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Asia Regional Expert Group Meeting on the Midterm Review of the Vienna Programme of Action (VPoA) for Landlocked Developing Countries for the Decade 2014-2024

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Session 3

International Trade and Trade Facilitation: Preliminary assessment of progress towards key targets and objectives of the VPoA

Structure of the presentation

I. Priority 3: Qualitative targets and objectives

II. Progress towards selected targets and objectives

A. International Trade

B. Trade Facilitation

III. Challenges ahead

IV. Concluding remarks with implications for policy making

Priority 3: International trade and trade facilitation: Selected qualitative targets and objectives

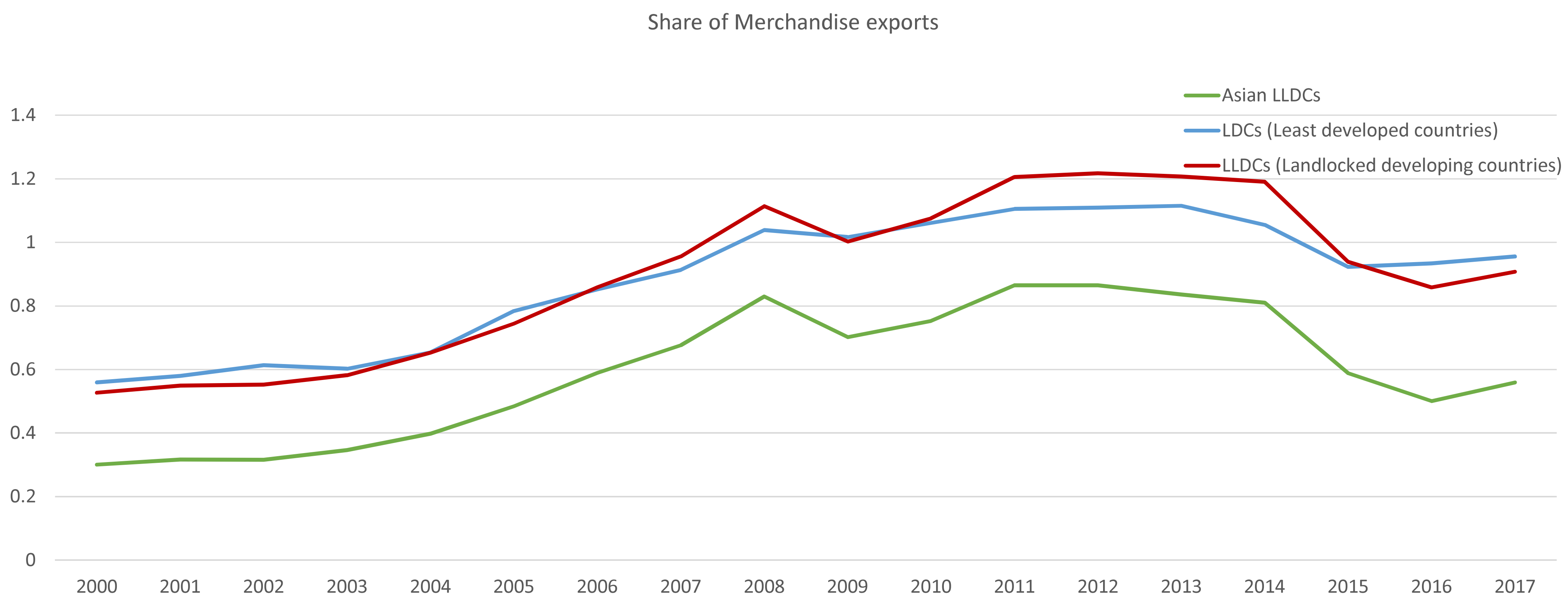
International trade

- Significantly increase LLDCs' participation in global trade;
- Increasing their exports (quantity and share in world exports);
- Significantly increase MVA;
- Diversifying export destinations;
- Increasing investment for productive capacities and trade;
- Increasing ODA, Aid for Trade and Technical assistance.

