



Division for Africa, Least Developed Countries and  
Special Programmes (ALDC )  
UNCTAD

# Euro-Asia Regional Mid-term Review of the Vienna Programme of Action for LLDCs for the Decade 2014-2024

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**(Session 4) International Trade and Trade Facilitation:  
Recent trends, challenges and opportunities with policy  
implications**

# Structure of the presentation

- I. Performance of LLDCs' in international trade
- II. Key issues in trade facilitation and trade cost
- III. Concluding remarks
- IV. Some policy recommendations in the context of MTR and beyond

# Summary of key messages from the presentation

## A. On International Trade

i. LLDCs' trade (exports and imports) have increased by about 6 folds during 2000-2017

***(Such an impressive growth in trade has not reversed the marginalization of LLDCs. They still account for 1% of the global output, less than 1% world trade and FDI flows);***

ii. LLDCs' exports are driven by primary commodities, while their imports are predominantly **light-manufactures, intermediate goods and /or consumer products;**

iii. Not only their share in global exports is minuscule but their **negative trade balance** has also continued to expand with imports surging over exports;

( A large negative trade balance means that imports **are financed by external reserves, loans or ODA**, entrenching external indebtedness of LLDCs);

iv. Low value-high volume primary exports also mean an increase in **trade cost (high trade cost of LLDCs is not only the result of distance or being landlocked);**

v. Economic growth in LLDCs has followed commodities' boom-bust cycle

***❖ The need for fostering export diversification has become more urgent today than ever before.***

## B. ....Key message on trade facilitation

Trade facilitation should be **development- oriented** (i.e. it should advance the **trade and development objectives** LLDCs).

Therefore, it should be:

