



Open road on the Second Thai-Lao Friendship Bridge over the Mekong River.



8

Recommendations

LLDCs are a very special group of countries, which face very atypical constraints. To address these challenges will require special measures to more fully integrate LLDCs into the multilateral trading system. This report has identified some of the areas and issues where targeted steps need to be taken to ease trade bottlenecks – not only by the LLDCs themselves but also transit countries and organizations involved. The paucity of up-to-date data and the difficulties to collect it from some of the remotest areas of the world make it hard to capture all the factors comprehensively and accurately.



↑ The COVID-19 testing laboratory at the Mpilo Hospital, Bulawayo, Zimbabwe.

## **1 LLDCs should lead the discourse on transparency, through timely and detailed notifications, and even counter-notifications if required.**

Nothing can substitute for accurate and timely information as far as trade bottlenecks are concerned. This should also include increased efforts by transit countries to provide timely information through notifications on measures which may affect the transport of goods through their territory. The importance of notification and provision of information to exporters was brought to the fore by the COVID-19 pandemic. During which, information is vital for exporters and transporters to help to maintain trade flows.

## **2 A more coordinated response to future pandemics is needed so that no country is left behind.**

The COVID-19 pandemic hit LLDCs particularly hard, while the response to the pandemic revealed an increasing awareness of the role of transit countries in LLDC access to global economies. It is clear that a more coordinated response to future pandemics is needed. This response from a trade point of view should focus on keeping supply lines into LLDCs open, as well as minimizing the impact of movement restrictions on people and LLDC exports. The response to this and any future pandemics should also include an increase in productive capacity of vaccines and treatments in the developing world, including LLDCs, so that no country is left behind.

## **3 For resilient economic recovery, LLDCs need enhanced connectivity by digitalizing border processes, enhanced implementation of the TFA and targeted Aid for Trade support.**

LLDCs have made strides to identify the courses of action that can address the additional difficulties they face, especially since the COVID-19 pandemic. In an Aid for Trade 2021 session held virtually and co-organized by Kazakhstan and UN-OHRLLS, speakers identified enhancing connectivity through the digitalization of border management measures, enhanced implementation of the TFA and targeted Aid for Trade support for LLDCs as being key for resilient economic recovery. It also highlighted the significant impact that the pandemic has had on small traders, particularly women, who are in a weaker position.

## **4 Implementation of the TFA is critical to guarantee transparent and predictable trade and will play a major role in supporting recovery and resilience in LLDC economies.**

LLDCs depend on trade and the expedited free movement of goods for economic stability and prosperity. The implementation of the TFA, which calls for the minimization of administrative and procedural barriers, is critical as a guarantee of transparent and predictable trade with the main trading partners of LLDCs and will play a major role in supporting recovery and resilience across these economies. The LLDCs have made a strong pitch for a review of the implementation of the TFA, and they have rightly focused on strengthening the rules in

Article 11 on the freedom of transit. These provisions, while a significant step forward in building on the rules in Article V of GATT, still need further clarification and reinforcement. LLDCs in particular continue to face discriminatory practices in their trade when compared to the conditions applied to domestic goods being transported in the transit countries.

## **5 The development of transit corridors has produced tangible results for LLDCs, particularly in Africa, and should be encouraged and further supported by bilateral donors and regional development banks.**

An example of this is the Northern Corridor, in Africa, linking Burundi, Rwanda, Uganda and the eastern regions of the Democratic Republic of the Congo with the port of Mombasa, in Kenya. Since its launch in 2014, the Northern Corridor had achieved a reduction in transit times for a truck to go from the port of Mombasa to Busia on the border with Uganda from 284 hours in January 2015 to 90 hours in January 2019. Donors should continue to provide support to these initiatives for a performance bounce-back post-pandemic. LLDCs should embrace the notion of being landlinked as they can also be transit countries and realize the development potential of transit for their economies.

