HARNESSING THE TRADE POTENTIAL OF THE LANDLOCKED DEVELOPING COUNTRIES TO IMPLEMENT THE VIENNA PROGRAMME OF ACTION AND 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

Compilation of Statements and Presentations delivered at the Fifth Meeting of Trade Ministers of Landlocked Developing Countries

Geneva, Switzerland
23-24 June 2016
NOTE

This publication contains written statements and summaries of PowerPoint presentations delivered at the Fifth Meeting of Trade Ministers of Landlocked Developing Countries held in Geneva, Switzerland from 23 to 24 June 2016.

The views expressed therein are those of the presenters and do not necessarily reflect the views of the United Nations.

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FOREWORD

The Fifth Meeting of Trade Ministers of Landlocked Developing Countries (LLDC) took place in Geneva from 23rd to 24th June, 2016 and was held under the theme “Harnessing the trade potential of the LLDCs to implement the Vienna Programme of Action and the 2030 Agenda for Sustainable Development”. The Meeting was organized by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN OHRLLS), and the World Trade Organization (WTO).

The objectives of the meeting were: To review the progress made by the LLDCs in participating in international trade since the Fourth Trade Ministers; To review the linkages on international trade between the 2030 Agenda for Sustainable Development, Vienna Programme of Action and WTO negotiations; To share ideas, lessons and good practices on how to improve the trade potential of the LLDCs; To identify strategies, measures and recommendations on how to further improve the trade potential of the LLDCs; To identify actions to be followed in order to obtain the launch of a Work Programme for LLDCs within the WTO, as requested by the Nairobi LLDC trade ministers’ communiqué; and To promote ratification of the WTO Trade Facilitation Agreement by the LLDCs and its implementation.

The meeting provided a platform for sharing experiences and lessons learnt and also provided an opportunity to highlight initiatives that support promotion of trade in the LLDCs. The Meeting adopted a Declaration that raises pertinent issues crucial for successfully harnessing the trade potential of the LLDCs to accelerate the implementation of the Vienna Programme of Action and the 2030 Agenda for Sustainable Development.

The meeting raised some key messages. The meeting stressed the need for increased focus on physical infrastructure development, including for transit transport, ICT and energy, which is critical to advance the development of productive capacities and to better connect to the regional and international markets. The importance of soft infrastructure, in particular trade facilitation, was also highlighted. The meeting called for the rapid ratification and implementation of the WTO Trade Facilitation Agreement.

Participants underscored the importance of structural economic transformation including increased industrialization, value addition and diversification. The critical role of small and medium sized enterprises in contributing to structural economic transformation was underscored and a call was made to provide them with the necessary support.

The crucial importance of the service sector to sustainable development was also emphasized with focus on e-commerce, tourism and trade finance. Agriculture was recognized as being important for the LLDCs and the meeting welcomed and called for rapid implementation of the decision of the WTO Nairobi Ministerial Conference on Export Competition including the call for an increased access for agricultural goods.

The role of enhanced international support, including ODA, but particularly Aid for Trade, partnership with the private sector, South-South and triangular cooperation, and support from the UN and other international organizations was stressed.
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<tr>
<th>Acronym</th>
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<tbody>
<tr>
<td>ACMA</td>
<td>African Corridor Management Alliance</td>
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<tr>
<td>ACP</td>
<td>Africa, Caribbean, Pacific</td>
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<tr>
<td>ADR</td>
<td>United Nations European Agreement concerning the International Carriage of Dangerous Goods by Road</td>
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<td>AEO</td>
<td>Authorized Economic Operator</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>AfT</td>
<td>Aid for Trade</td>
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<td>APoA</td>
<td>Almaty Programme of Action</td>
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<td>APTA</td>
<td>Asia Pacific Trade Agreement</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>ASYCUDA</td>
<td>Automated System for Customs Data</td>
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<tr>
<td>ATA</td>
<td>Admission Temporaire – Temporary Admission</td>
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<td>ATIGA</td>
<td>ASEAN Trade in Goods Agreement</td>
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<td>ATP</td>
<td>United Nations Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for such Carriage</td>
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<td>AUC</td>
<td>African Union Commission</td>
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<td>BADEA</td>
<td>Arab Bank for Economic Development in Africa</td>
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<td>BIAT</td>
<td>Boosting Intra-African Trade</td>
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<td>BIMSTEC</td>
<td>Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation</td>
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<td>C4</td>
<td>Sectoral Initiative in favour of Cotton</td>
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<td>CCTTFA</td>
<td>Central Corridor Transit Transport Facilitation Agency</td>
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<td>CEFTA</td>
<td>Central European Free Trade Agreement</td>
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<td>CFC</td>
<td>Common Fund for Commodities</td>
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<td>CFTA</td>
<td>Continental Free Trade Area</td>
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<td>CIF</td>
<td>Cost, Insurance, Freight</td>
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<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>CPD</td>
<td>Carnet de Passage en Douane</td>
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<td>CSLPII</td>
<td>Cadre Stratégique de Croissance et de Lutte contre la Pauvreté</td>
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<td>DDA</td>
<td>Doha Development Agenda</td>
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<td>DG</td>
<td>Director General</td>
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<td>EAC</td>
<td>East African Community</td>
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<td>ECO</td>
<td>Economic Cooperation Organization</td>
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<td>E-CO</td>
<td>Electronic Certificate of Origin Issuing System</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<td>EIF</td>
<td>Enhanced Integrated Framework</td>
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<td>EFTA</td>
<td>European Free Trade Association</td>
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<td>EPA</td>
<td>Economic Partnership Agreement</td>
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<td>EPA TAPSS</td>
<td>Economic Partnerships Agreement Related to Trade and Private Sector Support</td>
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<td>EPZ</td>
<td>Export Processing Zones</td>
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<td>ESCAP</td>
<td>United Nations Economic and Social Commission for Asia and Pacific</td>
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<td>EU</td>
<td>European Union</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GDI</td>
<td>Gross Domestic Income</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GSP+</td>
<td>Generalized System of Preferences</td>
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<td>GVC</td>
<td>Global Value Chain</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development (World Bank)</td>
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<td>ICT</td>
<td>Information and Communication Technologies</td>
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<td>IDB</td>
<td>Islamic Development Bank</td>
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<td>IDBG</td>
<td>Islamic Development Bank Group</td>
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<td>IPR</td>
<td>Innovation Performance Reviews</td>
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<td>IT</td>
<td>Information Technologies</td>
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<td>ITT</td>
<td>International Think-Thank</td>
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<td>IDA</td>
<td>International Development Association (World Bank)</td>
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<td>IRU</td>
<td>International Road Transport Union</td>
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<td>ISO</td>
<td>International Organization for Standardization</td>
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<td>ITC</td>
<td>International Trade Centre</td>
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<td>IVC</td>
<td>International Value Chain</td>
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<td>KTI</td>
<td>Kazakhstan-Turkmenistan-Iran</td>
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<td>Lao PDR</td>
<td>Lao People's Democratic Republic</td>
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<td>LDCs</td>
<td>Least Developed Countries</td>
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<td>LLDCs</td>
<td>Landlocked Developing Countries</td>
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<td>LPI</td>
<td>Logistics Performance Index</td>
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<td>LTP</td>
<td>Lao PDR Trade Portal</td>
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<td>MC</td>
<td>Ministerial Conference</td>
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<td>MDB</td>
<td>Multilateral Development Bank</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<td>MFN</td>
<td>Most Favored Nation</td>
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<td>MPA</td>
<td>Mercator Programme Advisor</td>
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<td>MSMEs</td>
<td>Micro, Small and Medium Enterprises</td>
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<td>NECC</td>
<td>National Entrepreneurship and Competitiveness Council</td>
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<td>NTBs</td>
<td>Non-Tariff Barriers</td>
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<td>NTFC</td>
<td>National Trade Facilitation Committee</td>
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<td>NTMs</td>
<td>Non-Tariff Measures</td>
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<td>PIDA</td>
<td>Programme for Infrastructure Development in Africa</td>
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<td>PPP</td>
<td>Public-Private Partnerships</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>ODR</td>
<td>Online Dispute Resolution</td>
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<td>OHRLLS</td>
<td>United Nations Office of the High-Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>OIC</td>
<td>Organization of Islamic Cooperation</td>
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<td>OSBP</td>
<td>One Stop Border Post</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>RKC</td>
<td>Revised Kyoto Convention</td>
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<td>RECs</td>
<td>Regional Economic Communities</td>
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<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
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<td>SACU</td>
<td>Southern African Customs Union</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<td>S&amp;D</td>
<td>Special and Differential Treatment</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SEE</td>
<td>Southeastern Europe</td>
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<td>SIDS</td>
<td>Small Island Developing States</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<td>SEZ</td>
<td>Special Economic Zone</td>
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<td>SPCA</td>
<td>Special Program for Central Asia</td>
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<td>SRA</td>
<td>Swaziland Revenue Authority</td>
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TA/CB  Technical Assistance / Capacity Building
TDF  Trade Development Facility
TF  Trade Facilitation
TFA  Trade Facilitation Agreement
TFS  Trade Facilitation Secretariat
TFSP  Trade Facilitation Support Programme
TIP  Trade Information Portal
TIR  Transports Internationaux Routiers (International Road Transport)
TOA  Technical and Operational Advisor
TRACECA  Transport Corridor Europe-Caucasus-Asia
TRIPS  Agreement on Trade Related aspects of Intellectual Property Rights
TRS  Time Release Study
UK  United Kingdom
UN  United Nations
UN/CEFACT  United Nations Centre for Trade Facilitation and Electronic Business
UNCTIRAL  United Nations Commission on International Trade Law
UNCTAD  United Nations Conference on Trade and Development
UNDP  United Nations Development Programme
UNECA  United Nations Economic Commission for Africa
UNICE  United Nations Economic Commission for Europe
UN/EDIFACT  United Nations Rules for Electronic, Data Interchange for Administration, Commerce and Transport
UNFFCCC  United Nations Framework Convention on Climate Change
UNIDO  United Nations Industrial Development Organizations
UNISDR  United Nations Office for Disaster Risk Reduction
UN/LOCODE  United Nations Code for Trade and Transport Locations
UNOLA  United Nations Office of Legal Affairs
UNSPECA  United Nations Special Programme for the Economies of Central Asia
US  United States
USG  Under Secretary General
VAT  Value Added Tax
VCLT  Vienna Convention on the Law of Treaties
VPoA  Vienna Programme of Action
WCO  World Customs Organization
WTO  World Trade Organization
WB  World Bank
MINISTERIAL DECLARATION ADOPTED AT THE FIFTH MEETING OF TRADE MINISTERS OF LANDLOCKED DEVELOPING COUNTRIES HELD IN GENEVA, SWITZERLAND, 24 JUNE 2016
We, the Ministers and officials responsible for trade of the Landlocked Developing Countries (LLDCs), have met in Geneva, Switzerland on 23 and 24 June 2016 and have held our deliberations under the theme - Harnessing the trade potential of the LLDCs to accelerate the implementation of the Vienna Programme of Action and the 2030 Agenda for Sustainable Development,

Recognizing that the lack of territorial access to the sea, aggravated by remoteness from world markets and high transit costs and risks, impose constraints on export earnings, private capital inflow and domestic resource mobilization of landlocked developing countries and therefore adversely affects their overall growth and socioeconomic development,

Emphasizing the potential benefits of a fair and balanced multilateral trading system for achieving a rules-based, open, predictable, inclusive, non-discriminatory and equitable trade environment, which would provide every country, regardless of its territorial size, population, or level of development the opportunity to effectively and beneficially participate in global trade,

Underlining the importance of addressing the trade-related challenges of the LLDCs that includes reducing trade costs at the border, between borders and behind borders, and 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,

Underlining the need to adopt general and specific support measures for LLDCs in the WTO, as well as in other relevant trade fora, taking into account the particular needs and special problems of these countries, and stressing that full attention should be given to the interests of Landlocked developing countries on the remaining Doha issues,

Recalling the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, adopted in November 2014, which provides a comprehensive plan of action for the next decade to address the special challenges and needs of landlocked developing countries,

Recalling the Livingstone Call for Action for the Accelerated Implementation of the Vienna Programme of Action adopted at the High-Level Follow-up Ministerial Meeting to the Vienna Conference held in Livingstone, Zambia, in June 2015 that highlights key measures and initiatives required to accelerate implementation of the Vienna Programme of Action,

Underlining the thrust and the momentum created by the United Nations outcome document of the Post-2015 Development adopted on 25 September 2015, entitled “Transforming our world: the 2030 Agenda for Sustainable Development”,

Recalling also the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, that is an integral part of the 2030 Agenda for Sustainable Development,

Recalling also the Paris Agreement arising from the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC),

Recalling further the Ministerial Meetings of the Group of LLDCs at the margins of the 10th Ministerial Conference of the WTO held in Nairobi, Kenya on 19 December 2015 and 9th Ministerial Conference held in Bali, Indonesia, on 6 December 2013, in which LLDC’s Ministers adopted Ministerial Communiques that raised outstanding issues concerning the participation of LLDCs in the multilateral trading system,

Have adopted the following Ministerial Declaration:

We, the Ministers and officials responsible for trade of the Landlocked Developing Countries (LLDCs), have met in Geneva, Switzerland on 23 and 24 June 2016 and have held our deliberations under the theme - Harnessing the trade potential of the LLDCs to accelerate the implementation of the Vienna Programme of Action and the 2030 Agenda for Sustainable Development,

Recognizing that the lack of territorial access to the sea, aggravated by remoteness from world markets and high transit costs and risks, impose constraints on export earnings, private capital inflow and domestic resource mobilization of landlocked developing countries and therefore adversely affects their overall growth and socioeconomic development,

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Underlining the importance of addressing the trade-related challenges of the LLDCs that includes reducing trade costs at the border, between borders and behind borders, and 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,

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Have adopted the following Ministerial Declaration:
DEVELOPMENT OBJECTIVES

1. The 2030 Agenda for Sustainable Development acknowledges that international trade is an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development for countries. The structural transformation, including modernization and specialization of the productive sectors and improving physical infrastructure has to be done in order to harness the potential of international trade, to support national development objectives and to achieve United Nations Sustainable Development Goals.

2. We stress that the implementation of The 2030 Agenda for Sustainable Development through the revitalized Global Partnerships based on a spirit of strengthened global solidarity, focused in particular on the vulnerabilities and special needs and challenges facing landlocked developing countries. Thus we urge international community to facilitate an intensive global engagement in support of implementation of the sustainable development goals and targets, mobilizing all available resources to that end.

3. We recognize that the increased frequency and intensity of disasters generated by climate change is exacerbating the economic and social vulnerability of LLDCs and jeopardizing the achievement of sustainable development by severely disrupting trade and investment, as main engines of growth and development. We call for more coherence with the Sendai Framework for Disaster Risk Reduction adopted at the Third UN World Conference on Disaster Risk Reduction (May 2015, Sendai, Japan) that urges Governments to integrate disaster risk reduction into national policies and programmes as a key tool to ensure the sustainability of development gains and the achievement of resilience, and to enhance LLDCs’ implementation capacity and capability through the mobilization of support and international cooperation based on their national priorities; with the same goal we also call governments for the compliance of the principles and provisions of the UNFCCC.

4. Comprehensive, coherent and coordinated policies are needed at all levels in the areas of investment, infrastructure (production, transport, telecommunications and energy), logistics (transport and trade facilitation), technology, to support efforts of LLDCs towards mitigating the adverse development impact of landlockedness,

5. We call upon the international community to assist with the design and development of studies and indicators on the impact of landlockedness and vulnerability of landlocked countries that would serve as early warning mechanism to assess external shock vulnerability.

6. There is a need for concerted measures and actions to support LLDCs’ efforts to reduce commodity dependence, including through the diversification of their export base, and enhanced processing of the commodities. We call upon the international community to enhance efforts to support LLDCs including through the EIF and other programs, in diversifying their exports, through - inter alia - the transfer of relevant technologies, support to developing and strengthen their productive capacities, and capacity building in developing relevant policies;

7. We underline that the development and maintenance of transit transport and information and communications technology infrastructure are crucial for landlocked developing countries in order to reduce high trading costs, improve their competitiveness and become fully integrated in the global market;

8. We emphasize that a strong energy infrastructure in LLDCs is needed to advance the development of domestic productive capacity and to better connect to the regional and international markets. We call on the international community to enhance its support to create such infrastructure in
our countries. In this context, we also reemphasize that resources should be mobilized for the production, distribution and marketing of clean energy;

9. We stress that the magnitude of the resources required to invest in infrastructure development and maintenance remains a major challenge and requires forging international, regional, subregional and bilateral cooperation on infrastructure projects, allocating more from national budgets, effectively deploying international development assistance and multilateral financing in the development and maintenance of infrastructure and strengthening the role of an accountable private sector, Public-Private Partnerships as well as other innovative means of finance;

10. We welcome the launch of the Global Infrastructure Forum, led by the multilateral development banks (MDBs), on 16 April 2016 in Washington, DC. We stress that the Forum should address the infrastructure needs of the landlocked developing countries in a focused manner;

11. We welcome the fact that the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda recognize the special needs of the landlocked developing countries and emphasize the importance of strong synergy in their implementation and the Vienna Programme of Action and encourage coordination and coherence in the follow-up of their implementation;

WORLD TRADE ORGANIZATION

12. We call upon the WTO membership to continue to strengthen the negotiation function of WTO to make it more transparent, inclusive, and participatory, in order to deliver meaningful outcomes for landlocked developing countries. We insist that the post Nairobi work should be fair, balanced and development-centered;

13. We call for a rapid ratification and implementation of the Trade Facilitation Agreement. We urge members to continue to provide technical, financial and capacity building assistance to LLDCs, on a sustainable basis, for the effective implementation of the Agreement. We also call for the constructive cooperation of transit countries for the effective and early application of disciplines that contribute to reducing transit time and costs, simplifying procedures and enhancing certainty in trans-border trade;

14. We call upon international organizations to establish special facilities and dedicated programmes, with predictable resources, for the LLDCs, such as the WTO’s Trade Facilitation Agreement Facility, to assist LLDCs in scaling-up trade facilitation initiatives and implementing the Trade Facilitation Agreement and other important international conventions and regional agreements;

15. We emphasize the critical importance of Agriculture to the LLDCs economies. In this context, we attach importance to the continuation of the reform process in order to promote market access, and reduce or eliminate all distortive domestic support measures. We reiterate the importance of the decision of the WTO Nairobi Ministerial Conference on Export Competition and we call upon for its rapid implementation;

16. We reiterate our support to the Sectorial Initiative in favour of Cotton (C4) that calls for the ambitious reduction of the agricultural domestic support which distorts the international cotton market. We urge Members to implement the Ministerial Decisions on Cotton in all its aspects: Market Access, Domestic Support, Export Competition, and Development;

17. We recognize the growing role of the services sector in modern economies, in particular, the importance of the tourism sector, finance and ICT, and that an efficient and productive services industry will contribute significantly to productivity growth and for the overall competitiveness of landlocked
developing countries’ economies. In that regard, we affirm our commitment to develop the service sector and call on Members and international organizations to support landlocked developing countries’ to develop their services sectors. Also, special attention should be given to the development of the manufacturing sector as a critical catalyst for technological change and structural transformation of LLDCs economies;

18. We believe that the principle of Special and Differential (S&D) treatment represents one of the cornerstones of the WTO Agreements and that the reaffirmation of this principle should be an integral part of WTO's work, as well as, any future agreements and decisions;

19. Aid for Trade, including the Enhanced Integrated Framework (EIF), is essential for our countries to meaningfully benefit from the multilateral trading system. We reiterate our request that development assistance provided in the context of the Aid for Trade initiative should consider the special needs and requirements of LLDCs, including capacity-building for the formulation of trade policies, participation in trade negotiations and implementation of trade facilitation measures, development of trade-related infrastructure as well as the diversification of export products and strengthening of productive capacities with a view to increasing the competitiveness of LLDCs’ products in export markets;

20. We also urge Members to take into account the special needs and problems caused by the geographical disadvantage of being landlocked that during the accession process of LLDCs to the WTO. As such, the accession process for LLDCs should be further simplified and these countries should be provided with adequate technical and financial assistance;

21. We recognize the significant contribution to the strengthening of the multilateral trading system of the LLDCs that acceded under Article XII of the Marrakesh Agreement Establishing the WTO. For a balanced outcome of trade liberalization negotiations, we stress the need to take into account the extensive commitments undertaken by the Article XII Members upon their accession to the WTO;

PARTNERSHIP AND INTERNATIONAL SUPPORT

22. Partnership between landlocked developing countries and transit countries is mutually beneficial for the improvement and constant maintenance of their multi-modal transport infrastructure connectivity and of technical and administrative arrangements in their transport, customs and logistic systems. Collaboration must be promoted on the basis of the mutual interests of both landlocked and transit countries. We underscore the importance that transit countries guarantee free and unrestricted transit through their territories for landlocked developing countries allowing the enjoyment of a free and direct access to high seas;

23. Efficient transit transport systems, strong collaborative efforts in infrastructure development and interlinkage, the promotion of an enabling legal environment and institutional arrangements, and strong national leadership on cooperative arrangements between landlocked developing countries and transit countries are also crucial for achieving structural transformation and sustainable economic growth and development;

24. We call upon our bilateral and multilateral partners to increase their technical and financial assistance to LLDCs to support their efforts to overcome the obstacles imposed by geography and to integrate them into the multilateral trading system. Official Development Assistance remains the main source of international financing for many landlocked developing countries as a catalyst for development, facilitating the achievement of national development objectives, including achieving sustainable development goals and the objectives of the Vienna Programme of Action; This assistance should complement our national efforts aimed at diversifying the domestic production structure and ensure a
better integration into the global economy with competitive goods and services that minimize transaction costs related to the specific geographical situation of LLDCs;

25. We emphasize the complementary and catalytic role played by long-term international capital flows, particularly, foreign direct investment. We commit to continue promoting conducive policies to attract foreign direct investment that leads to promote trade as well as sustainable development of LLDCs;

26. We invite developing countries, guided by the spirit of solidarity and consistent with their capabilities, and developed countries to further strengthen partnerships in mutually agreed areas of cooperation within the framework of North-South, South-South and triangular cooperation to enhance diversified trade opportunities, increase foreign direct investment flows that contribute to the sustainable development of LLDCs, as well as increased transfer of appropriate technology;

27. We express our appreciation to the cooperation provided by the organizations of the United Nations system, in particular UNCTAD, UN-OHRLLS, UNDP, UNIDO, UNISDR, UNCITRAL the UN Regional Economic Commissions and other international organizations, especially WTO, WCO, CFC, IRU, ITC, the World Bank and the regional development banks, regional organizations, regional economic communities. We appeal further for synergetic approach on the part of all stakeholders and partners;

THE WAY FORWARD

28. We emphasize the need to strengthen the participation of LLDCs in the WTO, giving particular attention to the future work programme of LLDCs as well as in the negotiation to eliminate trade distorting measures, increase market access with particular emphasis on our development needs and supporting the accession process of the landlocked acceding countries;

29. We stress the importance to have a specific Work Programme for LLDCs by the 11th Ministerial Conference. This Work Programme will address the special needs, challenges and vulnerabilities of LLDCs in order to increase their participation in the Multilateral Trading System. Key areas of work are Trade Facilitation, Agriculture, Aid for Trade, Services, Accession, among others;

30. We recognize that LLDCs, including through their Missions in Geneva, need to strengthen their substantive cooperation with UNCTAD on matters of particular interest to LLDCs, including trade, development and interrelated issues in the areas of finance, technology, investment and sustainable and inclusive development;

31. We urge those LLDCs, which have not done so, to ratify the Multilateral Agreement on the establishment of the International Think Tank for the LLDCs in order to bring the Think Tank to full operation, and invite the Office of the High Representative and relevant organizations of the United Nations system, Member States, including development partners, and relevant international and regional organizations to support the think tank, as it will play an important role in enhancing the analytical capability of LLDCs and provide home-grown research to cater for our specific needs;

32. We request the relevant United Nations Organizations, particularly UNCTAD, UN-OHRLLS, UNDP, UNIDO, UNISDR, UNCITRAL, the UN Regional Economic Commissions, other international organizations, especially WTO, WCO, CFC, IRU, ITC, the World Bank, regional development banks, regional organizations, regional economic communities, national parliaments, the private sector, the civil society and other stakeholders to support the implementation of the VPoA;
33. We stress that in accordance with the mandate given by the General Assembly, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States should ensure coordinated follow-up to and effective monitoring of and reporting on the implementation of the Vienna Programme of Action, and to undertake advocacy efforts at the national, regional and global levels and we also stress that the Office, in collaboration with other relevant stakeholders, should work on developing relevant indicators for measuring the progress on implementing the Programme of Action in landlocked developing countries, within their existing mandates;

34. We invite partner countries and the international financial and development institutions to make voluntary contributions to the Trust Fund established by the Secretary-General to support the activities related to the follow-up to the implementation of the VPoA;

ACKNOWLEDGMENT

We express our sincere appreciation for the efforts undertaken by Paraguay in its capacity of Coordinator for trade and development issues of the Group of Landlocked Developing Countries in Geneva, and by Zambia in its capacity as the Global Chair of the Group of LLDCs in New York.

We express our gratitude to the Government of the Kingdom of the Netherlands for its generous contribution to the successful organization of the High Level Meeting.

We express our gratitude to the substantive support and financial contribution of the World Trade Organization Secretariat and the Office of the High Representative for LDCs, LLDCs and SIDS to the Meeting.

We also express our appreciation to the Plurinational State of Bolivia that is going to organize the next meeting of ministers of transport of LLDCs in September 2016.

We also note with appreciation the active participation and substantive contributions of other development partners, UN system organizations, other international organizations, the Private Sector, Civil Society, and other stakeholders.

Geneva, 24 June 2016
SECTION ONE

Enhancing Implementation of the Trade and Development Agendas for the LLDCs, the Vienna Programme of Action and the 2030 Agenda for Sustainable Development
STATEMENT BY HIS EXCELLENCY MR. GYAN CHANDRA ACHARYA,
UNITED NATIONS UNDER-SECRETARY-GENERAL AND HIGH REPRESENTATIVE, UN-OHRLLS

The United Nations Office of the High Representative for Least developed countries, Landlocked countries and Small-island states (UN-OHRLLS) has the honour and pleasure to jointly host the Fifth Meeting of Trade Ministers of LLDCs, together with the World Trade Organization (WTO). The UN-OHRLLS expresses its appreciation of the support provided by the WTO in the organization of the meeting, and especially of the indomitable spirit and forward-looking leadership of director general Roberto Azevêdo.

The UN-OHRLLS also expresses its gratitude to the Government of the Kingdom of the Netherlands for their financial contribution towards the successful organization of this meeting.

Sincere thanks and deep appreciation go to Deputy Minister Raymond Mpundu of Zambia for his chairmanship of the Group of Landlocked Developing Countries at the global level, and Ambassador Mwaba Kasese-Bota for carrying forward that responsibility with dedication and efficiency at the United Nations in New York.

The UN-OHRLLS also commends Vice Minister Rigoberto Gauto of Paraguay for his country’s coordination role in promoting the interests of landlocked developing countries on trade and development matters, and Ambassador Juan Esteban Aguirre Martinez for providing a commendable leadership in promoting LLDC interests in Geneva.

The UN-OHRLLS likewise expresses its appreciation to the development partners, the UN system agencies and other international organizations for their support and close involvement in LLDCs’ issues, and in particular to the Co-Chairs of the Group of Friends of the LLDCs, Sweden and Austria.

Finally, and most importantly, the UN-OHRLLS thanks Ministers and delegates from Landlocked Developing Countries for the important work they provide at the national level to promote trade despite their inherent constraints.

It is well established that trade is a powerful engine for economic growth, and therefore contributes to eradicate poverty and ensure prosperity. Despite an increase in the value of their exports, LLDCs’ participation in international trade, measured as the share of their merchandise exports in global exports, rose from 0.58 per cent in 2003 to a peak of 1.22 per cent in 2012, before suffering a decline to 1.19 per cent in 2014. LLDCs remain marginalized, largely as a result of long distances from the nearest seaports coupled with a lack of critical transport infrastructure, productive capacity constraints, and additional border crossings entailing complex procedures that result in high cost of trading.

The average import and export costs, as well as other trade logistics, are far worse for LLDCs than most other groups of countries. These high costs reduce competitiveness, diminish export profits, inflate the prices of imported inputs for manufacturing, discourage investment and undermine LLDCs’ efforts to fully gain benefits from global flows of knowledge, technology, capital and innovation. This is the reason why so little structural transformation has taken place in these countries. Therefore, a holistic approach is critical.

In addition, LLDCs lack diversification both of exports and imports, and rely heavily on exports of commodities, in particular raw materials, which entail little or no value added. The export concentration index for the LLDCs rose from 0.20 in 2003 to 0.42 in 2014. The increasing dependence on commodities
exposes LLDCs economies to risks associated with declining commodity prices and other external shocks. It also prevents LLDCs from connecting to international value chains.

Yet they possess enormous potentials in terms of both human and natural resources. Our concern is to turn around the situation in these countries with strong and consistent policy measures at the national level and equally robust and multi-pronged support at the international level.

This particular Ministerial Meeting on trade assumes a special significance as a number of developments have taken place on the global arena in recent times. Indeed, the Vienna Programme of Action (VPoA) captures a holistic and comprehensive approach to improving the integration of LLDCs into world trade through its priority areas such as Fundamental transit Policy Issues; Infrastructure Development and Maintenance; International Trade and Trade Facilitation; Regional Integration and Cooperation; Structural Economic Transformation; and Means of Implementation. We have evolved over the years in setting our goals. Our focus is now clearly on a coherent and mutually reinforcing approach that promotes organic links among all the priority areas.

For the first time, we have included structural economic transformation and regional cooperation and integration as priority areas for LLDCs. The rationale is very clear. We wish to turn the landlocked countries into land-linked countries, with the cooperation of transit countries, development partners and UN and other international and regional organisations.

Under the priority area on international trade, the VPoA sets out 4 specific trade related objectives, namely: to significantly increase participation of LLDCs in global trade, with a focus on substantially increasing exports; to significantly increase the value added and manufactured component of LLDC exports; to strengthen economic and financial ties between LLDCs and other countries in the same region so as to increase the share of LLDCs in intraregional trade; and to invite Member States to consider the specific challenges and needs of the LLDCs in international trade negotiations.