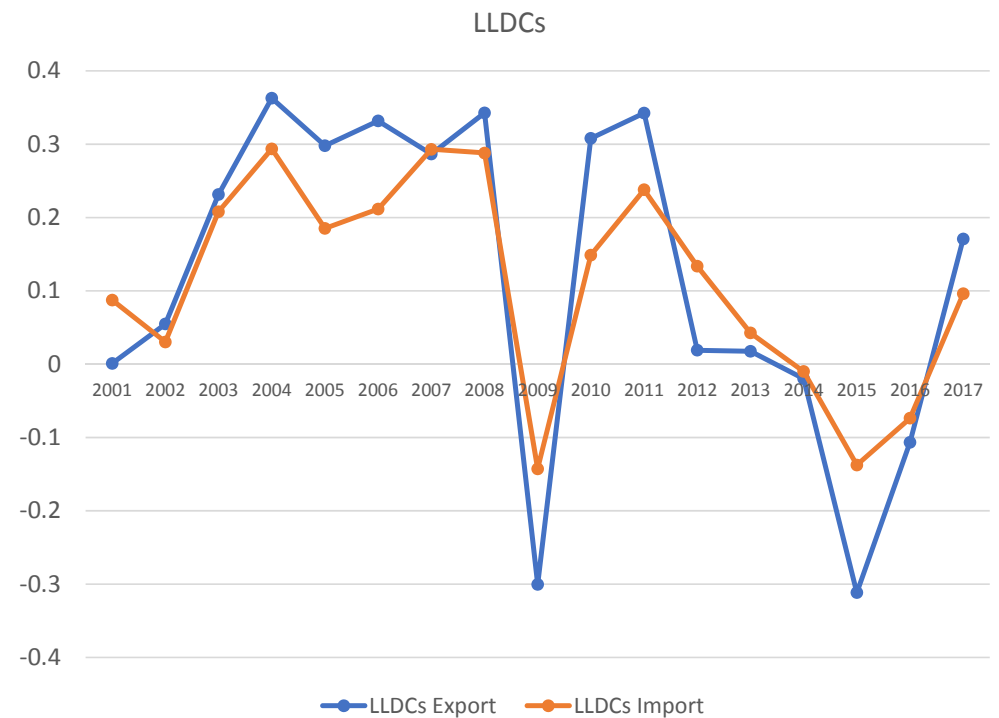
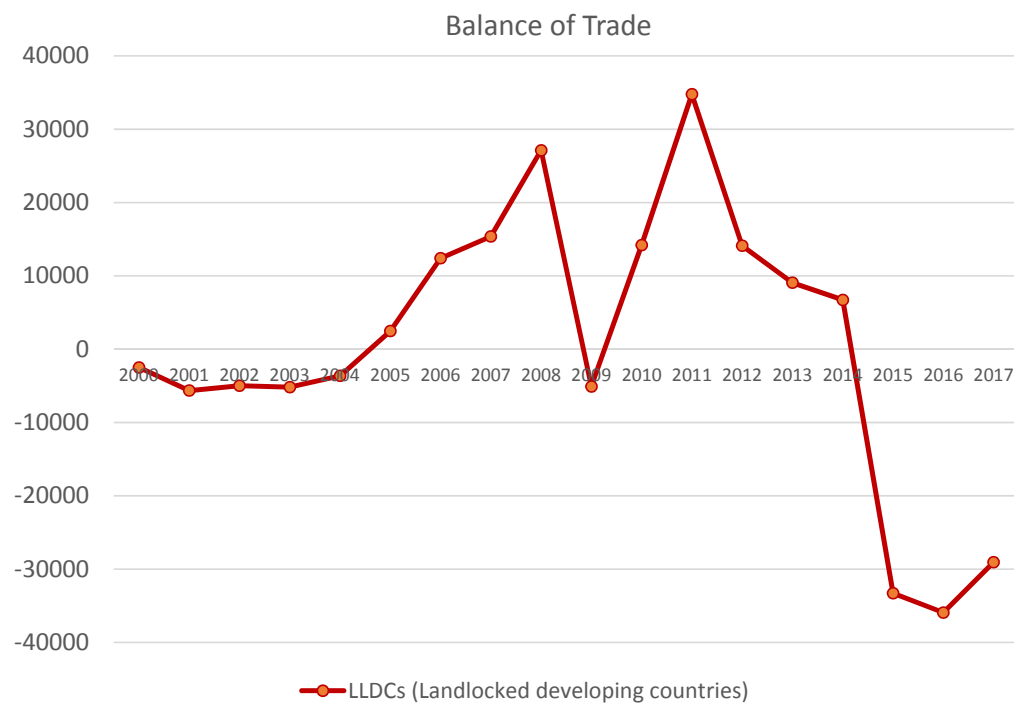
- ✓ Modern, efficient, regionally interconnected and ICT- driven;
- ✓ Rule- based with flexible regulations, rules and procedures;
- ✓ Consistent with regional and multilateral agreements such as WTO- TFA;
- ✓ Facilitate participation of the private sector, including through PPP; and
- ✓ Promote bilateral, regional and international cooperation and partnerships

