

## Report on World Export Development Forum 2023 Session: Landlocked Developing Country Business Talks – 26 June 2023

### Event description:

The Landlocked Developing Country Business Talks, held on Monday, 26 June in the framework of World Export Development Forum provided a platform for private sector consultations focusing on the unique challenges faced by landlocked developing countries (LLDCs). The event was organized by the International Trade Centre in partnership with Government of Mongolia, United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, European Bank for Reconstruction and Development, Asian Development Bank, and International Think Tank for Land Locked Developing countries. It aimed to amplify the voices of LLDC businesses and bring their perspectives to the highest levels of government and the United Nations in preparation for the upcoming Third United Nations Conference on Landlocked Developing Countries in 2024, in Kigali. The event featured distinguished speakers, roundtable discussions, and networking opportunities, all designed to foster dialogue, collaboration, and concrete action.

### Flow of the event:

The Landlocked Developing Country Business Talks featured a diverse program aimed at fostering collaboration between the private sector and government representatives.

- The inauguration high level session set the tone, highlighting the upcoming Third UN Conference on LLDCs and strategic priorities for LLDCs. The inauguration remarks were delivered by the Minister of Foreign Affairs, Mongolia; Under-Secretary-General and High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, United Nations; Vice Minister of Industry and Commerce, Lao PDR; United Nations Resident Coordinator, Mongolia; Executive Director, International Trade Centre.
- Subsequent sessions delved into the significance of regional trade connectivity and inclusive supply chains for landlocked countries. The panel session focused on challenges and viable solutions regarding trade corridors and infrastructure, affordable finance, and inclusive trade facilitation.
- Through the roundtable discussion participants, LLDCs businesses and government representatives shared insightful experiences that shed light on the specific needs, aspirations, and opportunities within their respective countries. Businesses in LLDCs are enthusiastic about participating in international trade, contributing to their economies, and creating employment opportunities for their communities.
- The event concluded with roundtable summaries, capturing valuable insights, and closing remarks emphasizing the need for actionable outcomes.

## LLDC context and challenges:

- **Within the world's 44 landlocked countries, 32 of them are developing countries, and their level of trade is low – just 1%.** LLDCs continue facing important challenges that affect regional connectivity and their participation in international trade.
- **LLDCs lack direct access to the sea - the average distance to the nearest seaport for the LLDCs is 1,370 km.** They are dependent on their transit neighbours' infrastructure and administrative procedures for transportation of their exports and their imports.
- **The logistics performance indicator for LLDCs is 17% lower than the global average.** Transit transport infrastructure is often inadequate to support their greater integration into regional and global trading networks due to poor maintenance, missing and substandard links and lack of integration between networks.
- **LLDCs pay more than double what the transit countries incur in trade costs and take longer time to send and receive merchandise from overseas markets.** This is also due to multiple border crossings, cumbersome border procedures, un-harmonized cross-border and transit transport documentation, formalities and procedures affect the connectivity of LLDCs.
- **More than 60% of exports depend on commodities in 80% of landlocked developing countries.** The combination of declining demand and disrupted logistics has led to a drop in some commodity prices, lower foreign exchange earnings and less scope for governments to source essential foods and medicines and provide social safety nets. While digital transformation offers new opportunities, such as through e-commerce marketplaces, landlocked developing countries are facing higher transport and trade costs as well as limited ability to track and trace consignments, or move goods quickly through transport corridors and border controls.

## Key recommendations of the panel discussion and roundtables:

### On regional connectivity and infrastructure:

- **Invest in physical and soft infrastructure and logistics for improved regional connectivity.** The priority sectors would include transport, energy, ICT connectivity, and trade facilitation. Investment needs to be directed towards climate resilient infrastructure to ensure sustainability of transport systems in the LLDCs and the transit countries against potential future pandemics, climate challenges and supply shocks. Capacity building shall be provided for collecting reliable, timely and comparable data on infrastructure indicators monitoring to make these investment projects successful.
- **Promote cross-border transport and logistics facilitation for resilient border operations.** This can be achieved through effective implementation of trade facilitation measures including One Stop Shop and integrated border management, joint customs control and joint cross-border transport agreements to avoid duplication of inspection procedures. Other priority measures will include electronic data interchange (EDI) and system interoperability, transit arrangements, pre-arrival declaration, 24/7 operation at high traffic nodes or harmonized operating hours for border crossing points and modern risk management approach.
- **Digitalize and adapt to emerging technologies for seamless, contactless, and paperless border crossings.** Artificial intelligence, Internet of Things will be soon informing new digital realities and early investments will help LLDCs to overcome physical barriers and tap into the benefits of digital trade for expanded market reach and competitiveness. Some of the priority digital reforms areas will include:

