



**United Nations Office of the High Representative for the Least
Developed Countries, Landlocked Developing Countries and Small
Island Developing States**

(UN-OHRLLS)

Statement by

**Ms. Fekitamoeloa Katoa ‘Utoikamanu, Under-Secretary-General and
High Representative for the Least Developed Countries, Landlocked
Developing Countries and Small Island Developing States**

**at the Side event on
Trade facilitation for a More Inclusive and Connected Asia-Pacific
Region: Progress and Way Forward**

**2017 Global Review of Aid for Trade
16:30-18:00, Wednesday, 12 July 2017
Room – S1, Geneva**

Distinguished Co-Chairs
My fellow panelists
Excellencies, Ladies and Gentlemen,

At the outset, let me commend the ESCAP and ADB for jointly hosting this side event.

The theme of the session is highly pertinent and timely as we embark on the realization of the landmark 2030 Agenda and SDGs. The new development agenda recognizes international trade as a key locomotive for inclusive economic growth, poverty eradication and sustainable development. International trade offers extraordinary potentials. However, regrettably we are yet to fully seize on them owing to a variety of structural, systemic and procedural constraints.

Over the past 50 years, Asia-Pacific countries have experienced transformative change in their socio-economic landscape buttressed by international trade, investment and structural transformation. This region offers the frontier market for global production, consumption and global and regional value chain networks. Even so, the region is yet to fully optimize the trade potentials. Their trade growth has slowed since 2011.

The Asia Pacific Countries in special situation, namely LDCs, LLDCs and SIDS, are fraught with a variety of structural and geographical constraints. They are not been able to reap the full benefits of international trading system. Poor supply-side capacity, fragile trade-related infrastructure, cumbersome border procedures, limited access to trade finance, tariff and non-tariff measures and the costs of meeting various arbitrary standards impede access by these groups of countries to markets and connections to global and regional value chains. The landlocked countries face exorbitantly high costs for transport, energy and intermediate inputs, which constrain them from taking full advantage of their trade and development potentials.

Trade costs of the countries in special situation are found to be two to three times higher than the regional benchmark. The small Island developing States (SIDS) experience the highest trade costs with *an advelorme* trade costs of 300 per cent. Furthermore, the alarming fact is that the costs for this set of countries appear to have increased over time. According to the World Bank Logistics Performance Index, the seven worst performers are all landlocked developing countries. Fostering regional integration agendas and ensuring international trade to be an engine for growth will require addressing the disparities in trade costs.

The WTO Trade Facilitation Agreement (TFA) is expected to provide a much-needed boost to stressed global and regional trade growth by easing the cross-border movement of goods, reducing costs and simplifying trade procedures. It can further provide greater impetus for economies to adopt increasingly advanced trade facilitation reform, such as E-commerce and paperless trade initiatives to reduce trade costs and enabling greater participation in global value chains (GVCs).

From Asia-Pacific region, 5 LDCs, 6 LLDCs and 2 Small Island Developing States have already ratified the Trade Facilitation Agreement. These countries have marked 50% average implementation rate for trade facilitation and paperless trade measures. Most countries in the region are actively engaged in implementing measures to improve transparency, enhance inter-agency coordination and cooperation, and streamline fees and formalities associated with trade. However, the global average masks the huge disparities prevailing among various sub-regions and countries. Although some countries have achieved the implementation rates over 80%; several Pacific countries have barely achieved 15%.

Countries in special situation are lagging behind in setting up trade facilitation measures as they lack adequate resources, technical know-how and other supporting logistics. Implementing facilitation measures requires adopting a more integrated approach to transport and trade facilitation which continues to remain a big challenge. This also requires establishing new institutions, reforming a number of legal and regulatory instruments, improving the business climate and governance.

It is vitally important to implement the Trade Facilitation Agreement and to share best practice. Countries in special situation require increased financial and technical assistance to connect and compete in international markets. Aid for trade (AfT) is vitally important for developing countries, in particular the geographically challenged LDCs, LLDCs and SIDS to build their capacity to trade in goods and services and achieve inclusive economic growth.

Guided by the core mandate of undertaking follow-up, advocacy and outreach activities in favour of LDCs, LLDCs and SIDS, my Office continues to promote the importance of trade in the international development agenda. In March 2017, we organized in collaboration with the Government of Viet Nam, a High Level Meeting for the Euro-Asia Region to assess key issues in Improving Cooperation on Transit, Trade and Trade Facilitation and the 2030 Agenda for Sustainable Development. Last year, my Office also convened a series of events to raise the awareness of member States on the process, potential benefits and implications of accession to international conventions related to the facilitation of transport and trade. In addition, we undertook three regional studies for Africa, Asia and Latin America regions on Improving Transit Cooperation, Trade and Trade Facilitation for the benefit of the LLDCs.

It is through our collective efforts that the Aid for trade is part of SDG 8 aimed at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. The goal calls to “increase aid-for-trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework”. This echoes the call in the Addis Ababa Action Agenda that “Aid for Trade can play a major role and should strive to allocate an increasing proportion going to least developed countries, provided according to development cooperation effectiveness principles”.

Aid for trade that enhances economic infrastructure and boosts productive capacity is positively correlated with services trade across Asia and the Pacific. Some studies suggest that a 10% rise in Aid for Trade for services would directly increase services trade by 0.4%. It is also pertinent to emphasize that Aid for Trade also benefits women. Some studies show that a 10% increase in AfT disbursement is associated with a 1.77% increase in the labor force participation rate for women.

During the last 10 years, the global community has promoted aid for trade to help developing countries tackling these obstacles. However, the flow is significantly insufficient compared to huge need of the Asia-Pacific countries. The developed countries and the advanced developing countries need to scale up their Aid for Trade support to LDCs, LLDCs and SIDS.

The United Nations System and the multilateral development banks, including ADB, has an important role to play in helping access the financing and technical expertise needed to strengthen trade facilitation across the region. Some promising regional initiatives such as Asian Infrastructure Investment Bank and the Belt and Road Initiative can also support the implementation of the trade facilitation agreement in this region.

In conclusion, I would like to underline the need for structured follow-up and monitoring of the implementation of the WTO Trade Facilitation Agreement in its entirety. As outlined in Article 13 of the Agreement, assistance and support for capacity building should be provided to help developing and

least-developed country Members to implement the provisions of the Agreement, in accordance with their nature and scope. Article 21 clearly articulates that given the special needs of least-developed country Members, targeted assistance and support should be provided to them so as to help them build sustainable capacity to implement their commitments.