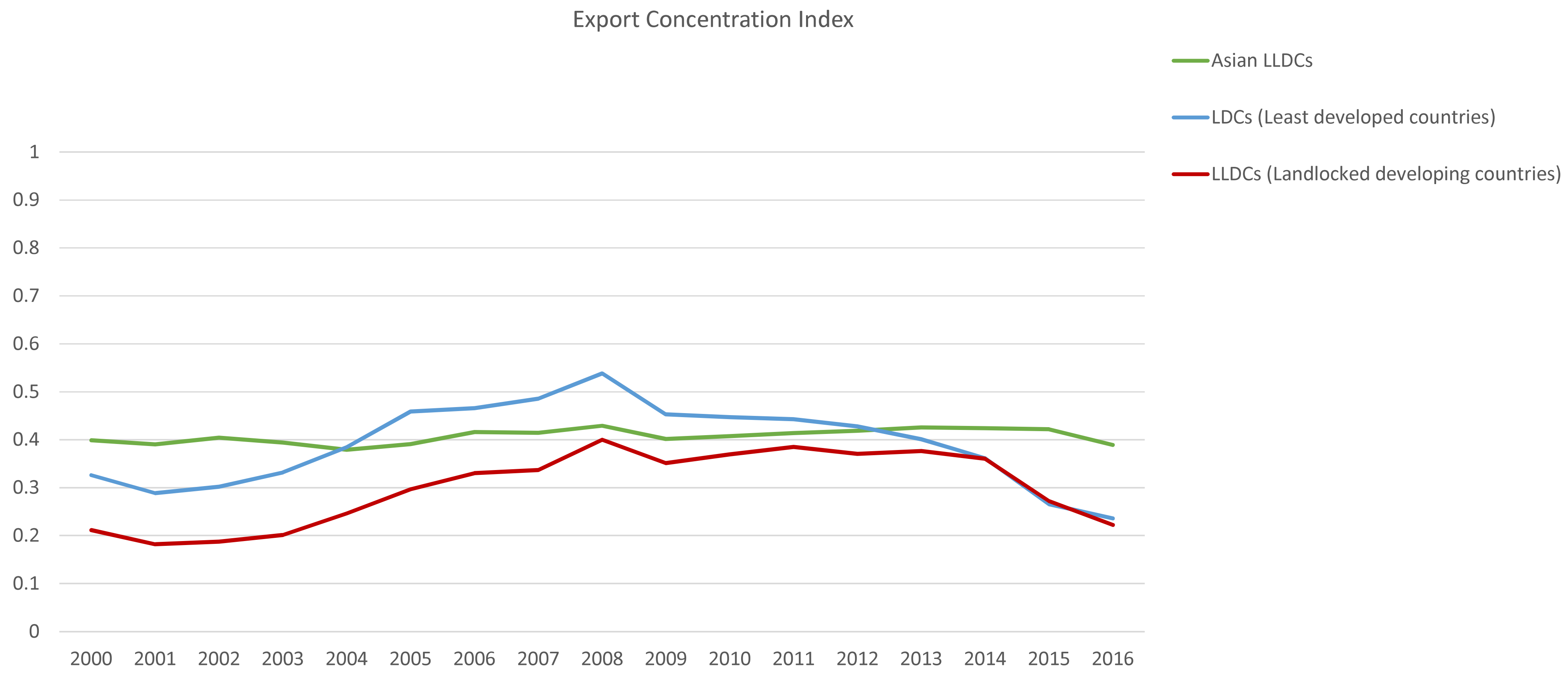
Trade facilitation

- Significantly simplify and streamline border crossing procedures;
- Improve transit facilities and their efficiency;
- Reduce time to export and import;
- Significantly reduce trade cost;
- Increase TA and Aid for Trade

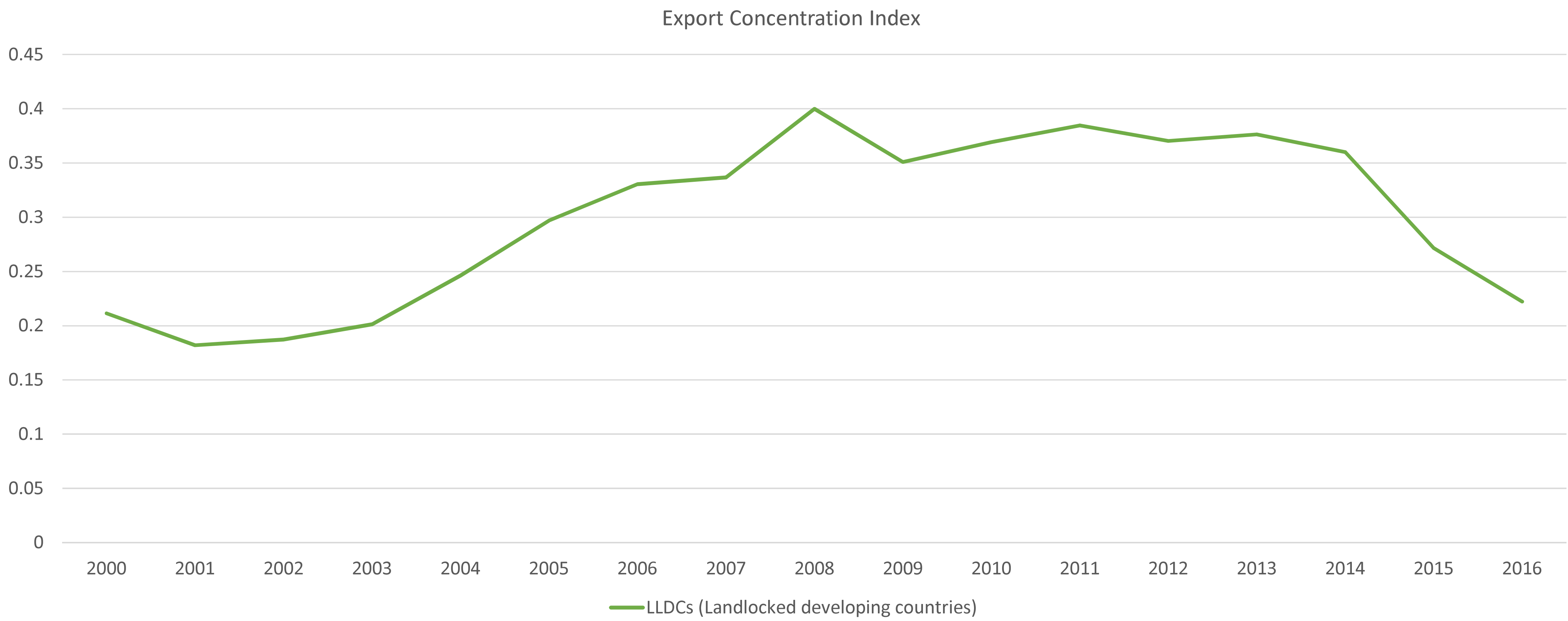
II. Where do LLDCs and development partners stand now vis-à vis the key targets of the VPoA?
A. International Trade: (i)Share of merchandise export in



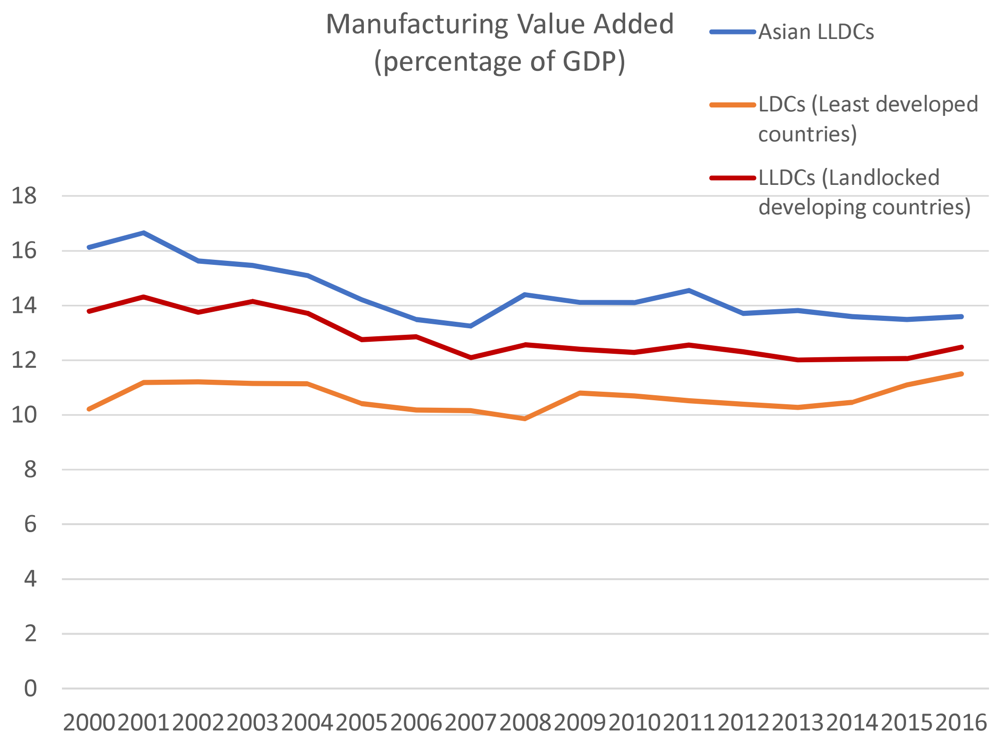
ii) Merchandise Export Concentration Index: LDCs and LLDCs (2000-2016)

