Report of the Ministerial Meeting of the Landlocked Developing Countries (LLDCs)

held during the

The Eleventh WTO Ministerial Conference

10 December 2018
Bueno Aires, Argentina
Introduction

The Ministerial Meeting of the Landlocked Developing Countries was held on 10 December 2017 on the margins of the WTO Eleventh Ministerial Conference (MC-11). The meeting was attended by around 60 participants including ministers and senior officials from the LLDCs and representatives for international organizations.

The meeting was aimed at considering the WTO trade negotiations as well as progress achieved in the implementation of the Agreements of strategic importance to the LLDCs such as the WTO Trade Facilitation Agreement. The meeting also aimed at discussing progress in the implementation of the VPoA.

The meeting was chaired by the Permanent Secretary of Commerce, Trade and Industry of Zambia, Ms. Kayula Siame and Ambassador of the Mission of Paraguay in Geneva Moderated the meeting. Ms. Fekitamoeloa Katoa ‘Utoikamanu, High Representative and Under-Secretary-General for the LDCs, LLDCs, and SIDS delivered the keynote address. WTO Deputy Director General Mr. Yonov Fredric Agah delivered a statement on behalf of the WTO Director General and Ms. Issabelle Durant, Deputy Secretary General of UNCTAD also delivered a statement at the meeting. Ms. Aracha Gonzalez, Executive Secretary of ITC made closing remarks.

Remarks by His Excellency Mr. Juan Esteban Aguirre Martinez, Ambassador, Permanent Representative of Paraguay the United Nations Office and other international organizations in Geneva

His Excellency Mr. Juan Esteban Aguirre Martinez, welcomed delegations to the meeting and thanked them for prioritizing the meeting in view of the other important meetings and events running concurrently.

The Ambassador, Mr. Juan Esteban Aguirre Martinez, noted that the meeting was based on three key documents which highlight the role of trade as an important tool for the economic development being the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, and the Vienna action program. He pointed out that VPoA aims to significantly increase the participation of the LLDCs in world trade, with a focus on increasing the exports of a value-added and manufactured component, and to substantially diversify the LLDCs markets and products. He indicated that there is limited product diversification in LLDCs and diversification was necessary for integration of the LLDCs into global trade. He also emphasized that the WTO negotiations need to consider the specific challenges of the LLDCs. Mr. Juan Esteban Aguirre Martinez pointed out that it is crucial to defend the Multilateral Trading System and that the
international situation calls for developing countries to join and show solidarity to deal with the challenges faced by the Multilateral Trading System

Mr. Juan Esteban Aguirre Martinez recalled that the previous Ministerial produced results favorable to the Developing Countries, noting that everything in the multilateral system takes time to be agreed. He welcomed the entry into force of the Agreement on Trade Facilitation and pointed out that it is worth celebrating. He also noted that the decision to eliminate agriculture export subsidies would also address unfair competition faced by products from the LLDCs. He reminded Members that to achieve results in the MTS require great efforts and persistence. He called on the Group to intensify their work and share experiences.

He welcomed the entry into force of the Multilateral Agreement for the Establishment of the International Think Tank for LLDCs. He called on the LLDCs to make full use of the Think Tank.

The Ambassador appreciated the presence of the High Representative of OHRLLS Ms. Fekitamoeloa Katoa ‘Utoikamanu, Deputy Secretary-General UNCTAD, Ms. Issabelle Durant, WTO Deputy Director General Mr. Yonov Fredric Agah and Executive Secretary of ITC Ms. Aracha Gonzalez.

Opening remarks by Ms. Kayula Siame, Permanent Secretary of the Ministry of Commerce, Trade and Industry, Global Chair of the LLDCs,

Ms. Kayula Siame expressed her gratitude to the Government of Paraguay and OHRLLS for organizing this meeting and she also thanked all the LLDC Group Members who attended the meeting for prioritizing the meeting.

Reflecting on the past three years, she recalled that the UN General Assembly adopted a 10-year action-plan, the Vienna Programme of Action (VPoA) 2014-2024, which aimed at accelerating sustainable development in the world’s 32 landlocked developing countries, and a year later, the 2030 Agenda for Sustainable Development, which aimed at eradicating poverty in all its forms and dimensions, including extreme poverty. She noted that both the VPoA and the 2030 Agenda recognize the importance of international trade in achieving sustainable development by the LLDCs. She further noted that the VPoA is recognized as an integral part of the 2030 Agenda as it identifies six priority areas. It also emphasizes trade enhancement that subsequently facilitates the achievement of SDGs by the LLDCs.