- smart transport corridors using container tracking technology,
  - weigh-in-motion scales and automatic vehicle registration number plate readers, integrated checkpoints or SMART gate (with several entry and exit lanes, computer connectivity, data exchange),
  - smart processing e.g. one-stop-shop including banks and other supporting services
  - smart inspection using x-ray scanner, secondary inspection of samples, testing labs,
  - smart operations with CCTV, and electronic queue management system.
- **Adopt a comprehensive approach to multimodal economic corridor development to bridge infrastructure gaps, foster industrial growth, and drive economic diversification.** There is a need to widen, deepen and align economic activities at the borders and planned economic corridors through integrated hard and soft infrastructure. This would include corridor-wide energy and transport linkages, focus on railways and trade logistics services improvement, sound economic incentives to attract private firms and investments, expansion into new markets, and strengthened institutions and regulations to support increased economic activities along the key trade corridors. Exploring new corridors that cater to traders' needs can offer significant opportunities for regional trade. Through enabling government policies, private sector must be encouraged to assume increased role in private capital, including development of ICT or urban infrastructure.
  - **Decarbonize and reshape transport connectivity for sustainable economic recovery.** This may be done through digitalized smart infrastructure, paperless trade, and intelligent transport and logistics hubs, along with green transport connectivity and energy efficiency. Climate-resilient measures and technology in infrastructure projects ensures reliability, sustainability, and safety of these projects for their intended beneficiaries. One of the priority areas is to conduct adequate assessment and planning to promote countries' shift to low carbon transportation and inclusion of Paris Agreement Alignment (PAA) agenda in their transport programs.
  - **Coordinate border and logistics reforms along trade corridors and with a focus on specific trade flows.** This will reduce transit times, lower transportation costs, and ensure the smooth flow of goods across borders. Simultaneously, improved logistics infrastructure enhances connectivity, enabling LLDCs to establish robust trade corridors that are crucial for their economic development. These reforms not only enhance trade efficiency but also promote regional integration and attract investments empowering LLDCs to overcome the constraints of their landlocked status and strengthen participation in the global economy.
  - **Improve national and regional cooperation and ensure harmonization while implementing the reforms.** For national cooperation, enhanced, genuine, effective and durable multi-stakeholder partnerships involving governments, private sector companies, development partners and international organizations are needed to turn the LLDCs into vibrant, prosperous and sustainable land-linked countries. For regional cooperation, strengthening regional trade agreements and transit arrangements, aligning policies, regulations and procedures among landlocked and transit countries is essential. The collective efforts certainly make it easier to overcome trade barriers.
  - **Ensure greater mobilization of resources both from domestic, international, and private sector partners to advance soft and hard infrastructure development projects** for enhanced regional connectivity. This can be achieved through the establishment of dedicated platforms, such as public-private partnerships or multi-stakeholder committees, to facilitate collaboration, resource sharing, and knowledge exchange. Governments and international organizations should also actively engage in advocacy efforts to promote the importance of regional connectivity in to attract investment and secure financial commitments from various stakeholders,

accelerating the development and implementation of infrastructure and regional connectivity projects.