The Fifth Meeting of Trade Ministers of LLDCs is held in a context of important global advance in trade and development negotiations.

In 2013, the WTO Trade Facilitation Agreement (TFA) was adopted. The effective implementation of the agreement, after its entry into force, will significantly assist in minimizing challenges faced by LLDCs through improving customs efficiency, lowering trade costs, and reducing delays at border crossing. It will also improve transparency, consistency and predictability, which are important measures for all, but critical for LLDCs. Similarly, decisions adopted at the WTO’s 10th Ministerial Conference in Nairobi, such as the elimination of agricultural export subsidies, the work programme on e-commerce, and the decisions on cotton and LDCs issues, will have positive implications for LLDCs.

The historic and forward looking 2030 Agenda for Sustainable Development (which includes the SDGs), the Addis Ababa Action Agenda, the Paris Climate Change Agreement, and the Sendai Framework for Disaster Risk Reduction were recently adopted. Across these agendas, Member States have committed to eradicating poverty, promoting trade, stimulating structural transformation, fighting inequalities, building peaceful, inclusive, and resilient societies, and securing the future of the planet and the wellbeing of future generations. Principles of universality and leaving no one behind and an integrated approach to sustainable development are its key features.

The 2030 Agenda stresses the importance of international trade in providing the means of implementation for inclusive economic growth, poverty reduction and overall sustainable development.
The Addis Ababa Action Agenda, which complements and helps to contextualize the 2030 Agenda’s means of implementation targets, stresses the crucial role of technical assistance and improvement of trade- and transit-related logistics in enabling LLDCs to fully participate in and benefit from multilateral trade negotiations, effectively implement policies and regulations aimed at facilitating transport and trade, and diversify their export base. The Global Infrastructure Forum, which held its first meeting in Washington DC during the 2016 Spring Meetings of the World Bank, should help bridge the infrastructure gap and improve regional connectivity for LLDCs. Similarly, aid for trade allocations to LLDCs should continuously be enhanced, with a view to support trade related infrastructure building and supply side capacity enhancement.

The Paris Agreement is another landmark. The effective implementation of the agreement will help the LLDCs build their resilience to climate change impacts such as desertification, land degradation, recurrent droughts and flooding, including glacial lake outburst floods. Similarly, The Sendai Framework calls for adequate, sustainable and timely provision of support, including through finance, technology transfer and capacity-building to countries (including LLDCs) facing specific disaster risk challenges and calls for investment in better resilience.

To a great extent the stars are today aligned. Let us make good use of these developments to enhance the trade potential of the LLDCs and ensure that they are not left behind. We need to find out how best to utilise provisions in the new global development frameworks to use trade for achieving rapid, equitable and sustainable development in the LLDCs. Sustainability also calls for inclusive trade that includes women and marginalized people, rural communities and SMEs.

An important issue for WTO is to create a dedicated work program for LLDCs, since it is a group that has unique trade-related needs with transformative potentials. LLDCs should also make sure that the United Nations Conference on Trade and Development (UNCTAD) takes their specific concerns aboard in its future work.

This is an interesting time. We are all aiming high with our transformative agenda. We are at an inflection point. There is a lot at stake for LLDCs. In the context of the twenty first century and its technological revolutions and unprecedented globalisation, LLDCs should not remain a prisoner of geography. On the contrary, with the supportive collaboration of all, they should be bridge builders. It is desirable and doable. The Fifth Meeting of Trade Ministers of LLDCs should energize every stakeholders to look at the issue of LLDCs from this larger perspective, and help the establishment of right strategy, approach and best practices to increase their share of trade, by enhancing efficiency and competitiveness, building trade related infrastructure, enhancing productive capacity and increased value addition, including through participation in regional and global value chains leading towards structural transformation of their economy. This will greatly contribute to eradicate poverty and promote sustainable development.

The UN System and international organisations will be accompanying partners in supporting the LLDCs to unlock their full trade potential and transform them from landlocked countries into land-linked countries.
STATEMENT BY MR. ROBERTO AZEVÊDO, DIRECTOR-GENERAL, WTO

Commitments to enhancing trade and development in LLDCs are in tune with current global debates. Trade is a key element of the Sustainable Development Goals, which were agreed by global leaders last year. They recognized trade as an engine for inclusive economic growth and poverty reduction. The Addis Ababa Agenda for Action on Financing for Development reinforces that message. The Vienna Programme of Action (VPOA) also features trade as a way to accelerate sustainable development for LLDCs especially.

The WTO has worked closely with the UN on the VPOA. It is a good example of the work done by both organizations to address the specific concerns of the LLDCs. This partnership should be strengthened. We must continue working to ensure that LLDCs can leverage trade to help deliver on their development goals. Due to their geographical characteristics, LLDCs face very high trade costs (twice as high as those of coastal countries according to the World Bank) acting as a brake on their trading potential. In 2014, LLDCs accounted for only 1.2 per cent of global merchandise exports, and on average, coastal countries do over 50% more trade than their landlocked neighbours. This situation calls for action. Addressing the trade-related challenges of LLDCs requires a multifaceted approach. International cooperation and dialogue will be key, and the WTO can keep contributing to these efforts in a number of ways.

I. AID FOR TRADE

Through its capacity-building support, the WTO helps LLDCs address their constraints to trade. Its Aid for Trade initiative has helped mobilize resources for developing countries to build their supply capacity, strengthen their trade-related infrastructure, and add value to their exports.

LLDCs are a big beneficiary of this programme. In 2014, donor commitments to LLDCs were just over 10 billion dollars, an almost 140 per cent increase since the initiative was launched a decade ago. Projections by the OECD indicate that Aid for Trade flows will remain relatively stable in the coming years.

However, we must ensure that resource mobilization efforts are maintained and strengthened. The theme of the Aid for Trade Work Programme for 2016 and 2017 is “Promoting Connectivity.” It focuses on helping developing countries (including LLDCs) connect to trade. This work will culminate in the Sixth Global Review of Aid for Trade which will take place next summer. All stakeholders should be fully involved and participate in the preparation of this Global Review.

In addition to capacity building support, the WTO works to keep the global trade rulebook updated and new deals agreed. These activities also contribute to enhancing LLDCs’ trade and development.
II. BALI AND NAIROBI

For a long time, global trade negotiations struggled to deliver concrete results. This started to change.

At the Ministerial Conference in Bali in 2013 was delivered a set of very important decisions, among which the Trade Facilitation Agreement (TFA). This agreement is especially interesting for LLDCs, as it is about streamlining, simplifying and standardising customs procedures, thereby reducing the time and cost of moving goods across borders. We expect that, when fully implemented, the Agreement could reduce trade costs in LLDCs by over 15 per cent on average, over 19 per cent for manufactured products, and over 11.5 per cent for agricultural products.

In addition, by reducing the costs associated with exporting, the Agreement will make it possible for smaller enterprises to join international markets. This will help ensure that international trade is truly inclusive and aligned with the SDG principle that no-one should be left behind. These reforms will thus make a big difference.

The Agreement could almost have been designed specifically to address some of the major problems that LLDCs face. And that is for a simple reason – it was designed for that purpose! And that is because LLDCs had a prominent voice in the negotiations which led to the Agreement. LLDCs, indeed,

- helped shape the agreement’s provisions;
- made sure that, under the agreement, countries should not apply their technical regulations and standards to goods in transit, a crucial matter for LLDCs;
- ensured that the agreement would provide for capacity-building support to help them make the necessary reforms.

This capacity building support will be delivered by a range of partners. The Trade Facilitation Agreement Facility was established within the WTO to ensure that every country can access the support it needs. All of this can be very positive for LLDCs.

In order to turn these potential benefits into reality, the Agreement must be ratified and implemented. So far, over 80 Members have ratified it, and the pace of ratification has been increasing. However, of the 25 LLDCs which are WTO members, only 9 have ratified the agreement. The WTO encourages LLDCs which have not done so yet to complete the ratification procedures as swiftly as possible. The WTO stands ready to help any country that might need more information or support.

Of course, the TFA is not the only agreement that WTO members have delivered in recent years. Another major breakthrough came in December 2015, at the WTO ministerial meeting in Nairobi, where, members took the historic decision to abolish agricultural export subsidies. This is the biggest reform in agricultural trade rule in the last 20 years. If there is much more to do in order to reduce distortions in agricultural markets, this is a major step forward. Eliminating these subsidies was one element of the UN's new Sustainable Development Goals. This was thus a big achievement, reached just three months after the goals adoption in New York.

In addition, members agreed to find a permanent solution on Public Stockholding for food security purposes and to develop a Special Safeguard Mechanism, which would help deal with import surges of food products that can harm domestic production. Finally, WTO members also took in Nairobi important decisions in favour of LDCs, on cotton, and a group of members struck a deal to eliminate tariffs on a
range of new generation information technology products. Overall, these are very important outcomes for the global economy and for the LLDCs. This momentum must be kept.

III. FUTURE WORK

All WTO members still commit to delivering on the core Doha negotiating issues. These issues will not and should not go away. They include domestic subsidies in agriculture and improved market access for agricultural produce, industrial goods and services.

However, WTO members do not agree on how to tackle these issues. Many approaches have been tested over the past couple of years, with little progress. Efforts must thus be sustained and redoubled.

Some members have been suggesting other issues which they would like to discuss. These include steps to support Micro, Small and Medium sized Enterprises (or MSMEs), investment facilitation, e-commerce, private standards, trade finance to name just a few. Members have not yet gone into detail on what they would like to discuss under those broad headings. We need a much greater degree of specificity than we have at present.

However, members are engaged and increasingly active. This is an opportunity to ensure that the issues that matter most to LLDCs are reflected in WTO’s negotiating agenda. LLDCs should thus get and stay engaged.

E-commerce could be an especially interesting field to explore for LLDCs, as it can help bridge the distance to international markets. This is particularly true in the services sector, as this form of trade is less susceptible to the constraints of being landlocked.

The issue of trade finance has also been suggested for further discussion and could have an impact for LLDCs. Companies, especially in LLDCs, face major hurdles in accessing financing on affordable terms. Adequate provision of trade finance could help them join markets and reap more benefits from increased trade.

These are ideas. It is up to you LLDCs, as WTO members, to flesh out these conversations, and decide what actions to take. Nonetheless, it is encouraging that the debate has become much more dynamic. There is a real sense of rising interest and engagement in WTO work, sparked by the recent successes described above. Moreover, in response to requests, the WTO has recently been facilitating meetings with the private sector and the academic community.

IV. CONCLUSION

The conversation is well underway and could help to shape WTO’s negotiating work for the years to come. It is time for a shift from reflection to action, in order to bring results for the near future (by the 11th Ministerial Conference to be held in December 2017, for example).

WTO members will continue progressing towards a better integration of developing, least developed landlocked countries into trading flows is clear. We need to build on these elements of agreement and learn from what we’ve done well in recent years to keep on delivering. Working together, we can ensure that LLDCs can benefit more from trade, now and in the years to come.
STATEMENT BY HIS EXCELLENCY MR. RAYMOND MPUNDU, DEPUTY MINISTER OF COMMERCE, TRADE AND INDUSTRY OF THE REPUBLIC OF ZAMBIA AND GLOBAL CHAIR OF THE LLDC GROUP

Enhancing LLDCs’ trade is one of the key priorities identified by the VPoA to unlock the development potential of their economies. As agreed in the VPoA, greater integration of LLDCs into world trade and global value chains is vital for increasing their competitiveness and ensuring that they attain sustained economic development.

The 2030 agenda and the Addis Ababa Action Agenda also recognize the significance of trade to poverty reduction and inclusive growth. We need to actualise these commitments and change the current situation of LLDCs accounting for a meagre one percent of global exports, for them to join the high fliers and begin to play an important role in global trade. This cannot be achieved through business as usual. We need transformative ideas through collective efforts. The LLDC group expects development partners to mainstream in their strategic plans the global commitments they made (through the VPoA and the 2030 Agenda for sustainable development among others) with clear measurable milestones.

LLDCs must ensure that the bottlenecks that impede the growth of their economies get the attention they deserve in national, regional and multilateral programmes. The reversal of trends in global prices of commodities should be a particular issue of focus. It is indeed a known fact that most LLDCs are dependent on commodities for their export earnings, and the recent down turn in prices has thus had a negative impact on their economies. Programmes focussed on value addition, market diversification and addressing distortions caused by subsidies are key to reversing this trend.

The LLDC group therefore looks forward to the implementation of commitments made in the context of the Aid for Trade initiative and the outcomes of the 10th Ministerial Conference held in Nairobi in December 2015.

If it becomes fully operational, the International Think Tank for LLDCs will provide top-quality research on trade-related topics (including WTO negotiations) as well as evidence-based advocacy on issues of interest, and this way benefit greatly landlocked developing countries. Members of the LLDC Group that have not yet done so should thus ratify the Multilateral Agreement on the establishment of the International Think Tank for the LLDCs.

Similarly, there is an urgent need to address the cost of trade through implementation of trade facilitating measures. LLDCs are challenged by lack of direct territorial access to the sea, remoteness and isolation from world markets. As such, transport costs for most LLDCs have continued to be a major hindrance towards attaining full trade potential. In 2014, the average cost for such countries to export and import a standardized container was $3,443 and $4,343, respectively, compared with $1,301 and $1,559 for transit developing countries.

The WTO Trade Facilitation Agreement (TFA) sets an important basis for addressing trade facilitation challenges. Its implementation should be complemented by initiatives aimed at addressing infrastructure related challenges for tangible results and impact. Zambia presented its instrument of acceptance for the TFA on the 16th December 2015. As the agreement will only enter into force once formally accepted by two-thirds of the WTO membership, all LLDCs that have not yet done so should urgently present their instruments of acceptance.

Another aspect of importance is the need to make trade growth more inclusive in order to halt the marginalization of LLDCs in world trade. The focus should be on finding the best way to integrate our
Small and Medium Enterprises (SMEs) in regional and global value chains without perpetuating the current marginalization and imbalances in global trade gains. Interventions by institutions such as the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC) are critical in this regard. All stakeholders should appreciate the benefits associated with trading globally.

Zambia has embarked on a number of initiatives aimed at market expansion and product development in an effort to enhance trade and diversify the economy. These include:

- the promotion of the establishment of core venture clusters through collaboration with major private investors, whose investments are expected to bring about opportunities for both forward and backward linkages along the value chains. The government, through institutions such as the Zambia Development Agency and the Citizens Economic Empowerment Commission, is providing both technical and financial support to build the capacity of SMEs to take advantage of these opportunities to supply goods and services to these core venture companies.

- the implementation of the product Value Chain Cluster Development programme to facilitate rural industrialisation. The government undertook a primary resource mapping in all the ten provinces of the country and so identified products to which it is now providing a whole range of support from production development to packaging and final sale. The Zambian government is currently funding more than 1,700 projects countrywide through this programme, with unprecedented outreach to rural areas, women and youth.

- the enhancement of trade facilitation through the creation of One Stop Border Posts (OSBP) and of the recently launched National Electronic Single Window. The establishment of an OSBP at Chirundu border has significantly reduced the transit time for cross the border trade with trucks now taking less than 2 hours to clear the border.

- active participation in regional integration and cooperation efforts aimed at facilitating trade and industrial development in COMESA and SADC. Zambia is also a key participant in the COMESA-SADC-EAC Tripartite framework that is anchored on market integration, industrial development and infrastructure development.

- a clear alignment of Zambia’s regional arrangements with the aspirations of the VPoA, as it sees regional integration, at the minimum, as a three dimensional undertaking that includes trade integration but also seeks to support industries and infrastructure development, all critical to the structural transformation of land locked developing countries.

National leadership coupled with stronger partnerships and sustained cooperation from bilateral, regional and international partners will enable LLDCs to achieve the VPoA and other global agendas such as the 2030 Agenda.
STATEMENT BY HIS EXCELLENCY MR. OCTAVIAN CALMÎC, DEPUTY PRIME MINISTER, MINISTER OF ECONOMY OF THE REPUBLIC OF MOLDOVA

The Fifth Meeting of Trade Ministers of Landlocked Developing Countries is a proper platform to develop solutions to LLDCs’ trade-related challenges, identify necessary leverage on the regional and international levels to reduce trade costs (at the border, between borders and behind borders), and address other supply-side constraints in order to increase the LLDCs’ trade competitiveness; improve the market access for their products; and enhance structural transformation in order to help diversify their products and markets.

Due to the inter-connected nature of the world today, some political and security issues have a direct impact on the economic performance and sustainable development of land locked developing countries. Hence, the purpose of LLDCs is to build strong economies and sustainable political and social relations that can build resilience to and prevent emerging crises and external shocks.

As a responsible member of the international community with strong European integration aspirations, the Republic of Moldova embraces entirely the principles of International Law governing international economic relations.

The Delegation of the Republic of Moldova supports the Ministerial Declaration of the Fifth Meeting of Trade Ministers of Landlocked Developing Countries, as well as the reflections of the negotiating groups of experts to accelerate the implementation of the Vienna Programme of Action and the 2030 Agenda for Sustainable Development, and the commitments undertaken by the member states in the international trade system.

The Republic of Moldova is fully committed to implementing Bali and Nairobi WTO Ministerial Declarations, as well as to paying necessary attention to the interests of landlocked developing countries in the remaining Doha issues.

The Moldovan Government is in the process of establishing the National Committee on Trade Facilitation, which will be composed of representatives of the Ministry of Economy, Ministry of Agriculture, National Agency for Food Safety, the business community, and the civil society. Economical suppliers and representatives of civil society have been involved with a view to secure support from the private sector and public private partnerships, which will contribute to Trade Facilitation and the achievement of the UN 2030 Agenda.

The Moldovan Delegation strongly believes that the implementation of the TFA can become a success story only with the engagement of national, regional and international economic agents. This approach will reinforce the importance of the multilateral trading system.

The Republic of Moldova has a pragmatic, holistic and multilateral approach in the liberalization of the international trading system and is fulfilling its commitments.
STATEMENT BY HIS EXCELLENCY MR. RIGOBERTO GAUTO, VICE MINISTER FOR FOREIGN AFFAIRS OF ECONOMIC INTEGRATION REPUBLIC OF PARAGUAY AND COORDINATOR OF THE LLDC GROUP ON MATTERS RELATED TO TRADE AND DEVELOPMENT IN GENEVA

This is a time of great achievements for international economic diplomacy and especially for the multilateral trading system. Important agreements have recently been reached within the United Nations System, such as the Vienna Programme of Action (VPoA), Agenda 2030, the Addis Ababa Action Agenda, and the COP21. In the same way, WTO members have been able to reach highly impactful agreements on global trade, particularly for developing and least developed countries.

In this regard, the Trade Facilitation Agreement incorporates binding commitments that favor the international transit of goods, the reduction of bureaucracy at borders, and establishes an innovative scheme of special and differential treatment. Meanwhile, the Decision on Export Competition puts an end to export subsidies for agricultural products, which is the cornerstone of our economies.

The Group of Landlocked Developing Countries wishes to express its commitment to the multilateral trading system and, in turn, requests a larger space as a group within the WTO. LLDCs want the work carried out in the WTO to take into account their specific situation.

LLDCs intend thus to have at the next Ministerial Conference of the WTO a specific work program to serve as a valid tool to strengthen their participation in the multilateral trading system and achieve their common objectives of reducing trade costs and diversifying their exports compositions and destinations, in order to better integrate the networks of regional and global value chains.

Through this work program, LLDCs do not seek to create a new category of WTO members, but rather create a platform for the implementation of the VPoA objectives linked to international trade. This platform should cover the main issues currently discussed within the WTO, such as agriculture, services, trade facilitation and aid for trade.

Likewise, this program of work should be open to incorporate the new issues affecting the performance of LLDCs’ economies, such as e-commerce, investments, access to value chains and technology transfer. Therefore, the program calls for the collaboration of developed and developing countries, as well as international organizations, in accordance with the United Nations General Assembly resolution 70/217, adopted in December last year and which called on international organizations, including the WTO, to integrate the Vienna Programme of Action into their respective work programs.

The topics discussed during this Fifth Meeting of Trade Ministers of Landlocked Developing Countries, such as the implementation of the agreement on trade facilitation, the development of cooperation schemes for transit, the diversification of economic structures and value addition, are directly related to the overall objective of the VPoA. They address the special needs and problems of landlocked developing countries arising from geographical constraints and, therefore, contribute to sustainable and inclusive growth, taking into account the regional context and country-specific limitations.
STATEMENT BY HIS EXCELLENCY MR. MICHIEL DEN HOND, AMBASSADOR AT LARGE AND SPECIAL REPRESENTATIVE OF THE MINISTER OF FOREIGN AFFAIRS OF THE KINGDOM OF THE NETHERLANDS

Trade is important! Thanks to trade, the Netherlands flourished, its development was spurred, and its knowledge and expertise was boosted. Trade strengthened the Netherland’s competitiveness and enhanced its general welfare.

Trade and investment relations between developed countries and developing countries, land-locked or otherwise are rapidly intensifying. More attention is being given to ensuring that trade will lead to inclusive and sustainable economic growth.

Global value chains have helped stimulate growth and investment, participating in lifting millions of people out of extreme poverty and towards a better existence. And it doesn’t stop here. These chains also facilitate the transfer of knowledge, and stimulate development. Moreover, integration into the multilateral trading system and into global value chains can contribute to good governance and strengthen respect for human rights.

The Kingdom of the Netherlands is one of the first countries to effectively link the policy areas of aid and trade. There is one minister for both portfolios. To stress its commitment, the Dutch government invests heavily in the Aid for Trade Agenda. After the UK, France and Germany, it is the largest European donor to this cause. Many programs, like the Advisory Center on WTO Law, the Netherlands Trainee Program and our support to the WTO’s Trade Facilitation Agreements, are examples of this commitment. The Netherlands want to be a partner in enabling developing countries to take part in the multilateral trading system as much as developed countries.

Many LLDCs are still not reaping the benefits of the global trading system, or still benefit too little from it. Therefore, the Netherlands fully support The Vienna Programme of Action, to create equal opportunities for all, as well as the delivery of the Addis Ababa Action Agenda, the SDGs, the Paris Climate Agreement, the WTO Trade Facilitation Agreement and the recent WTO Nairobi Package. The concrete and integrated implementation of these agreements on the ground will ultimately lead to sustainable and fair growth. From Astana to Kathmandu, and from Amsterdam to Ouagadougou.

LLDCs face a specific set of concrete and practical challenges when it comes to integrating in the global trade system. This is why the Netherlands committed €150 million in 2015 and 2016 to its Development Related Infrastructure Investment Vehicle, which facilitates investments in infrastructural projects. This is also why the Netherlands made a substantial financial contribution to the organization of this Fifth Meeting of Trade Ministers of Landlocked Developing Countries, to facilitate the exchange of knowledge and experience. This meeting will provide an opportunity to critically discuss the challenges, and even more so the opportunities that the future holds, as well as share ideas and good practices, in order to successfully deploy the trade potential of LLDC’s and ensure that trade works for all.
STATEMENT BY HER EXCELLENCY MS. VERONIKA BARD, PERMANENT REPRESENTATIVE OF SWEDEN TO THE UN IN GENEVA, CO-CHAIR OF THE GROUP OF FRIENDS OF LLDCS

Following the adoption of the 2030 Agenda, the Paris Agreement on climate change, as well as the global trade agreement in Nairobi, stock should be taken on how to interpret these agreements in the light of the landmark Vienna Programme of Action (VPoA).

Sweden had the pleasure to co-chair, together with the Lao People’s Democratic Republic, the negotiations in New York and Vienna in 2014, which resulted in the historic VPoA. From the outset of these negotiations, transit and trade issues have been central. Sweden has also taken the initiative, after these negotiations, to form the special Group of Friends of the LLDCs in New York.

Sweden truly sees the VPoA as unique in its holistic, forward-looking and action oriented approach, clearly recognizing the particular vulnerabilities of the landlocked developing countries. Sweden warmly welcomes the recognition of the VPoA and the special challenges met by LLDCs being clearly articulated in the 2030 Agenda, as well as in the Addis Ababa Action Agenda on development financing.

Within the new development agenda, Sustainable Development Goal 17 on global partnerships incorporates a strong section on trade, which includes the issues of developing countries’ market access and exports increase. It provides a very concrete example of the important connection between the Vienna programme of Action and the 2030 Agenda, and of the potential of trade for development.

The importance of building endurable partnerships when fighting the “prison of geography” faced by LLDCs cannot be overestimated. ODA will remain a foundation of international development. At the same time, the importance of regional and triangular cooperation is ever increasing. Sweden has a long-standing history of development cooperation. Its ODA has doubled over the past ten years and will remain at one per cent of GDI.

Many LLDCs are, and will continue to be, main recipients of this assistance, through bilateral as well as multilateral channels. Sweden continues to see Aid for Trade as a central tool to strengthen developing countries’ capacity to become more efficient and successful actors on the world market. It is plain to see that many LLDCs face extraordinary challenges, not least with supply side constraints such as those related to lack of proper infrastructure.

The private sector’s role in fulfilling demand is key, especially considering the vast needs of landlocked developing countries in areas such as telecommunications and transport. Sweden hopes that SDG17 on partnerships will provide a strong mandate for customized solutions to answer LLDCs’ needs.

Sweden sees the Paris Agreement on climate change as indivisibly linked to the 2030 Agenda. Trade also intersects with climate change in a multitude of ways, and the climate perspective must always be present when addressing trade issues. It is sometimes easy to forget that many landlocked countries are among the most affected by climate change. It is clear that the landlocked developing countries have a continuous need of their fair share of climate financing. Sweden is working hard with all the climate funds to make resources for adaptation and mitigation more easily accessible.

The Nairobi trade agreement was a major success for countries such as Sweden, heavily dependent on foreign trade, and LLDCs alike. It should revitalize further negotiations on world trade. The implementation of the Bali Trade Facilitation Agreement remains essential for the future of economic development for LLDCs.
Landlocked developing countries need support on the ground to ratify or accede to trade and transport related conventions. Sweden encourage active participation of LLDCs in the annual Treaty Event organized by the United Nations, and is looking into ways of being of further assistance.

The aim of the “Friends of the LLDCs - Group” in New York is to mobilize support from development partners and transit countries and to keep the implementation of the VPoA high up on the international agenda. Meetings like the Fifth Meeting of Trade Ministers of Landlocked Developing Countries offers great opportunities to increase the attention to LLDCs’ specific needs in Geneva, as well as a unique opportunity for a constructive dialogue on LLDCs’ own priorities.

We are off to a promising start, but our continuous, common efforts are needed to keep the Landlocked Developing Countries on track for a future with well-deserved sustainable development and prosperity.
STATEMENT BY MR. KUNIO MIKURIYA, SECRETARY-GENERAL, WCO

Customs administrations provide the infrastructure for trade by ensuring connectivity at borders. Given its particular economic relevance for LLDCs, the WCO considers transit as a priority issue. The publication of the WCO Transit Handbook in 2014 is part of its efforts to tackle it. As a follow up, the WCO is now developing in close cooperation with other international organizations the Transit Guidelines, which set clear guiding principles and recommended practices for transit regimes based on best practices of transit countries and landlocked countries.

To develop the Transit Guidelines, the WCO organized a workshop on transit on the 27th of June 2016 in Abidjan, Cote d’Ivoire, to which participated experts from UN-OHRLLS, the WTO, UNCTAD, UNECE and other development partners. The WCO is planning to hold the Global Conference on Transit on 10 July 2017 to launch the new Transit Guidelines.

The WCO launched in 2014 the Mercator Programme, which aims at increasing global interconnectivity, expanding trade volumes and enhancing economic competitiveness by providing to countries tailor-made assistance for implementing trade facilitation measures. The Mercator Programme is aimed at assisting governments worldwide to implement trade facilitation measures expeditiously and in a harmonized manner by using core WCO instruments and tools, such as the Revised Kyoto Convention (RKC). It reduces the risk of a non-standardized approach, which may lead to divergent implementation practices. Under the Mercator Programme, the WCO provides tailor-made support to the implementation of trade facilitation measures, based on a wealth of expertise and experience in technical assistance and capacity building and a network of accredited experts. For instance, since the adoption of the Vienna Programme of Action in November 2014, more than 30 national workshops or seminars have been organized in LLDCs to support the modernization of their Customs procedures and the implementation of various trade facilitation measures.

The WCO has also established in cooperation with Western African countries standardized electronic data sets for facilitating transit trade, which will be used by the 15 ECOWAS countries. The WCO is supporting a similar interconnectivity project in the 5 SACU countries. In addition, the WCO is developing a regional Authorized Economic Operator (AEO) programme with the EAC to connect businesses along transit corridors.

The WCO will continue to develop international standards for effective transit regimes and trade facilitation, deliver tailor-made capacity building for LLDCs, and enhance cooperation with all stakeholders.
STATEMENT BY MR. CHRISTIAN FRIIS-BACH, EXECUTIVE SECRETARY OF UNECE AND UNDER-SECRETARY GENERAL

The United Nations promised through the 2030 Agenda to leave no one and no country behind. Landlocked developing countries face double the trade costs of coastal countries and long distances from major trading markets. They must not be left behind. We must enhance their connectivity, increase their competitiveness, and facilitate their trade.

Inefficiencies at borders are estimated to cost twice the amount spent on tariffs, duties, import taxes and fees. Additionally, transport and transit inefficiencies are blocking access to markets. Transport efficiency and connectivity has thus been a key priority for UNECE’s Inland Transport Committee - the unique transport body which over the past almost 70 years has developed not less than 58 transport conventions and legal instruments to facilitate transport and transit on roads, rivers and rail.

The importance of transit issues was recognized by the General Assembly in 2015 through its resolution 70/197, which calls for countries to ratify the TIR Convention and the Convention on the Harmonization of Frontier Controls of Goods, both hosted in UNECE. Many major Asian trading countries are now joining the TIR Convention, and UNECE hopes to see many more countries join.

Thanks to international customs guarantees, TIR enormously reduces the transit time and costs for trucks, thereby helping to meet the objectives of Priority 1 of the Vienna Programme of Action. The electronic version of TIR (eTIR) was recently launched. A pilot electronic transit project between Iran and Turkey was successfully completed in December. This will create even faster and smoother transport and transit and pave the way for a multimodal TIR.

