



## **Concept Note**

### **Ministerial Meeting of LLDCs on Trade and Transport**

#### ***Achieving the SDGs in Landlocked Developing Countries through Connectivity and Trade Facilitation***

**Astana, Kazakhstan, 16-17 May 2018**

## **Background**

Lack of territorial access to the sea, isolation and remoteness from world markets and high transport and transit costs impose serious constraints on the overall socio-economic development and trade competitiveness of the 32 landlocked developing countries (LLDCs). LLDCs have to pay more than double what coastal countries incur as well as require about double the time taken by transit countries to export and import their goods. The high trade costs erode the competitive edge of the LLDCs as well as the trade volumes resulting in an enormous negative impact on their overall sustainable development. They are also not able to fully tap on the benefits of trade such as investment finance, technology and services needed to further improve productive capacity in agriculture, industry and services that are needed for structural transformation of economies. As a result, the level of development in LLDCs is, on average, 20% lower than what it would be were they not landlocked.

Reducing the high costs and improving the export competitiveness of the LLDCs requires improving the “hard” physical infrastructure such as roads, railways and addressing the “soft” infrastructure that involves the transit issues between the LLDCs and the transit countries such as enhancing the legal framework; simplification of customs and border procedures; automation of processes; transparent and consistent fees and charges; harmonization of policies between the LLDCs and transit countries and between the institutions involved and the private sector.

To address the challenges of the LLDCs, the Government of Kazakhstan in August 2003, hosted the First International Ministerial Conference of Landlocked and Transit Developing Countries and Development Partners that adopted the Almaty Programme of Action (APoA) to address special needs and challenges faced by the landlocked developing countries in achieving their development goals which was followed by the Vienna Programme of Action (VPoA) for LLDCs for the Decade 2014-2024 which was adopted in 2014. The VPoA identifies fundamental transit policy issues, infrastructure development, international trade and trade facilitation, regional integration, structural economic transformation and means of implementation as its key priority areas.

The VPoA, under its priority area on fundamental transit policy issues, sets specific, ambitious objectives of reducing travel time along corridors with the aim of allowing transit cargo to move 300-400 kilometres per 24 hours; significantly reducing the time spent at land borders; and improving intermodal connectivity. With regard to infrastructure development, the VPoA reiterates the importance of physical infrastructure in reducing trade costs and stresses the importance of the development and maintenance of transit transport infrastructure in both LLDCs and transit countries and also that the development of information and communication technology (ICT) and energy infrastructure is also crucial and should be given priority attention.

On trade facilitation, the VPoA calls for further simplification, harmonization and streamlining of border crossing and transit procedures and improvement of transit facilities and their efficiency with the aim of reducing port and border delays and transaction costs for LLDCs. The VPoA stresses the importance of the implementation of the WTO Trade Facilitation Agreement which has a great impact on effective transit procedures and if fully implemented will be beneficial to both the LLDCs and the transit countries.

The 2030 Agenda for Sustainable Development underscores the importance of international trade as an engine for inclusive economic growth and poverty reduction, and as an important

means to achieve the Sustainable Development Goals (SDGs). VPoA is an integral part of the 2030 Agenda for Sustainable Development. Sustainable transport is crucial for the achievement of all the SDGs and is specifically noted in SDG 3 on health; SDG 9 on resilient infrastructure and industrialization; and SDG 11 on making cities inclusive, safe, resilient and sustainable. The 2030 Agenda acknowledges that the most vulnerable countries, including LLDCs deserve special attention and particularly emphasises the need for trade-related capacity-building and promotion of regional economic integration and interconnectivity.

The Addis Ababa Action Agenda (AAAA), which is an integral part of the 2030 Agenda, also recognizes the special challenges and needs of the LLDCs and stresses the need to support the LLDCs to enable them to structurally transform their economies, harness benefits from international trade, and develop efficient transport and transit systems.

The recent relevant meetings of the Group of LLDCs on trade and transport include– the High-level meeting on sustainable transport of LLDCs – that was held in October 2016 in Santa Cruz, Bolivia; the fifth meeting of trade ministers of LLDCs that was held in June 2016 in Geneva, and the High-Level Meeting for the Euro-Asia Region on Improving Cooperation on Transit, Trade Facilitation and the 2030 Agenda for Sustainable Development that was held in Hanoi, Viet Nam in March 2017. These meetings have reaffirmed the importance of enhancing sustainable transport, international trade and trade facilitation for lowering transaction costs and for the achievement of the SDGs in the LLDCs and stressed the need to accelerate the implementation of the VPoA.

