integral solutions to addressing poverty.

The WTO Trade Facilitation Agreement (TFA) which entered into force on 22 February 2017 marked an important milestone for the multilateral trading system as it has potential benefits particularly for the LLDCs. The WTO TFA when fully implemented is expected to expedite the movement, release and clearance of goods, including goods in transit and thereby significantly cutting the costs of trade by 14.5% on average. The WTO 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. It is a major step forward towards reducing the trade costs of the LLDCs.

Efficient transit system is a key enabler for the LLDCs to integrate into to the global economy and to facilitate the attainment of the SDGs by the LLDCs. Enhanced investment, innovation, new technologies and capacity building are required to ensure improved transit cooperation that can result in reduced trade costs and a transformative change in the LLDCs and their achievement of the SDGs. Greater cooperation between the LLDCs and transit countries is required and an enhanced and strengthened global partnership is crucial to complement their national efforts and regional collaboration to achieve efficient transit systems. The High Level Side Event provides an opportunity to review the linkages between securing efficient transit cooperation and the achievement of the SDGs by the LLDCs and identify recommendations and transit solutions that can accelerate the achievement of SDGs by the LLDCs.

## **2. Objectives**

The key objectives of the High Level Side Event include the following:

- Review the progress made by the LLDCs on the SDGs.
- Review the linkages between efficient transit cooperation and the achievement of the SDGs by the LLDCs, including identifying the challenges involved in securing efficient transit systems.
- Share knowledge, experiences and innovative approaches of how enhancing transit cooperation has resulted in increased trade potential of the LLDCs and sustainable development
- Identify recommendations and opportunities for enhancing transit cooperation with a view to accelerate the achievement of the SDGs through enhanced participation in international trade.

### **3. Expected Outcome**

The event will increase awareness of the pivotal role of efficient transit cooperation to the achievement of the 2030 Agenda by the LLDCs. The event will further identify policy recommendations and opportunities for partnerships for promoting the role of efficient transit in facilitating the achievement of the SDGs through international trade.

### **4. Format and Programme**

The event will feature an open panel discussion among panellists representing different stakeholders from the UN, other international and regional organizations, representatives of LLDCs, transit countries and development partners followed by an interactive dialogue with the audience. Participants will include Member States, United Nations organizations, as well as representatives from academia, the private sector, and civil society.