Less known, but no less important, is the Harmonization Convention, which increases efficiencies and revenues by optimizing – or as stated ensuring simple and speedy treatment - of cargo at the borders.

These Conventions are some of the most important tools for any landlocked country. They should join and use them. They are open to all UN Member States, and UNECE is ready to assist LLDCs in acceding and implementing them.

UNECE provides also extensive work on trade facilitation, as many countries are still dealing with cumbersome trade procedures. UNECE has been at the forefront of trade facilitation developments for over 50 years now with the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT). UNECE developed more than 480 recommendations, standards and tools for trade facilitation, which are used by countries and companies every day all over the world to boost competitiveness, optimize business processes, and strengthen participation in global markets – and which are especially important for LLDCs.

One important example is the Single Window Recommendation. By applying the Single Window and the TIR Convention, countries can already achieve a high level of implementation of the WTO Trade Facilitation agreement. The United Nations rules for Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT) and the global location codes (UN/LOCODES) are also key for trade and transport.

To help countries use these standards and tools and reduce red tape, UNECE carry out studies on regulatory and procedural barriers to trade. Country studies on landlocked countries already carried out include Belarus, Kazakhstan, Tajikistan, Kyrgyzstan and the Republic of Moldova. These studies are used, useful and appreciated by the UN member States.
UNECE also conducts Innovation Performance Reviews (IPR), which help member States strengthen their innovation policies and increase value-added and thus competitiveness. UNECE carried out or is planning to carry out IPRs for four landlocked countries in its region: Armenia, Kazakhstan, Kyrgyzstan and Tajikistan.

Another key tool is the UNECE agricultural quality standards. Adhering to these internationally agreed standards helps agricultural products become more attractive to international trade. A supermarket in Switzerland can call Uzbekistan and order “Class I” cucumbers or dried apricots, and will know exactly what will be in the package it receives, without traveling to Uzbekistan to inspect the shipment. This is trade facilitation at its finest. And the standards are available to all countries and companies.

One of the least integrated regions in the world is Central Asia, where the countries are all landlocked. UNECE, together with ESCAP, supports the UN Special Programme for the Economies of Central Asia (UNSPECACA). Under the UNSPECA trade programme, UNECE helped establish national Single Windows and trade facilitation committees in Kazakhstan, Kyrgyzstan and Tajikistan. These efforts also assist in living up to the WTO Trade Facilitation Agreement – and they greatly help to facilitate trade!

Many of UNECE’s norms, standards and conventions are available to all UN member States. Its online Trade Facilitation Implementation Guide, established in a close partnership with UNCTAD and ITC, is available freely to everyone. All countries can benefit from the myriad of tools, guidelines and recommendations developed by UNECE. Its norms, standards and conventions should be widely used to make sure that no landlocked country is left behind!
STATEMENT BY MS. ARANCHA GONZÁLEZ, EXECUTIVE DIRECTOR, ITC

The issue of “Harnessing the trade potential of the LLDCs” is critical. It is only by leveraging trade opportunities that we will see transformative change, sustainable and inclusive growth and ultimately, poverty elimination.

With the trade blueprint of the Vienna Programme of Action in one hand and the development compass of the UN Global Goals in the other, we are well positioned to move from pledges to practice. The focus has to be on action and no longer just words.

The International Trade Centre (ITC) will continue to be LLDCs’ partner in practice. As a development organisation of both the World Trade Organisation and the United Nations, ITC works with LLDCs and their SMEs to ensure trade potential turns into trade reality on the ground. Trade rules are critical, but their implementation is where the real deliverables for poverty reduction and growth lay.

If harnessed properly, trade can and has transformed lives. If we are sufficiently strategic, innovative and inclusive, trade will continue to do this in the LLDCs.

For us to be strategic, it is crucial that we make an effort to better understand the real challenges which SMEs face today in LLDCs. They make up more than 90% of their economic ecosystem and over 70% of their jobs, especially for women. SMEs have to be front and centre to LLDCs’ trade policy.

Although the conditions to trade in LLDCs may be geographically similar, the main barriers to trade may not necessarily be identical in all 32 of their economies. The Non-tariff measures (NTMs) business surveys which ITC has undertaken in LLDCs demonstrate that “export-related measures”, such as export permits and export inspections, pose the biggest challenge to exporting companies in Malawi; whereas in Kazakhstan it is “rules of origin and related certificate of origin” that pose the biggest hurdle to exporting companies; and in Rwanda, it is actually “conformity assessment” related to product testing and certification which presents the most significant trade hurdle.

With this type of real-life granular data, ITC can better steer its interventions and support LLDCs’ companies to overcome the day-to-day challenges they face when trying to trade across borders. Identifying the problem has to be the first step in addressing the solution and creating opportunities.

When circumventing the physical border constraints that LLDCs traders experience, it is imperative to challenge ourselves to be innovative. E-commerce solutions that connect SMEs to international markets through established virtual marketplaces and payment systems for business-to-consumer or business-to-business transactions should be prioritized through LLDCs’ national policies and regulations.

Following successful interventions in this area, ITC is already working towards a tailor-made e-solutions offer to LLDCs. The Africa Electronic Commerce Cooperative was launched in 2016 in an effort to bring e-solutions to Ethiopia and Rwanda. Mongolia is also benefiting from an online platforms initiative by ITC.

Innovative trade facilitation activities can also play a catalytic role. For example, ITC’s Trade Facilitation interventions in Burundi and Uganda uses a two-pronged approach: encouraging policy reforms to make border procedures simpler and faster, especially for small scale traders; and working to bolster the capacity of women involved in cross-border commerce to understand and comply with regulations. In 2015 alone, ITC helped hundreds of women to transition from informal to formalized cross border trading. And underlying this work is the WTO Trade Facilitation Agreement, for which ITC has worked
in over 40 countries, helping many to implement the Agreement, starting with its ratification. ITC has worked with UNCTAD to help 6 of the 9 LLDCs that have ratified the agreement to notify their ratification.

These types of innovative approaches must be coupled with more traditional forms of support. For that reason, ITC will also strengthen its existing interventions supporting Paraguay with regional integration related trade and market intelligence; supporting Tajikistan on post- WTO Accession; working with Central African Republic and Mongolia to build private sector awareness around the WTO Trade Facilitation Agreement; and developing agri-processing value chains in Central and West Africa. And the list goes on.

Finally, trade must be inclusive. Although the Vienna Programme does not itself explicitly mention the issue of women’s economic empowerment, it goes without saying that the Programme’s overarching goal of “sustainable and inclusive growth” necessarily includes the empowerment of women and youth. This is also a key area of focus under the 2030 Sustainable Development Agenda. ITC’s focus on women’s economic empowerment in LLDCs means targeting sectors that present high female participation, such as textiles in Burkina Faso and Nepal; horticulture in Lesotho; tourism in Laos; coffee in Rwanda and leather in Zimbabwe.

In 2015, ITC committed to invest 70% of its resources in LLDCs, LDCs, SIDS, and sub-Saharan African regions; today, this target has been surpassed.

As was the case under the Almaty Programme of Action, ITC remains a committed partner in LLDCs’ efforts to achieve sustainable and inclusive economic growth under the Vienna Programme of Action and their national development plans.

The ITC organized in Geneva and Zurich in July 2016 the “e-Commerce Caravan”. This 'caravan of peace' brought entrepreneurs from Rwanda, Ethiopia and Senegal amongst others to showcase merchandise which ITC has helped to be made available for purchase online. This is an example of trade impact for good and making trade happen on the ground.

Because whether you are landlocked or coastal, trade is your friend.
STATEMENT BY MR. JOAKIM REITER, DEPUTY SECRETARY-GENERAL, UNCTAD

With few exceptions, the world's landlocked countries are poor. Of the 15 lowest-ranking countries in the Human Development Index, 8 have no coastline. In spite of technological progress, landlocked developing countries still face well known impediments to access world markets.

The common wisdom is that geography is destiny. And, indeed, the heavy hand of geography poses challenges. But it's not deterministic. Switzerland and Austria are two cases in point. Or take Botswana - a striking example of an LLDC that has a record of strong economic performance in recent decades.

In the end, development is entirely possible everywhere. But to develop, to transform the fabric of one's economy and to modernize, it is critically important to, on the one hand, tackle one's handicaps and, on the other hand, fully exploit the opportunities for sustained growth.

For all LLDCs, relatively high trade costs are one key handicap. In fact, LLDCs face much higher trade costs than other developing countries. In parts of Africa, they can be up to 40% higher than the global average. In addition, LLDCs are often highly dependent on commodity exports. In fact, primary commodity exports account for more than 50% of total exports in all but 5 of 32 LLDCs. And many of these exports are high-volume and low-value. This magnifies the problem of trade costs.

As a result, high trade costs and low economic diversification trap LLDCs in a vicious cycle. In this cycle, the bulk of FDI flowing into these countries continues to flow to extractive resources. This handicap also directly undermines the full exploitation of the opportunities offered by both trade and investment. It tends to make it harder for LLDCs to diversify and to transform their production and trade patterns, for example by integrating into regional and global value chains.

What are the remedies to this situation? How can we ensure that trade becomes a powerful engine of growth and development for LLDCs?

UNCTAD directly supports LLDCs in three broad areas of priority to better harness the potential of trade in achieving the objectives of the Vienna Programme of Action and of the Agenda 2030: development of regional transport infrastructure and policies; integration into global value chains; enhancement of trade efficiency and facilitation.

First, LLDCs need to focus on developing infrastructure and transport policy at the regional level. LLDCs lack access to ports for their goods. This is a serious handicap for any developing country. LLDCs often have treaties with neighboring countries to facilitate their legal access to the sea, but the main problem is that transit countries have little incentive to invest in infrastructure that would mainly benefit their neighbors. This problem underscores the need for stronger transport corridors and enhanced connectivity at the national and regional levels. LLDCs will not be able to harness trade without promoting, for instance, regional efforts at harmonizing rail and road networks.

But in the end, money matters. And financing is a major challenge. It is often difficult to find adequate sources and mechanisms of finance to meet the scale of investment required. This is why UNCTAD promotes public-private partnerships as a vehicle for financing sustainable transport systems in the developing world.

The second area of focus for LLDCs should be their integration into global value chains. For that, LLDCs need more productive investment, including FDI, outside the usual extractive sectors. They need
to invest in their services economies, not least infrastructural services and ICT, which function as lubricants for both trade and production. And they need to promote, much more aggresssively, connectivity of regional markets through regional integration.

As global economic integration has advanced, production has increasingly dispersed across countries. Some 60% of world trade today consists of trade of intermediate goods and services. This fragmentation has made it possible for developing countries to capture value along the value chain by specializing in areas of comparative advantage. Accessing and climbing regional and global value chains is an essential means of acquiring capital and know-how.

What else can LLDCs do to facilitate integration into value chains? LLDCs can help their firms integrate into global value chains by reducing trade costs and administrative burdens. And by improving governance, LLDCs can create more attractive investment climates for foreign firms. If done right, integration into regional and global value chains can accelerate economic transformation away from dependence on commodities. This can be the first step to a more diversified and resilient economy.

Finally, the third area on which LLDCs should focus is trade efficiency in general and trade facilitation in particular. This includes ratifying the WTO's Trade Facilitation Agreement. The TFA would be a clear win for development, in LLDCs in particular. On average, it still takes 47 days to import and 49 days to export in LLDCs - double the time that it takes in transit countries. The average cost of exporting a container from an LLDC is $3,200, whereas for a transit country the average cost is $1,300. If ratified, the TFA could lead to an average reduction of trade costs of 15%. Among other things, it would ease trade across borders by speeding up customs procedures, improving the transit of goods, and providing technical assistance for implementation. This would benefit everyone: consumers, companies, governments, and the global trading system that we all depend on.

But for LLDCs to take full advantage of the agreement, they need to carry out needs assessments before implementation. And they need to ensure that special and differential treatment provisions are enforced. In the context of the Agenda 2030, financial and technical assistance to LLDCs needs to be the center of development partnerships.

LLDCs can play a leading role in achieving the SDGs, but they will only be able to do so if they properly harness trade as an engine of inclusive growth. For LLDCs and their development partners, harnessing the potential of trade demands: (1) regional infrastructure, (2) integration into global value chains, and (3) efforts on trade facilitation, including on the implementation of the WTO's TFA.

UNCTAD is convinced that, by working together in pursuing these goals, we can make progress in each of these areas.
SECTION TWO

PROMOTING TRADE IN THE LANDLOCKED DEVELOPING COUNTRIES
Jallalla, President,

Jallalla, dear Ministers and representatives of trade from the different member countries of the group of Landlocked Developing Countries (LLDCs),

“Jallalla” is a greeting in Aymara language that means “for life”.

Being a developing country which has no access to its coast has proven to be a real disadvantage in terms of the governance of development goals and eradicating poverty. Our dependence on transiting through neighbouring countries is, in many cases, very problematic and harmful to international trade, as it has been demonstrated by the situation in which Bolivia currently finds itself. This is a situation where a neighbouring country of Bolivia, through which we have to transit our goods to get the coast of the Pacific, in the last 10 years, has consistently increased port usage rates by more than 300% without further explanation or previous consultation, which violated not only a bilateral agreement, but also regional and possibly multilateral agreements.

Bolivia accords great importance to the Vienna Programme of Action (VPoA) and specifically, for its relevance to this meeting and the trade objectives contained therein. We believe that it is extremely relevant for LLDCs to increase their participation in global trade, for which it is very important to increase productivity and add value to what we produce, to escape the trap of being simply raw materials exporters. It is therefore important that we could develop international trade standards that encompass sufficient flexibilities to enable LLDCs to achieve their trade and development objectives.

With that in mind, we see that although the Trade Facilitation Agreement in this organization was an improvement in terms of the management of foreign trade, it should not be seen as the panacea or the silver bullet to all the problems encountered by LLDCs. This type of focus would mean reducing trade issues that we face to mere bureaucratic customs procedures, but they are not the only challenges we have been facing. We must not lose sight of the importance of access to financing, which reflects the problems we are living through. The development infrastructure, the development of our productive capacity, as well as investments, should always be respectful of our policies and legal systems, amongst other equally important aspects.

To conclude, allow me to invite all members of the group to participate, alongside their transport ministers, at the meeting, which is being organized by the Government of the Plurinational State of Bolivia in September, to discuss an issue very close to that of trade, not to say transport, which are those that are continuously affected and therefore could become barriers to international trade.
The theme “Harnessing the trade potential of the LLDCs to implement the Vienna Programme of Action for LLDCs and 2030 Agenda for sustainable development” is timely as we gear up for the implementation of the key decisions taken in the recent past that are critical for the integration of the LLDCs into the multilateral trading system. Our countries are still faced with challenges emanating from landlockedness. In this regard, the implementation of these key decisions is critically important to achieve desired prosperity for all. LLDCs’ efforts on their own will not be sufficient to achieve the desired results. It is important from the outset that closer collaboration with all relevant stakeholders is garnered, to ensure that no one is left behind. The importance of the contribution of transit countries, regional organisations, multilateral organisations and development partners in addressing the challenges of LLDCs can therefore not be overemphasised. In this regard, we call on all relevant stakeholders to expedite the effective implementation and monitoring of these key programmes.

The importance of the WTO as a multilateral organisation responsible for developing trade rules is central to achieving integration of the LLDCs. Decisions taken in the WTO should, therefore, ensure that the peculiar challenges of the LLDCs are specifically and effectively addressed. In this regard, we call for a development oriented Post-Nairobi Agenda and the adoption of a work-programme for LLDCs within the WTO. The key role played by the United Nations Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC) and other international organisations in building the necessary trade-related capacity remains important for LLDCs to be able to take advantage and reap the benefits of open trade.

The high cost of trade in LLDCs is mainly attributed to, amongst others, delays and inefficiencies associated with border management, including custom procedures and cumbersome documentation requirements. Implementation of the WTO Agreement on Trade Facilitation (TFA) is essential to mitigate these challenges. We therefore call upon other WTO Members, in particular the LLDCs, to expedite the ratification of the Agreement. To date TFA ratifications stand at 83 and only 8 LLDCs have so far ratified the Agreement.

Botswana yields important national efforts to improve its competitiveness and trade performance. Inclusive growth and building economic resilience, economic diversification, employment creation and poverty alleviation have been identified as key components of the national economic development agenda 7. Infrastructure development, including ICT, transport, and energy infrastructure, has been afforded more prominence in the National Development Plan 11. The Government has also committed to implementing the following strategic initiatives, amongst others: reforms to improve the business environment, development of human capital, and implementation of economic diversification strategies.

With the assistance of the UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UNOHRLLS), Botswana held a national stakeholder sensitisation workshop in 2015. The workshop was aimed at facilitating the mainstreaming of the Vienna Programme of Action into sectoral development initiatives that feed into the National Development Plan. As this workshop preceded the drafting of sectoral chapters of the 11th National Development Plan, it greatly complemented the process.

Botswana is also in the process of developing a National Aid for Trade Strategy, with the assistance of the Commonwealth Secretariat. The strategy will outline strategic areas aimed at improving our trade
performance and integration into the global value chains. It is scheduled to be launched on the 7th July 2016, and Botswana calls upon development partners to support this important initiative.

Following ratification of the WTO TFA, Botswana is undertaking reforms which will facilitate implementation of the Agreement upon entry into force. Botswana is in the process of reviewing customs legislation to align it to the WTO TFA and the Revised Kyoto Convention.

At the regional level, the Southern African Custom Union (SACU) is developing a Regional Trade Facilitation Programme, whilst the Southern African Development Community (SADC) adopted the Trade Facilitation Programme in March 2016. Through its Industrial Development Programme, SADC is also making efforts to develop regional value chains and facilitate regional integration. Building synergies at the regional level will greatly aid integration into the multilateral trading system. In this regard, funding of regional projects and provision of technical assistance remains critical and is encouraged.

Botswana calls development partners for the immediate withdrawal or drastic reduction of assistance on the basis of income-classification of countries. This tends to undermine the efforts achieved to attain a higher classification. As LLDCs, and countries with special needs, the support of development partners remains important to address the persistent challenges brought about by our landlockedness. Continued support is necessary to achieve the objectives of the Vienna Programme of Action.

Infrastructure development (including transport and ICT), a strong technological and research base, and the advancement of functional intellectual property systems, amongst others, remain fundamental to the development of LLDCs. These initiatives require huge financial investment as well as legal, regulatory and administrative reforms. In this regards, Botswana calls for increased, predictable and consistent international assistance in these areas, and expresses its appreciation of its development partners’ continued support.
STATEMENT BY HER EXCELLENCY MS. PELATE NIYONKURU,
MINISTER OF COMMERCE, INDUSTRY AND TOURISM OF THE REPUBLIC
OF BURUNDI

Burundi’s orientations in terms of trade and investment policy are enumerated in the documents “Vision Burundi 2025” and the “Strategic Framework for growth and Fight against Poverty” (Cadre Stratégique de croissance et de Lutte contre la Pauvreté - CSLPII). They are completed by sectoral strategies documents, such as the national strategy for commercial and industrial development.

The main components of this trade and investment strategy are being progressively implemented, together with the sub-regional orientations Burundi committed to as a member of the EAC and COMESA. The global objective of the Burundian government is to ensure the contribution of trade liberalization to economic development and poverty reduction. Especially, Burundi’s goal is to ensure that the populations profit from the benefits derived from a more open regional and multi-lateral trade, through a strong economic growth, employment development, and a larger choice of quality goods for consumers. Through this trade and investment policy, Burundi should be able to transcend its economy’s natural weaknesses (derived from landlockedness), as well as its structural ones.

This policy allowed Burundi to achieve noticeable progress over the past decade (2003-2013), including the customs and borders management reforms in 2009, the conclusion of different sub-regional, regional and multi-lateral agreements aimed at improving trade and transit, and the revision of the legal and regulatory framework, and the improvement of transport and transit infrastructure.

Further actions planned by Burundi, in the context of the WTO Trade Facilitation Agreement, include:

- the operationalization of the recently created National Committee for Exchange facilitation, which already benefited from a training supported by UNCTAD;

- the ratification of the Trade Facilitation Agreement in the near future (the ratification instruments being currently under preparation);

- the implementation of the national strategy for commercial and industrial development;

- the establishment of an electronic single-window for foreign trade operations;

- the improvement of Burundi’s commercial image through participation in regional commercial exhibitions and other similar trade fairs;

- the creation of a Special Economic Zone;

- the suppression of non-tariff barriers;
- further modernization of the road system and the rehabilitation and paving of the existing highway system;

- the modernisation of air transport through the expansion of Bujumbura international airport, the acquisition of new storage facilities and safety devices, the rehabilitation and redevelopment of the existing infrastructure, the construction of a second international airport, the rehabilitation of the national airline Air Burundi, etc.;

- the possible extension of the Tanzanian railway into Burundi;
- the promotion of expertise in the sectors of maritime, rail and road transport;
- further improvement of customs and borders management;
- active participation in regional cooperation programmes;
- the valorisation of the central and south corridors, through support to the development of lake-routes, railways and pipelines;
- the expansion and modernization of Bujumbura harbour, for it to comply with international standards;
- the implementation of the national strategy for sustainable development of tourism;
- the intensification of investments to upgrade the domestic and regional energy production capacities, with the aim to ensure companies and households a steady and reliable access to electricity;
- the development of other national energy sources, such as renewable energies, so as to not excessively depend on foreign electricity supply.

The implementation of the Vienna Programme of Action (VPoA) requires important means, which Burundi alone cannot provide.

The government of Burundi already achieved progress in improving business climate and facilitating trade: a permanent dialogue between the public and private sectors has been established, reforms have been initiated in public administration, and public agencies aimed at supporting the private sector have been created. But the lack of financial means of the institutions and administrations responsible for sustainable development led to weak results. Domestic resources are only sufficient enough to cover basic needs. Proof is that for the time being, Burundi struggles to honour some of its commitments to different regional and international organizations of which it is a member. The Burundian government apologizes to the WTO and other international organizations for not having proceeded to the agreed arrears repayments and to its annual contribution on time. It is currently putting additional efforts into fulfilling this duty.

In order to implement the VPoA and to make a better use of the international trade system, Burundi calls for an enhanced international technical and financial support to trade and infrastructure development. Burundi urgently asks its various bilateral and multilateral donors to increase their financial and technical assistance, in order to help the country overcome the obstacles imposed on its development by its geographical location, diversify its national production, and better integrate the regional and global trade system. An increase in the financial envelope dedicated to the Enhanced Integrated Framework would greatly help the countries that are the most in need, namely the Least Developed Countries, which include Burundi.

Among the value chains for which Burundi enjoys undeniable competitive advantages, the mining sector should be highlighted, as it represents a unique opportunity to quickly increase exports and generate sufficient public income to develop the much needed economic and social infrastructures. However, the mining industry faces inadequate energy and transport infrastructure. Many development partners already support the Burundian government’s efforts in this field. Those which suspended their support to Burundi should reconsider their positions, as it is a stable country and presents enormous economic potentialities that could allow it to achieve sustainable development.
STATEMENT BY MR. NURBEK MAKSUTOV, ADVISOR OF THE MINISTER OF ECONOMY OF THE KYRGYZ REPUBLIC

The geographical location of Kyrgyzstan determined the country to promote active trade opportunities in the Eurasian region, and will allow it to become an international transit hub in the region. Kyrgyzstan is indeed located between the dynamic markets of Europe, East and South-East Asia: in the north – Kazakhstan and Russia; in the south – Tajikistan, Afghanistan, Pakistan and India; in the east – China; and in the west – Uzbekistan, Turkey and Europe. In 2011, the Economy openness index of Kyrgyzstan (calculated as the ratio of the country’s total external trade to the country’s GDP) reached 105%.

Kyrgyzstan, after getting independence 25 years ago, has already made its choice towards opening its economy to the global market. The initial liberal market-reforms contributed to making Kyrgyzstan the first WTO member of the Commonwealth of Independent States (CIS) countries in 1998. Kyrgyzstan then strictly moved towards liberal reforms in business environment, trade facilitation and promotion. The country ranks 67th out of 189 economies in the World Bank’s Doing Business 2016, and 12th out of the 24 Eastern European and Central Asian countries. The most notable of these reforms is the introduction of the Single Window facility for reducing administrative barriers, enhancing customs procedures efficiency, and improving the transparency and predictability of administrative procedures. This Single Window facility is operated by a special centre under the Ministry of Economy. Major reforms of governmental deregulation of trade operations are also in progress. While there used to be more than 500 types of licensing by the government, which included licenses for export operations for certain types of commodities, governmental reforms cut them by 5 times.

In August 2015, the Kyrgyz Republic opened an important page in its economic history by joining the Eurasian Economic Union, a regional integration initiative between Russia, Kazakhstan, Belarus and Armenia, with which Kyrgyzstan had been traditionally tightly integrated in trade partnership and labour migration. In 2015, the Union members represented a share of 32.2% of Kyrgyzstan’s commodity turnover, giving the 6-million people country an access to an almost 187 million-consumer market and benefits from free transfer of commodity, service, labour and capital.

After joining the Eurasian Economic Union, Kyrgyzstan continues trade promotion activities with third countries. One important step in this direction was achieved when the EU granted the Generalised System of Preferences (GSP+) status to the Kyrgyz Republic in January 2016, providing to the country with a right to export more than 6000 commodity items to EU members free of customs duties. Kyrgyzstan recently signed a Free Trade Agreements with Vietnam, and is currently negotiating, within the framework of the Customs Union, a trade and economic agreement with China, which will both create favourable conditions for accessing the Chinese market and provide beneficial preferences for high volume investment projects in general. The country is also working on Free Trade Zone Agreements with such countries as Egypt, India, Indonesia, Iran, Tunisia, Israel, Serbia and Singapore. Another very effective step Kyrgyzstan has made towards promoting trade was entering in 2013 a visa-free regime with 41 countries. Furthermore, the Kyrgyz Government is currently working on the ratification procedures of the WTO Agreement on Trade Facilitation, the major goal of which is facilitation of customs administration.

Kyrgyzstan believe that the proper and effective way of implementing actions and policies included into the Vienna programme of actions for LLDC for the decade 2014- 2024 and the Sustainable Development Goals (SDGs), build upon the Millennium Development Goals (MDGs) and establishing a new round of development targets for the world to meet by 2030, will definitely positively influence the overall development that the Euroasian region is moving towards.
STATEMENT BY HER EXCELLENCY MME. KHEMMANI PHOLSENA, MINISTER OF INDUSTRY AND COMMERCE OF THE LAO PEOPLE'S DEMOCRATIC REPUBLIC

Lao PDR participates in international regional trade arrangement and works to solve the key challenges associated with the high logistics and trade facilitation costs it faces as a landlocked country.

Lao PDR’s economy has been growing rapidly in the past decade, largely driven by closer regional economic integration and high investment in natural resource sectors, namely hydroelectric power and minerals. Real GDP grew at an average of above 7% during the last two decades and is expected to maintain at around 7% from 2016 to 2020. At this pace, Lao PDR is on track to achieve its 2020 vision of graduating from Least Developed Country (LDC) status.

Lao PDR continues to integrate more closely into the rapidly growing regional economy through implementation of commitments within the Association of Southeast Asian Nations (ASEAN) and the improvement of its physical infrastructure and connectivity with neighbors. This has resulted in strong growth in cross-border flows of goods, services and investment. Over the last decade the value of Lao PDR’s trade has raised rapidly, both its imports and exports increasing by an average annual rate of above 20%.

Although the economy is growing fast, it is becoming less diverse. Mining, hydroelectric power, and wood product exports accounted for some 70% of total exports in 2015. Mining and hydropower now account for more than 80% of total foreign direct investment (FDI), which in turn affects the composition of export growth. The trade in goods is concentrated not only by product but by destination too.

Trade policy in Lao PDR is largely shaped by its regional and multilateral trade agreements under ASEAN and WTO to contribute in the achievement of the 2020 Sustainable Development Goals and the Vienna Program of Action (VPoA). The country’s trade regime is relatively open and since 2000s the country’s most favored nation (MFN) applied simple average tariff has not changed much, and remains at 9.7 percent.

Lao PDR has made the decision to view itself as a “landlinked” country. In this regard, Trade Facilitation is of paramount importance. The country recognizes that it needs to reduce its trading costs in order to ensure the competitiveness of its exporters and its overall economy. Efforts are being made to accomplish our trade facilitation agenda. For instance, the Electronic Certificate of Origin Issuing System (E-CO), a licensing and soon e-regulation automated information systems for customs clearance, has been introduced, along with more modern risk management techniques at the border to reduce clearance times and improve the efficiency of revenue collection. Lao PDR also works towards the implementation of cross border trade agreement with the set-up of Single Windows and Single Stop Inspection.

Important steps have been taken to improve inter-agency coordination on trade facilitation issues through the establishment of a Trade Facilitation Secretariat (TFS), which is known as a reference point for coordinating trade facilitation related issues focusing on simplifying and harmonizing administrative procedures and reducing barriers to support and promote the expansion of trade. Among others, Lao PDR’s next five year Trade and Private Sector Development Plan has identified an agenda for improving trade facilitation and cooperation among line agencies, as well as pre-defined performance indicators. It also aims at ensuring harmonization and increasing import-export competitiveness through simplification of trade procedures to make them easy, transparent, speedy and standardized.
Additionally, to increase transparency in trade related regulation, the Government of Lao PDR took the key initiative of establishing the Lao PDR Trade Portal (LTP). The development of the LTP has allowed the country to comply with the article 13 of ASEAN Trade in Goods Agreement (ATIGA), and the article X of GATT, which requires for all trade information to be published transparently.

Despite of some key progress made so far in terms of economic integration and trade facilitation, there are remaining challenges lying ahead to ensure that Lao PDR’s trade sector continues to contribute in the achievement of the 2030 Sustainable Development Agenda and the Vienna Program of Action (VPoA), as well as in the graduation from Least Developed Country (LDC) status in 2020.

As a least developed and landlocked country, Lao PDR is prepared and will continue to provide efficient transit services to neighboring countries, promote multimodal transport operation, and mitigate the negative impacts of not having direct sea access. Lao’s trade facilitation strategy is being implemented through 6 measures and 28 planned activities, concretely contributing to the implementation of the VPoA. However, the VPoA implementation seeks the commitment of the international community as well as a strengthened partnership between LLDCs and their transit neighbors on improving transit facilitation to reduce port and border delays and transaction costs.