# I. LLDCs' Trade Performance (Merchandise)

## a. Exports and Imports in millions of US dollars (2000-2017)

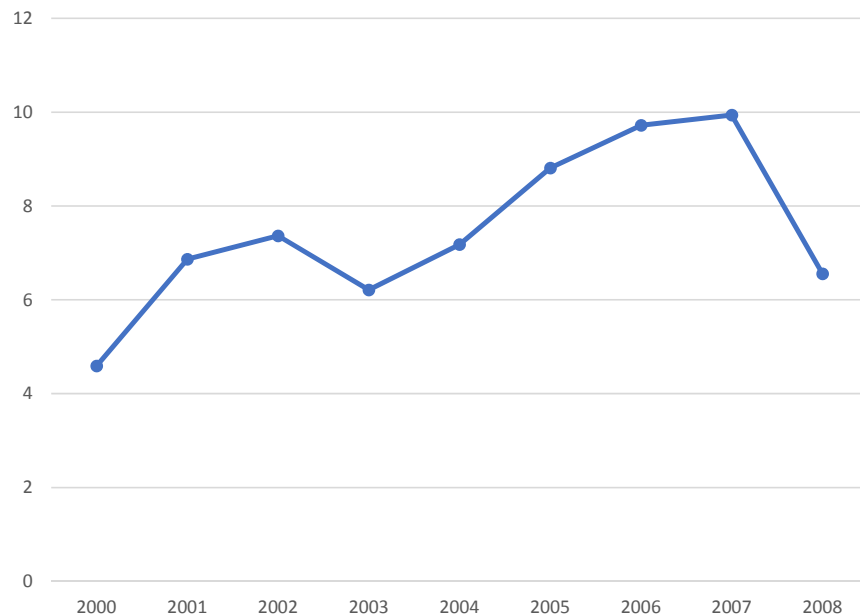


# b. LLDCs' trade balance (millions of US\$) and rates of growth in exports and imports (2000-2017)

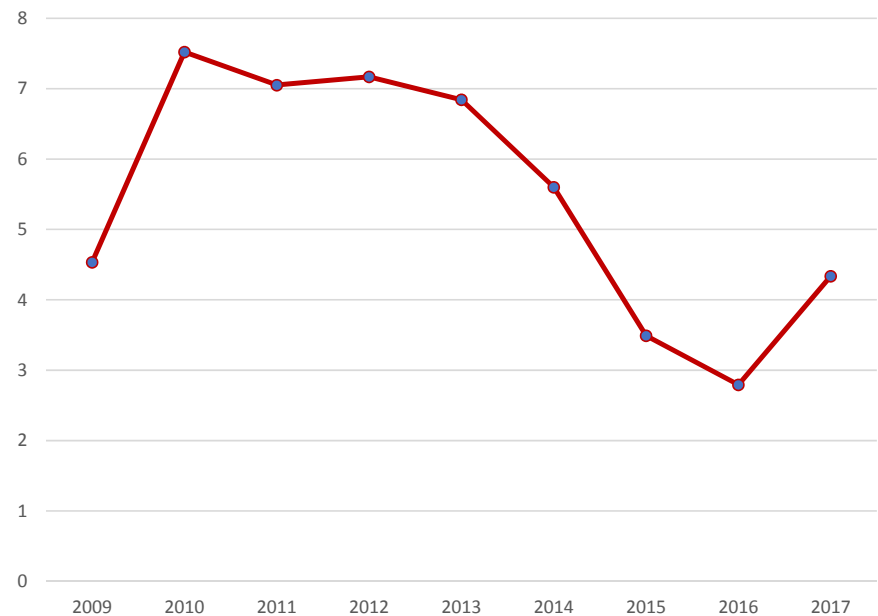


# c. Growth performance under commodities' boom-bust cycle

**LLDCs' average annual growth per