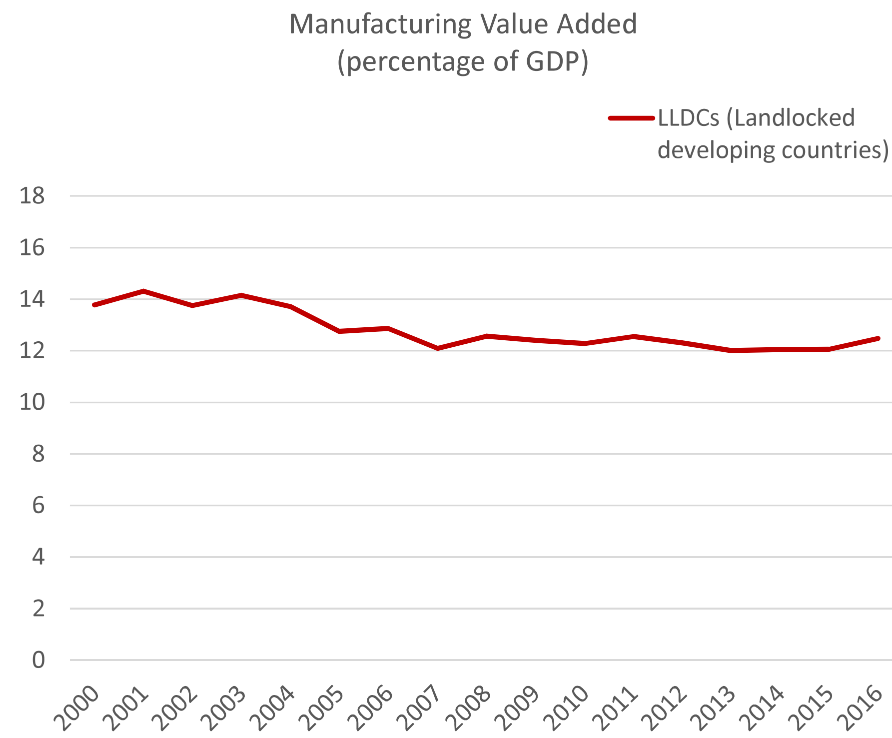


Merchandise export concentration index for LLDCs (2000-2016)

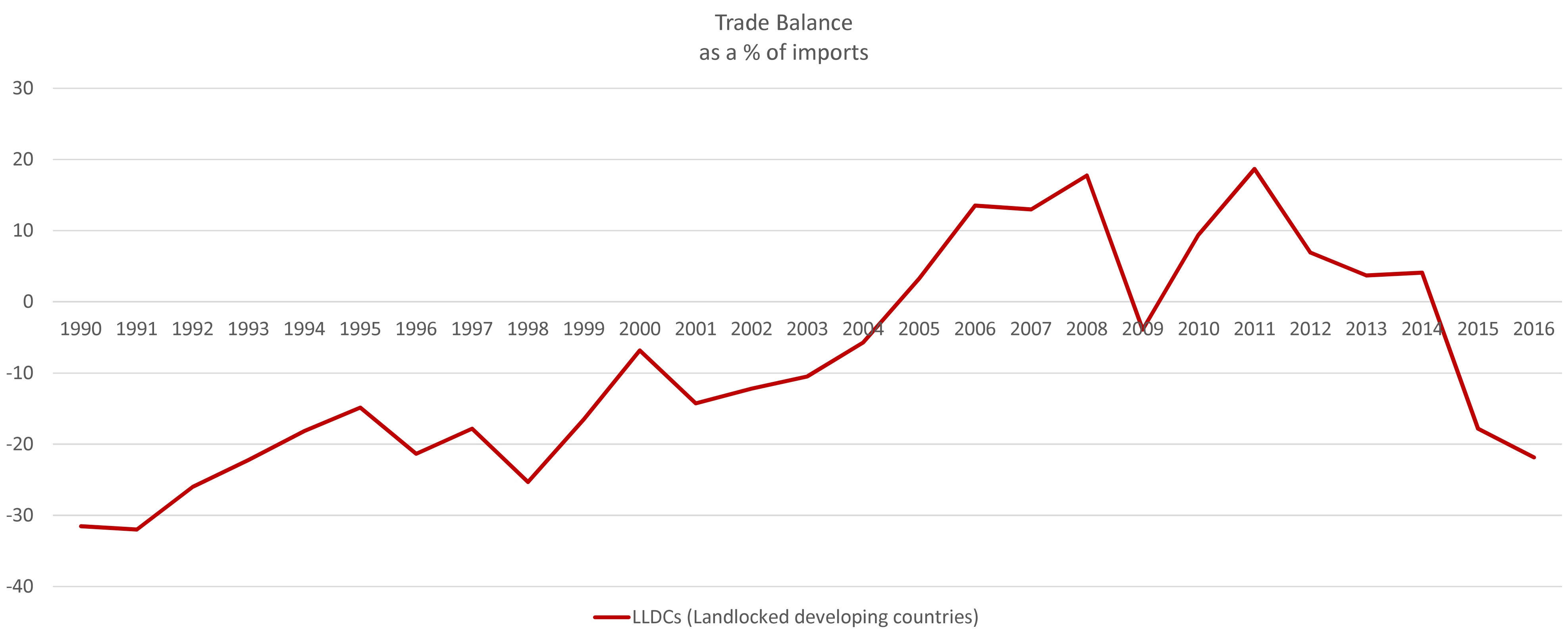


iii) Share of Manufacturing Value-added in LDCs and LLDCs: Percentage of GDP (2000-2016)