After two years of strategic implementation, some improvements can be observed: export costs per container have been reduced by 9%, from $US 2,140 in 2013 to $US 1,950 in 2015, while import costs per container reduced by 10%, from $US 2,125 to $US 1,910 over the same period. These figures are still high and need to be addressed in depth for further cost reduction and simplification of trade procedures between and behind borders. The ratification and implementation of the WTO Trade Facilitation Agreement by all involved partners would greatly contribute to this goal.

Since 2006, Lao PDR has worked hard to increase the ownership and effectiveness of its trade programme. Through the developments to date, it has had the confidence to take charge of the diagnostic and programatic planning requirements within the Enhanced Integrated Framework (EIF) and proceed with a nationally led Diagnostic Trade Integration Study. Lao PDR’s approach has been gradual and focused on the involvement of all key partners, including the government, the private sector and development partners, to build a common country ownership.

Development partners have also worked closely with Lao PDR in increasing harmonization and simplification through various projects. In particular, the implementation of the country’s trade program has been greatly facilitated by the establishment of a Multi-Donor Trust Fund, the Trade Development Facility (TDF), which completely harmonises various donor interventions from the perspective of the government.

Lastly, Lao PDR has also harmonised the steering committees for various Aid for Trade (AfT) projects into a combined programme steering committee, called the Program Executive Committee. The various AfT projects are this way more closely aligned with the government priorities and can work in conjunction with each other to mobilise Lao’s trade development programme, which covers hard and soft IF-HRD and ICT implementation. Over time this Committee is expected to incorporate more development partners, including south-south cooperation partners, within the context of the new Trade and Private sector working group.
STATEMENT BY HIS EXCELLENCY MR. PHOHO JOSHUA SETIPA, MINISTER OF TRADE AND INDUSTRY OF THE KINGDOM OF LESOTO

The Fifth Meeting of Trade Ministers of Landlocked Developing Countries comes at an opportune time, following a year in which the world leaders agreed on historic landmarks to make the world a better place for humanity to prosper while saving the planet for posterity. These milestones include the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, the Paris Agreement on climate change, and the Sendai Framework for Disaster Risk Reduction.

The 2030 Agenda and its means of implementation (the Addis Ababa Action Agenda in particular) should represent a beacon of hope for LLDCs, as they recognize the need to address their special challenges and needs. The 2030 Agenda will, without doubt, play a catalytic role and add great momentum towards the implementation of the Vienna Programme of Action for the decade 2014-2024.

The special challenges met by LLDCs have been recognized in the global arena, including by the United Nations system. These challenges impose upon Lesotho, as both a least developed and landlocked country, a dual burden in its noble quest to free its people from the shackles of poverty. The major stumbling blocks amongst these challenges are the high transport and trade transactions costs that LLDCs face because of their lack of direct territorial access to the sea, remoteness from world markets and other geographical constraints. These costs are in most instances outrageously higher than those borne by their sister coastal economies and thus negatively affect LLDCs’ competitiveness on the global stage.

The theme “Harnessing the trade potential of the LLDCs to accelerate the implementation of the Vienna Programme of Action and the 2030 Agenda for Sustainable Development” is very apt, since trade has been identified as an engine for inclusive economic growth and poverty reduction and contributes to the promotion of sustainable development.

To harness their trade potential, LLDCs have to, first and foremost, reduce their trade transaction and transport costs and improve their international trade services, by simplifying and standardizing their rules and regulations. More importantly, LLDCs should ratify international conventions aimed at facilitating trade at, between and behind borders. In this regard, Lesotho calls upon WTO members to accelerate the ratification of the WTO Trade Facilitation Agreement (TFA) adopted by consensus at the Ninth WTO Ministerial Conference held in Bali in December 2013. The concomitant accruals for the full implementation of this agreement cannot be overemphasized. Lesotho, on its part, ratified the agreement in 2016 and is looking forward to submitting the required notifications. The provision of technical assistance by international organizations to LLDCs on the implementation of these international conventions remains important now and in the future.

LLDCs should also be accorded special attention in the WTO, as well as in other relevant trade fora, and sharp focus should be given to their development needs. In this respect, the conclusion of the remaining Doha Development Agenda issues is very crucial to enable the LLDCs to meaningfully benefit from the multilateral trading system. Furthermore, it remains extremely important to launch a Work Programme for LLDCs within the WTO owing to their special needs. This Work Programme should take into consideration the LLDCs’ priorities of Transit, Trade Facilitation, Aid for Trade, Services, and Accession.

Developing productive capacities is also fundamental for LLDCs to harness their trade potential, effectively implement the Vienna Programme of Action and achieve the Sustainable Development Goals. Their low productive capacities and their structural weaknesses limit value addition to their exports and the diversification of their exports and markets. In this regard, increasing Aid for Trade to LLDCs,
including through the Enhanced Integrated Framework for trade-related technical assistance, is very essential. Aid for Trade, when blended with appropriate supporting policies, can increase the competitiveness of LLDCs’ products in the global and regional chains. We therefore call upon our partners to honour the pledges they made on the eve of the Tenth WTO Ministerial Conference in Nairobi, and appeal to other friendly members to contribute into this initiative.

Finally, partnerships at all levels and in particular with transit countries are a bedrock for harnessing LLDCs’ trade potential. LLDCs and transit countries have to work together to modernize transit and transport facilities and customs and other border facilities by fully utilizing the capabilities of information and communications technologies. Strengthened partnerships in the context of South-South cooperation, partnership with international and regional organisations as well as between public and private sector actors, are also key to harness LLDCs’ trade potential for the effective implementation of the VPoA and achievement of the SDGs. This notwithstanding, South-South cooperation should not be construed as a substitute for North-South cooperation. The latter remains vital, especially for the provision of Official Development Assistance, which the LLDCs need to address the infrastructural deficits they face.

The new global development frameworks have not only provided us with the master plans within which we can embed our aspirations for the betterment of humanity, but they have also raised hopes of prosperity for our people. Therefore, let us all join hands and deliver the promise without leaving anyone behind.
STATEMENT BY HIS EXCELLENCY MR. DRITON KUKJI, MINISTER OF ECONOMY OF MACEDONIA

Trade policy has played an important role in boosting country’s competitiveness ever since Macedonia became WTO member in 4 April 2003. To have open, predictable and transparent trade policy is necessary to remain competitive in a time where global value chains (GVCs) are a dominant feature of world trade. Thus, Macedonia’s intention is to create an effective free-trade policy that encourages more domestic and foreign direct investment, and to support companies not to operate in isolation from the global markets.

Trade policy evaluation should focus on the effectiveness of a country’s framework for implementing its trade strategy, and comprise of four main indicators related to: i) the strengthening of institutional co-ordination, ii) public-private consultations on trade policy issues, iii) the monitoring and evaluation of the trade policy’s impact, iv) the collection of data on trade input and output.

Institutional frameworks for trade policy have been adopted in Macedonia and positive steps have been taken to apply them in most areas, increasing trade policy’s impact and the country’s integration in the world trading system. The impact evaluation of these frameworks has incorporated systematic ex-post and ex-ante analysis of trade policy and agreements in all sectors of the economy.

A single body was designated to co-ordinate the country’s trade policy. Co-ordination is ensured by interministerial committees or working groups, formal instruments for consultation of the civil society on trade policy issues have been created, and broader participation of the private sector and civil society is promoted through councils meeting run by the prime minister.

Macedonia conducts regular consultations facilitated through the Chamber of Commerce, the National Entrepreneurship and Competitiveness Council (NECC) established in 2012 and the Advisory Council established in 2009 within the Customs Administration. Furthermore, monitoring of trade measure’s impact and more comprehensive mechanisms for trade policy evaluation and data collection have been established. Macedonia is the only SEE economy that collects symmetric detailed input-output tables covering all sectors. According to OECD’s qualitative indicators on measuring trade policy and formulation, Macedonia scores 3.75 out of 4.0 points.

Macedonia has already reached several achievements, including applying tariffs for agricultural and industrial products that are broadly in line with world averages, abolition of quantitative restrictions on imports and exports for economic reasons have been abolished, and establishing average customs duties on capital goods close to EU levels.

High levels of performance have been achieved in the reduction of “technical barriers to trade” and implementation of “trade facilitation measures”, while challenges remain in the area related to “sanitary and phyto-sanitary measures”.

According to World Bank’s “Doing Business” indicators, the SEE economies have been making permanent progress from 2009 to 2015 in reducing the time, the cost and the number of required documents to import and export. Macedonia is the best performer in these indicators, at a par with the EU average.

Regarding WTO Trade Facilitation Agreement (TFA), it is necessary to strongly promote all the benefits for economic operators of simplified customs procedures, having in mind the importance of risk
management systems, electronic payment of customs duties, and functional IT system (to what extend Macedonia in February 2015 has notified in WTO under Category A).

Macedonia’s potential to integrate into the world trade system depends on its effective trade policy. Reaching 54% of its GDP, Macedonia’s exports level is the highest of the SEE countries, but still remains low if compared to emerging economies (between 100 and 200 percent of GDP). Number of products saw the value of their exports increase substantially in the past 5 years, such as chemicals and machinery, and automotive parts or spares and tech products, reaching 1.7 billion euros in 2015 (20% of GDP). Similarly, the share of high and medium tech products in total exports increased from 37% in 2011 to 53% in 2015.

Macedonia’s main trade partners (in total trade volume) are the EU member states, the SEE countries (Western Balkan) and the EFTA states. 85% of Macedonia’s trade is operated with these countries. Macedonia thus mainly trades within the framework of free trade agreements.

Macedonia’s trade volume has been increasing continuously in the past years, especially its exports. Between 2012 and 2013, its total trade volume increased by 4%, its exports increasing by 6.6% and its imports by 1.4%. Between 2013 and 2014, its total trade volume increased by 12.8%, its exports increasing by 15.6% and its imports by 10.3%. Finally, between 2014 and 2015, its total trade volume increased by 7.4%, its exports increasing by 8.8% and its imports by 5.3%.

Transport connectivity is a challenge on which the Macedonian government intensively focuses. In that respect, a high quality regional transport infrastructure system is needed in order to support free movement of goods and people, competitiveness of the region, efficiency of regional transport network and assurance of its sustainability. In this regard, the top priorities on the Macedonian Agenda are railway reforms, road safety, the rehabilitation of the Corridors VIII and X, and enhancing connection to the rest of the region through neighboring countries.
STATEMENT BY MS. CHARITY MUSONZO, DEPUTY DIRECTOR OF TRADE (DOMESTIC TRADE), MINISTRY OF INDUSTRY AND TRADE OF THE REPUBLIC OF MALAWI

It is widely acknowledged that LLDCs face unique and daunting challenges in their endeavour for economic development. The wide array of challenges they experience, such as lack of territorial access to the sea, isolation, remoteness from world markets, and high transport and transit costs, impose serious constraints on their overall socio-economic development and on their trade competitiveness. These specific problems have contributed to entrenching poverty in many LLDCs and greatly limit their effective participation in international trade. Unless the structural problems facing LLDCs are adequately addressed, there is a real risk that their relative lack of integration in the world economy will not end. Because of these challenges, many landlocked developing countries are among the poorest in the world.

I. GEOGRAPHICAL LOCATION

LLDCs are characterized by their remoteness to sea ports. Lacking unfettered access to the sea, they are often shut out of many potential markets and face major obstacles if they do not have the adequate transport infrastructure to access coasts. For instance, Malawi is about 1,800 km away from the nearest port of Nacala in Mozambique. This poses huge challenges to LLDCs’ transport systems.

II. TRANSPORT INFRASTRUCTURE

Inadequate transport infrastructure is a major obstacle to establishing efficient transit transport systems in landlocked and transit developing countries. The deterioration of transport infrastructure also affects their efficiency. This results in LLDCs facing huge transport costs and their products being uncompetitive on the global market. Without foreign aid, LLDCs cannot maintain and develop efficient transit transport systems. Indeed, their landlocked condition, and the constraints it imposes on their productive capacities and transport infrastructure, dictates their level and pace of development and their competitiveness on the international market.

A way around these costs is for landlocked countries and their coastal neighbours is to facilitate their trade by entering into transit agreements that define the conditions, obligations and rights under which the parties will use the transit facilities, including transit corridors, roads, inland waterways and railways.

III. INTERNATIONAL TRADE PERFORMANCE

Trade is an engine for economic development. However, the participation of LLDCs and transit countries in international trade is not significant as it could be. The external trade of the majority of LLDCs is marginal compared with other developing countries. LLDCs trading patterns is characterised by the high proportion of primary commodities or low-processed raw materials and fuel exports. Typically, LLDCs have a narrow production and export base, heavily dependent upon a few primary commodities, which make them particularly vulnerable to external shocks. While there are initiatives to promote export diversification and value-added processing in general, the results on the ground are poor due to a narrow manufacturing base and supply-side constraints. Malawi developed a National Export Strategy to mitigate such challenges.

IV. HARMONISATION OF LEGAL AND REGULATORY FRAMEWORK

It is important for LLDCs and transit countries to review and revise their legal and regulatory frameworks to embrace the regional and international conventions they ratified. If properly implemented,
these will be main vehicles of rules and documentation harmonisation, simplification and standardisation. In this regard, Malawi is a member of COMESA and SADC and is actively involved in the regional integration agenda.

V. INFORMATION AND TECHNOLOGY

IT is an important enabler of production, transport and communication processes. Inadequate and outdated IT infrastructure poses huge challenges to the efficiency of LLDCs’ economy. These challenges are due in part to the very low level of technology and skills transfer between LLDCs and the rest of the world.

VI. INADEQUATE/UNCOORDINATED INTERNATIONAL SUPPORT

The importance of mitigating the challenges faced by LLDCs is widely acknowledged by many development partners. However, uncoordinated support, lack of technical know-how and conditionalities refrain LLDCs from accessing resources meant to address some of their development challenges.

VII. IMPROVING PARTICIPATION OF LLDCS IN REGIONAL AND GLOBAL VALUE CHAINS BY REDUCING TRADE COSTS

The potential advantages that LLDCs would derive from participating into regional and global value chains are numerous, both at macro and micro levels. There are opportunities to create jobs, increase income, improve working conditions, diversify production and exports, increase access to finance, shorten lead times, reduce operational disruptions, cut inventory, improve quality and customer service, speed innovation and reduce risk. LLDCs’s small enterprises could benefit from engaging in global value chains, by reducing their costs of entry and allowing economies of scale. Furthermore, it has been proven that firms already exporting can benefit from engaging in global value chains by upgrading their outputs production, thanks to new access to superior imported intermediate inputs. Emphasis on value chains basically entails the promotion of moving development perspectives from national to regional focus and prosperity.

Secondly, the greater share of global exchange is currently carried out through value chain participation, reflecting the profound structural changes in modern manufacturing systems and their complex product and geographical interdependencies. 80% of Malawi’s enterprises are SMEs. If clustered into productive groups or cooperatives, they could effectively participate in global value chains, increase their profit margins and improve their net worth.

VIII. MEASURES TO PROMOTE TRADE IN LLDCS

Support through Aid for Trade initiatives should be intensified, in order to build the capacity of the LLDCs’ productive sector. Moreover, donor support should be coordinated with and target at the national development agendas.
STATEMENT BY HIS EXCELLENCY MR. VAANCHIG PUREVDORJ, AMBASSADOR AND PERMANENT REPRESENTATIVE OF MONGOLIA IN GENEVA

Mongolia wishes to underline the importance of addressing the LLDC’s trade-related obstacles and constraints arising from their geographical disadvantages, such as the lack of territorial access to the sea and the remoteness from the major world markets, which increase their trade costs by more than twice in comparison with coastal countries.

In this regard, Mongolia believes that the Fifth Meeting of Trade Ministers of Landlocked Developing Countries provide an important platform to share the experience and progress made by LLDCs in participating in international trade since the Fourth Meeting of Trade Ministers, as well as to discuss and identify strategies, new measures and recommendations on how to improve the trade potential of the landlocked developing countries.

Mongolia wishes to underscore the vital importance of implementing the Vienna Program of Action and the 2030 Agenda for Sustainable Development, a new global development framework that entails an important provision on supporting and strengthening trade capacity of developing countries, particularly LDCs and LLDCs.

Ten years of negotiations have resulted, at the 9th Ministerial Conference held in Bali, in the WTO Trade Facilitation Agreement (TFA). This agreement is of particular importance for LLDC’s, as it creates a common platform for goods in transit, as well as streamlines and standardizes customs procedures, thus reducing trade costs.

As a land-locked country, Mongolia emphasizes the importance of ratifying and implementing the WTO’s TFA, which will ensure trade facilitation through the removal of transit transport obstacles, and thus guarantee the freedom of transit of developing countries. The TFA Agreement has been presented to the Parliament of Mongolia for ratification.

Mongolia aligns itself with the LLDCs Group’s position of identifying concrete actions in order to launch a specific Work Program for LLDCs within the WTO, which would tackle issues related to trade facilitation, transit transport, Aid for trade, services, regional integration and cooperation, accession and capacity building.

As a vulnerable economy, Mongolia has been taking systematic measures related to trade facilitation, in particular on the reduction of procedures that increase the cost of businesses, transportation burdens, administrative regulations, and the elimination of obstacles related to border control procedures and customs clearance.

Mongolia still falls under the importing country category. In order to neutralize the unfavourable circumstances for trade development, the Government of Mongolia is working towards liberalizing trade and enriching bilateral and multilateral trade and economic cooperation with new contents and forms.

Given the importance of trade regulation improvement, the benefits it would bring to the overall business climate, and the need for bringing up the national trade regulatory system to the global trends and practices, Mongolia drafted a trade law. The drafting exercise was followed by a series of discussions involving the Mongolia government and private sector. Now, the draft law is ready to be presented to the parliament for review and discussion. This law will clearly define the rights and duties of relevant parties, trade category and regulation of goods, intellectual property rights, export and import standards, technical
regulation and control. This law would have significant positive impact on trade development from a legal aspect.

Mongolia aims at participating actively in international and regional economic integration. The country has recently successfully concluded negotiations with all participating states for accession to the Asia-Pacific Trade Agreement (APTA). Thanks to the business opportunities it will gain for its main goods exports, Mongolia is expected to benefit from the preferential trade and investment cooperation under APTA and thereby increase the volume of its trade with APTA States.

Furthermore, Mongolia is exploring further possibilities of expanding its bilateral trade and economic cooperation with its main trading partners.

As the initiator and host country of the International Think Tank (ITT) for LLDCs, Mongolia calls upon all LLDCs to accede to the Multilateral Agreement for the Establishment of an International Think Tank for Landlocked Developing Countries. This would bring this multilateral organization into full operation, for the benefit of all landlocked developing countries.
STATEMENT BY HIS EXCELLENCY MR. JAYANT CHAND, MINISTER OF COMMERCE OF THE FEDERAL DEMOCRATIC REPUBLIC OF NEPAL

The Vienna Programme of Action provides comprehensive framework to address the special development needs and challenges of the landlocked developing countries. There is a need to mainstream and effectively implement all the priority areas set in the Programme of Action, in conjunction with the globally inclusive and transformative Agenda 2030 for Sustainable Development.

Trade is an important enabler of sustainable development, poverty reduction and sustained economic growth. The general development level achieved by LLDCs, and their share of around 1.2% of global exports, is far less than satisfactory. Our group of countries continues to suffer from remoteness and isolation from the global and regional markets, structural economic weaknesses, supply side constraints, poor infrastructure and transport connectivity and, moreover, high trade transactions costs due to high transit transport cost and lack of adequate trade facilitation measures. Our economies do not attract sufficient foreign investment for the expansion and diversification of their trade either. High dependence of our countries’ exports on commodities and low value added manufacturing, which suffer from downward market trends and fluctuations, also constrain our prospects.

Nepal is both an LDC and LLDC. The importance of raising the productive capacity of these countries in areas like agriculture, manufacturing and services, and achieving structural transformation and diversification of their economies and trade must be the highest priority. Closer attention to development of modern energy resources, development and promotion of ICT, construction and maintenance of quality transport and transit infrastructure, multimodal transport connectivity with transit neighbours as well as countries in the region, and effective and efficient trade facilitation measures at the border posts would raise LLDCs’ trade efficiency. Initiatives in quality infrastructure development and improvement of connectivity pave the way for attracting more investment into the economies of LLDCs and linking them to the regional and global value chains. More aid for trade should flow in these areas.

We can hardly emphasize the important role that transit neighbours can play and the synergy that regional and global enabling environments of partnership and cooperation can create to improve the situation of landlocked developing countries. Unfettered transit transport to the nearest sea is the lifeline of the economy of landlocked countries like Nepal. Nepal wishes therefore to emphasize that LLDCs’ transit right must be respected in all situations. Nepal is effortful in increasing infrastructure connections as well as trade and investment relations with neighbouring countries and the rest of the region through bilateral mechanisms and regional cooperation arrangements, such as SAARC and BIMSTEC.

Nepal looks forward to the entry into force of the WTO Trade Facilitation Agreement. The country attaches value to trade facilitation, not only as a mean of making border crossing faster and more efficient for cargo and transport vehicles, but also to attract more investment in modern transport infrastructure networks in order to ensure more efficient multimodal bilateral and regional transport connectivity.

The devastating earthquakes that hit Nepal in April and May 2015 have taught the country that it needs to build resilience by employing all techniques of building back better for disaster risk reduction.

Nepal is thankful of solidarity and support received from all over the world in the aftermath of the disaster. This sense of togetherness and cooperation must flourish in our time of intense globalization, which has yet to take a human face by leaving no one behind, as stipulated in the SDGs.

Nepal has set up a national authority for reconstruction, which is implementing a comprehensive package of programmes for reconstruction and rebuilding of damaged infrastructure, housing, and service outlets.
The new inclusive and federal democratic constitution promulgated in 2015, which has fully enshrined all human rights, has kindled new hopes for equitable, inclusive and sustainable development and social justice among all the citizens of Nepal.

Finally, north-south, south–south and triangular cooperation, as well as enhanced and strengthened global partnership for transfer of technology, finance, ideas and knowhow are essential to implement all globally agreed development goals, including the VPoA and the SDGs, in which people of LLDCs have pinned hopes. This must be complemented by comprehensive, coordinated and coherent policy initiatives at the global, regional and local levels.
STATEMENT BY MR. EDOUARD BIZUMUREMYI, COMMERCIAL ATTACHÉ OF INVESTMENT AND PROMOTION, WTO, UNCTAD, AND ITC TO THE EMBASSY OF THE REPUBLIC OF RWANDA TO SWITZERLAND AND PERMANENT MISSION TO THE UNITED NATIONS OFFICE AT GENEVA

The theme of the Fifth Meeting of Trade Ministers of Landlocked Developing Countries, “Harnessing the Trade Potential of the LLDCs to Implement the Vienna Programme of Action for LLDCs and the 2030 Agenda for Sustainable Development” is timely.

The Vienna Programme of Action has set overarching goals for LLDCs, including the one of achieving structural economic transformation through industrialization, and more specifically through the development of value-addition in the agriculture, manufacturing and services sectors. Technology and innovation will be key to realizing the required technological change for our economies to move from commodity dependency to first labour-intensive and then technology-intensive production.

Rwanda has been experiencing since 2000 a rapid and long-term growth, with an average annual GDP growth of 7% for more than 10 years. The country is committed to stay on this development path in years to come, with a view to achieving Sustainable Development goals.

The relationship between landlockeness and development/poverty is not a simple direct correlation. Indeed some landlocked countries are developed, while many LDCs are coastal countries. It is however worth noting that in general landlockness is an aggravating and hindering factor for trade and development. That is the reason why we commend UN-OHRLLS and WTO for keeping this important issue on the agenda with a live discussion around it.

Achieving SDGs requires much more than addressing trade related issues and goes far beyond market access issues. Empirical evidence shows that unlocking countries using a set of complementary measures has very positive effect on development. The example of the EAC, where Rwanda is located, shows that regional integration is critical to complement national efforts. The EAC leadership at the highest level has been instrumental in driving the integration agenda to the extent that it can be considered as an integration model on many accounts. For example, Rwanda established one stop border posts with neighbouring countries, a number of regional Non-Tariff Barriers (NTBS) have been eliminated, and a national customs electronic single window has been operational since 2012. All these measures have drastically reduced both Rwanda’s trading time and cost, gradually unlocking its trade potentials. A number of projects in pipeline will further expedite movement of goods and reduce the associated business costs. Based on that experience, Rwanda is firmly convinced that full implementation of all TFA provisions will significantly contribute to unlocking LLDCs’ trade potentials.

Rwanda has undertaken the task of coordinating the ACP Group since the end of February 2016. The ACP group shares some perspectives with the LLDCs Group on WTO negotiations. ACP group commends all WTO membership sense of responsibility and flexibility, which produced such amazing results in Bali 2013, and thereafter in Nairobi in 2015. The development promises made in Doha in 2001 are however far from being delivered. Advocating for free trade on the one hand, and keeping, on the other hand, diverse trade distorting practices, especially trade distorting subsidies in agriculture, is an inconsistency.

Rwanda calls again all members to take the necessary steps for immediate and full implementation of all WTO decisions (i.e. Agriculture export competition), and wishes to stress at the same time how all the Doha Development Agenda (DDA) issues are interlinked to the extent that expected benefits from TFA,
removal of exports subsidies (etc.) are going to be offset by the on-going trade distorting subsidies, mainly domestic support in agriculture. Therefore, the agriculture reform is critical for the realization of the SDGs, precisely given that many countries are planning to industrialize through agro-processing, among other avenues. Hence the important need to level the playing field in this critical area.

Against this rationale, the ACP countries are preparing a complete and comprehensive proposal regarding how to address all DDA remaining issues, based on updated findings on these issues’ impact on our economies. The ACP countries expect all their partners to receive positively and support that forthcoming proposal, and shall be keen in sharing those findings with Members of the LLDCs group.
STATEMENT BY H.E. MS. NJABULISO BUSISIWE GWEBU, AMBASSADOR OF THE KINGDOM OF SWAZILAND TO THE UN IN GENEVA

This is a crucial time for the global economy. The post financial crisis economic growth continues to wallow in single or negative digits for developed countries. Emerging countries, which were recognised as the industrial engines of global growth, have seen the global demand for their products dramatically shrink. Low commodity prices and climatic disturbances have jeopardized and at times reversed the gains made by the small and vulnerable countries of the world. But the world also recommitted itself in several international fora to redoubling efforts to help developing countries achieve equitable, inclusive and sustainable development within concrete funding frameworks.

Swaziland has made much progress since the launch of the Vienna Programme of Action (VPoA) for landlocked developing countries in December 2014. Thanks to regulatory reforms improving its investment climate, Swaziland has moved from the 110th place in 2015 to the 105th in 2016 of the World Bank Ease of Doing Business ranking. This improvement is attributed to progress made in some indicators, such as in trading across borders and the registration of property. In trading across borders, for instance, Swaziland has made a quantum leap from the 127th place to the 30th, primarily thanks to extended border opening times, a reduction in the number of documents required from traders, a migration from ASYCUDA ++ to the more effective ASYCUDA World, and the implementation of the World Bank’s recommendations on time release.

Swaziland, like most modern economies, and especially as a landlocked country, recognizes the increasing role of the services’ sector and its contribution to diversification and productivity growth for the overall competitiveness of her economy. To this end, Swaziland is negotiating at the regional level (within both SADC and COMESA) on trade in services in six priority sectors commonly identified by the two Regional Economic Communities (RECs), namely, Transport, Communication, Tourism, Financial, Energy and Related services, and Construction and Related-Engineering services. Within the East African Community (EAC), negotiations on trade in services have been included in the regional integration agenda. Additionally, trade in services will be negotiated in parallel to trade in goods under the Phase One of the negotiations on the Continental Free Trade Area. Finally, Swaziland is currently negotiating trade in services with the European Union under the Economic Partnership Agreement (EPA), whilst simultaneously developing a strategy for trade in services with funding from cooperating partners, in order to identify key offensive and defensive interests in all these platforms.

Swaziland thanks its cooperating partners, which have funded the urgent projects that the country has prioritized under its Aid for Trade Strategy. This Strategy is a living document, with funded projects already systematically phased out and new ones duly included. A process has been initiated at both policy and legislative levels to designate the new international airport and the science technology park as special economic zones (SEZs), with the view to attracting foreign and domestic investments in these two strategic areas. Swaziland therefore further requests its cooperating partners to commit to rendering additional financial and technical support to realise these short to medium term objectives.

In conclusion, Swaziland recognizes the crucial importance of enacting real reforms in the area of trade facilitation, not only to reap the rewards of greater trade activity and economic growth, but also to provide certainty and predictability to current and potential investors. In this regard, the country has initiated a process to operationalize a Trade Portal or online one-stop-shop where importers, exporters and investors can obtain information and seek necessary authorization for their activities.

On Customs co-operation, Swaziland has agreed on trade data exchange between the Swaziland Revenue Authority (SRA) and its south-African counterpart, the South African Revenue Services. The double
payment of VAT between Swaziland and the Republic of South Africa has also been eliminated. Work also incorporated in the SRA strategic plan for 2015-17 for possible funding under the SADC Trade Related Facility include full automation of gate control systems as well as the procurement and installation of automated cargo tracking systems to be interfaced with the paperless risk management ASYCUDA World.

Finally, the government made a formal submission to the parliament for consideration and approval of the ratification of the WTO Trade Facilitation Agreement.
STATEMENT BY MR. SAIDRAHMON NAZRIEV, FIRST DEPUTY MINISTER OF ECONOMIC DEVELOPMENT AND TRADE OF THE REPUBLIC OF TAJIKISTAN

The challenges and disadvantages met by the countries that lack territorial access to seaports or are distant from them have been noted in the works of Adam Smith around two hundred years ago. Such problems are recognized today by the United Nations, since then the advances in technology and logistics as well as the market economy have not helped to overcome the main challenges faced by LLDCs. As a landlocked country surrounded by other landlocked countries, Tajikistan has one of the longest distance to the sea among the LLDCs (about 3,100 km). This makes its situation even more challenging.