## **6 It is important for LLDCs and transit countries to adopt digital interconnected and interoperable systems to expedite the flow of goods at the border and during transportation.**

LLDCs can experience a lack of cooperation between customs and other border agencies and traders, in addition to a lack of standardization and harmonization. It is therefore important for LLDCs and transit countries to accelerate adoption of the tools that have been developed by international organizations to expedite the flow of goods at the border and during transportation such as the ASYCUDA computerized customs management system developed by UNCTAD and the eTIR international system administered by UNECE. What would take these systems one step beyond in their ability to facilitate trade flows and transit to and from LLDCs and across borders is to make them interconnected and interoperable so that they can cover the whole transit operation.

## **7 LLDCs need support to tackle the challenges of a lack of human and financial resources, such as insufficient capacity or shortages of skilled and professional staff, to promote better understanding of the TFA and to increase its implementation.**

In response to a TFAF survey on cross-border trade restrictions resulting from COVID-19, LLDC respondents identified import/export documentary requirements and border agency co-operation as the areas where implementation of trade facilitation measures could have the most impact. These responses provide priority action areas for national interventions, priority areas for TFA implementation as well as possible direction for Aid for Trade funded projects.

## **8 Improving trade-related infrastructure should be a priority for Aid for Trade projects.**

Some of the LLDCs have also identified the challenges they face because of insufficient trade-related infrastructure, including technology, both at and behind the border. Examples include: a lack of coordination in the development and maintenance of transit transport infrastructure; a lack of border coordination and harmonization; a lack of equipment and infrastructure (ICT and digital equipment for the implementation of the TFA); a large number of documentary requirements; and manual processing of documentation.



↑ A customs official for the Lesotho Revenue Authority uses ASYCUDA.

**9 Trade Policy Reviews of LLDCs and transit countries should have increased focus on transit and transport infrastructure policies.**

It is clear from the dependence of LLDCs on transit countries that they will not be able to thrive until their neighbours can also accelerate their development and improve their infrastructure. To improve, for example, the export growth opportunities in Zimbabwe, the economic policies and infrastructure in Mozambique and South Africa also need to be improved. Transit countries also benefit from transit trade as it increases the volume of merchandise in their ports creating jobs and making them more attractive for shipping lines helping to drive down freight costs.



↑ Early morning in Durban Harbour, South Africa.

**10 To avoid disruptions in the export of products, it is essential for LLDCs to be informed of requirements established by transit countries that affect international trade.**

Importantly, the WTO's SPS Agreement contains provisions to ensure the transparency of SPS requirements. While the majority of SPS measures notified to the WTO affect all trading partners, LLDCs may face increased challenges in view of the infrastructure, expertise and resources required for their implementation. These issues of transparency and notification go beyond SPS issues.

**11 LLDCs should actively participate in the standard-setting processes under the Codex, the OIE and the IPPC to ensure that the SPS standards developed meet their needs and that they are applied to goods in transit only where the goods present a risk.**

Some interventions may also be needed in the area of SPS measures. The WTO's SPS Agreement requires that there be no unjustified costs in control, inspection and approval procedures to ensure that these do not function as barriers to trade, in addition to meeting a scientific justification for measures through internationally accepted measures. Increased use of international standards relating to the treatment of agricultural goods, including in transit, could reduce the trade transaction costs and thus facilitate trade. LLDCs should also consider opportunities to make more use of specific standards relevant to trade facilitation.

**12 The establishment of a facility modelled on the STDF could help LLDCs to develop the quality infrastructure necessary to meet international standards.**

In the area of TBT, there is the specific recommendation to examine the quality infrastructure – which is the system that supports and enhances the quality, safety and environmental soundness of goods, services and processes, and which comprises the organizations, policies, practices and the legal and regulatory framework needed. Quality infrastructure has been identified as a key challenge inhibiting LDCs and developing country members from diversifying their trade to new markets. Considering the paucity of data, however, further study and research needs to take place on the extent that the absence of quality infrastructure hampers LLDC competitiveness, and what can be done to remedy this.