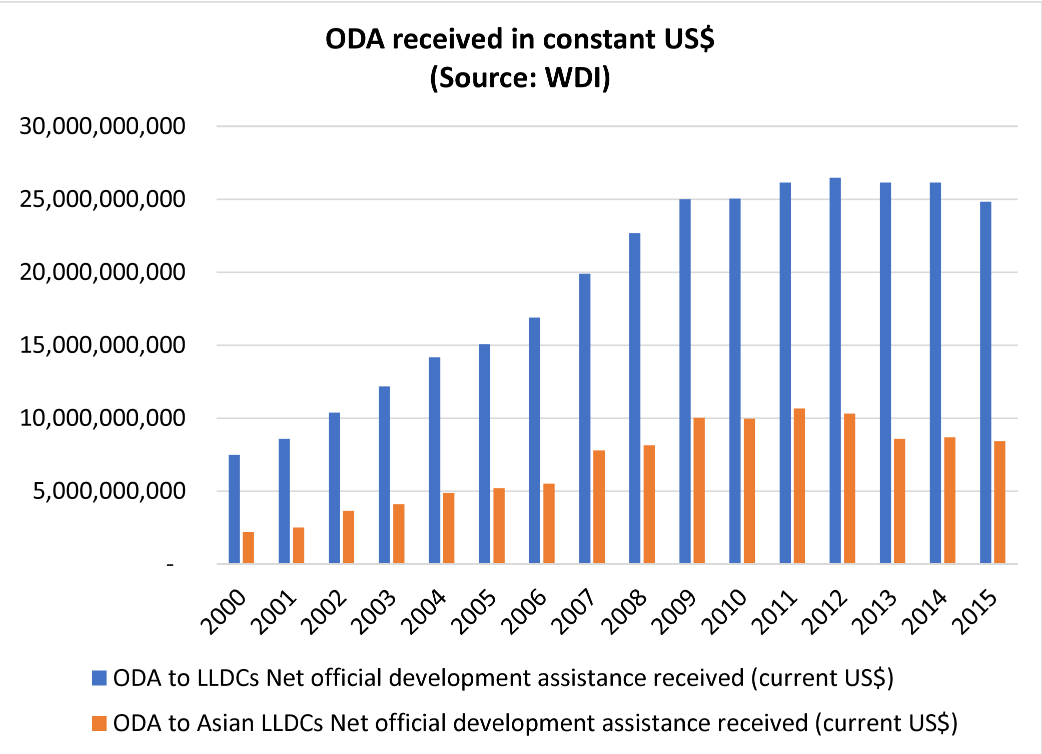


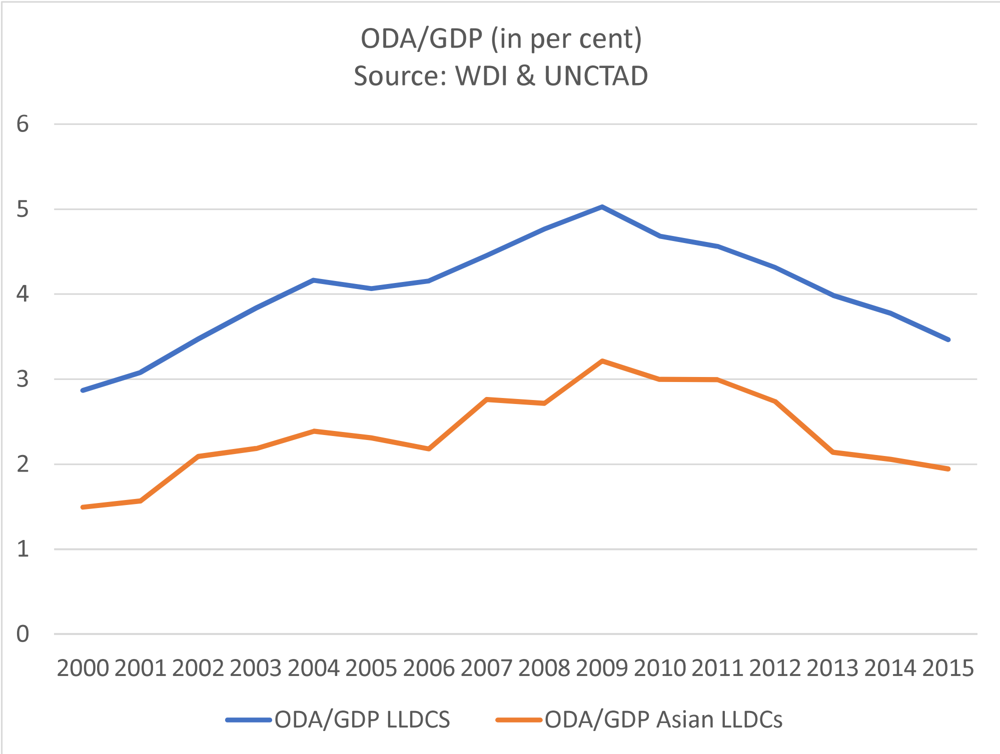


iv) Capacity of exports to finance imports: Trade balance as a % of imports of LLDCs (1990-2016)