capita (2000-2008)**



**LLDCs' average annual per capita (2009-2017)**



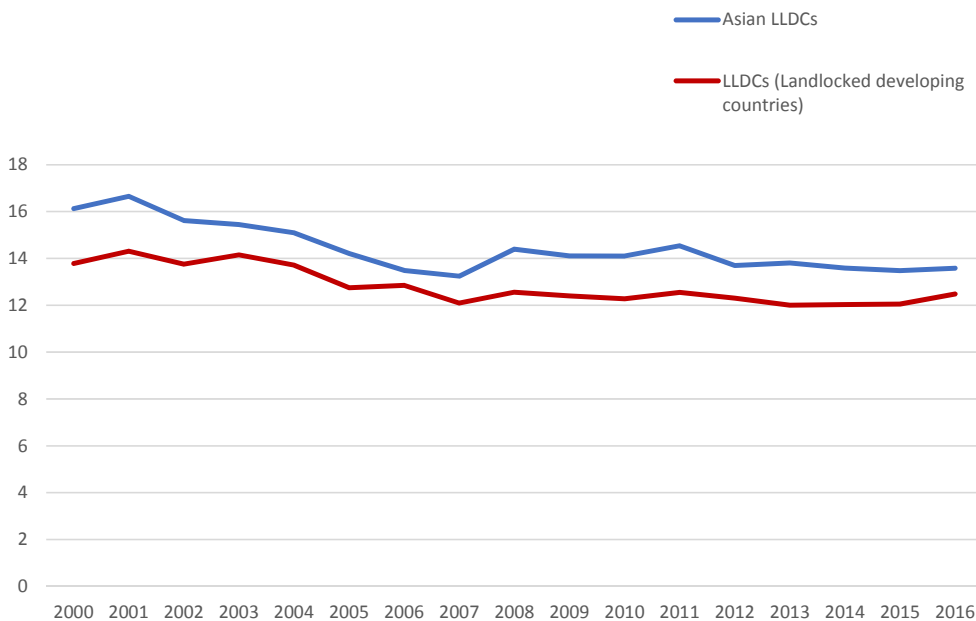


# Growth Performances: LLDCs and other Developing Economies (2000-2016)

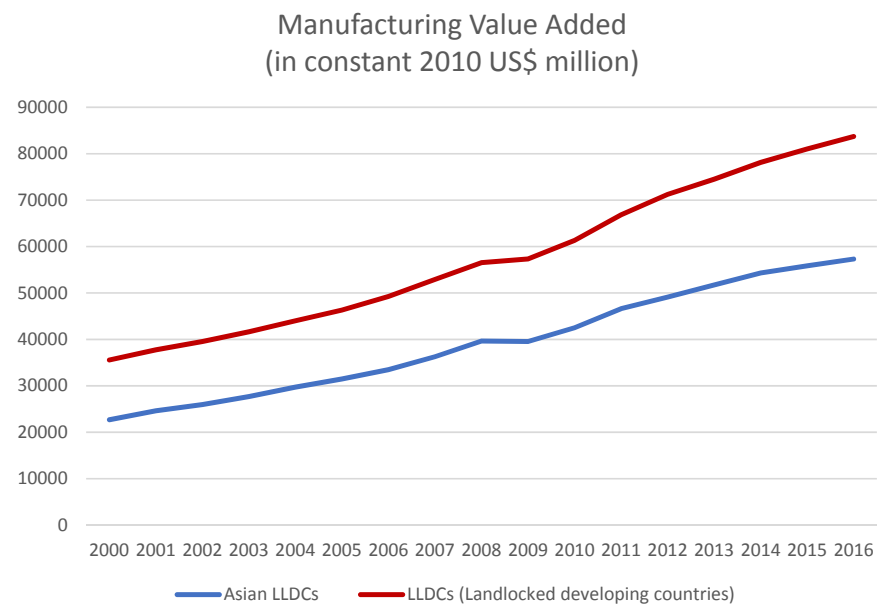


# d. Share of Manufacturing Value Added in decline...

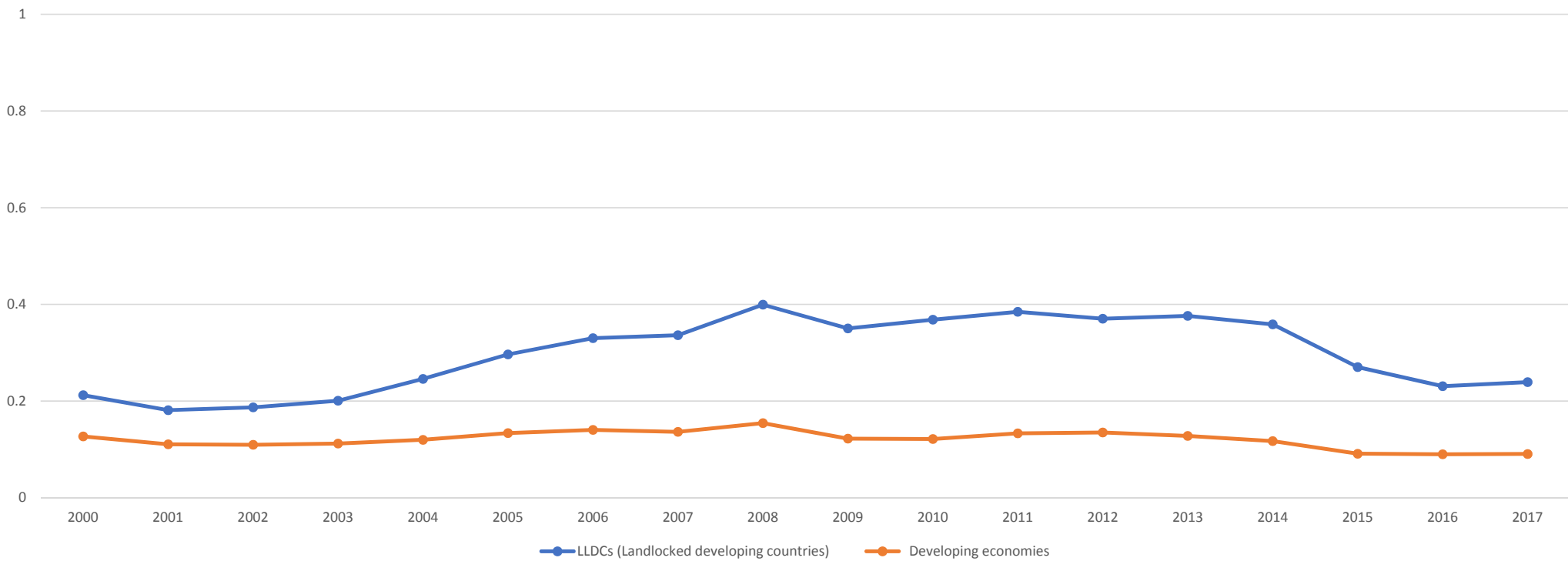
## Manufacturing Value Added as Percentage of GDP (2000-2016)



