Facilitation of Transit for Landlocked Developing Countries

Seminar for the Promotion of Electronic Exchange of Customs Information and the Adoption of Standard Electronic Messages

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Mr. Sandagdorj Erdenebileg
Chief of Policy Development, Coordination, Reporting Service
UN-OHRLLS
About UN-OHRLLS

Supports 92 vulnerable countries with a combined population of 1.1 billion people

Coordinates and implements Programmes of Action

Advocates in favor of vulnerable country groups

Mobilizes international support

Supports countries through the United Nations system
Landlocked Developing Countries

- Bolivia
- Paraguay
- Moldova
- The Former Yugoslav Republic of Macedonia
- Niger
- Mali
- Burkina Faso
- Chad
- Central African Republic
- South Sudan
- Uganda
- Ethiopia
- Rwanda
- Burundi
- Malawi
- Zambia
- Botswana
- Zimbabwe
- Swaziland
- Lesotho
- Bhutan
- Nepal
- Nepal
- Lao People's Democratic Republic
- Mongolia
- Kyrgyzstan
- Tajikistan
- Kazakhstan
- Afghanistan
- Turkmenistan
- Azerbaijan
- Armenia
- Uzbekistan
- Turkmenistan
- Armenia
- Uzbekistan
Development Challenges Linked to Landlockedness

1. Remoteness from major markets
2. Lack of access to the sea
3. Additional border crossings
4. High trade transaction costs
5. Dependency on transit countries
6. Infrastructural constraints
7. Limited regional integration
8. Institutional bottlenecks (customs procedures, border crossing rules and regulations, transparency, competition)
LLDCs trade less and pay more than coastal countries

• LLDCs’ trade is 61% of the trade volume of coastal countries

• Transport costs for LLDCs are 45% higher than the coastal economies and have increased over time

• The level of development in LLDCs is about 20% lower than if they had not been landlocked
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 LLDCs
  - 10 actions by development partners

Priority 4: regional integration and corporation
- 4 specific objectives
  - 10 actions by development partners
  - 3 actions by LLDCs
  - 8 actions by transit dev. countries

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

Priority 6: means of implementation
- 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

NEW
Specific Objectives (examples)

- Reduce travel time along corridors and time spent at borders
- Complete missing links in transit transport networks
- Expand and upgrade energy and ICT infrastructure
- 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
Importance of transit for LLDCs

Access to and from sea and freedom of transit critical for development of LLDCs and integration into global system

Priority 1 of VPoA: Fundamental transit policy issues

Specific objectives:
(a) Reduce travel time along corridors
(b) Reduce time spent at land borders
(c) Improve intermodal connectivity
Fundamental transit policy issues

- Accede/ratify and implement legal instruments
- Border and customs controls coordination, cooperation and information sharing
- Avoid establishing quotas and restrictions on transit
- Simplification, transparency and harmonization of transit regulations and requirements
- Effective logistics systems
- Involve transport business associations
- National transit policies and multi-stakeholder mechanisms
- Exchange data for faster cross-border transactions
- Partners to support creation of effective transit transport systems
Use of ICT for transit transport in VPoA

- LLDCs and transit countries to fully utilize ICT to modernize transit, transport, customs and other border facilities [37(c)]
- LLDCs to develop their service sectors through development of ICT infrastructures in order to reduce transit time and cost and modernize transit and customs facilities [37 (f)]
- Development partners to provide capacity-building to LLDCs for the use of modern and affordable ICTs [38(d)] and support for facilitating access to ICTs for infrastructure development [38(e)]
- LLDCs to implement trade facilitation initiatives, including electronic payment [51(b)]
- Transit countries to promote the use of electronic (e-transaction) processes and the pre-arrival submission of customs declarations [52(b)]
Implementation of VPoA is key

- 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)

- Need to ensure coherence with global development frameworks
WTO Trade Facilitation Agreement and LLDCs

WTO Trade Facilitation Agreement has potential to bring concrete benefits to LLDCs
  • Potential trade cost reduction for LLDCs from TFA $\rightarrow$ 15.4%

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

$\Rightarrow$ Early ratification of the TFA is crucial
$\Rightarrow$ Targeted support to LLDCs is needed
Thank You

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