In order to harness the benefits of the multilateral trading system, Tajikistan joined the WTO in March 2013. 2015 was a historically remarkable year for Tajikistan, as its parliament ratified both the WTO Trade Facilitation Agreement and the Protocol of amendment of the TRIPS Agreement, and hosted the Dushanbe Third China Round Table on WTO accessions. The implementation of the TFA and the amended TRIPS will deepen Tajikistan’s integration into the world trading system and accelerate the reforms in relevant sectors. We call and encourage other members to follow in the same spirit. For Tajikistan, like for other landlocked countries, the implementation of the TFA Agreement, and in particular its transit related provisions, is not only a question of commercial interest but also a matter of survival. Since the adoption of Almaty Program of Action (APoA), Tajikistan has paid special attention to the promotion of regional trade and achieved remarkable results in improving its transport system and implementing a special approach towards the issue of transit and communication potentials. The system of a “Single Window” for import, export and transit has been introduced in order to simplify customs procedures. The Apostille Convention was ratified and is being implemented. Tajikistan also set up four active Free Economic Zones in order to encourage investors and implement the National Program on promoting trade and transportation.

Tajikistan hosted a number of international and regional events, most notably the Tenth meeting of the Intergovernmental Commission of the International Transport Corridor Europe-Caucasus-Asia (TRACECA), the High Level International Conference on the development of the transit potential of Central Asia, and the First Investment Forum on the Implementation of the OIC Plan of Action for cooperation within the countries of Central Asia. These events focused on the creation of a conducive environment for transit, the improvement of transport safety, environmental protection, the application of flexible tariff policy, and trade promotion. The construction of an energy bridge between Central Asia and South Asia (CASA-1000), aimed at exporting electricity from Tajikistan and Kyrgyzstan to the energy markets of Afghanistan and Pakistan, has recently been launched in Tajikistan. The implementation of this project will increase industrial production and ensure energy security in both regions. This is an excellent example of cooperation among the states addressing common challenges.

Despite certain progress, LLDCs still have to deal with multiple challenges that interfere with their long-term development. Poverty and inequality, inadequate industrial capacities, inadequate infrastructure, dominating share of raw materials in exports, low per capita energy supply, and youth unemployment remain the key problems in LLDCs. In addition, sustainable development of LLDCs is undermined by climate change and natural disasters, including desertification, degradation of land and glaciers. Tajikistan therefore welcomes and calls upon states to pay special attention to the implementation 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and the Vienna Programme of Action. In today’s challenging global environment, the implementation of these documents will help LLDCs resist any forms of protectionism, with the aim of achieving the sustainable global growth and balanced rules based multilateral trading system.
STATEMENT BY HER EXCELLENCY MS. AMELIA ANNE KYAMBADDE, MINISTER OF TRADE, INDUSTRY AND COOPERATIVE OF THE REPUBLIC OF UGANDA

The Vienna Plan of Action (VPoA) and other UN outcome documents, including the Istanbul programme for Action, the Addis Ababa Action Agenda, and the Agenda 2030, place great emphasis on transit policy issues, trade facilitation, regional integration, structural economic transformation, and infrastructure development for LLDCs. Uganda is doing a lot in terms of harnessing its trade potential to implement those agendas.

I. TRANSIT POLICY ISSUES AND TRADE FACILITATION

Uganda provides efforts on transit policy issues and trade facilitation, more precisely through the harmonization of transit policies e.g. traffic rules; the NTB monitoring scheme aimed at reducing the time of transportation days for cargo from Mombasa to Kampala, which has already been reduced from 28 to 5 days; the Electronic Single Window project aimed at fast tracking clearance of cargo; the establishment of One Stop border Posts; and the simplification of the certificates of origin.

II. REGIONAL INTEGRATION

Uganda also works towards regional integration. It is a member of the EAC, which entails a population of 149 million people, of the COMESA, which entails a population of 449 million people, and of the EAC-COMESA-SADC Tripartite, which is still under negotiation. There has been a tremendous increase of the market, harmonization of laws and policies under these regional organizations. However, some challenges remain. For example, transport costs are higher in the EAC than in other African regions. In Africa, trade costs average 14% of the value of exports, while they average 8.6% for all developing countries. Transport costs are on average 58% higher in LLDCs than in their coastal neighbors. Moreover, most exports from the EAC suffer from price fluctuations, because they are either semi-processed or totally unprocessed.

How would our products compete favorably in the world market when there is no connectivity even within the region?

III. INFRASTRUCTURE DEVELOPMENT

To answer these challenges, Uganda provides also important efforts in infrastructure development. In order to answer the regional transport deficits, the EAC recently intensified the integration of cross-border transport infrastructure development into its plan of action. Five transport corridors have been earmarked for rehabilitation and upgrading. Concerted efforts to revive the East African Railways are also being made. The East African Railways Master Plan provides a framework for rejuvenating existing railways serving Kenya, Tanzania, and Uganda, and eventually, extending them to Burundi, Ethiopia, Rwanda and South Sudan. These regional initiatives include the Northern Corridor integrated infrastructure projects, the Regional Electrification Initiative under the Northern Corridor to improve on Energy, the ICT backbone, and the Oil pipeline.

Uganda takes special note of the Livingstone call for action to accelerate implementation of the Vienna programme of action, and recommends the establishment of a WTO work Programme for landlocked developing countries, with particular emphasis on regional connectivity, infrastructure development and provision for technical and financial support.
IV. REGIONAL AND GLOBAL VALUE CHAINS

Participation in Regional and Global Value Chains presents an opportunity for landlocked developing countries to achieve greater integration within world markets, increase their competitiveness and become important links in production and distribution chains. Uganda, like many other LLDCs, is a commodity dependent country and has embarked on a process of overcoming this status in the following ways: focusing on the commercialization of products where it has a comparative advantage and strengthening its competitiveness by value addition; agro processing as well as improvement of standards and quality of agricultural products; development of local technology to revamp Uganda’s nascent industries. For example, Uganda produced the first ever solar powered motor vehicle in the African continent; and reducing costs of production in the agricultural sector by small scale mechanization.

Uganda has vast opportunities for promoting global and regional value chains, in the areas of agro processing, warehousing and value addition; mineral beneficiation of the vast mineral resources e.g. copper, oil, phosphates, limestone (Uganda has already started mining phosphates, limestones, marble and drilling oil); and tourism (hospitality, logistics and transportation).

I appeal to potential investors to direct FDIs to the above areas, for mutual benefit. Honorable Members, we have always stated that industrialization is key, let us focus on value addition of both agricultural and mineral commodities with a view of achieving inclusive growth and sustainable development. We also acknowledge that services are important enablers of trade in goods and effective participation in international trade and global value chains. Uganda offers efficient ICT services, mobile money transfer services, electronic cargo tracking, effective business registration services and 5 affordable and accessible credit through microfinance schemes which reduce on the trade costs. Uganda’s services sector subscribes to 55% of its GDP and we are finalizing our services policy to enable proper regulation of the sector. We welcome the Nairobi decision on the LDC Services waiver and commend those who have notified but urge all those members who have not done so. Chair, let me extend our appreciation for the projects through Aid for Trade that have been beneficial to the enhancement of connectivity of the LLDCs.

As far as trade is concerned, Uganda has benefited from the various projects as follows: the Enhanced Integrated Framework, which has enabled us to train and equip the district commercial officers in availing trade data in their respective rural areas; Trademark East Africa, which has funded the one stop border posts and infrastructural development such as roads especially across borders and development policies; QUIISP, which enhanced standards and quality, policy making, advocacy and awareness; ITC, linking Uganda SMEs to markets e.g. India; RIIP, with development of SMEs; and EPATAPSS, which provides support in trade negotiations and policy development.

We welcome South South cooperation and Foreign Direct Investment FDI flows that will enhance productive capacities, economic diversification activities and ensuring more benefits for LLDCs from the Aid for Trade Initiative.

In conclusion, Honorable Members, the time is now, to, aggressively harness the trade potential in our countries in a bid to operationalize the Vienna Program of Action and the 2030 Agenda for Sustainable Development. We need to metamorphosize from LLDCs into middle income economies. Let us bury our lamentations and seek for solutions to our challenges thorough concerted efforts as LLDCs.
STATEMENT BY HIS EXCELLENCY MR. MICHAEL CHAKANAKA BIMHA, MINISTER OF INDUSTRY AND COMMERCE OF THE REPUBLIC OF ZIMBABWE

We value this forum which will deliberate on ways to address challenges we face as landlocked developing countries in realizing our trade potential. Landlocked developing countries remain marginalized in world trade and contribute only about 1% of world trade due to lack of territorial access to the sea, remoteness and isolation from world markets which raises trade costs. Many of our countries are dependent on a few raw commodity exports including those from the extractive sector which exposes us to exogenous shocks. Furthermore, inadequate transit facilities, cumbersome customs and border-crossing procedures, regulatory constraints, inefficient logistics, and poor infrastructure exacerbate the plight of our countries. These challenges continue to undermine efforts by the LLDCs to enhance their export competitiveness in the global trading arena. It is critical for our countries to mitigate the impact of high trade-related costs by creating a more trade-friendly environment especially in infrastructure and logistics.

At the multilateral level, we would like to emphasise the centrality of the development dimension in the negotiations. Any outcome in any area of the negotiations should be balanced and development centred. We are calling upon the international cooperating partners to assist our countries to overcome the current physical impediments and unlock our potential to maximize the benefits of trade and generate higher levels of economic growth.

Zimbabwe continued to be vigilant in improving road and rail infrastructure at the national level through rehabilitation and construction of new ones. The country is in the process of reforming its policies with a view to aligning and making them coherent so as to create an enabling environment for business. A National Competitiveness Commission which is aimed at improving the business environment and reducing cost of doing business is currently being established.

At the regional level, Zimbabwe has sought to simplify the import and export clearance and turnaround time through the trade facilitation concept of the “One-Stop Border Post” with Zambia at the Chirundu Border Post. Similar arrangements will be replicated at seven other border posts in the country. Zimbabwe has also embarked on major customs reforms which include e-tax system, customs modernization and automation and border agency cooperation. In line with this new thrust, Zimbabwe Revenue Authority has migrated from ASYCUDA ++ to ASYCUDA World customs management system.

The Central Corridor Transit Transport Facilitation Agency (CCTTFA), SADC Member States that belong to the Beira and North – South Corridors recently met in Zimbabwe, to prioritize a list of projects as well as setting time frames for the implementation of projects under the banner of the Program on Infrastructure Development in Africa (PIDA). This will help ease constraints that Zimbabwe faces in transporting the country’s exports to markets in the region and beyond.

Zimbabwe is in the process of setting up an independent Border Ports Authority through legislation and operating on commercial principles that will be responsible for managing, administering and regulating all the Border Posts country wide. This is in response to the provisions of the SADC Protocol on Transport, Communications and Meteorology which promote, inter alia; improvement of transport efficiencies, reduction of transport costs and enhancement of transit facilitation.

The country has also recently launched its first ever Trade Information Portal (TIP) with technical support from the International Trade Centre and funding from the European Union to provide
comprehensive, single-point access of up-to-date trade, investment, economic and regulatory information. The country is also in the process of establishing an ELicensing portal to enable importers and exporters to make their applications online without the need to physically visit our offices. The process is at an advanced stage but is being hampered by lack of adequate funding.

As regards the Trade Facilitation Agreement Zimbabwe is in the process of fulfilling national requirements to ratify the Trade Facilitation Agreement (TFA) and to notify its provisions under category A.

I welcome the establishment of a work program on LLDCS within the WTO and am confident that this meeting will give a strong boost to the concerted efforts of the international community to adequately address the special needs of landlocked developing countries within the WTO.

In conclusion, I call upon the WTO members to constructively engage in the remaining DDA issues and bring a balanced and development outcome that will dovetail the implementation of the 2030 SDGs. Agriculture, especially elimination of trade distorting subsidies, an outcome on Special Safeguard Measures and a permanent solution for Public Stockholding for Food Security remains our key priorities.
SECTION THREE

IMPROVING PARTICIPATION OF LANDLOCKED DEVELOPING COUNTRIES IN REGIONAL AND GLOBAL VALUES CHAINS
IMPROVING PARTICIPATION OF LANDLOCKED DEVELOPING COUNTRIES IN REGIONAL AND GLOBAL VALUE CHAINS BY REDUCING TRADE COSTS

by Mr. Robert Teh, Economic Research and Statistics Division, WTO

I. WHY IS PARTICIPATION IN GVCS DESIRABLE?

Global value chains are a way of organizing production, trade, and investment simultaneously so that different stages of production process of a product are distributed across different countries. For countries to be involved in global value chains they need to develop the capacity to produce a single component of product rather than the whole product, therefore the threshold necessary to get involved in international trade is much lower in the context of global value chains. GVCs make it easier for developing countries to export to foreign markets, attract foreign investment, and gain access to technology.

Countries who are heavily involved in GVC tend to do better economically than those which are not. Participation in global value chains does not only make it easier for countries to access foreign markets, but also helps in terms of restructuring economies to be more diversified. As countries increase their trade in parts and components, which is a good measure of GVC related trade, their share of global manufacturing also increases. WTO analysis shows that after the share of trade in parts and components for some developing countries increased, their share of global manufacturing also increased from 6% in 1990 to 25% in 2010. This shows that not only having more exports but the nature of those exports also changes as the economy become more diversified toward manufacturing.

II. HIGH TRADE COSTS IMPEDE PARTICIPATION IN GVCS

Trade costs, defined as all costs incurred in getting a good to the final user other than the marginal cost of production, are toxic to GVCs. There are many sources of such trade costs. Countries which are distant from global markets, which are landlocked and those with very poor infrastructure tend to have high trade costs. High tariffs and inefficient trade procedures are also important sources of trade costs. Trade costs adversely affect all trade but are more toxic to the global value chains particularly because the goods have to cross borders several times and thus there is an accumulation effect of trade costs. It is thus important for country who wants to increase their participation in global value chains to reduce trade costs as much as possible.

Trade costs are particularly high for developing countries. According to World Bank Economic Premise by Jean-François Arvis et al, 2003, the estimated ad valorem equivalent of trade cost for lower middle income countries was about 200% and more than 250% for lower income countries. Inefficient trade procedures constitute a significant part of these trade costs. This situation underlines the importance of the WTO Trade Facilitation Agreement and having it ratified and fully implemented.

III. IMPLEMENTING THE TFA WILL REDUCE DEVELOPING COUNTRY TRADE COSTS

A report by the WTO estimated the full implementation of the Trade facilitation Agreement would reduce trade costs, on average globally, by 14.5%. The reduction was estimated to be higher in poor or least developed country with a reduction of 17% for LDCs. This underscores the importance of having the agreement ratified and fully implemented as soon as possible. Implementation of the TFA would also speed up customs procedures and increase predictability which are all important considerations for companies involved in global value chain. According to the report, implementation of the TFA can also
help SMEs participate in international trade due to simplification of cumbersome trade procedures and transparency.

IV. CERTAINTY IN TRADE POLICY MAKING FOSTERS GVC PARTICIPATION

Certainty in trade policy also fosters participation in the global value chains. Using the difference in the applied rates and bound rates as a measure of uncertainty, it is evident that the countries with huge difference between the bound and applied rates tend to have low participation in global value chains. Table 1 below shows that countries with high water (difference between the bound and the applied rates) have below participation in the GVCs. This shows the underlining importance of policy certainty in this context of tariffs in integration in the GVCs; however the argument for policy certainty applies beyond tariffs.

**TABLE 1: Bound status, bound rate and imports under bound regime, 2009-2011 (average)**

<table>
<thead>
<tr>
<th>Bound lines (%)</th>
<th>Bound rate (%)</th>
<th>Trade under Bound (%)</th>
<th>Average water</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Low participation</td>
<td>81.2</td>
<td>19.7</td>
<td>78.6</td>
</tr>
<tr>
<td>High participation</td>
<td>92.4</td>
<td>13.9</td>
<td>89.3</td>
</tr>
</tbody>
</table>

*Source: UN Trains and IDB*
SME COMPETITIVENESS IN LANDLOCKED DEVELOPING COUNTRIES: IMPROVING THE PARTICIPATION OF SMALL AND MEDIUM SIZED ENTERPRISES IN INTERNATIONAL VALUE CHAINS

By Ms. Marion Jansen, Chief Economist, ITC

Being part of an international value chain facilitates access to finance, brings about new production methods as well as reduces risk and speed up innovations by enterprises. At the macro level, integration into the GVCs has the potential to create more jobs, increase income, and improve working conditions and leads to diversified production and exports.

Developing countries find it difficult to integrate into the GVCs and in many instances they are trapped at the bottom of the value chain. For illustration see figure 1 below: A jean costing 50 euros produced in China and ultimately sold in a Spanish supermarket under a French brand depicts value added at each different stage of the value chain. In China only five euros is used to produce the jean. Other costs including: 0.7 euros at customs, 0.2 euros in transport are added. Market research will cost 10 euro, distribution which goes to Spain cost twenty euros, Lebanon or France. This shows that a large percentage of the 50 euros does not go to country that produces the jean.

FIGURE 1: Illustration of integration into the GVC

In order for developing countries to take advantage of value chains and opportunities to trade they have to be competitive. Competitiveness determines whether a firm exports or imports directly or indirectly, determines the governance structure of the value chain as well as the firms potential to upgrade in the
value chain. The capacity of firms, supported by the countries trading environment will determine how easy it can be for the firm to connect to the value chains.

Figure 2 below demonstrates the firm size distribution in LDCs, LLDCs, Developing Countries and Developed Countries. Compared to the developed countries firms, the LLDCs firms are concentrated in the lower quadrant of the graph showing lower levels of productivity. Lack of growth in the LLDCs firms shows that something is hampering their growth.

**FIGURE 2: Firm size distribution in LLDCs**

Competitiveness depends on three pillars, the capacity to compete, capacity to change and capacity to connect. The capacity to compete focuses on the present operation of the firm and their efficiency in terms of costs, time, quality and quantity requirements. The capacity to change refers to the capacity of the firm to execute change in response to, or in anticipation of, dynamic market forces and to innovate through investment in human and financial capital. The capacity to connect refers to efforts to gather information flowing into the firm and efforts to facilitate information flow. Compared to other developing countries, the LLDCs competitiveness in all the pillars is below that of developing countries. Compared with the SIDs, LLDCs performance on the competitiveness pillar, which includes, transport and cross border costs, as well as on the capacity to connect are lower. The same situation is observed both at national level and at firm level in LLDCs. The use of ICT as well as ISO certification remains low in LLDCs which are important for competitiveness.

Transport and transit infrastructure; including ICT as identified by the VPoA are important to enhance competitiveness of the LLDCs. It is also very important to focus some work on the capacity of firms in LLDCs to meet international standards and regulations.
IMPROVING PARTICIPATION OF LANDLOCKED DEVELOPING COUNTRIES IN REGIONAL AND GLOBAL VALUE CHAINS BY REDUCING TRADE COSTS

By Mr. Guillermo Valles, Director, Division on International Trade in Goods, Services and Commodities, UNCTAD

The five possible broad perspectives that can provide useful policy guidance in terms of enhancing the participation of LLDCs in global value chains are as follows:

i. **Trade facilitation**: Trade facilitation is critical for enhancing LLDCs participation in regional and global value chains. Geographic disadvantage facing LLDCs can be offset, at least partially, by improved transportation infrastructure and networks, streamlined procedures, transparent inspection activities, efficient logistic services, amongst others. Trade facilitation combined with improved transport and communication infrastructure is essential ingredients for LLDC’s ability to participate and upgrade in GVCs, and attract investment on regional and global value chains;

ii. **Infrastructure**: LLDCs require quality infrastructure to enable them to participate in regional value chains. Infrastructure includes not only transport and energy related but also soft infrastructure, including regional and sub-regional corporations, transit corridors development.

iii. **International standards and technical regulation**: Compliance to technical regulations and standards is important for bringing down trade costs. LLDCs should give special attention to adhering to international standards and technical regulations including harmonization and elimination of NTMs, where possible. UNCTAD provides a platform for transparency on the NTMs imposed on LLDCs by their trading partners but also on those imposed by the LLDCs. UNCTAD collects information on the NTMs applied and also helps in estimating the impact of their economic cost.

iv. **Services Sector**: LLDCs should strive to develop their services sector. The significance of services trade of LLDCs is in twofold: services generated by the GVCs, notable the offshore services industry; and services which are enablers of GVCs. Services are connected to the overall competitiveness, therefore it is important to create an enabling environment by focusing on service strategies.

v. **Productive capacities**: Fostering productive capacities in particular human capital, private sector development, and national systems of innovation should be given policy focus. Labour is one of the main production factors hence the cost and the quality of the labour force are key determinants for capturing niches in value chains be it in agriculture, manufacturing or services.

Trade policy and business environment are also very important for LLDCs to benefits from the GVCs. According to UNCTAD’s findings, if the 16 LDCs which are also LLDCs where to adopt the tariffs of middle income countries, their trade is expected to expand by 13%. On the other hand, if the same set of LDCs is to improve the business environment to the level of middle income countries, their trade is expected to increase to 37.7%. This demonstrates that trade policy is important however business environment is more crucial to incentivise participation in global value chains by LLDCs. Other key considerations include the fact that LLDCs are not only landlocked but are sometimes airlocked, digitally locked, and policy locked. In some cases, LLDCs are surrounded by LDCs or other landlocked countries. It is therefore important that the policy considerations by an LLDC should also be harmonised with the neighbouring counterpart to release the policy lockedness of the LLDC.
IMPROVING PARTICIPATION OF LANDLOCKED DEVELOPING COUNTRIES IN REGIONAL AND GLOBAL VALUE CHAINS BY REDUCING TRADE COSTS

By Ms. Heini Suominen, African Trade Policy Centre, UNECA

In the last decade Africa experienced relatively strong growth compared to other developing regions. However the growth did not translate to inclusive development outcomes. Progress has been realised on economic and social indicators in terms of poverty, education and health, but it has been much slower than expected given the GDP growth rates, and slower than what is required to fulfil the developmental needs of the continent. It has been particularly disappointing that African countries have seen very limited structural transformation, and diversification of trade and production. Productivity growth and improvement of competitiveness have also been lacking.

The need for structural transformation has been identified as a priority in the continental developmental framework. At the regional level, it has been placed at the centre of African Union’s Agenda 2063, and it is also becoming a prominent feature in the national development strategies across the continent.

Value chains can be an opportunity for industrialization and structural transformation. For African countries at lower levels of industrialization, the possibility to join global value chains can mean technology transfer, learning from lead firms and having the option to develop industries around specialist tasks or processes. Mauritius has developed by joining value chains in textiles and moving up the chain as their capacity allowed.

The relationship between value chains and structural transformation is not automatic. In fact African countries are already connected to value chains, but are at the low levels of chains and mainly are connected through primary commodities. In terms of value added, Africa is only a bit over 2% of the global total. Increasing specialization may further lock African countries into this position. The quality standards and other requirements by lead firms, mainly based in developed countries, make it difficult for African companies to join value chains at higher levels. Sub-optimal investment in human capital, among other things, limits the competitiveness of African countries. This is the case even when the cost of labour is much lower than in Asia. For example, the cost of a low skilled Ethiopian worker is about 25% less of a Chinese worker. In addition, factors like high cost of transport negatively affect the competitiveness of African firms.

Regional value chains can be a solution for this. Proximity to markets and possibly lower standards, lower administrative burdens, may lower barriers for entry by African firms. Encouragingly, some indications of such developments are been observed. Trade in intermediate goods has been the most dynamic part of Africa’s exports, growing from an average of $84 billion in 2000–2002 to $356 billion 10 years later. The proportion of intermediate goods imported from other African countries is still very low, with about 88% coming from outside the continent. This represents underused opportunities, as intra-African trade overall is much more diverse than Africa’s trade with the rest of the world, with two thirds of trade consisting of industrial goods.

Regional value chains have been developed in e.g. leather between COMESA countries. A driver of the value chains has been the commitment of the regional economic communities, for example through the sectoral (sub) regional strategies and regional clustering. The COMESA leather strategy resulted in an increase in leather exports of 50% in five years and even more in terms of value added. Similar regional sectoral strategies have also been developed by e.g. SADC (Southern African Development Community).
Promoting these opportunities will be important especially for those countries that face most challenges when it comes to the global trading environment, most notably the LLDCs. Trade costs are high across the continent, but impact LLDCs disproportionately. These countries will find it most difficult to link with global value chains.

Active trade policy will be key for overcoming these barriers, supported by a comprehensive developmental policy framework. Four areas can be highlighted:

1. **Smart trade policy**: Tariff structures need to reflect the industrialization aims of the country. Lowering protection on intermediate goods should be used to cut costs of industrialization and foster domestic value addition in the context of regional value chains. Over the last decade, intermediates accounted for a stable share of 60 per cent of Africa’s merchandise exports. The trade weighted applied tariff on industrial products in LDCs is 18 per cent for intermediates and 12 per cent for finished goods. This goes contrary to the needs of countries wishing to engage in value chains.

2. **Trade facilitation**: NTBs are much more significant in increasing trade costs than tariffs, and harm LLDCs in particular. Measures on trade facilitation are crucial. Trade facilitation is an area where a lot of work is already being carried out by various organizations.

3. **Improvement of infrastructure**: While progress has been made, the needs of African countries in terms of infrastructure are still considerable. For example, it has been estimated that improving road quality in the ECOWAS region to the level of South Africa would boost intra-ECOWAS trade by more than 5 per cent (from 2012’s level).

4. **Human capital**: Progress has been made on education in most African countries. However, this has been in primary education, with secondary education enrollment levels and completion rates lagging behind. There is a lack of investment in tertiary education. As a consequence, workers do not have the skills required for structural transformation, which requires a higher level of analytical ability. For regional value chains to emerge, there is a need for the ability to innovate and carry out R&D.

Progress has been made in terms of promoting free movement of goods within the regional economic communities, including tariff reductions, facilitation of trade and improvement of infrastructure. The momentum at the moment for pushing ahead with this agenda is particularly strong with the negotiations of the Continental Free Trade Area ongoing. ECA research has shown that introducing the CFTA as planned in 2017 would bring significant benefits in terms of intra-African trade, and that when accompanied by trade facilitation measures intra-African trade could double in 10 years. Majority of this benefit would be in industrial products. The opportunities for development of regional value chains would also be promoted through the liberalization of services, which is also within the scope of the CFTA.

The challenges presented are relevant to all African countries. In the case of LLDCs, the challenges are greater. At the same time, the regional market is even more an opportunity, therefore reducing cost of trade within Africa is of utmost importance, because that can allow the LLDCs to tap into value chains and accelerate the structural transformation process. National policies are very important, but need to come with a firm commitment of the regional integration processes which create the environment in which value chains can emerge and thrive.
SECTION FOUR

AID FOR TRADE - ENHANCING THE CONNECTIVITY OF LANDLOCKED DEVELOPING COUNTRIES
AID FOR TRADE – ENHANCING THE CONNECTIVITY OF LANDLOCKED DEVELOPING COUNTRIES

By Mr. Sandagdorj Erdenebileg, Chief, Policy Development, Coordination, Monitoring and Reporting Service, UN-OHRLLS

In order to improve their economic and trade competitiveness, enhance productive capacities and address supply side constraints the LLDCs need strengthened international support and broad partnerships. The 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda placed the special challenges and needs of LLDCs high on the global development agenda. The VPoA is recognized as an integral part to the 2030 Agenda.

The ODA remains a critical source of external finance for many LLDCs and according to the recent report of the Secretary General of the United Nations on the implementation of the Vienna Programme of Action, in 2013, net ODA to LLDCs increased by 7.6% to $24.7 billion compared to 2012. However, this is still lower than the level of US$26.5 billion reached in 2010. Over the period of 2003-2014, 44% of the ODA was allocated towards social infrastructure (Education, health and other social sector); 13% was allocated for the economic infrastructure, including transport, communication, energy and storage infrastructure; 12% towards debt relief; 8% towards production sectors, including agriculture, mining, tourism, industry and others. In view of priorities of the VPoA and SDGs, ODA needs to be redirected in particular towards developing reliable, sustainable and resilient infrastructure, value-addition and diversification and enhance capacities to link LLDCs to the regional and global value chains.

Aid for trade is an essential part of ODA related to improving countries’ capacity to trade-related matters including trade policy and regulation, trade development, trade-related infrastructure, and building productive capacity. The Vienna Programme of Action stresses the important role played by Aid for trade in increasing the competitiveness of their products in export markets and in linking to or moving up the global and regional value chains. The Addis Ababa Action Agenda stresses that technical assistance and improvement of trade- and transit-related logistics are crucial in enabling LLDCs to fully participate in and benefit from multilateral trade system, effectively implement policies and regulations aimed at facilitating transport and trade, and diversify their export base. Aid for Trade disbursements to LLDCs in 2014 amounted to US$ 6.5 billion, having gradually increased from US$ 3.7 billion in 2003. However aid for trade disbursements declined between 2013 and 2014. It is important to improve the aid for trade disbursements to the LLDCs.

South-South and triangular cooperation plays an important role in complementing ODA to LLDCs, through its contribution to human and productive capacity-building, financial and technical assistance, the sharing of best practices and technology transfer. Developing countries should, under the spirit of South-South Cooperation, provide support in particular in the priority areas of the Vienna Programme of Action, in order to aid sustainable development efforts of the LLDCs.

Technology and innovation are critically important for LLDCs, in particular given that most of their exports are dominated by low-value primary commodities and products with very low technology content. By investing in the development, transfer and absorption of technology and by fostering innovation, LLDCs can move up the value chains faster and drastically reduce the cost of transport. The private sector’s role in fulfilling means of implementation is key. For example international private finance has a catalytic role in LLDCs in promoting entrepreneurship, enhancing value addition, productive capacity, transit transport infrastructure and, completion of missing links connecting LLDCs with the regional network.
The LLDCs receive relatively low amounts of foreign direct investment (FDI) when compared to other developing countries. As a group, LLDCs accounted for 2.4 per cent of total global FDI inflows in 2014 and LLDCs’ FDI receipts fell by 3 per cent to $29.1 billion in 2014 for the third consecutive year. Targeted financial and technical support is needed to build institutional and human capacities in LLDCs aimed at creating conducive domestic environment and at improving their ability to attract increased and more diversified foreign direct investment, in particular in high-value added sectors. It is also important to utilize Public-private partnerships (PPPs), and other forms of blended finance in order to leverage private financing.

The support of relevant international and regional organizations to LLDCs is important. The VPoA invites these organisations to give priority to requests for technical assistance and capacity-building support from landlocked developing countries in the implementation of the Programme of Action in a well-coordinated and coherent manner.