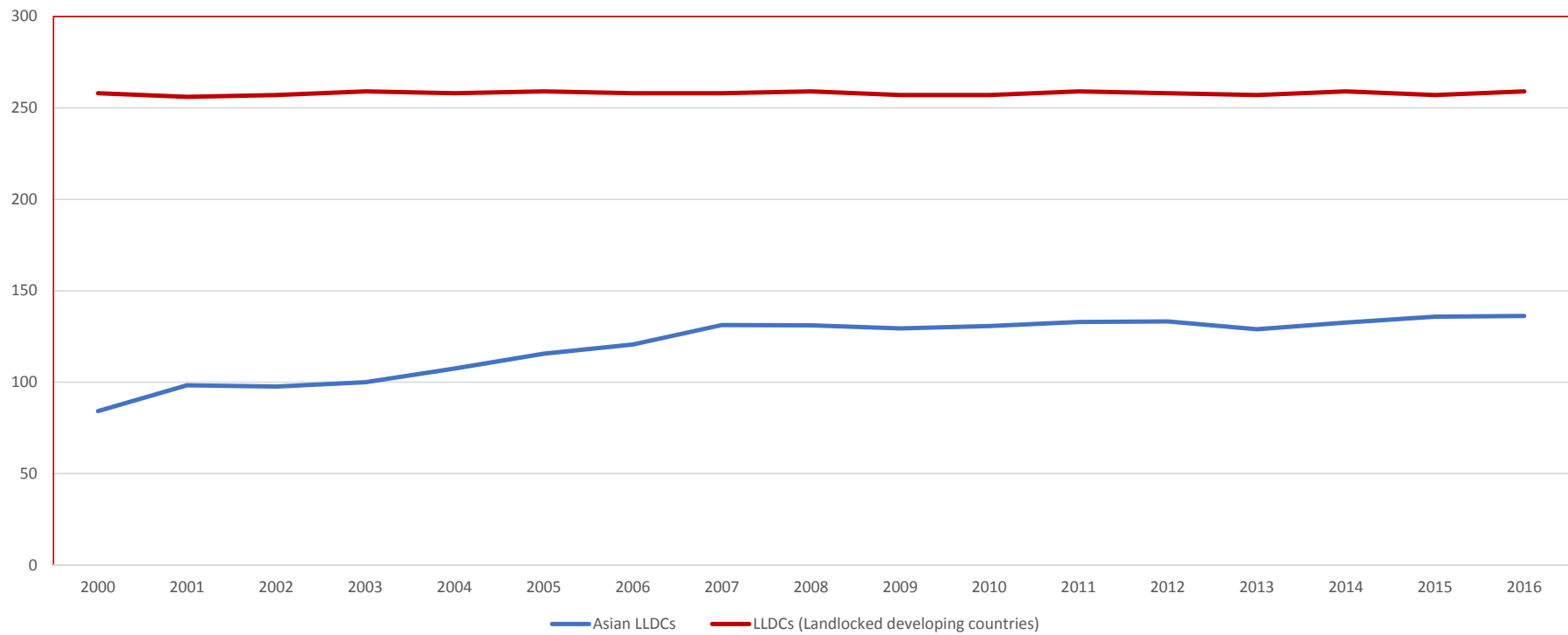
## Manufacturing Value Added in Constant 2010 US\$ million (2000-2016)



