Development Challenges Linked to Landlockedness

- Remoteness from major markets
- Lack of access to the sea
- High trade transaction costs
- Institutional bottlenecks (customs procedures, border crossing rules and regulations, transparency, competition)
- Additional border crossings
- Dependency on transit countries
- Infrastructural constraints
- Limited regional integration
LLDCs trade challenges

UN-OHRLLS study results:

• LLDCs’ trade was just 61% of the trade volume of coastal countries

• Transport costs for LLDCs were 45% higher than the representative coastal economy and have increased over time

• The level of development in LLDCs is about 20% lower than what it would be, had they not been landlocked
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Second UN Conference on LLDCs
Vienna, 3-5 November 2014
Vienna Programme of Action (VPoA)

- Holistic, forward looking and results-oriented Programme
- Based on renewed and strengthened partnerships between LLDCs, their transit neighbours and their development partners
- Overarching goal to address the special development needs and challenges of the LLDCs arising from their landlockedness, remoteness and geographical constraints in a more coherent manner and contribute to enhanced sustainable and inclusive growth and poverty eradication
Structure of the VPoA

Overarching goal

6 specific goals and objectives

Priority 1: fundamental transit policy issues
- 3 specific objectives
  - 9 actions by LLDCs & transit dev. countries
  - 3 actions by development partners

Priority 2: infrastructure development and maintenance
- 7 specific objectives
  - 16 actions by LLDCs & transit dev. countries

Priority 3: international trade and trade facilitation
- 7 specific objectives
  - 8 actions by development partners
  - 8 actions by LLDCs

Priority 4: regional integration and corporation
- 3 actions by LLDCs

Priority 5: structural economic transformation
- 1 action by transit dev. countries
  - 3 actions by development partners

Priority 6: means of implementation
- 10 actions by LLDCs
- 6 actions by development partners
Priority Areas

1) Fundamental transit policy issues
2) Infrastructure development and maintenance
   a) Transport Infrastructure
   b) Energy and ICT infrastructure
3) International trade and trade facilitation
4) Regional integration and cooperation
5) Structural economic transformation
6) Means of implementation
6 Overarching Goals

• Promote unfettered, efficient and cost-effective access to and from the sea by all means of transport, on the basis of freedom of transit
• Reduce transaction and transport costs and improve international trade services through simplification and standardization of rules and regulations
• Develop adequate transit transport infrastructure networks and complete missing links
• Effectively implement bilateral, regional and international legal instruments
• Promote growth and increased participation in global trade, through structural transformation
• Enhance and strengthen international support for LLDCs
Specific Objectives (examples)

- Significantly improve intermodal connectivity
- Expand and upgrade railway infrastructure, energy infrastructure
- Make broadband policy universal
- Significantly increase participation of LLDCs in global trade
- Significantly simplify border crossing procedures
- Promote regional integration and harmonization of regional policies
- Increase economic and export diversification and value addition in manufacturing and agriculture
- Encourage flow of FDI in high-value added sectors
Regional integration and cooperation in the VPoA

Actions by LLDCs
- Strengthen regional trade, transport, communications and energy networks
- Promote harmonization of regional policies
- Strengthen participation of LLDCs in bilateral and regional integration networks

Actions by transit countries
- Development of regional infrastructure, trade facilitation measures, regional trade agreements, establishment of effective customs guarantee systems

Actions by development partners
- Support regional integration efforts and processes involving LLDCs and transit countries
- Share best practices in promoting regional integration
Regional integration and cooperation – rationale

Close cooperation of LLDCs and transit countries in the region is a necessity for:

- Enhancing connectivity
- Harmonized regional policies
- Improved border cooperation
- Improving competitiveness
- Increasing size of the market
- Greater intra-regional trade
- Reaching international markets
- Growth opportunities and increased FDI flows to the region
Regional integration and cooperation in LLDCs

• Increased participation in RTAs and bilateral and other IIAs

• African LLDCs
  • 30 regional trade agreements, including 8 RECs
  • African Tripartite Free Trade Agreement (including 10 LLDCs) and Continental Free Trade Area
  • Trans-African Highway network
  • Harmonizing policies on trade, transport and border-crossing procedures and promoting border cooperation

• Euro-Asian LLDCs
  • Eurasian Economic Union
  • Trans-Asian Railway and Asian Highway Networks
  • Efforts to harmonize policies

• Latin American LLDCs
  • Regional projects under UNASUR and Initiative for the Integration of Regional Infrastructure in South America (IIRSA)
Challenges for regional integration

• Adequate regional infrastructure and completion of missing links
• Modernization of cross-border management
• Replication of successful trade facilitation initiatives
• Harmonization of documentation of procedures
• Sharing of best practices
• Capacity building
• Limited funding for regional projects
Implementation of VPoA

- Implementation of VPoA actions would facilitate establishment of efficient transit transport systems and help integrate LLDCs into regional and global trading system
- Partnerships and support from transit countries and development partners necessary
- Mainstreaming is crucial for effective implementation
  - At national level (Governments)
  - At regional and subregional level (regional commissions and regional and sub-regional organizations)
  - At global level (UN system)
Mainstreaming VPoA at national level

- Implementation of the VPoA should be aligned to pre-existing cycles of planning and implementation, as appropriate. Most countries have the following complementary layers of plans:
  - Long term plans/visions (outlines long-term priorities or aspirations)
  - Medium term strategies (mostly 3 to 5 year plans), which are foundations for achieving long-term plans
  - Annual budgets

- LLDCs and transit developing countries should implement legal instruments relating to trade and transport facilitation
  - Ratification and subsequent implementation of the WTO Trade Facilitation Agreement
  - Domestication of relevant conventions (e.g. Convention on road traffic, Customs Convention on Containers, TIR Convention, Revised Kyoto Customs Convention)
Mainstreaming VPoA at regional and sub-regional level

- Regional and sub-regional organizations to devote a session during their annual meetings with a view of assessing the implementation of the VPoA (Where possible, the resolutions on the implementation of the VPoA should be endorsed by the governing body)

- Regional Economic Communities to incorporate the VPoA when formulating or domesticating relevant protocols/treaties/resolutions

- Regional Development Banks to target investment in priority areas as outlined in the VPoA (e.g. investment in infrastructure, including completion of missing links)

- Regional and international organizations should provide technical assistance and capacity building support to LLDCs in the implementation of the VPoA, according to their respective mandates.
Mainstreaming VPoA at global level

• GA, ECOSOC (HLPF, AMR, DCF), governing bodies of UN Funds and Programmes should incorporate the VPoA implementation and review in their respective agendas

• International organizations, including the World Bank, WCO, WTO, ITC, CFC, UNDP & UNCTAD, should integrate the VPoA into their programmes of work and contribute technical and/or financial resources, in accordance with their mandates
WTO Trade Facilitation Agreement and LLDCs

WTO trade Facilitation Agreement has potential to bring concrete benefits to LLDCs

• Potential trade cost reduction for developing countries from TFA - > 13-15.5%

TFA articles important for LLDCs

• Article 7: Release and clearance of goods
• Article 9: Border agency cooperation
• Article 10: Formalities for export, import and transit
• Article 11: Freedom of Transit
• Article 12: Customs cooperation
• Support for capacity building

TFA includes regional approaches

=> Early ratification of the TFA is crucial
Thank You

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