#### On trade finance:

- **Strengthen trade finance mechanisms in LLDCs by providing support and resources to enhance understanding and implementation.** This can be achieved through capacity building programs that educate people and businesses in LLDCs about trade finance processes. Additionally, there should be efforts to develop digital solutions and improve digital infrastructure, enabling smoother and more efficient trade finance operations.
- **Leverage Supply Chain Finance solutions that to help change legislation, adapt banking regulations, build necessary capacities within the banking sector, and pilot SCF in partnership with large buyers – such as major retail networks.** These initiatives provide working capital finance to SMEs through innovative financial products and promote sustainable trade practices. By adopting similar approaches and tailoring them to the specific needs of LLDCs, other organizations and financial institutions can contribute to overcoming trade finance barriers in these countries.
- **Foster collaboration among international financial institutions and stakeholders to streamline trade finance initiatives for LLDCs.** By working together, these organizations can share best practices, exchange knowledge, and pool resources to develop comprehensive and coordinated solutions. This collaboration should include partnerships with local banks, governments, and industry associations to ensure the effective implementation of trade finance programs and the development of supportive regulatory frameworks.
- **Encourage the digital transition of trade finance operations in LLDCs by promoting the adoption of digital solutions and providing support to partner banks.** This can involve policy dialogue activities to guide banks in transitioning to digital trade, as well as capacity building programs to help them develop the necessary expertise and retain correspondent banking relationships.

#### On inclusive trade facilitation:

- **Promote “whole – of - the government” and “whole of the supply chain” approach for inclusive reforms.** Coordination and collaboration of all relevant government agencies and departments to enhance the efficiency and effectiveness of international trade is essential. It shall further evolve to “whole of the supply chain” approach and encompass the entire journey of goods, including pre-shipment, transportation, customs clearance, and post-shipment activities and its relevant actors. Private sector entities, civil society organizations, and international partners shall also be part of this approach to jointly streamline processes, reduce costs, and minimize trade barriers.
- **Bring business perspective to reform implementation through public- private dialogue platforms.** There is important scope for collaboration between Ministries of Trade, Customs, Customs Brokers Association, SMEs and Women Business Associations and many other national actors. They need to be leveraged more actively through strengthened National Trade Facilitation committees, as well as through joint consultations, peer-to peer learning and other initiatives.
- **Promote gender-responsive trade facilitation measures** by integrating gender considerations into trade policies, programs, and initiatives. This includes ensuring equal access to trade-related information, resources, and opportunities for women entrepreneurs and working with government

officials to address gender-based barriers that hinder their participation in international trade. The concrete implementation solutions may include:

- Introduce and improve collection of gender disaggregated trade data through trainings, methodology and software enhancement
  - Support integration of gender lens in trade and SME policies, export strategies to account for collected needs and challenges
  - Establish gender focal points, women staff network, introducing “code of conduct” in the government institutions
  - Provide capacity building to customs and other government officials on gender responsive trade facilitation
  - Develop leadership and advocacy skills of women in government and private sector to strengthen their growth opportunities
  - Introduce gender sensitive infrastructure solutions at the border
  - Introduce trade portals, enquiry points, simplified trade regimes and other mechanisms for ease of trade access to trade information for small scale cross border traders
- **Enhance the involvement and capacity-building of small and medium-sized enterprises, women as well as youth and indigenous communities** in trade by providing targeted support, such as access to financing, training, and mentorship programs. While designing these solutions, particular needs of each country and region as well as their trade priorities shall be accounted for. Facilitating integration of these communities into global value chains is essential to contribute to inclusive growth and poverty reduction in landlocked developing countries.
  - **Implement trade facilitation reforms in coordinated and collaborative manner to ensure inclusivity at the regional level, accounting for interest of neighbouring countries and partners along trade corridors.** This would involve harmonization of trade procedures and regulations as well as mutual recognition agreements that allow countries to recognize and accept each other's standards, regulations, and conformity assessment procedures. Regular dialogues, consultations, and information sharing mechanisms should be put in place to foster cooperation and ensure effective implementation of these reforms. Investments in regional infrastructure development, such as transportation networks and logistics hubs also need to be coordinated. Establishing Regional Trade Facilitation Committees can greatly help in this endeavour as they serve as platforms for ongoing monitoring, evaluation, and refinement of trade facilitation measures, ensuring their sustained implementation and effectiveness.

## Conclusion:

The consultations emphasized the need for **streamlined customs procedures, improved infrastructure, digital connectivity, access to finance and inclusive reforms**. They have stressed the significance of capacity-building initiatives, knowledge-sharing platforms, and public-private partnerships to enhance trade competitiveness and market access. The voices of the businesses serve as a powerful reminder of the potential that lies within LLDCs and the importance of creating an enabling environment for their growth. The recommendations received over the event will inform The third United Nations Conference on Landlocked Developing Countries and contribute to inclusive and sustainable development in LLDCs, with the private sector playing a central role in its implementation.