**13 To encourage businesses in LLDCs to increase the use of preferences granted in bilateral and multilateral agreements and arrangements, direct transportation rules need to be more flexible and better reflect the connectivity challenges LLDCs face.**

A regulatory issue that may need further attention from the international community is the interplay between rules of origin and trade by the LLDCs. Currently in most cases, for exports to meet origin requirements and to benefit from tariff preferences, they should be consigned directly from the LLDC to the importing country, which may not always be possible for certain shipments from LLDCs.

## 14 LLDCs should prioritize investment in industries and services that are less affected by a lack of access to the sea and a long distance to markets.

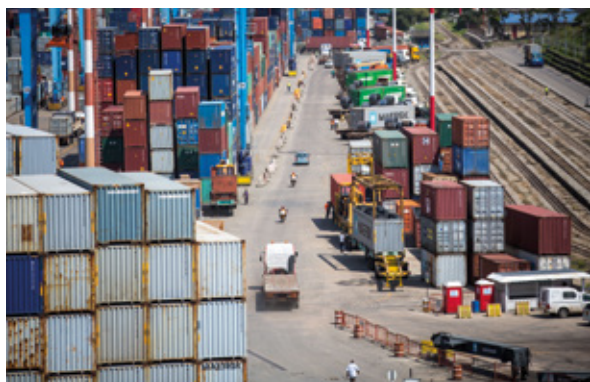
Several LLDCs in Africa share time zones with Europe and also the languages English and French. This makes them ideal locations for the development of call centres and data-processing hubs if they can enhance their ICT connectivity. Creating a favourable business environment is also essential if LLDCs want to encourage the kind of investments that will give them access to technology and know-how. LLDCs could also adopt diaspora engagement policies to attract investment and know-how from their many nationals living in richer countries.

## 15 LLDCs must place connectivity and digital technology at the forefront of their policy priorities.

It is essential that governments reform legislation, policies and frameworks to increase internet speed, affordability and accessibility to create a conducive digital environment for business. LLDCs should work towards developing the necessary digital infrastructure, paying particular attention to rural areas.

## 16 It is vital for LLDCs to continue to engage in current discussions at the WTO in the area of e-commerce to close the digital divide.

The COVID-19 pandemic has accelerated the growth of e-commerce worldwide. Due to their lack of ICT infrastructure, LLDCs risk being left behind in the fourth industrial revolution. However, the international community also has an important role to play in recognizing the constraints of LLDCs and offering solutions that help them.



## 17 Greater coordination and information gathering from international logistic organizations and federations, in cooperation with multilateral organizations, are needed to keep trade accessible for LLDCs.

Containers and shipping rates have greatly increased during the COVID-19 pandemic, and even more so for LLDCs because containers and ships have been moved to serve the highly profitable routes between East Asia and North America, decreasing capacity for all other routes, especially the lower volume ones that serve the LLDCs. Interventions at the international level should include setting mechanisms for tracking and tracing of containers, monitoring of port calls, liner schedules, dry port utilization, and the movement of trains and trucks movements – all of which can be assisted by using improved digital technology. It is also important to look into the existence of discriminatory and anti-competitive practices affecting freight forwarding in LLDCs.

## 18 LLDCs can benefit from the close cooperation with – and the support offered by – non-governmental organizations and international agencies and organizations, which in turn benefit from greater inter-agency cooperation.

One very positive development for LLDCs was the establishment of the International Think Tank for LLDCs in 2009 in Ulaanbaatar, Mongolia. The think tank aims to provide quality analysis of the challenges facing LLDCs in implementing the VPoA and attaining the SDGs, and it is in a better position to carry out research – especially on those issues where access to data on LLDCs is very limited, for example in trade finance. Another example is UN-OHRLLS, which has succeeded in monitoring implementation of the VPoA, coordinating the positions of the LLDCs, and performing or commissioning research into the developmental challenges of LLDCs and actions needed to alleviate them. The WTO works in close coordination with UN-OHRLLS, and this partnership needs to grow more in the future.



Mombasa Port, in Kenya, an important transit country.