The effective implementation of the Vienna Programme of Action will contribute to the attainment of the global development agenda and the SDGs. It is important that the LLDCs gain access to adequate means of implementation to support them to achieve a rapid, inclusive and sustained economic growth to ensure that LLDCs are not left behind.
AID FOR TRADE

By Mr. Michael Roberts, Development Division, WTO

The Aid for Trade (AfT) mandate goes back to the Hong Kong ministerial conference and the Nairobi Ministerial Declaration reaffirms the need to mobilize Aid for Trade funding to help address the supply side and trade related infrastructure needs of developing countries. The SDG 8 also makes reference to the need to mobilize additional Aid for Trade financing and to the implementation of the WTO Agreements. The various categories used for global monitoring of aid for trade flows map nicely onto the six Vienna Program of Action priorities, particular, infrastructure development, trade facilitation, amongst others. Key themes and approaches include mainstreaming of trade in national and regional development frameworks.

LLDCs are faced with inherent geographically challenges connecting to the multilateral trading system due to the trade system which is primarily built on seaborne trade. The needs of the LLDCs are generally not reflected in their national development strategy including in the regional development strategies. These strategies are the basis on which the development partners base their assistance. It is therefore important that the LLDCs reflect their needs in their national and regional development strategies and for the development partners to align support to the needs of the LLDCs.

The regional trade integration element and regional programs are other areas considered under the AfT initiative. Regional initiatives can be a good avenue to mobilise resources. It is apparent that it is very hard to mobilize national resources for regional priorities. A good number of LLDC and least developed countries face inherent issues with mobilizing resources and AfT can bring the additional support that wouldn’t be there otherwise.

To monitor and evaluate the implementation of the AfT initiative, WTO organizes biennial global reviews of AfT. In addition, the Aid for Trade at a Glance publication authored by WTO and OECD with contributions from other partner agencies is published. During the 2015 Aid for Trade Global review, sixteen (16) responses were received from the LLDCs with good coverage between Africa, Asia and Latin America. Some of the highlights from the results were as follows:

CHART 1: LLDCs responses to the AfT Questionnaires: Important sources of trade cost for the export of merchandise goods

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According to the graph above, the most important sources of trade costs in LLDCs for merchandise goods are border procedures followed by Non-Tariff Measures and transport infrastructure.

CHART 2: LLDC responses to the AfT Questionnaire – Most important sources of trade costs for the export of services

The most important source of trade cost for services export in LLDCs was reported as being network infrastructure, followed by transport infrastructure. These were the main items pushing trade costs for services exports up however other trade policy specific issues like restriction on commercial presence, non-recognition of professional qualifications were also sited.

CHART 3: LLDCs responses to the AfT Questionnaire - How have the trade cost evolved over the past 5 years?
Regarding the question on change in trade costs over the last five years in LLDCs, about 30% of the respondents thought that trade costs had actually improved over the past five years. However, a large percentage of the respondents indicated they did not have the capacity to estimate their trade costs.

CHART 4: LLDCs responses to the AfT Questionnaire - Action taken by governments to reduce trade costs

The result above demonstrates that there is a lot being done to reduce trade costs especially at national government level. There are also a number of initiatives supported by development partners that highlight the importance of mobilizing concessional financing.

CHART 5: Average cost to export (per container) - 2014
Graph 5 above shows that the average cost of exporting a container by African LLDCs is much higher than that of their peers. Fourteen of the African LLDCs face costs which are more than the average cost to export a container in Africa and six of these LLDCs pay twice the Africa average. This demonstrates the premium which is paid for being landlocked.

Research demonstrates that high trade costs have a great impact on the economic development of LLDCs. The high trade costs arise from being landlocked but some are also manmade. It is clear that making progress in this area particularly for LLDCs and least developed countries requires continued support from development partners.
ENHANCING CONNECTIVITY OF LAND-LOCKED DEVELOPING COUNTRIES

By Ms. Selina Jackson, Special Representative of the World Bank Group to the WTO and UN in Geneva

For the fiscal year 2016 the International Development Association (IDA) and the International Bank for the Reconstruction and Development (IBRD) financing stood at 9.6 billion. Africa took the largest portion of these projects at 5 billion and East/Central Asia 3 billion, refer to figure 1 below. Financing directly related to VPoA was 1.1 billion. The key projects included trade facilitation and logistics, road connectivity, electricity access, communications infrastructure. Over the years there has been a shift on how the World Bank supports LLDCs. Traditionally the focus has been on developing infrastructure and improving transport, removing non-tariff barriers and reducing customs tariffs. Now the Bank has shifted to focus on greater cooperation between the LLDCs and their transit neighbours to integrate regional infrastructure and focus on modernizing customs systems and overall border management. Broad policy reforms are also a critical part of the needs of the LLDCs and this is one of the areas of focus for the Bank.

**FIGURE 1:** IDA and IBRD financing to LLDCs as of FY16

Trade facilitation is a key priority of the World Bank Group. The Bank support to trade facilitation increased from $322 million in 2004, which was prior to the aid for aid initiative to 7 billion in 2015. Two thirds of that is dedicated to low or middle income countries and over the past twenty years 120 trade facilitation related projects were implemented. These trade facilitation programs include analysis and diagnostics, technical assistance, financing of major trade infrastructure projects, research and data products and global advocacy and partnerships.

The World Bank has a special facility which was established on the buildup to the Bali decision on trade facilitation. It is a US$ 36 million trust fund funded by our development partners: Australia, Canada, EU, Norway, Switzerland, UK and the United States. The idea is to help countries reform and align their trade facilitation laws and policies to better implement the trade facilitation agreement. The Trade Facilitation Support Program (TFSP) is relatively small compared to the US$ 7 billion worth of trade facilitation programs but it is seen as a way to attract clients to work with on their bigger projects.
So far 57 countries have formally requested for TFSP. Figure 1 below shows the geographical distribution of countries requesting for TFSP. Implementation of projects have started in the following countries: Albania, Bangladesh, Botswana, Cambodia, Costa Rica, El Salvador, Guatemala, Honduras, Jamaica, Kosovo, Lao PDR, Lesotho, Liberia, Macedonia, Madagascar, Malawi, Montenegro, Myanmar, Nepal, Nicaragua, Papua New Guinea, Serbia, Timor Leste, and Vietnam. Looking at the geographical distribution, sub-Saharan Africa takes the lion share.

**FIGURE 2:** Geographical Distribution: Countries requesting for TFSP Assistance

Some of the key results of the WB Trade Facilitation Support Program include: 47 missions which include ratification support, trade portals launched in Botswana, Bangladesh, and Malawi; Support to South African Customs Union, Montenegro, and Zambia in defining categories B and C; Tracking Tool to be piloted in Timor Leste, Liberia, Bangladesh and Nepal; National Trade Facilitation Committee (NTFC) enhancement and capacity building in Moldova, Zambia, Bangladesh, Nepal, Central European Free Trade Agreement (CEFTA), Montenegro and Madagascar; Risk Management frameworks established in Montenegro, Albania, Nepal and Bangladesh and Reduction in time to Import in Timor Leste.

One of the key tools used by the Bank to help countries understand where they stand compared to their neighbors in terms of the efficiency of logistics is the LPI. The LPI is published every two years and it is widely recognized as a vital component of trade and growth. The index is based on a survey of over 1,000 international freight forwarders and covering 160 countries. It is extensively used by policy makers but also the private sector. The Bank works with countries to help them improve their results. The report can be downloaded at lpisurvey.worldbank.org.

In conclusion, reducing high landlocked developing countries’ trade costs is and should be a priority for aid for trade. Implementation of trade facilitation and logistic reform is a priority of LLDCs and the World Bank has several programs and provides substantial assistance for these reforms.
LANDLOCKED COUNTRIES AND AID FOR TRADE

By Mr. Frans Lammersen, Principal Administrator, Development Cooperation Directorate, OECD

Aid for Trade is mentioned in the SDGs, the Addis Ababa Action Agenda and VPoA. Trade related policy and regulations, trade related infrastructure, transport and storage, and communications and energy are counted as Aid for Trade in OECD analysis including building productive capacity particularly in the areas of banking and financial services, business services, in agriculture, forestry and fishing, industry and mining as well as trade related adjustments.

FIGURE 1: Aid for Trade by sector

Aid for Trade disbursement to landlocked countries doubled from an average of around 3 billion during the baseline period to 6.4 billion in 2014. Over these ten years a total of 4.5 billion has been disbursed for aid for trade. Commitments have also increased from 4.2 billion during the baseline period to 10 billion in 2014. Overall, the share of AfT is 1/3 of ODA and for LLDCs it is 10 out 25 billion. Most of the support actually goes to priority number 2 of VPoA, which is directed to economic infrastructure: building roads, improving transport and storage, providing energy more reliable to the private sector. All these areas act as barriers to trade expansion for the LLDCs and as such 75% of total AfT goes to these areas and 31% of the AfT commitments goes to building productive capacities (Priority number 5 of the VPoA) particularly to financial services (banking) which is a big constraint for SMEs in the LLDCs but also to other various business services. For trade policy and regulation, the allocation is quite small, at around US$200 million. This is basically because technical assistance programs cost very little even though they are very effective.

Compared to 2013 there is a slight decrease in commitments and the decrease is due to a large drop in AfT to Afghanistan of US$ 1.2 billion and a decrease of US$ 300 million to both Malawi and Nepal. However, these commitments fluctuate especially in the area of support for infrastructure because disbursement takes place over a number of years. Apart from Afghanistan, Nepal and Malawi most aid for trade to LLDCs went up in 2014.
In figure 2 above, AfT commitment levels were at a much more sustainable level in 2014 compared to 2011. In the run up to the Bali WTO Ministerial Conference, donors provided a lot of trade support for trade facilitation of up to US$ 300 million in 2012 and it dropped to 165 in 2013 and 68 in 2014. On the other hand trade disbursements are much more stable. In 2014, the disbursements are higher than the commitments. The explanation for the drop in commitments maybe because donors are waiting for implementation of the trade facilitation agreement which will then lead to in some cases, request for support for Category C commitment.

In figure 3, the share of loans and grants basically swapped overtime. At the start of the AfT Initiative, loans stood at 60% compared to 40% grants. Now this situation has reversed. In general there is a case for loans in projects that are financial viable because these can be able to pay back the interest and the principal. However this may not be the case in LLDCs as there may be lots of projects in infrastructure that are financial viable therefore it is much better to use grants to finance the tackling of binding constraints in the LLDCs.
FIGURE 4: Aid for Trade to LLDCs in volume (USD million) and per capita (US dollars), 2014

Note: the figure on the right is a continuation of the figure on the left. Note the change in scale. The numbers within the bars are AfT in volume (USD million) and the underlined numbers to the right of the bars are AfT/capita (US dollars).

In figure 4, Afghanistan, Ethiopia and Uzbekistan are the biggest recipients of AfT. However, when AfT per capita is used, one gets a completely different picture where Moldova gets the highest allocation of aid for trade per capita followed by Armenia, Macedonia, and Bhutan. LLDCs in Europe that have relatively small population get a lot of aid for trade.

FIGURE 5: Top 10 providers of Aid for Trade to LLDCs, 2014

The AfT commitments and disbursements to LLDCs have basically doubled since the baseline with a small, decline in 2013. Most of the support actually went to the LLDCs priority areas including, infrastructure (56%) - not only roads and transport but also energy infrastructure which is really about connectivity - as well as building productive capacity (41%). Aid for trade towards trade facilitation declined by 77% but this could be due to the steep rise leading up to the Bali Agreement.
AID FOR TRADE – ENHANCING THE CONNECTIVITY OF LANDLOCKED DEVELOPING COUNTRIES

By Mr. Ali Mahmoud, Senior Cooperation Specialist, Islamic Development Bank Group (IDBG)

As highlighted by SDGs, strengthening of the global trading system and reduction of trade barriers would add significant momentum in reduction of poverty. The role of trade in addressing poverty is even more important in poor and least developed countries, particularly those of landlocked geography. Out of the 32 LLDCs 12 are IDB Member Countries (5 in Africa and 7 in Central and West Asia).

Geographical remoteness of LLDCs from the sea is a serious disadvantage for their access to global markets. They face several development challenges linked to their landlockedness including long distance to the nearest seaports, dependency on transit countries, additional border crossings, inadequate physical infrastructure and logistical and institutional bottlenecks that all lead to increased time and cost of external trade. This justifies the endeavors of these countries to address their “Special Need: Easy Access to Sea” through improving infrastructure, promoting trade facilitation, and strengthening transit corridors through neighboring countries.

IDBG is of the opinion that out of the various needs of LLDCs, the access to sea stands at the top of their agenda and should also be extended the same importance by the international community. In this context, there is need to concentrate on the development and activation of commercially competitive corridors for connecting LLDCs to maritime ports with concessional facilities for transit of goods from and to LLDCs.

With a view to reduce time and cost of trade and to promote infrastructure connectivity in the region, IDB is following a “network-cum-corridor” approach through supporting development of “Regional OIC Wide Infrastructure Networks” and the activation of “Transport/Trade Corridors” in its different sub-regions.

The corridor initiatives include a comprehensive package of solutions to commercialize trade and transport operations. Establishment of trans-national corridor management systems would help the LLDCs and their neighboring countries to address both physical infrastructure (i.e., roads, railways, warehouses, border posts, seaports, and intermodal facilities) as well as institutional and procedural frameworks required for trade and transport with lower cost and time. Due to special character of trade corridors, they could even be developed and treated as public goods.

In line with its 10 Year Strategic Framework which has identified connectivity as a priority pillar, IDBG is working on flagship corridor development initiatives with a focus on provision of LLDCs with the access to seaports. In this context, I can refer to the Trans-Saharan Road corridor in Africa. IDB has contributed about $ 280 million to this project aiming to open up the vast Sahara desert regions and to connect the Maghreb and Sub-Saharan sub-regions through four sections linking two capitals of Maghreb (Algiers and Tunis) to four Sub-Saharan capitals i.e. Bamako, Niamey, N'Djamena and Lagos over a distance of 9,400 km. It consists of a main axis from Algiers to Lagos (4,500 km) and three connection branches towards Gabes in Tunisia (810 km), Bamako in Mali (2,250 km) and N'Djamena in Chad (1,300 km). Another initiative is the Kazakhstan-Turkmenistan-Iran (KTI) Railway corridor in Central Asia. IDB has invested over US$ 370 million in this corridor connecting LLDCs in Central Asian to Iranian Bandar Abbas Port in the south.

Within its corridor development initiatives, in addition to infrastructure connectivity, the IDB supports the establishment of multi-country corridor management structures and corridor development plans. It is based on a realistic commodity study, trade flows analysis and diagnostics analysis of real life
transportation with a view to reduce time and cost of the trade along the corridor. Coordination and job division between corridor development stakeholders at national and regional levels are of significance in the success of these initiatives. The corridor development plans should ensure the active involvement of national authorities, regional organizations and development community including MDBs and bilateral development institutions.

The Special Program for Central Asia (SPCA) is a subregional program for regional cooperation among member countries of the IDB in Central Asia which was approved at the annual meeting. It supports regional cooperation initiatives in transport, trade, energy and agriculture sectors. The SPCA shall support projects with high regional impact by using various conventional and innovative financing modes, including ordinary and concessional resources, PPP financing, direct investment as well as other mobilization mechanisms such as co-financing, establishment of special trust funds and project development funds, issuing sukuks and other of-balance sheet resources. The total financing for the programme is estimated to US$ 6 billion.
SECTION FIVE

THE TRADE FACILITATION AGREEMENT - RATIFICATION AND IMPACT ON THE LANDLOCKED DEVELOPING COUNTRIES
IMPLEMENTING THE TRADE FACILITATION AGREEMENT: CURRENT STATE AND ROAD AHEAD

By Ms. Nora Neufeld, Market Access Division, WTO

The Bali Ministerial marked a very important milestone. It did not only conclude the trade facilitation negotiations that lasted for almost a decade but also set out a roadmap for implementation and mandated the related preparatory work. Soon after the ministerial meeting, a preparatory committee was established to accomplish the tasks given by ministers including the legal review of the Bali text which led to the final text of the agreement issued in 2014 as well as the adoption of amendment protocol in November 2014 which opened the door for the domestic ratification process to commence.

The process for getting the agreement to take effect can be seen as having distinguished separate steps. The first step is the ratification of the agreement and the second step is the notification of acceptance. The Marrakesh provision requires acceptance by 2/3 of all WTO members for TFA to enter into force and currently 83 members (75%) have already submitted instruments of acceptance. In terms of the regional distribution, Europe holds the largest share followed by Asia and the Pacific. 36% of the LLDCs have already ratified including Botswana, Kazakhstan, Lao PDR, Lesotho, Macedonia, Mali, Niger, Paraguay and Zambia. 64% are yet to finish the process.

Regarding the category notifications, all developing and least developed countries have the possibility of scheduling their implementation according to three categories A, B, C, and most of them will make use of this opportunity. There are already 87 notifications of Category A with the commitments that the notifying member accepts to implement as of agreement entered into force. For the LLDCs, 56% of them have already notified. The notifications linked to Article 11 of the trade facilitation agreement deals with the transit issue which is of paramount importance to the LLDCs and almost 80% of the notifications include transit issues.

The expected impact of the ratification of the agreement is that it gives new momentum to trade facilitation reforms all over the world, and more importantly, it gives those reforms a common direction. It is also expected that the reform will stay sustainable so that there is no need to worry that the change of administration would lead to a discontinuing of reforms, or reforms being taken off or given a new direction.

A number of benefits have been expected and predicted by several researchers. The full implementation of the TFA has the ability to reduce trade costs by an average of 14.3%, which is more than the elimination of the remaining applied Most Favored Nation (MFN) tariffs across the board. For landlocked countries the reduction is even higher, standing at 15.4%. The estimates for manufactured goods and agricultural products in these countries are 19.3% and 11.7% respectively. There are also quite substantial benefits in terms of production of both import and export times. It is expected that there is a reduction of time to import by over a day and a half (a 47% reduction over the current average) and to export by 2 days (a 91% reduction over the current average). Furthermore, the implementation of the TFA also has particular benefits for small and medium sized enterprises by increasing their participation in trade and improving their entry into export markets. Smaller firms are more likely to export and to increase their export shares than large firms when time spent to clear exports is reduced.
HOW TO ACCEPT WORLD TRADE ORGANIZATION AMENDMENT PROTOCOLS

By Mr. János Volkai, Legal Affairs Division, WTO

There are four basic requirements within the instrument of acceptance that need to be fulfilled. The first is who can sign the instrument to express a valid consent to be bound in the international plan. Under international treaty law the proper signatories of an instrument of acceptance are the president, head of state, head of government or minister of foreign affairs, which is often called big three. If someone else has to sign the instrument, they need to have full power issued by one of the big three. The second is the identification of the exact name of the treaty being accepted. The treaty that is being accepted is not the trade facilitation agreement done in Bali in December 2013, but “The Protocol Amending the Marrakesh Agreement Establishing the World Trade Organization, done at Geneva on 27 November 2014. What happened in Bali was simply the freezing of the trade facilitation text, which was the end of negotiations. Bali was not the end in terms of identifying or adopting the text, it is this protocol of 2014 that needs to be accepted and identified in a valid instrument. The third criterion is an unambiguous expression of consent to be bound under the international plan and the last one is to identify where and when the instrument was issued. There needs to be some identification of the place the instrument was issued and the date of issuance above the signature.

Besides the unambiguous expression of consent being bound and the basic criteria fulfilled, there is also the need of the original paper copy of the instrument. Faxes, scans attached to email are not accepted and there is no need for cover letter. Each member will probably have a different practice. For instance, in terms of expressing consent to be bound in the international plan in an unambiguous manner, each member will probably have different language to do that. WTO has a depositary follows WTO depositary practice which in turns follows the UN depositary practice. The email address is deposit.assist@wto.org where questions can be answered.

Figure 1 shows an instrument of acceptance which is not valid because of the failure to meet the four criteria. In terms of the signatory of the instrument, an instrument like this signed by the President of Congress even with the seal of the presidency of the Congress will not be accepted as valid unless there is full powers from one of the big three. In terms of accepting unambiguously consent to be abounding on the international plan, the operative section of this instrument is relatively clear because there is a promise to observe this treaty inviolably. In terms of the identification of the international treaty that needs to be accepted, it is not the Bali trade facilitation agreement. Finally, in terms of the identification of the place and date of the issuance of the instrument, the instrument fails to in regards to the date of issuance.

It is quite important to come to the depositary assistance in WTO when drafting the instrument before signing to either follow the model on the website for both the TRIPS amendment and the TFA or to show the instrument to WTO before it is signed. Additional information is also available about the protocol amending the Marrakesh agreement, containing the trade facilitation agreement, TRIPS amendment protocol and status of legal instruments.

FIGURE 1: Invalid instrument of acceptance
TRADE FACILITATION AGREEMENT – RATIFICATION AND IMPACT ON LLDCs

By Mr. Toshihiko Osawa, Technical Officer Compliance and Facilitation Directorate, WCO

The implementation of the TFA is an important element of the VPoA and it will contribute to predictable and modernized trade procedures and reduce trade costs and clearance times at borders. Many organizations have already developed very concrete statistics and evidences of economic benefits or impact of the TFA implementation.

The importance of technical assistance for the implementation of the TFA cannot be over emphasized. The WCO launched the Mercator Programme to deliver capacity building projects for the TFA implementation in 2014.

Under the Mercator Programme the WCO has delivered around 180 technical assistance missions to more than 70 countries in the past 2 years.

- Authorized Economic Operators (Article 7.7): 69 missions
- Time Release Study (Article 7.6): 29 missions
- Post-Clearance Audit (Article 7.5): 11 missions
- Coordinated Border Management (Article 8): 10 missions
- Single Window, including Data Model (Article 10.4): 12 missions
- NCTF and stakeholder engagement (Article 23.2): 10 missions

Other TFA related areas in which technical assistance and capacity building (TA/CB) support was provided include Risk Management (Article 7.4), Pre-arrival Processing (Article 7.1), Enquiry Points (Article 1.3) and Advance Rulings (Article 3) which account for a further 29 missions.

In addition to WCO’s technical assistance on particular articles of TFA, the Mercator Programme provides tailor-made support that takes into account local conditions and environment for implementing trade facilitation measures. The WCO moves on to this tailor-made assistance for countries that need strategic advice by providing analysis of previous needs assessment, by conducting a time release study, or supporting the establishment of the National Trade Facilitation Committee (NTFC) as a platform for coordination.

In the technical assistance on the implementation of the TFA, the WCO reconfirmed the importance of technical guidance based on good practices. As was known, the WCO has developed a number of technical guidance to support the implementation of the TFA such as Transparency Guide for Article 1, Customs Business Partnership Guide for Article 2, Advance-ruling guide for Article 3. Those new tools are part of the WCO TFA implementation Guidance. The point is that the WCO is developing them based on best practices of Members. They are not legally binding tools but practically useful to implement the TFA Articles.
It is also found that the number of experts who know the TFA and Customs issues should be increased to deliver more capacity building projects. The WCO expands its network of accredited experts of Mercator Programme Advisors (MPAs); technical and operational advisors (TOA) and training experts. Accreditation of MPAs began in 2015 and the WCO has capacity to mobilize experts from its 180 Members covering various topics relevant the TFA agenda.

Finally, coordination among different border agencies is a key for all trade facilitation measures. Customs administration is a key agency of implementation of Trade Facilitation measures. Without involving Customs, you may not implement most of TF measures. However, it does not mean that Customs may implement every provision without cooperation with other border agencies.

Considering the harmonized and effective implementation of TFA, having technical and practical knowledge on TF measures, having enough number of experts for capacity building and coordination among different agencies are key elements.
THE TFA AND TRADE FACILITATION IN LANDLOCKED AFRICAN COUNTRIES

By Dr. David Luke, Coordinator of the African Trade Policy Centre, UNECA

I. INTRODUCTION

Cumbersome transit procedures, lengthy distances to global markets and inadequate logistics and infrastructure contribute to LLDCs’ high transport and trade costs. The average cost of trading with the rest of the world for the LLDCs on which data is available was estimated in 2013 at 320% in ad valorem equivalent. This issue is exacerbated in African LLDCs, where this figure reached 343%. In the World Bank 2016 Doing Business Report, 11 of the 15 African LLDCs ranked among the 40% worst performing economies in easing cross-border trade, reflecting the high time and monetary cost of their documentation and border compliance requirements. In the same way, African countries rank among the 25% worst performing developing countries on the cost of border processing and document requirements.

Trade facilitation is thus a key area to the development of African LLDCs. A number of them have already made progress in easing cross-border trade. The results of the OECD/WTO monitoring and evaluation exercise underpinning the Fifth Global Review of Aid for Trade highlighted the efforts made by the Regional Economic Communities (RECs) to reduce trade costs, as well as the positive results of corridor initiatives and other trade facilitation projects. The regional integration process followed by the East African Community (EAC), for example, has been a key driver of cost reduction and access to international markets for Burundi, Rwanda and Uganda. Moreover, four African landlocked countries rank among the 50% best performing countries in easing cross-border trade according to the World Bank 2015 Doing Business Report, namely Swaziland (ranking 30th), Lesotho (36th), Mali (82nd) and Botswana (51st).

II. CURRENT STATUS OF TFA RATIFICATION IN AFRICA

The ratification of the Trade Facilitation Agreement (TFA) could bring significant opportunities to the reduction of trade-related costs. However, it also involves high implementation costs, not only monetary ones but also in terms of necessary institutional reforms and technical assistance. As of today, 11 African countries have ratified the agreement, among which 5 coastal and island states (Madagascar, Mauritius, Kenya, Seychelles, Togo, Cote d’Ivoire) and 6 landlocked ones (Botswana, Niger, Mali, Zambia and Lesotho). A total of 17 African countries, among which 3 landlocked (Burundi, Botswana, Zambia), have submitted Category A notifications of the agreement provisions, which they will implement at its entry into force. Zambia, Mauritius and Malawi also submitted Category B (on provisions for which a transitional period will apply) and Category C notifications (on provisions for which support and capacity development is needed). To enhance transparency in the process of TFA implementation, the African Union Commission (AUC) launched a website during the May 2016 Meeting of African Trade Ministers to track ratifications, Category A, B and C notifications, and Category C commitments.

III. THE CONTINENTAL FREE TRADE AREA

Enhancing intra-African trade can be a great driver of economic diversification and structural transformation throughout the continent, and can thus contribute to more inclusive and sustainable growth. Research by UNECA has shown that if progress is made in reducing cross-border trade costs, in parallel with the elimination of tariff barriers on goods, the share of intra-African formal trade could more than double by 2022. Through trade liberalization alone, intra-African Trade could rise from 10.2%
to 15.5% of global trade. (Mevel and Karingi, 2012) (Given the dependence of LLDCs on transit countries for access to ports, and the disproportionate impact of trade costs on them, the improvement of connectivity through continental initiative is likely to bring them great benefits. The creation of a more vibrant market will create new opportunities for landlocked countries.

Regional integration is at the centre of continental visions and strategies, including of Agenda 2063. Trade facilitation is one of the clusters of the Boosting Intra-African Trade (BIAT) Action Plan. The operationalization of this initiative, and the setting up of a functional monitoring and evaluation mechanism, is key for building opportunities on the continent. But most of all, the Continental Free Trade Area (CFTA) represents an important development opportunity for Africa. The negotiations on the CFTA were launched in July 2015, and should be completed by the end of 2017. The first phase of negotiations included both trade in goods and services. The final agreement is planned to include a chapter on trade facilitation, in line with international best practices for free trade agreements.

IV. PAPERLESS TRADE IN AFRICAN LLDCS

The United Nations regional commissions carried out a global survey on paperless trade, in cooperation with UNCTAD, OECD, ITC, OCO and SEA. According to this study, the African continent presents a relatively low regional implementation rate (45%) of the comprehensive set of trade facilitation measures. While some countries like Benin, Mauritius and Morocco recorded higher rates (over 60%), landlocked countries for which data is available, like Burkina Faso, Lesotho, Malawi, Mali, Niger or Zimbabwe, presented lower implementation rates than the African average, with the only exception of Botswana.

Nonetheless, all African countries are implementing at least some trade facilitation measures. Reflecting the number of landlocked countries on the continent, “transit measure” are the most popular ones, followed by “formalities measures”, both reaching an implementation rate of 60%. Transit measures involve in particular the limitation of physical inspection at border and cooperation between border agencies. Measures addressing coordination (through National Trade Facilitation Committees for example) also appear as a priority.

V. THE ROLE OF UNECA IN AFRICAN TRADE FACILITATION

UNECA recognizes the challenges met by African countries in their trade facilitation efforts. UNECA’s key interventions in this regard include:

- The publication on Trade facilitation from an African perspective (2013), which advocated for a prioritization of trade facilitation to enhance African trade;

- The African Regional Integration Index, launched in collaboration with the African Union Commission and the African Development Bank, and which monitors, among other issues, infrastructure development and connectivity within African RECs;

- Support to the establishment of the African Corridor Management Alliance (ACMA), which will act as a coordinating body for the corridor management institutions on the continent. ACMA will work with stakeholders to promote best practices on boosting intra-African trade and reducing trade costs along development corridors; and

- Participating to the inter-agency arrangements for monitoring the Vienna Program of Action.
TRANSIT AND REGIONAL COOPERATION TOWARDS IMPLEMENTATION OF THE FREE TRADE AGREEMENT

By Mr. Jan Hoffmann, Chief, Trade Facilitation Section, UNCTAD

The benefit of TFA for transit was included not only in Article 11, but also in other Articles, namely: Article 1.1 publication, Article 1.2 publication on the internet, Article 2.1 opportunity to comment, Article 6.3 penalties, Article 7.7 authorized operations, Article 8 border agency cooperation and Article 10 formalities. This is an important opportunity for the landlocked countries.

In terms of the opportunity that comes out of the TFA for further regional integration, it is based on a multilateral agreement. It is the beauty of a multilateral agreement that we can have more regional integration without the need for more spaghetti ball situations. It is a multilateral agreement that includes an obligation and opportunity for a lot of regional and bilateral collaboration. In practice they are quite a few trade facilitation measures that benefit and can be done in cooperation with neighbor countries. Landlocked countries have always been very supportive of TFA agreement and now there is an opportunity to benefit from it.