# e. Merchandise Export Concentration Index: LLDCs and Other Developing Economies (2000-2017)

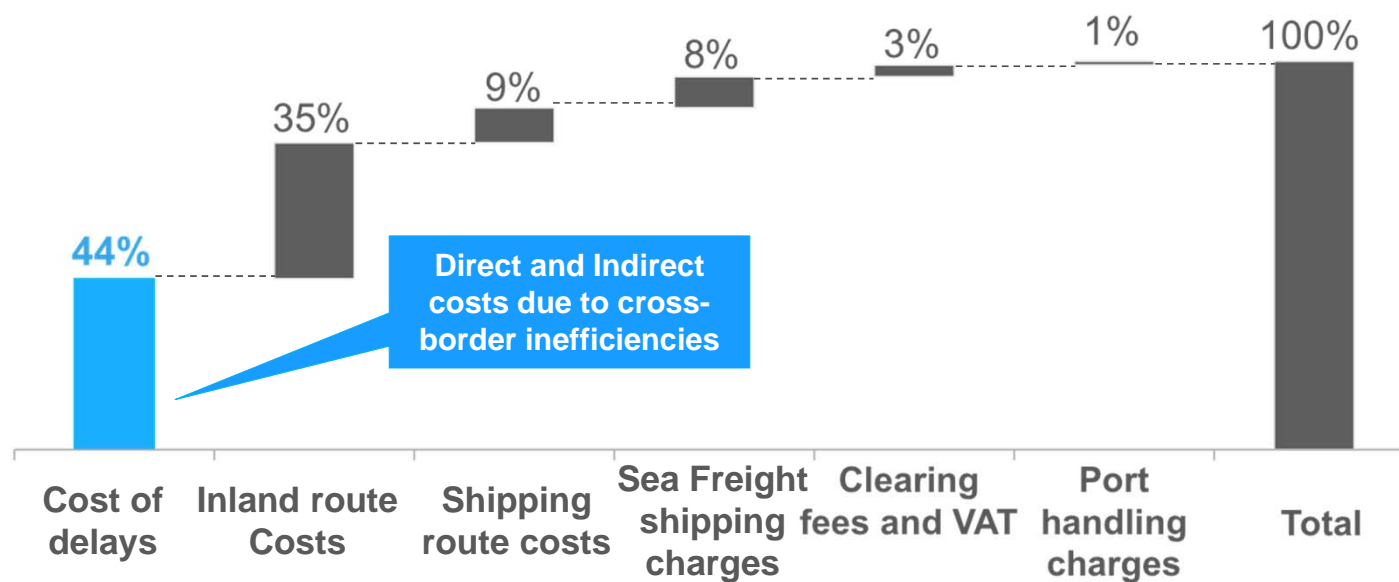


# f. Number of Export Products: LLDCs and Euro-Asian LLDCs (2000-2016)



# Trade Facilitation: A brief recapitulation of LLDCs' high trade costs

Transport costs breakdown on the northern corridor (Mombasa-Kigali )



Source: Analytical Comparative Transport Cos  
Northern Corridor Region, CPCS, June 2010

## Concluding remarks

- **Export diversification (horizontally and vertically) is key to:**

- ✓ build economic resilience, reduce trade cost, create jobs and reduce poverty (help to achieve VPoA Goals and SDGs)
- ✓ mitigate and withstand impact of external economic shocks;
- ✓ make growth more inclusive and sustainable;
- ✓ Structurally transform economies and increase technological sophistication of exports

***However, export diversification and trade facilitation should go hand in hand with:***

- ✓ Streamlined, simplified and harmonized customs procedures; and
- ✓ Efficient, modern and automated trade logistics

## .....Some policy recommendations in the context of MTR and beyond

- Policies and strategies in LLDCs should focus more on economic diversification with a focus on export orientation;
- Within existing export structure, LLDCs need to look for intensive margin for value addition, including to participate in RVCs and GVCs;
- Sectorally - agriculture, agri-processing and tourism- hold huge potential for economic diversification in LLDCs; they need to exploit such a potential;
- There is a need to incentivize the private sector especially in sectors of comparative advantages;
- Improving connectivity and physical infrastructure need to be given due emphasis;
- Managing commodities rents and investing these in socioeconomic transformation would have multiplier effects;