Ms. Kayula Siame pointed out that international trade is an important means to realizing sustainable development, inclusive growth and poverty eradication. However, the level of trade in the LLDCs still remains low and limited to few primary commodities. She pointed out that
with the continued marginalization of the LLDCs from global trade, the LLDCs would not fully benefit from open trade and use trade as means of achieving sustainable development. She warned if the status quo was to remain, progress towards achieving the SDGs by the LLDCs would be seriously compromised, particularly the goals of eradicating extreme poverty and creating decent work for all. She highlighted that enabling global environment for the integration of the LLDCs was vital and that the World Trade Organization (WTO) plays an important role in achieving this objective. She also pointed out how critical it is to address the imbalances in the Multilateral Trading System and how the objective of the Doha Development Agenda (DDA) of improving the trading prospects of the developing countries remained relevant. She further emphasized that the WTO Ministerial Conference outcome as well as the post MC-11 Work programme should continue to remain development centered. She pointed out that the implementation challenges faced by the LLDCs should be given due attention and emphasized the need for special and differential treatment for LLDCs to enable them to achieve industrialization, diversification and structural economic transformation.

On Agriculture, Ms. Kayula Siame highlighted how it plays a strategic role in the process of development in many LLDCs and how it contributed to economic development and to the sustenance of the rural population. She called for concrete outcomes in Agriculture, particularly on domestic support, PSH and SSM as they had a positive impact on socio-economic development as well as food security of the LLDCs. She emphasized the need to address the cotton issues in a conclusive manner.

On non-DDA matters, she stated that as the issues continue to trickle into the WTO Agenda, it is important that the needs and challenges of the most vulnerable members were taken into account. She recognized the potential benefits of e-commerce, particularly in integrating the Micro, Small and Medium-sized Enterprises (MSME) into the global trade. However, due to the lack of infrastructural, technological and institutional capacities, LLDC’s will face challenges in benefiting from e-commerce. The discussions on e-commerce should thus continue within the current 1998 work programme and focus on coming up with workable solutions of integrating developing countries should not be left behind.

She recalled that the year 2017 was historical as the first multilateral deal concluded in the 21-year history of the WTO entered into force. She further noted that the WTO Trade Facilitation Agreement (TFA) was of great importance to the LLDCs who were faced with high trade costs. She, however, pointed the LLDCs were confronted with technical and financial capacity challenges to implement the Agreement. She called for enhanced assistance to the LLDCs and transit countries to implement the Agreement. She also called on the LLDCs and transit countries to submit their Category C notifications so that their needs would be known and addressed. She also noted that that the LLDCs were faced with capacity constraints to implementing other existing WTO Agreements as well as adjusting to the reform processes. She indicated that it was
worrying how the ODA, which also includes Aid for Trade (AfT), towards the LLDCs was declining. She emphasized the need for targeted and sustainable financial, technical and capacity building assistance programmes, including in infrastructure development, to support the LLDCs. The assistance should also target private sector development.

On Global Value Chains, Ms. Kayula Siame pointed out that the LLDCs remain at the lower level of the Global Value Chains and that they continue to export raw commodities. She noted that this situation was due to several reasons, such as high trade costs, inadequate technological advancement, and market access challenges. She called on the action at all levels to facilitate the integration of the LLDCs into the GVC.

She reminded the audience that during the Ministers of Trade Meeting held in 2016, the Ministers had called for the establishment of a specific work programme for the LLDCs in the WTO. She stressed that a lot was at stake for LLDCs on trade matters and encouraged the LLDCs Missions in Geneva to expedite the implementation of the decision.

She informed the audience that Zambia’s tenure as the global chair of the LLDCs was coming to an end at the end of 2017. She thanked the group for having honored Zambia with the mandate to steer the LLDCs ship forward. It was during Zambia’s tenure that the Vienna Programme of Action and the 2030 Agenda were negotiated and adopted. She indicated that Zambia hosted the High-Level Meeting on the Follow-up to the Vienna Conference which adopted the “Livingstone Call for Action for the Accelerated Implementation of the Vienna Programme of Action, and that Zambia Mission in New York ensured that the LLDCs issues and concerns are taken on board in key decisions including during the High-Level Political Forum, and the Oceans Conference. She thanked all members of the group for the unwavering support and dedication to the work of the group. She also thanked UN-OHRLLS and other organizations that provided support to the group including the WTO, UNCTAD, and ITC.