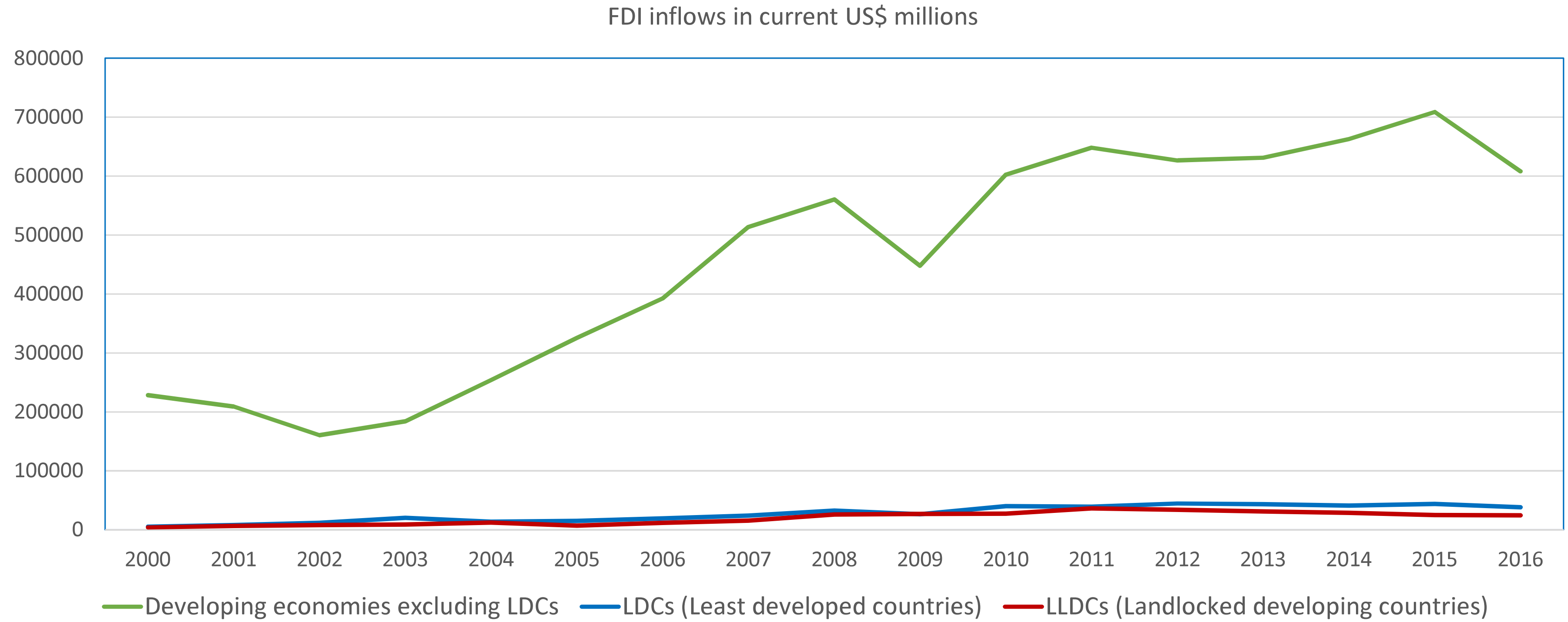


B. Official Development Assistance (ODA) flows and as percentage of GDP:LLDCs and Asian LLDCs (2000-2015)

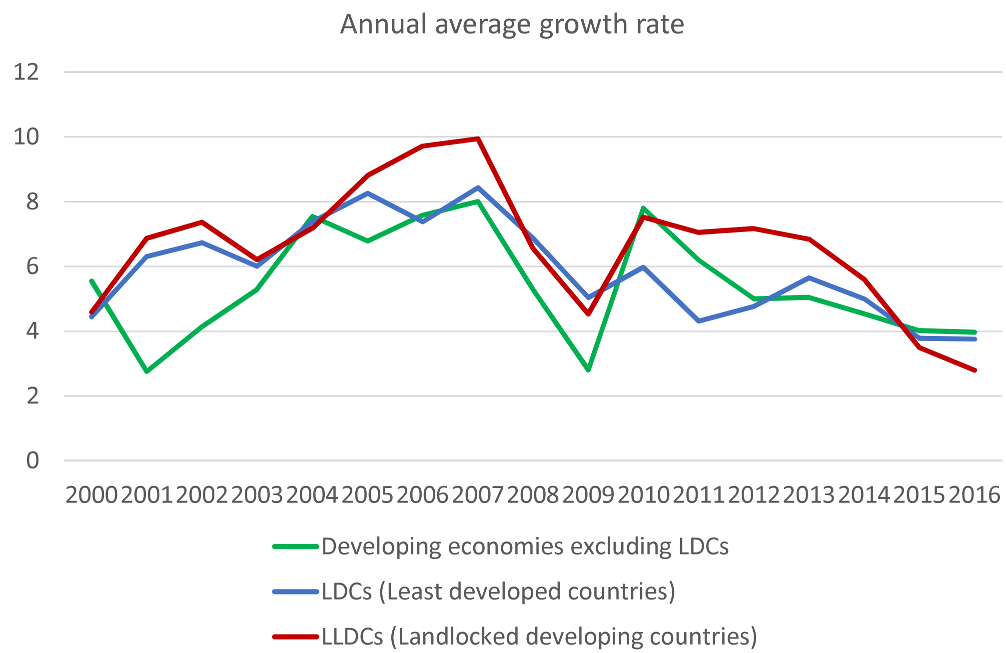


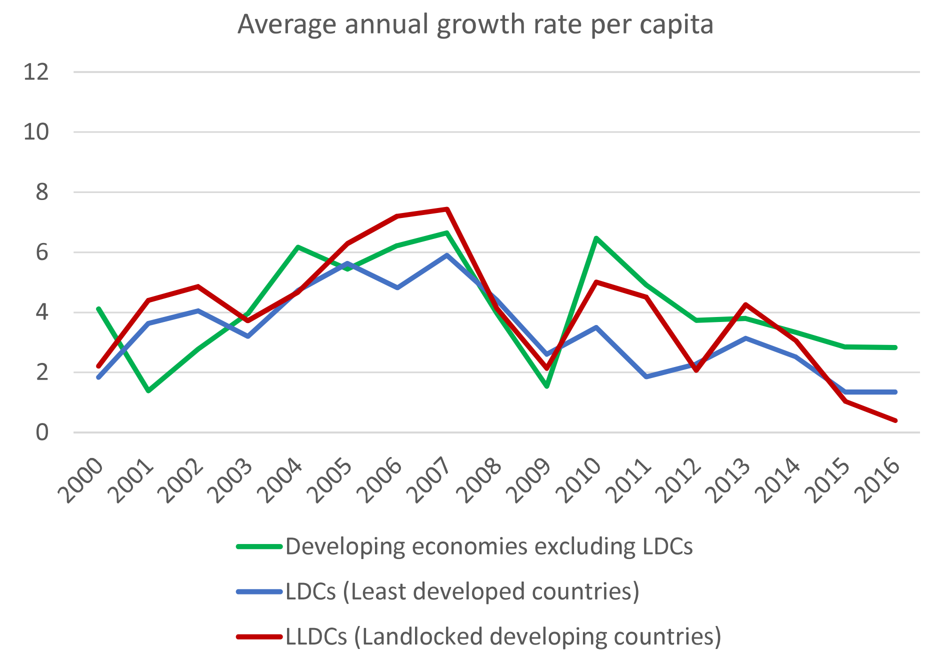


