



Statement

by

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at the

**World Customs Organization Global Transit Conference side
event - Importance of Efficient transit cooperation for the
achievement of the SDGs by Landlocked Developing Countries**

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Honourable Ministers, Excellencies and distinguished delegates, Ladies and Gentlemen,

It is an honour and pleasure for me to welcome you to this side event on “Importance of Efficient transit cooperation for the achievement of the SDGs by Landlocked Developing Countries” which is being organized by UN-OHRLLS.

Let me begin by once again expressing my gratitude to the World Customs Organization for having organized the Global Transit Conference, which is a very important event in advancing the integration of the LLDCs into global trade and will facilitate the achievement of the sustainable development goals by these countries. The Conference has offered an opportunity to have a dialogue on transit issues amongst all the key stakeholders which does not often happen. I also wish to thank the WCO for having allowed OHRLLS the opportunity to organize this side event. The gesture demonstrates the strong partnership which exists between our organizations and the purpose to achieving common goal of sustainable development.

Honourable Ministers, Excellencies and distinguished delegates, Ladies and Gentlemen,

LLDCs are generally among the poorest developing countries. Of the 32 LLDCs, 17 are classified as least developed. Half of the landlocked developing countries are also in the lowest ranks of the human development index, and there is still widespread poverty in these countries. The average human development index of this group of countries was 0.56 with the highest rating amongst the group being 0.79 and lowest being 0.22 in 2016. The LLDCs are also characterized by weak economic growth rates. In 2016 only two LLDCs had a GDP growth rate of 7% or

high, while the average for all the LLDCs was just 2.6%. This gloomy picture of the development status of many LLDCs shows that achieving sustainable development goals remains a challenge and would require concerted and strong partnerships to address these challenges.

Integration of the LLDCs into the global trade market is one important means of achieving sustainable development in these countries. The 2030 Agenda for Sustainable Development defines international trade as an engine for inclusive economic growth and poverty reduction and it recognizes that integration of developing countries into regional and global markets is central to achieving the SDGs. To help achieve this objective, the SDGs seek to ensure that trade plays its part in boosting growth, tackling poverty and promoting sustainable development.

Whilst trade has such pivotal role in achieving sustainable development, the LLDCs remain marginalized from global trade and as such are not able to use trade to drive their socio-economic development and this explains the developmental challenges faced by these countries. The 32 LLDCs account for a low proportion of global merchandise exports of just 0.9 per cent in 2016 registering a decline of 11.6% from 2015. As a group the LLDCs also recorded a trade deficit of about \$38 billion in 2016 increasing from \$29 billion in 2015. The persistent trade deficits in many LLDCs have undesirable effects which include: unstable economy, unemployment, and foreign debt. The LLDCs are also less integrated into the global and regional value chains and their exports are mainly concentrated in few products particularly commodities making them vulnerable to the volatility of the commodity prices.

The high trade costs incurred by the LLDCs explain the continued marginalization of these countries from global economy as well as their underdevelopment. The LLDCs incur about twice as much as their coastal counterparts in trade cost. Due to these high trade costs, the LLDCs are unable to attract foreign direct investment which is important for structural transformation and creating employment. In addition, the high trade costs result in high costs of consumer goods including the cost of food.

Addressing trade costs in LLDCs is therefore of paramount importance for the attainment of sustainable development by the LLDCs. Whilst there are other aspects to trade costs, the OECD study on Trade Facilitation Indicators, identified: transit, automation, and information availability as key aspects which can have greater impact on facilitating trade in LLDCs. Achieving efficient transit will lead to reduced trade costs which will promote increased trade and foreign direct investment and will consequently result in increased government revenue. Increased government revenues will enable government to undertake public investments needed for the acceleration of progress towards meeting the targets of the SDGs. Increased trade and investment will also result in creation of the much needed employment opportunities in the LLDCs thereby help to reduce poverty.

The VPoA which forms an integral part of the 2030 Agenda recognizes the significance of high trade costs on LLDCs in achieving their trade potential and socio-economic development goals. The VPoA therefore states that establishing a secure, reliable and efficient transit system remains critical for the LLDCs to enable them to reduce transport costs and enhance the competitiveness of their exports to regional and global markets. The VPoA has several objectives aimed at reducing time and trade costs.

Excellencies, Ladies and Gentlemen,

Today's event is organized to deliberate on the "Importance of Efficient transit cooperation for the achievement of the SDGs by Landlocked Developing Countries" The integration of these countries is also important for the achievement of the overall 2030 Agenda for Sustainable Development. I look forward to your fruitful engagement as well as new ideas which can facilitate integration of the LLDCs into global trade as well as facilitate achievement of sustainable development in these countries.

Thank you.