There are seven possible criteria for a regional program based on which the LLDCs and UNCTAD can work together. The first one is that the measure requires collaboration. The second one is meeting of regional groupings the countries may have the same category, which helps to identify where we could have a regional approach supported by donors, the World Bank and regional development banks. The third criterion is that the countries should have the same priorities in order to get a common understanding of what should we as a region work on together. Of course it helps to be part of the same regional trade agreement if a common management customs act or transit instruments already are available. There could also be a potential for south-south collaboration if one country is more advanced, in the region of same language, background and history, so that they can work easily and help their neighbours. The next criterion can be economies of scale on the supporter side. Once the same measure is set up in a group of countries in the same region, they can help each other out. The new can use the same consultant, same software, same expertise, same regional office and so on. Last but not least many standards are regional, some are global, and so there is a further benefit from common standards that might at times be regional. It is expected that the seven criteria could facilitate the next step of implementing and working toward ratification, categorization for a number of measures where the landlocked countries depend on conversation with transit countries.

Now there is one little condition there for a regional program which we have found after spending several days in regional groupings discussing. The national governments must actually want to delegate certain functions to the regional mechanism. There are times in practice, politics, or national entities where not all are really willing to delegate to regional programs and prefer to keep a national one. Although we might find economically it would make sense to work together on a regional level. In this context, UNCTAD collaborates with other various partners, in particular the ITC. Where we try to identify a neutral partner to identify which areas it would make sense. The collaboration and cooperation to implement the TFA can provide additional impetus to further regional integration. So we have found that we are encouraged to work together to implement the TFA. This strengthens the regional mechanisms and we believe in most cases this is a good thing.
SECTION SIX

VALUE ADDITION AND STRUCTURAL TRANSFORMATION IN LANDLOCKED DEVELOPING COUNTRIES IN THE CONTEXT OF THE VIENNA PROGRAMME OF ACTION AND THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT
STRUCTURAL ECONOMIC TRANSFORMATION IN LANDLOCKED DEVELOPING COUNTRIES

By Mr. Sandagdorj Erdenebileg, Chief of the Policy Development, Coordination, Monitoring and Reporting Service, UN-OHRLLS

I. INTRODUCTION

Structural economic transformation is the process of reallocation of economic activity from low value added and low productivity activities and sectors to higher value-added and higher productivity ones. A meaningful structural transformation is the prerequisite to a successful integration of LLDCs into the global economy, employment creation, poverty eradication and achievement of broad-based sustainable economic growth. Structural transformation is necessary for LLDCs not to be left behind and achieve the Sustainable Development Goals (SDGs). The development of the LLDCs' productive capacity is the main pre-requisite to their structural transformation.

II. STRUCTURAL TRANSFORMATION IN THE VIENNA PROGRAMME OF ACTION AND THE 2030 DEVELOPMENT AGENDA

The first programme of action for the development of LLDCs, the Almaty Programme of Action adopted in 2003, focused on trade facilitation, transport and transit issues. Ten years later, LLDCs were experiencing rapid economic growth (7% on average), some of them figuring among the world fastest growing economies. This economic growth however did not trickle down to alleviate the living standards of their population, and accompanied by slow or negative human development. It appeared to member States that the challenges met by LLDCs were broader than a transit issue, and should be faced through economic development and diversification strategies. Structural transformation was thus defined as the fifth priority of the Vienna Program of Action (VPoA), along with the specific objectives of increasing value addition in the agricultural and manufacturing sector, fostering economic and export diversification, promoting service-based growth, and encouraging Foreign Direct Investments (FDI) in high-value added sectors. The recognition of structural economic transformation as a development priority, and its particular relevance for LLDCs, was also reflected in the 2030 Development Agenda which stresses the importance of building strong economic foundations, increasing productive capacities and fostering sustainable industrial development in developing countries.

III. MEASURING STRUCTURAL TRANSFORMATION IN LLDCS

The main mandate of UN-OHRLLS is to monitor the implementation of the VPoA and report on progress made to the United Nations Secretary General and General Assembly. The first step undertaken by UN-OHRLLS after the adoption of the VPoA has been the creation of an extensive set of indicators to quantify the progress made by LLDCs, transit countries and development partners, after consultation with numerous UN agencies through an inter-agency consulting group. In the area of structural transformation, the following indicators have been defined:

- Value added of agricultural sector;
- Value added of manufacturing sector;
- Value added of service sector;
- Export concentration index;
- Technology content of exports;
- Domestic credit to private sector;
- Research and development expenditures

IV. VALUE ADDITION IN LLDCS

As presented in Figure 1, the contribution of the agricultural and manufacturing sectors to the overall GDP in LLDCs has shown a systematic decline since 2002. The share of value added coming from agriculture decreased from 8% over 14 years. The same trend was observable in the manufacturing sector, to a lesser extent though, decreasing from 2.5% during the same period. On the contrary, the creation of value added in the service sector rose by 2%.

FIGURE 1: Value-addition in LLDCs, percentage of GDP

This suggests that value addition and diversification in LLDCs economies declined during this period. This trend, in the manufacturing sector in particular, needs to be reversed.

Industrialization, in fact, is a critical driver of structural transformation. By allowing LLDCs to improve their productive capacity and to produce goods of highest value (and so reducing the impact of transport costs on their exports), manufacturing activities have a strong potential in improving their ability to compete on international markets.

V. EXPORT DIVERSIFICATION IN LLDCS

Exports composition and concentration is another important indicator of an economy's level of structural transformation. Exports in LLDCs are in general highly concentrated in a few products, mainly primary commodities. Especially, the share of primary commodities in their exports dramatically increased during the last few years, coinciding with the commodity boom the world experienced within the same period. They represent now an average of 80% of their exported products, as shown in Figure 2. LLDCs should move from these low value primary goods toward high value ones, by adding local and technological content to their exports.
VI. RECOMMENDATIONS

While structural transformation is necessary for LLDCs to achieve sustainable development, poverty eradication and internationally accepted development goals, they face a number of specific challenges that limit their ability to add value to their production and diversify their economies. Concrete measures can be taken in the face of these challenges.

1. LLDCs should place **structural transformation** as well as **industrial policies** at the center of their development strategies and planning.

2. LLDCs should shift toward **productivity-led growth**.

3. The **private sector**’s role being central in achieving productivity-led growth, LLDCs should strive to create an enabling environment to support its development, through relevant taxation and tariff policies, capacity building, technology transfer and innovative measures like the creation of industrial clusters, Export Processing Zones (EPZ) or regional centers for excellence. They should especially target Small and Medium-sized Enterprises (SMEs), as the main job creators in LLDCs, and Public-Private-Partnerships (PPP), as an innovative source of financing.

4. **Export diversification** is primordial to LLDCs. Most of these countries depend on two or three commodities for more than 80% of their exports. They need to increase the number of exported items as well as their added value.

5. **Productive capacity development and value addition** in agricultural and manufacturing sectors must be fostered. LLDCs should strive to reverse the downward trend met by value addition in these sectors, by modernizing them.

6. **Innovative solutions** and **technology adoption** are needed for structural transformation.

7. Great resources are needed for LLDCs to fulfill these requirements. **Development partners must take action and contribute to these efforts**, sharing technologies, scientific knowledge, technical know-how and best practices, and help LLDCs in building their resilience capacity.
MANUFACTURING AND SECTORAL POLICIES IN LANDLOCKED DEVELOPING COUNTRIES

By Mr. Frank Van Rompay, Representative to the United Nations and other international organizations in Geneva, UNIDO

The United Nations Industrial Development Organization (UNIDO) is in essence a technical assistance agency, and provides in this regards a range of services in:

- Supply side capacity building, for manufacturing but also for agribusiness and industry-related services;
- Trade facilitation, focusing on capacity building for testing, inspection and certification, and support to the creation of Regional and National Quality Infrastructures;
- Industrial policies.

UNIDO assists LLDCs in the structural transformation of their economies through a variety of commitments. This presentation focuses on the importance of manufacturing and sectoral policies in achieving the goal of structural economic transformation of LLDCs.

I. MANUFACTURING MATTERS

The role of industry is still often challenged. Many see manufacturing as no longer relevant in today’s new service-driven economy, and associate it with social exploitation and environmental damage. Yet, the role of manufacturing is central, because it offers great opportunities for technological development and innovation, which underlie structural transformation. Technological advance is largely concentrated in the manufacturing sector and diffuses from there to services and agriculture, as industry appears to be characterized by stronger linkage\(^1\) and spillover\(^2\) effects than other sectors.

Manufacturing remains a priority for countries engaged in catching up, even though technological advance in the service sector keeps accelerating. This is even more true considering that the old divide between manufacturing and services is no longer a useful distinction. Many service-like activities that used to be integrated into manufacturing companies, such as research and development, marketing, sales and customer support, have in fact overtime been delinked from the good producing entities. These services are still intrinsically linked to manufacturing.

Industry matters for structural transformation of developing countries, be they coastal or landlocked. After years of political neglect, and largely upon demand of developing countries, structural transformation and in particular industrialization is back on the development agenda. It features prominently in the Vienne Program of Action (VPoA) and in the 2030 Agenda, notably through the specific Sustainable Development Goal 9 “Industry, Innovation and Infrastructure”.

II. SECTOR-SPECIFIC POLICIES

Stimulating structural transformation requires a specific policy focus on sectors, and not just economy-wide changes in business regulation and uniformly distributed investments in infrastructure and skills. Sectoral targeting has a name: industrial policy; and it is not a simple policy, but an overall strategy. In fact, the very objective of industrial policy is to foster structural change, not only through stimulating

\(^1\) “Linkage effects” refer to the direct backward and forward linkages within a sector and between different economic sectors.

\(^2\) “Spillover effects” refer to the disembodied knowledge flows within a sector and between different economic sectors.
industrial growth, but also by encouraging higher productive and non-traditional economic activities at large.

The dominant paradigm during the last decades in the area of private sector development, especially among development partners, has been the promotion of horizontal, non-sector selective interventions aimed at improving the general business environment, thus fostering competitive markets. This kind of interventions is important, but not sufficient. Moreover, these reforms not only address a long list of issues, but they also aim at introducing a whole set of first-best institutions. Governments may not have the capacity to introduce all these changes, and first-best institutions may have to be different according to the country’s stage of development, which is rarely taken into account.

The theoretical debate about the advantages and disadvantages of selective policies will continue, but policy makers over the world, from the United States, the European Union and Japan to emerging and developing economies, have clearly made their choice in favour of selective interventions. The key issue therefore is rather: How to make sure industrial policies achieve their set objectives?

UNIDO and other institutions have identified the following as key aspects for industrialisation:

1. **Political leaders must have the firm will** to pursue a national project of economic transformation, and not only to conceive it, but most importantly to implement it. This project of economic transformation needs to be defined through an inclusive stakeholder approach and coordinated among several ministries.

2. **The strategy adopted should be realistic**, analytically well-founded, and set short, medium and long-term sectoral priorities. Economic feasibility has not been enough appreciated in the past, causing several attempts to industrialization based on imports substitution to fail. Starting from the current base of capabilities and factor endowments, it is essential to establish feasible rates of improvement, in line with technological capabilities and comparative advantages. Technological capabilities in particular need to be built up through public and foreign investment and technology adoption.

3. **The process (the how) is as important as what is being done.** Successful industrial policies are increasingly seen as a “discovery process”, through which entrepreneurs, governments and other relevant stakeholders get together to learn from each other about cost, opportunities and bottlenecks, to engage in strategic coordination and to select the best options for industrial diversification. Close and sustained consultation, including at sub-sector level, is necessary, but the cost for policy-making should also be kept to a minimum. The process should be result oriented and target quick-wins for commitments to be kept.

4. **Evaluation and impact measurement are keys.** In particular, support to certain sectors and firms should only be provided to firms on a temporary basis and focus on supporting innovative ideas for upgrading and diversification, and not target well-established firms in traditional industries, in order to avoid rent-seeking behaviour and effectively encourage economic transformation and structural change.
TRADE, DEVELOPMENT AND GLOBAL VALUE CHAINS

By Mr. Hubert Escaith, Chief statistician, WTO

The World Trade Organization launched a program for global value chain (GVC) measurement. The programme is being implemented in cooperation with the OECD and numerous national and international research institutions. The database gathers today 61 countries, and WTO is currently working with regional organizations of the United Nations to improve the knowledge on LLDCs. The following present’s data collected through the program.

I. IN GLOBAL VALUE CHAINS, IMPORTS MAKE EXPORTS

As it can be observed in Graph 1, the share of imports in total exports has been increasing since 1995. Almost all countries for which data is available have experienced an increase in vertical specialization, that is to say reliance on imported inputs for more competitive exports. The few exceptions are mainly due to the global increase in commodity prices, the share of raw materials in the exports of some countries rising in value but not in quantity. The case of China is particular: during the first years following its opening to international markets, the country relied extensively on imported inputs, but has since then been progressively producing more and more of its inputs.

Graph 1: Use of foreign inputs in total exports, percentage of inputs

Substantially, these data show that countries should allow part of their exports to be based on foreign input for them to be competitive.
II. TRADE COSTS AND COMPETITIVENESS IN GLOBAL VALUE CHAINS

Trade costs are a decisive factor of a country’s competitiveness in global value chains. They vary greatly from one country to another. Tariffs are often denounced as the main barrier to trade and responsible for this disparity. However, the role of non-tariff components of trade costs such as transportation, lack of trade facilitation, institutional barriers (etc.) appears to be greater in reality, and moreover increasing, as shown on graph 2, 3, 4 and 5. This low incident of tariffs on overall trade costs can yet be misleading in the case of LLDCs. In fact, tariffs are levied on the CIF (Cost, Insurance and Freight), meaning that transportation costs are taken into account in calculating the tariff duty. Transportation costs are particularly important for LLDCs, their geographical situation magnifying in this way the impact of tariffs on their trade costs.

GRAPH 2: Composition of trade costs of textiles, percentage, top 5 highest and lowest costs

GRAPH 3: Composition of trade costs of motor vehicles, percentage, top 5 highest and lowest costs
GRAPH 4: Composition of trade costs of chemicals, percentage, top 5 highest and lowest costs

GRAPH 5: Composition of trade costs of computers, percentage, top 5 highest and lowest costs
III. HOW CAN LLDCS JOIN GLOBAL VALUE CHAINS?

The Vienna Program of Action (VPoA) set the diversification out of commodities and in non-traditional exports as a specific objective for LLDCs. Integration into global value chains is a privileged way for achieving this objective. Entering the automobile industry global value chain, for example, does not require a country to own the knowledge and technological capacity to build an entire car: it can specialize in transmission gears, electronic wiring, etc. This strategy is thus especially interesting for small developing states.

However, integrating a global value chain requires overcoming a number of obstacles. The WTO and OECD direct opinion surveys to identify them. According to the results of the 2013 survey, presented in Graph 6, the main obstacle to integrating a global value chain is low quality domestic infrastructure, in particular transport, electricity and telecommunication networks. As an illustration, a 10% increase in a country’s paved roads would lead to a 3 to 5% increase of its trade ratio to GDP. The second main obstacle to participation into global value chains is restricted access to credit. Econometric estimates show that a 10% increase in credit can lead to a 3 to 4% increase in trade ratio to GDP. The third main obstacle cited by our survey respondents is low standard compliance. Indeed, LLDCs must prove their ability to comply with industrial standards, but also more and more to cooperate on issues like social responsibility, in order to integrate global value chains.

**FIGURE 6:** Partners and donor countries views on main barriers to global value chains integration, 2013, percentage

IV. “SERVICIFICATION” AND UPGRADE IN GLOBAL VALUE CHAINS

Development of the service sector is primordial in order to add value to produced goods and upgrade in global value chains. However, development of services does not have to be at the expense of other sectors: on the contrary, a particular accent should be put on services linked to the production of industrial or agricultural goods.
The *Graph 7* shows the content of services in the value added of Italian and Tunisian exports. The totals are misleading because of the huge amount of tourism services exported by Tunisia, but the disaggregation shows that Italian exports, which enjoy a higher position in global value chains, entail more services in the creation of their added value. The production of agricultural or industrial goods in Italy can for example include agronomic services, business services like accounting, research and development or licensing.

**FIGURE 7:** Domestic services content in value added of gross exports in Tunisia and Italy, percentage of exports value added, 2011
VALUE ADDITION AND STRUCTURAL TRANSFORMATION IN LANDLOCKED DEVELOPING COUNTRIES: ADRESSING COMMODITY DEPENDENCE

By Mr. Andrey Kuleshov, Strategy and Development Advisor, CFC

The Common Fund for Commodities (CFC) was created to find ways to address the problem of commodity dependence. It established a number of solutions to this issue. This presentation highlights a conceptual framework necessary to understand the consequences of commodity dependence in landlocked countries, and a few practical examples of solutions from which lessons could be taken.

I. IS COMMODITY DEPENDENCE AN ISSUE?

Commodity production is probably one of the oldest economic activities of mankind. Most of the economic successes we are witnessing today derived at some point in the past from the commodity sector. Historically, American and Nordic growth, among many others, took off from natural endowments. A number of emerging economies like Brazil, Argentina, Thailand or Malaysia are currently improving their involvement into the global trade system thanks to a growing commodity sector. Some developed countries such as Australia or Canada still rest a large part of their participation to international trade on commodity sector. Within the LLDCs group, Botswana is a notable success story of integration into global markets through commodity exports.

However, many other countries are stuck in the cycle of commodity dependence. Commodities are an important source of income, and should not be denounced as the source of underdevelopment. The challenge is rather to recycle the money generated by the commodity sector by reinvesting into the country’s development.

II. COMMODITY RELIANCE AND VULNERABILITY

A country is commodity dependent when it is unable to convert its natural endowment into sustained economic development. It is rational for a country endowed with rich natural resources to rely on commodities to participate in global trade. But reliance on commodities brings a range of economic structural vulnerabilities, such as distorted investment, macroeconomic instabilities, governance difficulties, institutions building issues, economic concentration, or currency appreciation (the infamous Dutch disease”). The gains generated by commodity production and trade can be offset by the costs of these vulnerabilities. The country is consequently unable to build a capital base and is thus stuck in a situation of low productivity. Therefore, a persistent high share of the commodity sector in a country’s economy does not bring development.

Figure 1 illustrates these dynamics. Countries starting their development process with low human and production capital and rich commodity endowment tend to try to use this endowment to join the global trading system. This results in the dominance of the commodity sector, inducing a number of vulnerabilities and causing income to leak out of the country, leading to the repetition of this vicious cycle. Commodity dependence can thus be defined as both the outcome and cause of a country’s failure in addressing commodity and trade related vulnerabilities.
III. COMMODITY VULNERABILITY AND LANDLOCKEDNESS

Landlockedness amplifies the number and impact of commodity-related vulnerabilities. As evidenced in Table 1 below, many of the world most commodity dependent countries belong to the landlocked category. The CFC estimates that 24 landlocked countries (about half of the whole group) belong to the category of highly commodity-vulnerable countries.

**TABLE 1: Commodity vulnerability and landlockedness (LLDCs highlighted)**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Composite index of commodity dependence</th>
<th>Rank by commodity exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Zimbabwe</td>
<td>0.0687</td>
<td>67</td>
</tr>
<tr>
<td>2</td>
<td>Gabon</td>
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<td>3</td>
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<td>4</td>
<td>Burundi</td>
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</tr>
<tr>
<td>5</td>
<td>Nigeria</td>
<td>0.0366</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Sudan</td>
<td>0.0349</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>Papua New Guinea</td>
<td>0.0318</td>
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</tr>
<tr>
<td>8</td>
<td>Ethiopia</td>
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</tr>
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</tr>
<tr>
<td>20</td>
<td>Guinea</td>
<td>0.0204</td>
<td>16</td>
</tr>
</tbody>
</table>
IV. PRACTICAL ACTION: WHAT INTERNATIONAL DEVELOPMENT FINANCE CAN DO?

Because they are particularly vulnerable to commodity dependence, landlocked countries are a specific target group for the CFC in the identification of financing priorities. In this regard, the goal of CFC is to identify and promote opportunities and operational models which would allow LLDCs to recycle their commodity derived income to benefit their economic development. Here are some examples of projects that can improve a country’s resilience toward commodity dependence and foster economic development:

1. **Develop infrastructures**

The *Joseph Initiative*, a group of individual entrepreneurs in Uganda, built and expanded a network of rural storage facilities, as a response to the exclusion of local smallholder maize farmers from reliable and quality rewarding markets because of the low batch volume of their production. They established a highly localized and fully integrated collection system with immediate payment, quality incentives and agri-services to farmers. From the storage facilities where it is assembled, maize is collected, processed and then transferred to eventual buyers in Uganda, Rwanda, and sometimes Kenya. As a result, the *Joseph Initiative* is able to meet high quality contracts with regional maize processor (such as the World Food Program) and include smallholder farmers into formal economic cycle.

A lot of know-how is involved in the implementation of this initiative. It includes for example a system of price information and cash-payment to farmers through mobile phone, which could not have been put in place without strong human capacities. Local supervisors also visit cribs on a daily basis to check their compliance with set standards. The *Joseph Initiative* rests on trained individual filling about a dozen of different functions, who allow this network of small warehouses to supply maize to central processing facilities where it is cleaned, shelled, brought to marketable standards, sold and exported.

This successful private initiative reaches today tens of thousands of farmers in Uganda. It is expanding and might cross borders in the near future. It provides an example of how development partners can, through technical assistance, assist LLDCs in improving the productivity and value addition of their commodity sectors.

2. **Facilitate trade: Increasing value added**

*Solagrow* is an Ethiopian company engaged in providing loans to smallholder farmers to enable the expansion of a countrywide network of nucleus farms for seed potato production. The market for potato seeds is currently growing in Africa. High quality seeds are key to high yields, but they are not available on the continent. Until today, they consistently have been imported from Europe. These imports can be replaced by local production of high value seeds using the advantageous and thus competitive climate and soil of the Ethiopian highlands. Again, *Solagrow* offers a management system that allows outgrowers, who produce first and second generation seeds, to reach potato producers in the region and beyond. The company is already planning to engage an additional 2,000 contract farmers.

*Increase added value for branding:* Branding is another approach to adding value to commodities. A recently created brand of chili sauce made from chili pepper grown by smallholder farmers in Zimbabwe became quickly very successful. With very limited investments from the private sector and support from the CFC, it rapidly reached the point of brand recognition. Farmers are this way entering regional value chain through a high premium product.
3. **Build an information structure: Warehouse receipts**

In Malawi, the *Agricultural Commodity Exchange for Africa* (ACE) allows farmers to place their maize and soy beans into a number of registered and certified warehouses. The grains gathered in the warehouses are traded in an open Bid Volume Only Auction organized by ACE, which is currently widely used by the World Food Program and a number of millers and grain processors in Malawi. The system is currently expanding across the border into Zambia, with the ambition of creating a regional network of information on maize availability and trade.

The system is not simple since it requires skills, technical assistance, external advice and share of experience between entrepreneurs in order to replicate growth and deliver value to producers.

4. **Promote Public-Private initiatives**

Significant investments are needed for this kind of initiatives to drive added value production in the commodity sector. As exemplified above, the commodity sector can generate significant added value and be attractive to private entities. Public support is needed to facilitate private investment in projects which can produce adequate socioeconomic and development impact. Different mechanisms of Public-Private collaboration can be employed in this regard, such as:

- specialised impact investment funds, consisting of a majority of private investors and about 10% of co-investment by public sponsors, to ensure that both financial and development results are being targeted;
- impact oriented projects, to which financial support should be given upon the condition of development impacts measurement;
- development impact bonds and other forms of result based financing which offer a great opportunity to achieve specific development goals.

V. **CONCLUSION**

Sustained progress of commodity dependent LLDCs towards economic transformation is unthinkable without investment in their productive sectors, in order to take advantage of their commodity endowment and support the emergence of a diversified economic system by strategically re-investing commodity derived income. Investment in commodity driven development is a pre-requisite for sustainable economic development in many LLDCs, for both producing and consuming countries. In this regard, the design of a global commodity agenda for development would contribute to the achievement of the Vienna Program of Action (VPoA) and the Sustainable Development Goals (SDGs).
STRUCTURAL TRANSFORMATION IN AFRICAN LANDLOCKED DEVELOPING COUNTRIES: CHALLENGES, OPPORTUNITIES AND WAY FORWARD

By Mr. Jean-Marie Ehouzou, Permanent representative of the African Union to the UN and WTO

I. COMMODITY DEPENDENCE AND MANUFACTURING OPPORTUNITIES

The 15 African LLDCs face numerous challenges. They meet many geographical constraints (significant size, distance to the sea etc.), but also great development needs. African LLDCs are exporters of commodities. They do not transform their production and as such their economies do not include any commodity related manufacturing activities. This explains the very high unemployment rate on the continent.

Though, Africa presents many opportunities for structural transformation through manufacturing. As an example, Burundi recently developed its manufacturing capacity in the coffee sector, allowing coffee producers to sell a transformed and finished product that is worth 10 times the basic one produced in the fields. The same could be applied to cotton. Many of the African LLDCs are cotton producers, but their cotton is unfortunately not sold at good prices. Producers are poor, and are getting even poorer, even though they are working very hard.

II. A HEALTHY DOSE OF POLITICAL WILL

In order to boost, revitalize the industrial development strategies of African countries, a healthy dose of political will is needed. African heads of states have met on various occasions to discuss industrialization, and they undertook a number of resolutions. They recognized that no country or region in the world reached prosperity or socially and economically decent life for its population without the development of a robust industrial sector. This has been kept as an agenda priority by many institutions like the African Development Bank (AfDB) or the Arab Bank for Economic Development in Africa (BADEA).

Africa needs a very healthy dose of political will to transform its economies, but this willingness must not stay a simple intention; it must be transformed and translated into concrete actions on the ground. It should be included into programs, as already done in the Agenda 2063 adopted in 2013 on the 50th anniversary of the African Union and which addresses specifically the issues of economic transformation. In this regard, the African Union also supports the international community initiatives to support LLDCs, especially the Sustainable Development Goals (SDGs) and the Vienna Program of Action (VPoA). For an effective translation of this political will into action, we also need to take measures to attract direct investments for commodities manufacturing.

III. ENERGY COMES FIRST

Industrial development and structural transformation cannot happen without energy. Telecommunication infrastructures are also necessary, but energy comes first. In accordance with this necessity, the African Development Bank reiterated its commitment to support the building of energy infrastructures.

The majority of African countries suffer from lack of energy and poorly reliable networks. And yet, the continent has the sun, and many rivers. Africa stays sunny the whole year around; even when it is raining. This opportunity should be harnessed.
IV. THE NEED FOR INCLUSIVE DEVELOPMENT

The synergies and complementarity between the Agenda 2030 for Sustainable Development and the 2063 Agenda should highlight the need for an inclusive development: human focused, fostering industry diversification and job creation, and promoting decent employment with high value added for all. African children go die in the deserts and in the Mediterranean Sea. This should be stopped by using global trade as a means for human and inclusive economic development.
SECTION SEVEN

LEGAL FRAMEWORK FOR TRANSIT COOPERATION
INTERNATIONAL AGREEMENTS FOR TRADE FACILITATION AT BORDERS

By Mr. Miodrag Pesut, Chief of the Transport Facilitation and Economics Section of the Sustainable Transport Division, UNECE

I. UNECE’S ROLE IN THE TRANSPORT SECTOR

The United Nations Economic Commission for Europe (UNECE) aims at developing safe, high quality, affordable and accessible human transportation systems. It especially promotes ecologically sound and environmentally viable transport systems that offer positive contribution to national and international sustainable development. UNECE pursues these goals through four pillars of work: Administration and maintenance of the regulatory framework; Policy dialogue; Analytical work; Advisory services and Technical assistance.

The idea that border crossing facilitation is key to international trade, essential for growth and competitiveness, and a driver of regional integration, is today well established. Goods can only be traded if they are transported and distributed, and this requires efficient border crossing procedures. Currently however, up to 57% of transportation time is spent at borders. The long waiting times at borders result in major human suffering for truck drivers blocked in queues for hours or often days. It also considerably impacts the environment because of trucks running at idle. Moreover, this situation costs billions annually, implying a loss of competitiveness and business opportunities and increasing the price of goods for the end consumer.

UNECE adopted a 360 degrees approach to address the need of border crossing facilitation as. This approach aims at making borders more efficient through appropriate and resilient border infrastructures and facilities, reliable and harmonized international legal framework, harmonized or at least aligned procedures, and international cooperation and exchange of best practices.

UNECE is the custodian of 58 international transport conventions and agreements on inland transport modes, infrastructures and border crossing. The broad geographical coverage of these legal instruments is highlighted on Map 1.

MAP 1: UNECE, international center for transport agreements
A. THE HARMONIZATION CONVENTION, 1982

The International Convention on the Harmonization of Frontier Controls of Goods is the most broadly accepted legal foundation for coordinated border management. It gathers 56 contracting parties. Its latest accession countries are Iran and Tajikistan, and China has expressed its interest in joining. It includes two Annexes on road and rail transport. Contracting partners are currently working on a third Annex on border operations at ports.

The objective of the Harmonization Convention is to facilitate cross-border transport of goods through shorter, reduced, nationally coordinated, and internationally harmonized controls and formalities at borders. The convention covers all control services, modes of transport and goods moved across borders (exported, imported or in transit). It also comprises specific provisions for certain transport modes and goods, and addresses certain issues regarding vehicles and drivers.

Within the areas covered by the convention, national coordination is particularly important. In fact, interagency cooperation within or between governmental entities involved in border crossing controls is often lacking. The Harmonization Convention helps avoiding disparities and duplication of controls by multiple authorities of a same country, and thus reducing costs.

The framework provided by the convention allows more efficient investments in border facilities and reduced border delays, transport cost, trade transaction cost and border operating costs for states.

The unique design of this convention offers major flexibility to the contracting parties. In fact, it binds them in terms of results to achieve, and not of means to use. Countries can thus customize their path to implementation, an endeavor to which UNECE provides its assistance.

B. THE TIR CONVENTION, 1975

The Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) is a unique facilitation tool. It is a global United Nations Convention that establishes and regulates the only existing and operational global custom transit system. It is administered by the established Treaty bodies under the UNECE auspices in Geneva. As demonstrated in Map 2, it has a broad geographic coverage, spanning across 68 countries. The European Union is a constructive party to the convention in its own right, bringing the total number of contracting parties to 69.