C. Foreign Direct Investment inflows: Developing economies, LDCs and LLDCs (2000-2016)

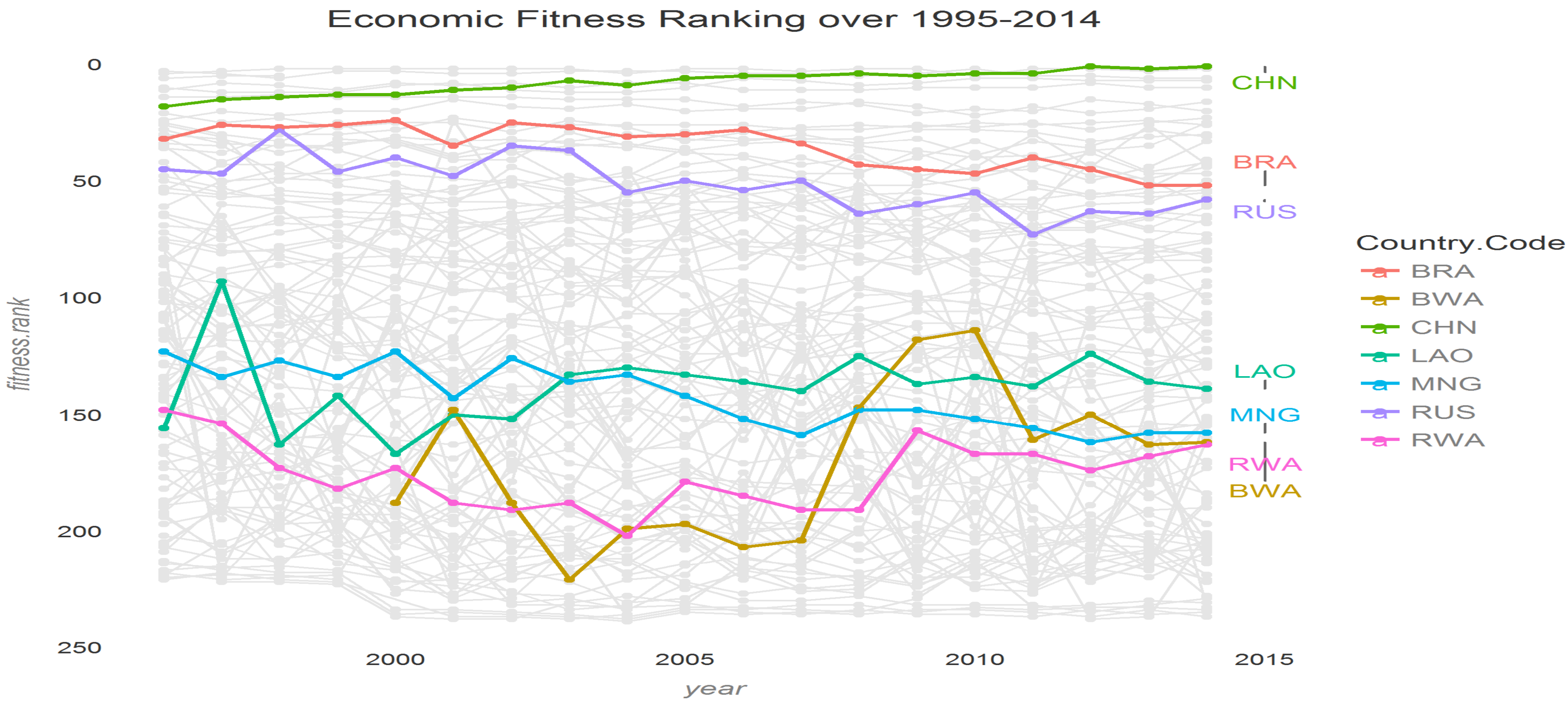


Growth Performances of developing economies, LLDCs and LDCs: Annual average growth rates Vs per capita (2000-2016)