To conclude, she encouraged all to remain engaged throughout the MC11 process and ensure that the LLDCs were heard. She also encouraged all to make the meaningful contribution to the success of the Ministerial Conference.
Remarks by Ms. Fekitamoeloa Katoa ‘Utoikamanu, High Representative and Under-Secretary-General for the LDCs, LLDCs and SIDS

Ms. Fekitamoeloa Katoa ‘Utoikamanu thanked the Government of Paraguay for co-organizing this meeting and for their continued commitment to promoting the interests of the LLDCs on trade issues and she also thanked the Government of Zambia for their leadership as the global chair of the LLDCs.

She recalled that the Agenda 2030 recognized trade as a key driver to sustainable development and pointed out that it was urgent to put the words into action. She stressed that it was not acceptable that the LLDCs remain marginalized from global trade. She pointed out that the LLDCs share of global trade had been steadily declining since 2012 and she noted that the decline was for some linked to low commodity prices. She indicated that the situation demonstrated the high vulnerability as a result of lack of trade diversification in LLDCs. She also indicated that the trade performance of the LLDCs remains greatly impacted by the exorbitant trade costs they face as well as considerable the supply-side constraints. She argued that the challenges of the LLDCs reduced the competitiveness of exports from the LLDCs and thus ultimately reduces LLDCs attractiveness to investment. She emphasized the need to create conducive environments in LLDCs for trade development and investment facilitation. She warned that if that was not done, the achieving the SDGs would be possible and the 479 million people leaving in the LLDCs will be left behind.

Sharing her thoughts on action to be taken, she pointed out that the high costs in LLDC must be addressed. She noted that it was good to see that nineteen (19) LLDCs had ratified the WTO Trade Facilitation Agreement and called that more needed to ratify the Agreement. She noted that the implementation of the WTO Trade Facilitation Agreement was expected to reduce trade costs by around 15% in LLDCs and to address transit challenges. She pointed out that the implementation of the TFA by the LLDCs, however, remains low as reflected by the measures notified under category A which only constitute about 28% of the TFA measures. She also noted that progress was achieved in implementing of some measures such as pre-arrival processing, expedited shipment, electronic payment and use of customs brokers but for measures like transit, transparency, automation, authorized operators, and border agency cooperation lagged in implementation. She pointed out that capacity challenges were one of the issues affecting implementation of the Agreement and as such called for enhancement of the technical and financial assistance.
Ms. Fekitamoeloa Katoa ‘Utoikamanu stressed the importance of transit countries in TFA and emphasized the need of enhancing regional integration and cooperation. Regional TF projects could include establishing transit corridors, ICT infrastructure development, one-stop-border posts, harmonization of documents and procedures and Single Windows.

She recognized that most LLDCs suffered from remoteness, thus physical and digital connectivity were the key to facilitate trade in the LLDCs. She stressed that the LLDCs were faced with transport and ICT infrastructure inefficiencies and high broadband costs. She pointed out that the monthly fixed broadband price was roughly 5% of average per capita monthly income in developed countries and about 20% in transit developing countries but could reach up to 72% in LLDCs. She noted that improving connectivity represented substantial investments not affordable to many LLDCs due to limited domestic resources. She called for enhanced support to the LLDCs through building stronger partnerships and leveraging FDI, ODA, and also South-South Cooperation towards infrastructure development. She emphasized the complementarity of regional cooperation in addressing missing links and asked for enhanced support to regional projects.

On economic diversification, Ms. Fekitamoeloa Katoa ‘Utoikamanu noted that global value chains provided opportunities for developing countries including the LLDCs to diversify exports and achieve structural economic transformation. Integrating into global value chains is difficult for LLDCs due to obstacles ranging from well-documented market access challenges, high trade costs, and credit access to standard compliance. She recognized the key role of MSMEs play in sustainable development, women’s economic empowerment, youth employment and innovation. She pointed out that barriers to market access, including, physical and virtual connectivity, access to finance, procedural particularly hit the MSMEs which were the majority if not the backbone of businesses in the LLDCs. She stressed that specific challenges of the MSMEs must be addressed. She emphasized that the LLDCs must be supported to improve productive capacities through strengthening technology transfer and encouraging foreign direct investment beyond investments in the commodities sector. She recognized the importance of markets access for the LLDCs goods and services. She pointed out that trade measures, including restrictive product standards, import quotas, tariffs, and subsidies for goods and services should be addressed. As an outcome, subsidies on agricultural commodities including cotton will be important for the LLDCs given the importance of this sector to most of their economies.