MAP 2: Contracting parties to the TIR Convention
The TIR Convention aims at facilitating border crossing through an internationally recognized and harmonized procedure, as well as allowing effective revenue protection and security without excessive administrative burden for custom agencies or time and cost losses for operators.

The system created through the Convention rests on five pillars:

- secure vehicles and containers;
- single and internationally valid guarantee coverage;
- single and internationally accepted document - the TIR Carnet;
- mutual recognition of customs controls; and
- controlled access to the procedure.

The successful implementation of the TIR system relies on the efficient and transparent Public-Private-Partnership with the International Road Transport Union (IRU). IRU was indeed entrusted by the contracting parties with the management of the international guarantee chain, an essential part of the TIR system. This international guarantee system efficiently and swiftly addresses any potential irregularities. But the main security feature of the TIR system is the fact that users have to be accredited by customs of their countries and a designated guarantor, ensuring that losses for customs and states are rare.

To adapt to contemporary needs, the TIR system grew in tandem with modern times. Electronic risk management tools, such as the international TIR database and the electronic pre-declaration process, have been introduced to address modern concerns. Additional facilities such as authorized consignors and consignees are also under discussion. But most importantly, a computerization process ("eTir") is underway. Its conceptual aspects have been set through the finalization of the eTIR Reference Model, the required adapted legal framework is currently being discussed by contracting parties in Geneva, and its technical features are under development. The eTIR system is fully compliant with the World Custom Organization (WCO) SAFE Frameworks of Standards and uses the WCO data model.

A step-by-step and corridor based approach has been adopted for its implementation. The first of these steps, the eTIR pilot project, is currently being implemented by UNECE and IRU in Iran and Turkey. This pilot project was launched in October 2015. 35 pilot transports with electronically issued guarantees have taken place since then between Teheran and Izmir. The next phase of the pilot system will include additional functionalities such as electronic payment facility and the possible use of electronic signatures, an issue that is still being tackled at the intergovernmental level. While this computerization process has been initiated, UNECE is aware of the lack of electronic capacities faced by many countries. Therefore, the paper copy of the TIR will also remain in operation for some time.

C. CUSTOMS CONVENTION ON CONTAINERS, 1972

The Customs Convention on Containers aims at facilitating the temporary admission in a country of containers registered in another country, by deferring payment of taxes and duties. Its benefits are clear: it minimizes border procedures by deferring payments, it allows the recovery of customs duties if containers are not re-exported, and it facilitates the international transport of goods.
D. CUSTOMS CONVENTION ON THE TEMPORARY IMPORTATION OF PRIVATE ROAD VEHICLES, 1954

The Customs Convention on the Temporary Importation of Private Road Vehicles establishes the principle of temporary importation of vehicles under the cover of the international "Carnet de Passage en Douane" (CPD). The CPD guarantees the payment of import duties and taxes to national competent authorities if the temporarily admitted vehicle is not re-exported. Many countries, in the Middle East especially, encounter difficulties related to the temporary importation of private road vehicles. UNECE works with a number of non-governmental organizations to improve the functioning of the convention in this geographic area.

II. ACCESSING THE UNECE LEGAL INSTRUMENTS

The above presented legal instruments are open to all United Nations Member States, and do not require any accession fee. The United Nations Secretary General is the Depositary of these conventions. Accession gives voting and participation rights in all relevant decision making bodies.

Interested countries should also consider acceding to the World Trade Organization (WTO) trade facilitation agreement, which consolidates in a single framework agreement broadly accepted trade and transport facilitation principles.

LLDCs can facilitate the trade operations at their borders by using existing tools and fully established and functional conventions. There is no need to start from zero: the international regulatory framework exists and should be used to successfully implement WTO trade commitments.
LEGAL FRAMEWORKS FOR TRANSIT COOPERATION

By Mr. Toshihiko Osawa, Technical Officer, Compliance and Facilitation Directorate, WCO

I. THE WORLD CUSTOM ORGANIZATION (WCO) LEGAL INSTRUMENTS:

A. THE WCO REVISED KYOTO CONVENTION

The WCO Revised Kyoto Convention (RKC) provides a comprehensive set of uniform principles for simple, efficient and predictable customs procedures and controls. It responds to the key needs of modern-day’s customs administrations and international trade system by providing a balance between the customs’ functions of control and revenue collection and the need for trade facilitation. The RKC is an important international agreement promoting an efficient international transit system. It gathers 103 contracting parties.

Annex E of Chapter 1 of the RKC focuses on customs transit and provides for a transit system intended to achieve maximum facilitation for the movement of goods under customs control in international transport. It includes practical standards concerning responsible persons, authorised consignors and consignees, formalities at the office of departure, Customs seals and the time limit for transit.

B. THE ISTANBUL CONVENTION

The Istanbul Convention about Temporary Admission (ATA) might also contribute to transit facilitation. Under this convention, the national customs formalities are for temporary admission and transit are replaced by the ATA Carnet thus saving on the cost involved in the clearing of goods at each border. It gathers 67 contracting bodies.

Particularly important to the Instambul Convention is its Annex B3 on temporary admission of transport means, including containers or pallets. It sets the rule that transporters do not have to submit any customs document nor deposit any guarantee to use containers or other transport means for transit activities. This rule is a great facilitation tool for transit operations. The Istanbul Convention has 67 contracting parties.

C. THE IMPORTANCE OF REGIONAL AND BILATERAL AGREEMENTS

Regional and bilateral coordination, cooperation and operational arrangements, taking into account transit routes, are essential to an effective transit system. They complement the general principles defined by multilateral agreements such as the World Trade Organization Trade Facilitation Agreement or the KRC. Information and data sharing among the different customs offices of a same transit route is essential for effective transit procedures. A rigorous and realistic legal framework is required for data exchange, covering issues of data protection and traders’ privacy. Bilateral agreements seem in this regard a relevant option.

The international transit procedures are made of numerous regional and bilateral agreements. In Europe for example, the countries of the European Union and the European Free Trade Association (EFTA) signed conventions on common transit procedures and simplification of formalities in trade in goods.

The ratification of multilateral legal instruments and adoption of international standards would undoubtedly be beneficial to LLDCs, but their transit facilitation strategies should consider the appropriate combination of multilateral, regional and bilateral arrangements.
TRANSIT IN OPERATION

By Mr. William Petty, Head of the Regional Committee for Africa, IRU

The International Road Transport Union (IRU) is the world body representing the road transport sector. It is a private sector trade association working for the establishment of an efficient international road transport system. IRU promotes good infrastructures, harmonized legal frameworks, professionalism and service excellence. The presentation focuses on the key area of harmonized legal frameworks and procedures, and on the specific benefits offered by the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR).

I. LEGAL FRAMEWORKS ESTABLISHING THE BASIC RIGHT TO TRANSIT

a) The New York Convention on Transit Trade of Landlocked Countries from 1965: "In order to enjoy the freedom of the seas on equal terms with coastal States, States having no sea-coast should have free access to the sea".

b) The United Nations Convention on the Law of the Sea (UNCLOS), signed in 1982, confirmed that "land-locked States shall have the right of access to and from the sea".

II. LEGAL FRAMEWORKS, GUIDELINES AND BEST PRACTICES: HOW TO MANAGE TRANSIT

Some legal frameworks go further by including guidelines and best practices on the implementation of the right to transit and these include:

- Article 11 on "Freedom of Transit" of the WTO Trade Facilitation Agreement (TFA), for example, presents a set of best practices for transit operations;

- The Revised Kyoto Convention (RKC), and in particular its Annex E, sets up clear standards and guidelines for the management of transit regimes and

- The World Customs Organization Transit Handbook also proposes clear and basic guidelines and best practices to governments and customs agencies.

III. LEGAL FRAMEWORKS: GOING BEYOND PURE TRANSIT, GOING BEYOND GOODS AND CUSTOMS

Some legal frameworks go beyond the pure transit of goods across countries, by addressing the issue of vehicles carrying goods on transit. Trade is indeed effectively facilitated only if means of transports can also move internationally:

- The United Nations Harmonization Convention proposes for example, the harmonization of all controls, including visas and vehicle checks, through the emission of single customs documents (the International Technical Inspection Certificate and the International Vehicle Weight Certificate).

- The United Nations European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR), and the United Nations Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment also tackle the specific issues of transport means in transit.
- Regional-level harmonised regulations for drivers, operators and vehicles on the regional level (in the various African economic communities for example), harmonized regulations for drivers, operators and vehicles are being discussed and developed. Their role is primordial in enabling an efficient international road transport.

IV. LEGAL, PROCEDURAL AND OPERATIONAL FRAMEWORK: UN TIR CONVENTION

Legal frameworks do not mean anything unless they are actually implemented in the right way. It is their implementation that really drives benefits. The United Nations TIR Convention is in this regard especially valuable. It includes every content and concrete tool necessary to its implementation: a legal framework, a single customs document (the TIR Carnet), procedures and trainings for customs and the private sector, an Information Technology (IT) system, and the mutual recognition of customs controls, authorized operators and transit guarantees. Moreover, IRU offers training on its implementation. The convention is today implemented in 58 countries.

The use of the TIR Convention should be adapted to each national situation. In this regard, the biggest challenge met by developing countries engaging in a multilateral transit regime is the use of IT systems to connect traders and customs, as well as customs administrations from different countries.

V. TIR IMPLEMENTATION IN LLDCS

Table 1 below shows that many LLDCs are already benefiting from the TIR system. It is especially widely used in the Economic Cooperation Organizations (ECO) region, which comprises seven LLDCs. The ECO countries use 30% of all TIR carnets issued globally, and 65% of carnets issued there are used for transport within the region. TIR seems to be facilitating intra-regional trade in the ECO region. Its application in Afghanistan is especially important to the doubly landlocked central Asian countries, even more since Pakistan acceded to the convention in July 2015, offering them an easier access to the sea.

TABLE 1: The use of the TIR system in LLDCs

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of TIR Operators (19/05/2015)</th>
<th>Number of TIR Carnets (2013)</th>
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<tr>
<td>Afghanistan</td>
<td>-</td>
<td>50</td>
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<td>Armenia</td>
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<td>Kyrgyzstan</td>
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<td>Macedonia</td>
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<td>Uzbekistan</td>
<td>223</td>
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VI. POTENTIAL IMPACT OF TIR IN EAST AFRICA

When customs procedures and complexity are reduced, time is gained, and consequently costs are saved. The TIR system in particular allows important savings on the cost of acquiring a transit guarantee. IRU recently undertook a study on saving possibilities on transit guarantee costs through the application of the TIR system in East Africa, in order to sensitize stakeholders on the potential benefits of the Convention. The study considered different transported commodities, namely truck tyres and fuel, and looked into existing transit arrangements to compare them with the indicative cost of acquiring a TIR Carnet.

As illustrated in Graph 1, a 40 feet container transporting $1 million worth of truck tyres on the northern corridor from Mombasa to Kigali would require a guarantee cost of $1,320 using a national bond system (i.e. acquiring different guarantees in Kenya, Uganda and Rwanda).

**GRAPH 1:** Potential impact of TIR in East Africa

A regional bound is emerging in the region out of a private sector initiative. While its legal basis is still unclear, it offers a single guarantee for the three countries at a total cost of $450. The Common Market for Eastern and Southern Africa (COMESA) also developed a regional guarantee system, which offers a single guarantee at an approximative cost of $700. The TIR system allows in comparison significant cost savings, as it would offer a single guarantee from Mombasa to Kigali for $45. This cost is indicative and based on the average cost for a carnet holder in 2015 around the world. National associations would choose the actual cost of the regional guarantee, should the TIR be implemented in East Africa. Though, this estimation gives an idea of TIR cost saving potential.

The implementation of TIR would offer comparable cost saving opportunities to transporters and traders using the southern African trans-Caprivi corridor from Walvis Bay to Lubumbashi, as illustrated by Graph 2. Although the Democratic Republic of Congo is not a landlocked country, its Katanga Province is effectively landlocked. LLDCs can thus draw lessons from this case study.
VI. THE ROLE OF THE PRIVATE SECTOR

The private sector has a central role to play in cutting costs and driving efficiency of transit operations, especially through human capacities development. The cost of road transport can be divided into three equal parts: fixed costs, variable costs and labor costs. Professionalism can considerably lower the fixed and variable costs. A professional transport manager can indeed improve the efficiency of the organization. A professional truck driver can for instance improve fuel efficiency by 5 to 20%, equaling $1,200 of cost savings per year and per truck. Rwanda, with a small fleet of about 500 international trucks, could save up to $600,000 per year thanks to "fuel efficient" truck drivers.
LEGAL FRAMEWORK FOR TRANSIT COOPERATION

By Mr. Timothy Lemay, Principal Legal Officer, UNCITRAL

I. INTRODUCTION TO UNCITRAL

The United Nations Commission on International Trade Law (UNCITRAL) is the core legal body of the United Nations system in the field of private international law and commercial law. UNCITRAL was established by the United Nations General Assembly in 1966. Its mission is to contribute to the modernization and harmonization of international commercial law by preparing and promoting the use of conventions, model laws, legislative guides and set of rules and offering technical assistance to governments, private sector and practitioners. Its work spreads through many areas, such as micro, small and medium enterprises, arbitration and dispute resolution, electronic commerce, public procurement, insolvency or bankruptcy, secured transactions or lending, international sale of goods, and maritime transport. The presentation covers electronic commerce, maritime transport and dispute resolution.

II. ELECTRONIC COMMERCE

Efficient electronic commerce is especially important as paperless trade makes transactions quicker, easier and cheaper. UNCITRAL texts in the area are regarded as global standards and they include:

- the Model Law on Electronic Commerce, concluded in 1996 and adopted by more than 70 States (among which 9 are LLDCs). It sets the fundamental principles of technological neutrality, non-discrimination of electronic means and functional equivalence.

- the United Nations Convention on the Use of Electronic Communication in International Contracts, or "Electronic Communications Convention", adopted by 7 States since 2005 (among which 2 are LLDCs). This Convention offers the most modern legal framework for electronic commerce facilitation across borders. It aims at enabling the use of electronic communications in international trade by ensuring that contracts and other communication exchanged electronically are as valid and enforceable as their traditional paper based equivalents. This aspect is especially essential to the implementation of the World Trade Organizations Trade Facilitation Agreement, and in particular of its article 10 paragraph 4, which requires states to establish a "single window" and "one-time submission" for all documents and data required from traders for customs and border crossing.

III. MARITIME TRANSPORT

The need for several contracts covering the different transportation means of the goods in a single journey (road, rail, air and ship) is a specific challenge for traders in LLDCs. The United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea, or "Rotterdam rules", establishes a uniform and modern legal regime to answer this issue. This legal regime governs the rights and obligations of a number of parties (shippers, carriers and consignees) under a single contract for any door to door carriage of goods that includes an international sea leg. Instead of having to engage in a separate contract governed by a separate legal regime for each means of transport, parties can this way enter a multimodal contract of carriage governed under a single unified legal regime.

The Rotterdam rules also take into account new developments in the international movement of goods, and in particular the growth phenomenon of container transport (more than 90% of the world's
manufactured goods are indeed carried by containers today). The Convention also covers the use and recognition of electronic transport documents.

Adoption of the Rotterdam rules is expected to enhance legal certainty, efficiency and commercial predictability in the international carriage of goods, and reduce legal obstacles to international trade. The Convention is not yet enforced, but it already gathers 25 signatories and 3 parties.

IV. DISPUTE RESOLUTION

Mediation and arbitration provide trusted and reliable methods to resolve commercial disputes, and generally do it quicker and at lower costs than an adjudication of the case in a national court would do. Moreover, the expertise of the arbitrators chosen by the parties to resolve their disputes is often not available in a national judiciary. In fact, building and maintaining a fully staffed and resourced national judicial system able to provide timely outcomes in this kind of cases would represent a very expensive policy for any state. Alternative dispute resolution can ease this economic pressure.

UNCITRAL covers the issues of dispute resolution through numerous texts:


- The UNCITRAL Model Law on International Commercial Arbitration, adopted by 72 States and covering 102 jurisdictions. It is a complete code and can be enacted as such into national law, or constitute a basis for national legislation.

- The UNCITRAL arbitration rules, the most widely used set of arbitration rules on the international level.

- The New York Convention, adopted in 1958 and gathering today 156 parties (among which 25 LLDCs). It is a complete readymade regime for the recognition and the enforcement of foreign arbitrage awards. It ensures the validity and enforcement of arbitral decisions.

UNCITRAL also recently finalized a set of technical notes on Online Dispute Resolution (ODR), as the use of information and communication technologies (ICT) can reduce the cost and increase the speed of dispute settlement. It presents universally agreed principles and best practices for the conduct of online conflict resolution.
PARTICIPATION IN MULTILATERAL TREATIES DEPOSITED WITH THE UNITED NATIONS SECRETARY GENERAL

By Ms. Dina Hamdy, Legal officer, Treaty section, UNOLA

I. UNOLA’S DEPOSITORY ROLE

The treaty section of the United Nations Office of Legal Affairs (UNOLA) is the office that discharges on behalf of the Secretary General the functions of depositary of multilateral treaties. The Secretary General is designated as depositary of over 560 multilateral treaties in multiple area of international law. This includes many agreements related to trade and transports and landlocked countries, such as:

- the Multilateral Agreement for the Establishment of an International Think Tank for Landlocked Developing Countries (New York, 24 September 2010);
- the Customs Convention on Containers (Geneva, 2 December 1972);
- the United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea (New York, 11 December 2008);
- the Customs Convention on the Temporary Importation of Commercial Road Vehicles (Geneva, 18 May 1956); and

As depositary, UNOLA Treaty section is responsible for ensuring the proper execution of all treaty actions, and is guided in this role by:

- the 1969 Vienna Convention on the Law of Treaties (VCLT), and in particular its article 77 on the functions of depositaries;
- the provisions/final clauses of the relevant treaty;
- the practices of the Secretary General, compiled in the Summary of Practice;
- the customary international law; and
- the resolutions of the General Assembly and other United Nations organs.

Among UNOLA’s functions as depositary are:

- to keep custody of the original treaty;
- to prepare certified true copies;
- to keep custody of signatures and ratifications;
- to check whether instruments are in proper form;
- to inform states of treaty actions via circular notifications;
- to inform states of entry into force of treaties;
- to register treaties with the secretariat; and
- to perform other functions specified in the treaty.

The treaty section moreover provides advice and assistance relating to the conclusion of treaties, and interpretation of their final clauses. Two capacity building trainings are organized annually at the United Nations Headquarters in New-York, and regional ad-hoc trainings are organized when a willing host government is found. In 2014, for example, a capacity building training was organized in Lesotho for the countries of the Southern African Development Community (SADC).

II. SIGNATURE

Simple signature of a treaty does not denote any positive legal obligation, but indicates a State’s intention to take steps to express its consent to be bound. It also creates an obligation, in the period between signature and ratification/acceptance/approval, to refrain in good faith from acts that would be contrary to the object and purpose of the treaty.

Heads of States, Heads of governments or Ministers of Foreign Affairs (or a person exercising the power of one of these three authorities ad interim) only can sign a treaty under a national law without full powers. Every other official, including permanent representatives to the United Nations or trade and transport ministers, must be in possession of full powers to sign a treaty. To be valid, an instrument of full powers must:

- authorize signature;
- identify the treaty specifically;
- specify full name and title of individual authorized to sign;
- be issued and signed by the Head of State, Head of Government or Minister of Foreign Affairs or by a person exercising the power of one of these three authorities ad interim; and
- be dated.

To sign a treaty, an appointment must be taken with the UNOLA Treaty Section in the Headquarters of the United Nations in New York. A number of treaties mentioned in previous presentations, including the Rotterdam rules, are indefinitely opened for signatures. Some others are closed for signatures, but still open for accession.

III. CONSENT TO BE BOUND

To become party to a treaty, a state must express its consent to be bound on the international plane. Instruments of ratification, expectance, approval and accession are all instruments of consent to be bound and all imply the same legal undertaking under international law.
If a state chooses the instrument of ratification, it must first ensure domestic legislative requirements are completed prior to consenting to be bound. Therefore, it cannot claim that its consent to be bound is invalid due to violation of its internal law. Instruments of accession don’t require the state to have previously signed the treaty. A state can thus become party to a treaty in a single step, by depositing a valid instrument of accession, even if the treaty is closed for signature.

For an instrument of consent to be bound to be valid, it must:

- identify the treaty;

- entail a declaration of undertaking, e.g. an expression of intent of the government to be bound by the treaty and to undertake faithfully to observe and implement its provisions;

- be issued and signed by the Head of State, the Head of Government, or the Minister of Foreign Affairs (or by a person exercising the power of one of these three authorities ad interim); and

- be dated.

An instrument of consent to be bound can also include optional or mandatory declarations, notifications or reservations. Optional and mandatory declarations are legally binding and must be included in a duly signed instrument of consent to be bound, or signed in their own right. Often, such declarations must be made upon ratification, acceptance, approval or accession.

A reservation is any statement - however phrased or named - which purports to exclude or modify the legal effect of a treaty provision. It enables a state to participate in a treaty in which it would not be able to participate due to an unacceptable provision or unacceptable provisions. Once a reservation has been formulated and subsequently circulated, concerned states have twelve months to object to it, beginning from the date of the depositary notification or the date of expression of consent to be bound, whichever is the latest. Reservations are legally binding and must be included in a duly signed instrument of consent to be bound, or signed in their own right. They must be introduced upon signature of the treaty or deposit of instrument to be bound. If introduced upon signature, the reservation must be confirmed upon deposit of instrument to be bound. If a reservation is communicated after the deposit of a valid instrument of consent to be bound, the Secretary General circulates it to all states concerned and accepts it in deposit only if none of these states expressed its opposition. Modification or withdrawal of reservations is possible at any time, but must be signed by the Head of State, the Head of Government or the Minister for Foreign Affairs. Certain reservations may be allowed or prohibited. Some treaties, such as the Rotterdam rules, totally prohibit them.

Instruments of consent to be bound can be deposited with the Secretary General at the United Nations Headquarters in New York, personally delivered to the Secretary General or his representative (the Legal Counsel or the Chief of the Treaty Section), or sent by mail, facsimile or e-mail. The date of reception of the instrument at the United Nations Headquarters either by the Secretary General, the Legal Counsel, the Treaty Section or by the Mail Unit is considered as the date of deposit.

IV. ANNUAL TREATY EVENT

Since the millennium summit of 2000, the treaty section UNOLA has been organizing every year a treaty event during the General Assembly annual session. States can sign treaties or deposit their consent to be bound at this special event. During its 15 years of existence, over 1,500 signatures and deposits have been organized.
CLOSING REMARKS BY HIS EXCELLENCY MR. RAYMOND MPUNDU, DEPUTY MINISTER OF COMMERCE, TRADE AND INDUSTRY OF THE REPUBLIC OF ZAMBIA AND GLOBAL CHAIR OF THE LLDC GROUP

Honorable Ministers, distinguished delegates, Excellencies, Ladies and gentlemen,

We have come to the end of the meeting. It gives me great pleasure that we were able to come together for this Fifth Meeting of Ministers of Trade of LLDCs. In my capacity as the Global Chair of the LLDC Group, I would like to thank you all for coming and actively participating over the past two days. My deep appreciation goes to all of you for your contribution to the success of this meeting. We have discussed how we can improve the participation of our countries in the global trade. We have heard from distinguished panelists and we have shared amongst ourselves the ways in which landlocked developing countries can best utilize the recent global development commitments, to enhance our trade potential and overcome the structural and geographical challenges.

We now need to ensure that we all deliver on what we have promised. We can only do this through collective efforts. I know that we can count on our development partners, the United Nations organizations and other regional and international organizations, and the private sector, to support the implementation of the Vienna Programme of Action. We have adopted an ambitious Ministerial Communiqué that will guide our way forward. I hope that all LLDCs that have not yet done will urgently ratify the WTO Trade Facilitation Agreement.

As a Group, we hope to see, by the 11th WTO Ministerial Conference, a specific WTO Work Programme for the LLDCs. For our countries, enhancing trade is one of the key priorities to unlock the development potential of our economies. As agreed in the Vienna Programme of Action, greater integration into world trade and global value chains is vital for increasing our competitiveness and ensuring that our countries attain sustained economic development.

Honorable Ministers, Ladies and gentlemen, I would like to thank all of you again for your engagement and I wish you a safe journey back home. I look forward to the next high-level meeting of the Landlocked Developing Countries Group which will be in New York in September during the General Assembly for the annual meeting of Foreign Ministers and in Bolivia for the Meeting of Transport Ministers. Thank you
CLOSING REMARKS BY MR. GYAN CHANDRA ACHARYA UNDER-SECRETARY-GENERAL HIGH REPRESENTATIVE FOR THE LEAST DEVELOPED COUNTRIES, LANDLOCKED DEVELOPING COUNTRIES AND SMALL ISLAND DEVELOPING STATES

Honourable Ministers, H.E. Mr. Raymond Mpundu, Deputy Minister of Commerce, Trade and Industry of the Republic of Zambia and Global Chair of the LLDC Group, H.E. Mr. Juan Esteban Aguirre, Permanent Representative of Paraguay in Geneva and LLDC Group Coordinator on Trade and Development, Mr. Shishir Priyadarshi, Director, Development Division, WTO, Excellencies, Distinguished Ladies and gentlemen,

It gives me a great pleasure to address this Closing Session of the Fifth Meeting of Trade Ministers of the Landlocked Developing Countries. Allow me first to convey my deep appreciation to all of you for your active participation in, and contribution to, this Meeting. The Ministers of Trade of LLDCs held their inaugural meeting in 2005 in Asuncion, Paraguay; The Second Meeting in Ulaanbaatar, Mongolia in 2007; The Third Meeting in Ezulwini, Swaziland in 2009; and The Fourth Meeting in Almaty, Kazakhstan in 2012.

The Fifth Meeting today has adopted the Geneva declaration that raises very important areas crucial for successfully harnessing the trade potential of the LLDCs to accelerate the implementation of the Vienna Programme of Action and the 2030 Agenda for Sustainable Development. The meeting provided a platform for sharing experiences and lessons learnt and also provided an opportunity to highlight initiatives that support promotion of trade in the LLDCs.

Some of the points you stressed in the discussions and in the Geneva declaration are very important to recapitulate. There is need for increased focus on physical infrastructure development including for transit transport, ICT and energy that is critical to advance the development of productive capacities and to better connect to the regional and international markets. The importance of soft infrastructure in particular trade facilitation was underscored.

You called for the rapid ratification and implementation of the WTO Trade Facilitation Agreement. The Trade Facilitation Agreement is important for reducing transit time and costs, simplifying procedures and enhancing certainty through unfettered access at all times in trans-border trade. The LLDCs will benefit most from this agreement because it provides all these facilitation issues in an integrated manner. However, only 9 out of 25 LLDCs who are WTO members have ratified. I wish to call upon the LLDCs that have not yet ratified to speed up the process. We can only draw benefits from the agreement after it enters into force, we therefore need to move very fast.

This meeting stressed the importance of structural transformation including increased industrialization, value addition and diversification. The importance to support micro, small and medium sized-enterprises was emphasized. The crucial importance of the services sector to sustainable development was also emphasized with focus on e-commerce, tourism and trade finance. In the services area, we heard ITC indicate that they will launch the Africa Electronic Commerce Cooperative.

Agriculture is very important for the LLDCs. You welcomed and called for rapid implementation of the decision of the WTO Nairobi Ministerial Conference on Export Competition. You also called for increased access for agricultural goods. The role of enhanced international support including ODA, but particularly Aid for Trade, partnership with the private sector, South-South and triangular cooperation, and support from the UN and other international organizations was stressed. Our discussions also

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emphasized capacity-building in all the trade thematic areas and for effectively implementing the Trade Facilitation agreement.

The importance of regional integration was acknowledged and stressed. The call for a specific Work Programme for LLDCs under WTO to address the special needs, challenges and vulnerabilities of LLDCs in order to increase their participation in the Multilateral Trading System was also clearly stressed. There is no time to lose. This is the right time to lift up the issue of LLDCs as WTO, SDGs and other frameworks are focussing in areas of importance to them. Let us build more synergy among all the institutions. Let us build mutual accountability frameworks – national leadership and commitment and strong emphasis on international partnerships.

I also wish to reiterate the importance of the 2016 Treaty Event to be held from 19 to 23 September 2016 in the margins of the general debate of the 71st UN General Assembly. The UN Secretary General wrote to all Member States encouraging those that have not yet done so to ratify featured Conventions including conventions that are of great importance to the LLDCs including: Multilateral Agreement for the Establishment of an International Think Tank for Landlocked Developing Countries; TIR Convention, International Convention on the Harmonization of Frontier Controls of Goods; Customs Convention on Containers; and Customs Convention on the Temporary Importation of Commercial Road Vehicles. I would like to urge you to take advantage of this opportunity to ratify, accept, approve or accede to selected international conventions.

Excellencies, Ladies and Gentlemen, I now wish to express my special thanks to the WTO for co-organising the meeting and hosting it. I wish to thank you the Ministers responsible for trade and all the participants from LLDCs for the dedication and for your active participation and contribution to the success of the meeting. I am appreciative of the development partners who came to support this event. I wish to recognize Deputy Minister Raymond Mpundu of Zambia and Zambia in general for their leadership role as the Global Chair of the Group of Landlocked Developing Countries. I commend them for their excellent contribution and dedication. I also wish to thank Paraguay as coordinator on trade and development issues of the LLDC Group for their support and input in the preparations for this meeting in particular the negotiations of the declaration. I also thank the co-Chairs of the Group of Friends of LLDCs for their presence and contributions.

I would also like to convey my gratitude to the UN system organizations as well as other international and regional multilateral organizations for their support to this Meeting and their work in support of the LLDCs. My deep appreciation also goes to the WTO and OHRLLS staff who worked for weeks to organise this meeting for their dedication and hard work, both of which contributed to the success of the meeting. My thanks go equally to the interpreters and conference services staff for their excellent support.

Finally as we leave Geneva, the next stage in our journey is to ensure the effective implementation of what we have agreed upon today contained in the declaration that we adopted. We also need to enhance and foster coherent implementation of the Vienna Programme of Action, the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development in order to ensure that the LLDCs are not left behind. Rest assured that the United Nations stands ready to join hands with all stakeholders to support this noble and worthy cause. I wish all of you returning home a safe journey.

I thank you for your kind attention.
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