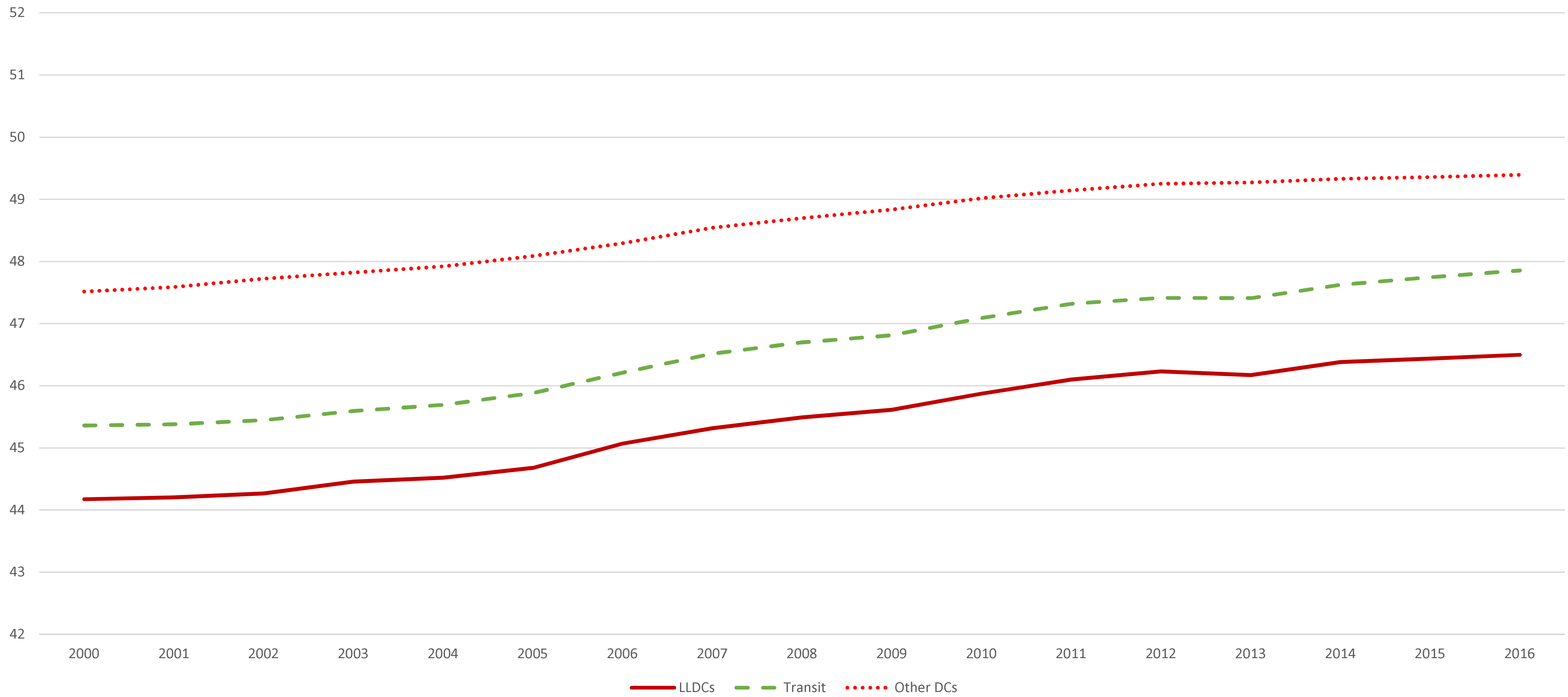




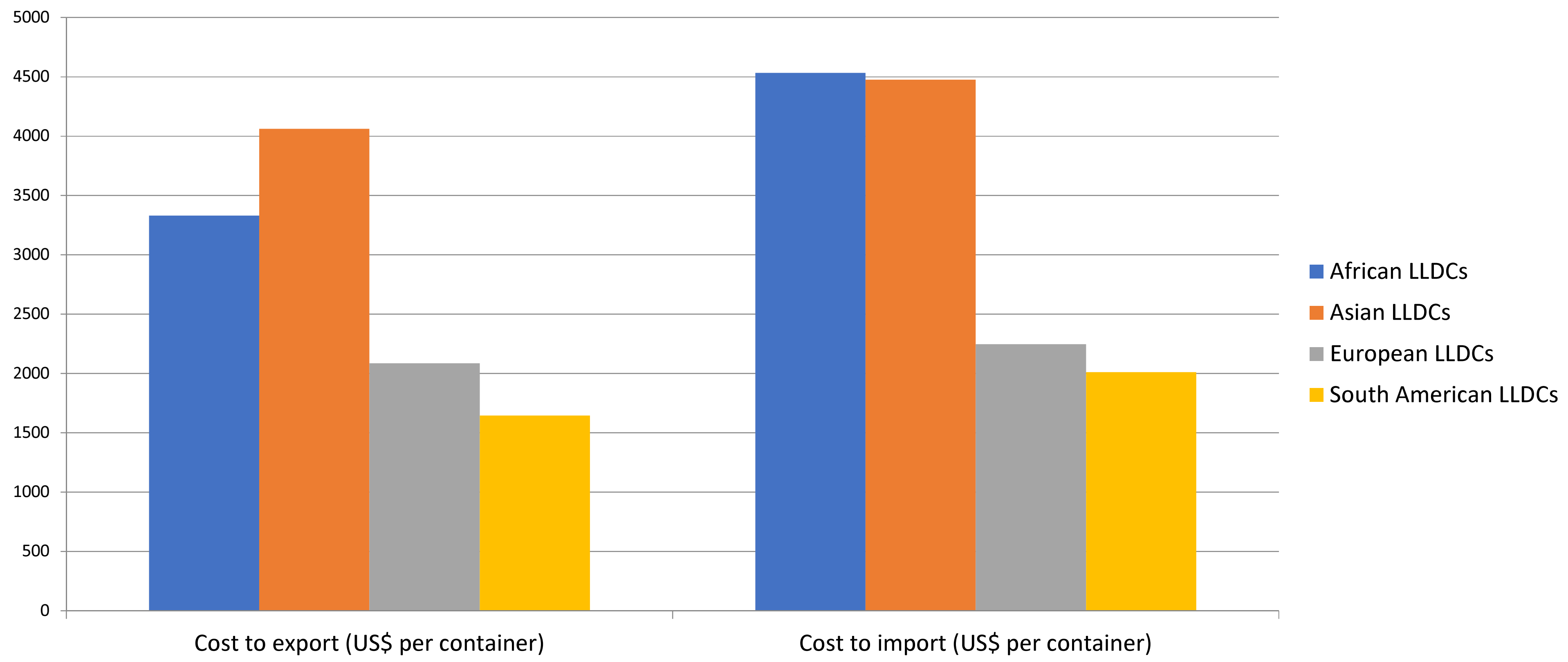
Economic Fitness Ranking for Selected Countries (1994 - 2015)



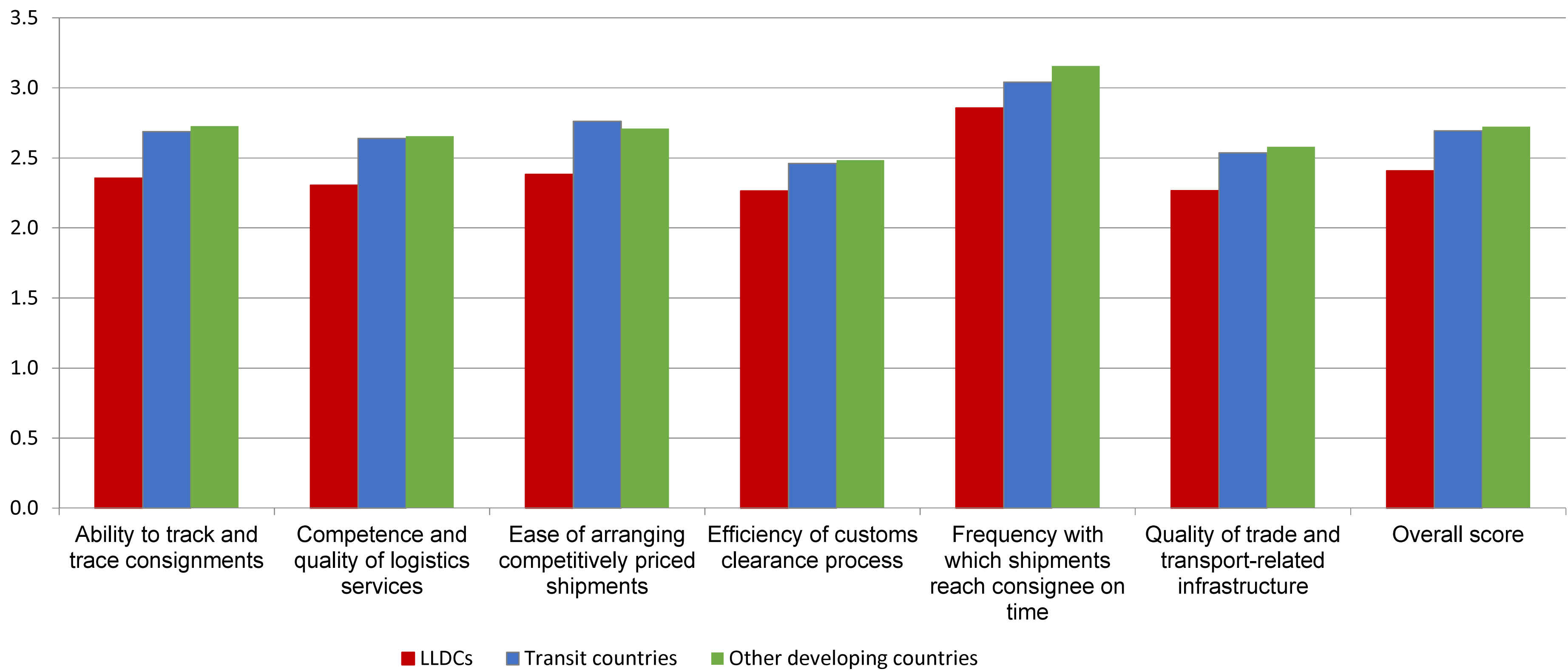
Evolution of PCI scores in LLDCs, Transit and other developing economies, (2000-2016)