She called for specific attention to the LLDCs services sector as it is not fully developed. She noted the importance of the services sector in tackling diversification. She pointed out the importance of ICT connectivity, strong capacity building, putting in place.
She reiterated Chairs remarks that a dedicated work program for LLDCs had to be established in the WTO. She also pointed out that it is also important that the accession of the LLDCs were eased in view of their limited capacities and she noted the accession of the Islamic Republic of Afghanistan to the WTO.

She informed the meeting that the 72nd session of the General Assembly decided that a comprehensive high-level midterm review on the implementation of the VPoA would be undertaken in 2019. She also informed about the entry into force of the Multilateral Agreement for the Establishment of the International Think Tank for LLDCs and thanked the Government Mongolia for the generous support to the IITT and for hosting the Think Tank. She further thanked all the LLDCs who ratified the Multilateral Agreement for the Establishment of the International Think Tank for LLDCs and encouraged those that had not ratified to do so.

In closing her remarks, she expressed her hope for that MC-11 outcome would be responsive to the needs of the most vulnerable members of the Organization

**Remarks by Mr. Yonov Fredric Agah, WTO Deputy Director General**

Mr. Agah, congratulated the delegation of Paraguay for its leadership of the LLDC group. He pointed out that 2017 was a very important for the WTO. He indicated that 2017 was a very eventful year and that major events including the Global Aid for Trade Review and the WTO Public Forum generated important questions about trade, economic empowerment, and inclusivity. During the Aid for Trade Review, it was learned that promoting inclusive trade for sustainable development requires promoting economic empowerment. To do so, it would be necessary to address existing inequality between developed and developing economies and within countries and between women and men, rural and urban and large and small firms. He noted that during the public forum, the civil societies pointed out that trade could play a key role in achieving the SDG’s and that governments and the private sector need to be more active in ensuring trade’s full potential in contributing to these goals. The topic of inclusivity, reducing inequalities, and economic empowerment continued to be at the heart of the public debates and as such should also be an important part of the work of the WTO going forward. He also noted that the WTO Trade Facilitation Agreement entered into force in 2017 and that WTO TFA was the first multilateral agreement and the biggest deal of the generation. WTO TFA had particular relevance for the LLDCs due to their geographical characteristics. He noted that the LLDCs were faced with very high trade cost, and that the TFA aimed to cut time and trade costs. He emphasized that reduced trade transaction costs would improve trade competitiveness of the
LLDCs. Moreover the agreement contains important provisions for facilitating transit trade which was key to improved trade performance of LLDC’s. He indicated that the amendments to the TRIPS agreement also entered into force during 2017 and the amendment was aimed at helping the developing countries access generic medicines at more affordable prices. The entry to force of these two majors Agreements showed that the WTO Members were committed to Multilateral Trading System by agreeing to reforms and by seeing them through to implementation. He noted that MC-11 would take stock of the progress made in the WTO since the last Ministerial Conference and would see what measures could be taken to write new rules for the Multilateral Trade System. He noted that several members of the LLDC group had actively participated in all of the discussions in Geneva with a view to advancing the work in the various areas of interest to the LLDCs. He pointed out that Members should continue to work very hard during the Conference to achieve a positive outcome. He noted that the LLDC’s account for 1.2% of global merchandise exports and that it was important that the international community worked in a considerable manner to improve the LLDCs participation in the world trade and contribute to the LLDCs development endeavors. The VPoA also recognizes trade as a way to accelerate sustainable development in LLDCs. He pointed out that as the WTO Secretariat they were ready to provide assistance to address the LLDCs trade related challenges in the WTO through capacity building courses and initiatives such as Aid for Trade.

In concluding his remarks, he recognized the strong commitment of the group to the multilateral trade system and expressed his appreciation. He assured the group of their support.

Remarks by Ms. Issabelle Durant, Deputy Secretary General of UNCTAD

Ms. Issabelle Durant also noted the entry into force of the WTO TFA in February 2017 and its importance to the LLDCs. She emphasized the importance of the Agreement ratification but she pointed out that it was also important that LLDC’s carry out a detailed assessment of their needs. She pointed out that UNCTAD was helping countries to undertake their trade facilitation needs assessments. She indicated that the assessments help identify what improvements were needed and what technical assistance was needed. She informed the audience that UNCTAD was ready to continue to help countries undertake their assessments and establish their National Trade Facilitation Committees.

On Aid, for Trade she pointed out that the Aid for Trade funds have increased significantly but expressed concern that a recent study presented at an expert meeting showed that AfT funds are not always directed to the neediest countries in terms of trade cost. She indicated that most of the AfT funds went to middle-income countries and that AfT allocation should be directly correlated to the level of needs as well as trade cost faced by countries.