Several other developments have taken place over the past two years that the Ministerial meeting needs to review and identify areas that the LLDCs should pursue in order to ensure better outcomes. The Global Conference on sustainable transport, was held in November 2016 in Ashgabat, Turkmenistan and the outcome – the Ashgabat Statement on Commitments and Policy Recommendations - notes the importance of addressing the special needs of LLDCs by establishing and promoting efficient transit transport systems that link them to international markets, by developing, upgrading and maintaining all modes of transit transport infrastructure, by promoting and harmonising enabling environment, regulatory frameworks and institutional arrangements for transit, and by forging genuine partnerships between landlocked and transit developing countries and their development partners at the national, bilateral, sub-regional, regional and global levels.

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

At the 2017 Global Infrastructure Forum, the multi-lateral development banks agreed to deepen their collaboration to encourage private sector investment in infrastructure development, by joining forces to co-finance projects, helping to generate interest among private sector investors in Public-Private-Partnerships and the development of infrastructure as an asset class for institutional investors.

The Belt and Road Initiative by China is making progress that is important for the LLDCs. The initiative includes six corridors along the land-based Silk Road Economic Belt and the

Maritime Silk Road linking Asia with Europe and Africa. LLDCs and transit countries in the initiative would benefit overall from improved connectivity in infrastructure, trade, finance, and policies. At the Belt and Road Forum held in May 2017, some of the relevant achievements of the initiative were highlighted to include: China-Laos railway, Addis Ababa-Djibouti railway and aligning of the Belt and Road with the development strategies of the Eurasian Economic Union, ASEAN, Kazakhstan, Turkey, Mongolia, and Vietnam. The initiative has also created financing mechanisms specifically to carry out the Belt and Road vision, including the multilateral Asian Infrastructure Investment Bank and China's Silk Road Fund.

Efficient transit transport systems are key enablers for the LLDCs to integrate into the global economy and to facilitate the attainment of the SDGs by the LLDCs. Enhanced investment, and capacity building are required to ensure improved transit cooperation that can result in reduced trade costs and a transformative change in the LLDCs and their achievement of the SDGs.

The Government of Kazakhstan has made a lot of progress to promote national and regional connectivity particularly in the area of transit transport infrastructure development (road, rail and air infrastructure) and for facilitating faster transit including advances in sustainable energy, investment promotion and diversification. The Government of Kazakhstan has a lot of experiences to share with the other LLDCs.

It is in this context, the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, in collaboration with the Government of Kazakhstan, are organizing a Ministerial Meeting of the LLDCs on transport and trade to be held 16 -17 May 2018. The meeting will be held in the context of the Mid-term Review of the VPoA.

## **2. Objectives**

The key objectives of Ministerial meeting on transport include the following:

- Review the progress made by the LLDCs on transport, trade facilitation and trade and the related SDGs and identify the challenges;
- Share knowledge, experiences and innovative approaches of promoting national and regional connectivity including mobilization of financing for infrastructure development and maintenance;
- Share knowledge, experiences and best practice examples of promoting international trade and trade facilitation including on the implementation of the WTO Trade Facilitation Agreement;
- Identify recommendations and opportunities for enhancing transport infrastructure development and maintenance in LLDCs, scaling up of international support on transport and how to strengthen cooperation on transport connectivity and trade for the benefit of LLDCs with a view to accelerate the achievement of the SDGs.

## **3. Expected outcomes**

1. Policy recommendations on how to develop and further improve transport systems for improved trade potential of the LLDCs and how to further mobilize resources to promote transport connectivity and trade in the LLDCs.
2. Increased awareness of the Ministers and senior officials of the VPoA and the 2030 Agenda and their implementation.
3. The report of the meeting will provide a tool for lobbying and advocacy on transport and trade issues for the LLDCs.

#### **4. Participation**

The Meeting will be attended by Ministers of Transport and Trade from the landlocked developing countries. Some transit and donor countries will be invited. Representatives of UN system entities other international, regional and sub-regional organizations and financial institutions, private sector representatives, non-governmental organizations, the academia and other stakeholders will also be invited to participate at senior official level.

#### **5. Format**

The LLDC Ministerial Meeting of Transport and Trade will consist of an opening ceremony, an interactive debate, thematic sessions and the closing ceremony. At its conclusion, the meeting will adopt an outcome that will form input to the Midterm Review of the VPoA.

#### **6. Co-organizers**

The Government of Kazakhstan and UN-OHRLLS are organizing the Ministerial Meeting on Transport and Trade for LLDCs in collaboration with partners - UN ESCAP, UNECE, World Bank, UNDESA, UNCTAD, UNDP and WTO.

#### **7. Contacts**

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