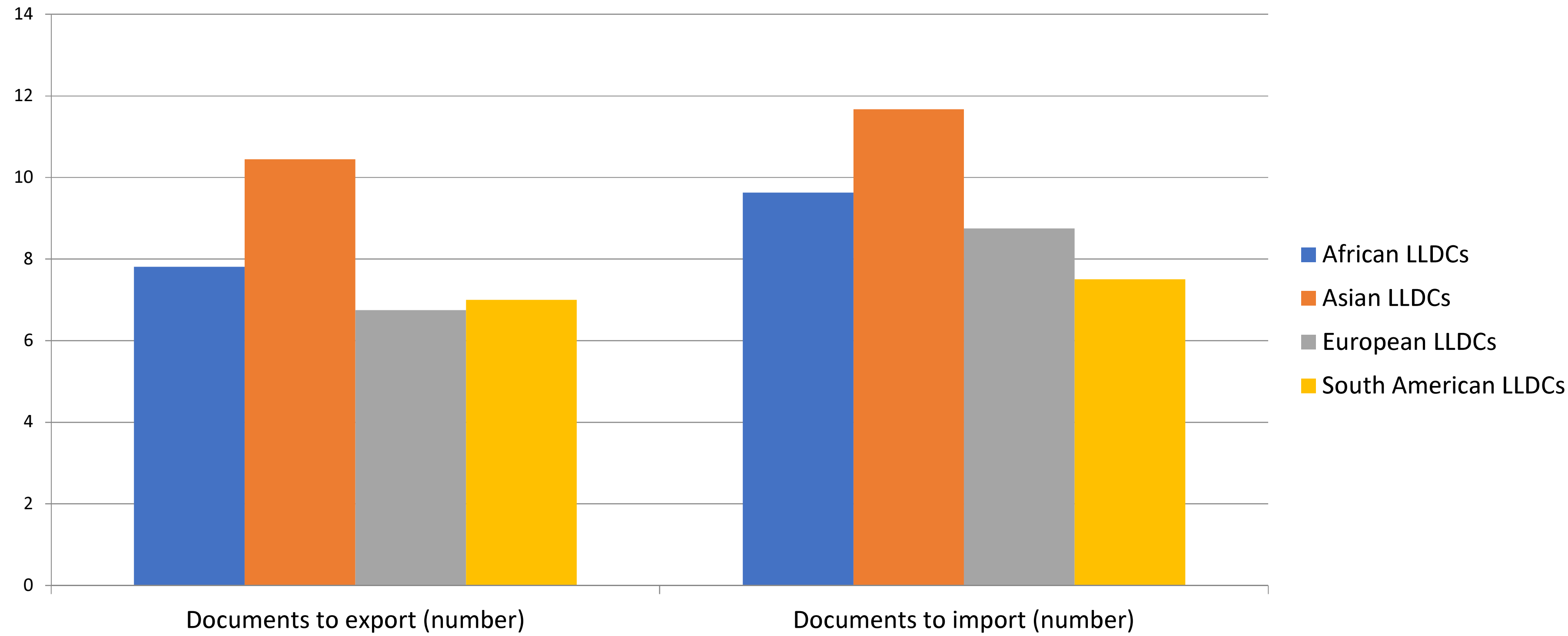
B. Trade Facilitation: some key issues
i) Cost to export an import (US$ per container in 2015)



Logistics Performance Index: DCs, Transit and LLDCs (2014-2016)



Number of documentation for export and import: Reginal performances



III. Challenges ahead

Challenges:

- Weak productive capacities and lack of structural transformation
- Overdependence on commodity exports (27/32)
- Institutional, technological and market information challenges undermining participation in RVCs and GVCs
- High transit and transport cost undermining export competitiveness
- Sluggish global demand and continued decline in LLDC’s share in global exports
- Weak and vulnerable growth performance

V. Some concluding remarks with policy implications

- Policies and strategies in LLDCs now and beyond the MTR need to focus on fostering productive capacities and structural economic transformation
- The need for export diversification in LLDCs is more acute today than ever before;
- LLDCs should also look for **intensive margin** for value addition and for hooking into RVCs and GVCs;
- Sectoral level - agriculture, agro-processing and tourism- hold huge potential for economic diversification for several LLDCs;
- There is a need to incentivize the private sector especially in sectors of comparative advantages;
- Increasing the share of MVA requires carefully sequenced and executed policies and strategies;
- There is a need to match quality policies with implementation capacities in LLDCs.

Development-oriented trade facilitation requires:

- Modern and efficient transport infrastructure
- Regional and international connectivity (Silk Road Initiative)
- Technology-driven and rule- based logistics
- Flexible regulations, rules and procedures
- Vibrant and capable institutions including private sector
- Capacity to effectively implement multilateral, regional and bilateral transport and trade agreements such as WTO TFA
- Reginal cooperation, including in the context of CFTA (for African LLDCs)
- Cooperation between LLDCs and their transit neighbors

Concluding remarks

- **Trade facilitation and export diversification** should go hand in hand;
- **Streamlining** customs procedures by reducing the number of documentation needed for export and imports is required;
- **Harmonizing** domestic and regional customs procedures with international need to be given equal importance,
- **Automate** customs procedures and introduce risk management systems
- **Promote** greater use **of ICTs in customs modernization** and clearance systems
- **Modernize and upgrade physical transport infrastructure, enhance the role of the private sector (PPP);**
- Effectively **implement regional and international trade facilitation agreements (including WTO TFA)**; and
- **Continuously negotiate collaborative** and mutually beneficial transit-transport agreements with transit neighbors.