She indicated that trade facilitation and market access alone was not sufficient for LLDC’s to integrate more effectively into the MTS and to achieve SDG’s. She highlighted that impressive
real GDP growth of between 5-6%, between 2000 and 2010 in LLDCs did not translate into development in terms of diversification and lower poverty. Between 2011 and 2014, primary commodities accounted for more than half of exports of 27 out of 32 LLDC’s. To overcome this challenge of over dependence on commodities and marginalization of the LLDCs, there is a need for enhanced Aid for Trade and implementation of trade facilitation measure with a broader effort aimed at building productivity capacities and diversified economies. She noted that the LLDC’s should aim to harness trade funds to also advance their broader needs in term of energy, transport, education and human capital and business environment.

Ms. Issabelle emphasized the need to build the productive capacity of the LLDCs for trade to become effective and contribute to the achievement of the SDGs by the LLDCs. This needs to be taken into account in the negotiations and as well as in the long term. She indicated that UNCTAD was available to under analysis on trade issues for the LLDCs.

**Interactive discussions**

In their intervention Members highlighted that high trade cost continues to be a challenge for the LLDCs and that the high trade costs marginalized the LLDCs for global trade. They, therefore, emphasized the implementation of the TFA and called for enhanced assistance to implement the agreement. They also noted the importance of transit countries in addressing the high trade costs of the LLDCs. Many of the Members expressed their commitment to implementing the TFA. They also pointed out that access to sea was a fundamental right to the LLDCs.

Member also raised concerns that LLDCs remain reliant on the export of primary commodities. They also underlined the need to transform their economies from being highly dependent on commodities. The emphasized the need for special and differential treatment, enhance market access for goods and services from the LLDCs as well as technical assistance and capacity building.

Some of the Members expressed concern over proposals on new issues, in particular, MSME and e-commerce. On MSME, it was highlighted that the proposal equates the MSME in developing countries to those in developed countries which was not the case.

The importance of acceding to the WTO was also recognized to be important particularly to contribute to countries attractiveness.

Members also emphasized the need for the Ministerial Conference to send a clear message on the WTO’s support to the developing countries issues.

The Ministers adopted a Communique.
Closing remarks by Ms. Aracha Gonzalez, Executive Secretary of ITC

In her closing remarks, Ms. Arancha indicated that it was important that trade worked for everybody, including all countries and all businesses. She highlighted that the question was how rules crafted in the WTO could be made to work for all. She highlighted three issues: 1. **Implementing the WTO trade facilitation** - she noted that trade facilitation does not end with the WTO TFA and it has to be broader to include logistics, such as transport; 2. **Electronic Commerce** - Executive Secretary pointed out that the LLDCs need to consider electronic commerce. Electronic commerce contributed to 15% of trade inputs and the aspect of businesses selling directly to consumers was growing fast. She emphasized that was essential where majority of new companies are micro-enterprises, especially in the services economy, where distance and landlockedness did not matter. She pointed out that what mattered was digital connectivity. Executive Secretary advised the LLDCs to look into the issue of electronic commerce. She further advised that the LLDCs have to decide whether electronic commerce belongs in the WTO, but she pointed out that certainly, one part belongs in the WTO; and 3. **Inclusivity** – She noted that inclusivity was not specific to the LLDC Group and was a challenge that every group in the WTO faced. She pointed out that the MSME agenda was very important. She informed the audience that ITC together with UNCTAD and WTO would unveil an online tool called Global Trade Helpdesk that will serve the purpose of helping MSMEs to connect to the international market. She informed that the tool would help MSMEs understand where market opportunities are.

In conclusion, Ms. Arancha pointed out that the WTO can deliver for MSME’s in areas outside of rulemaking function of the organization. She also called for the support of women in businesses to participate in international trade. 50% of the MSME’s are owned by women but only 1 in 5 exporting companies are owned by women. She informed that they have put together a number of countries to have an initiative on women and trade. She further informed that these countries would exchange good practices on women and trade and invited the LLDCs to support the Declaration on Women and Trade. She indicated that any country could join the declaration, whether a WTO member or an observer.
ATTENDANCE

Member States

1. Ethiopia
2. Afghanistan
3. Tajikistan
4. Moldova
5. Mongolia
6. Lesotho
7. Malawi
8. Zimbabwe
9. Kenya
10. Kyrgyzstan Republic
11. Zambia
12. Nepal
13. Bolivia
14. Burundi
15. Lao PDR
16. Paraguay

Organisations

1. UNCTAD
2. ITC
3. WTO
4. UN-OHRLLS