

## Comments by Paras Kharel

Over half the 32 LLDCs are LDCs, and three are graduating. This has not been discussed. This is worth discussing, even if in brief, as there are challenges associated with graduation.

The report finds statistical evidence that *export growth is strongly and positively related to value added manufacturing growth*. PK: Statistical evidence here and elsewhere means statistical tests have been performed? What types? Not in the main text. Can put them in annex.

Premature de-industrialization taking place in Nepal. What about other countries? Can explore de-industrialization. What was the peak? VA and N. at what income level was it achieved? Has there been de-industrialization?

Analysis of LLDCs by dividing them into groups based on export type (eg., manufacturing, resource dependent, etc) would be useful.

SEZs a potentially powerful tool to address binding constraints to industrial and export growth. This may be acknowledged in the paper. Also cross border SEZs are of salience of LLDCs. Has Lao PDR developed SEZs? What has been its experience?

The report finds statistical evidence that *export growth is strongly and positively related to import growth*.

PK: For liberalization to be sustainable and receive buy in, there must be progress in export performance. Trade facilitation (TF) being equated in policy circles to import growth and trade deficit growth.

Further studies: Measures of time and cost of trading across borders tailored to LLDCs' circumstances needed. DB has been shelved. In any case, since 2015, methodological change in DB meant the cost and time associated with transit not automatically captured in export time and cost. Time to release studies, BPA studies, time-cost-distance studies, Corridor Performance Measurement and Monitoring studies useful. Benchmarking of trade costs in LLDCs, tracking them. Also for LLDCs that can serve as a transit/trade/economic corridor, studies on different aspects of the feasibility of such corridor. Compilation of existing evidence (e.g., LAO PDR). Studies on comparison of transit regimes across LLDCs – update them taking into account digitalization. What makes LAO PDR's transit regime click? Study to estimate logistics costs and components (e.g., in Nepal).

Yes, study on the variation across LLDCs is needed – performance and policies. Replicate studies on LDCs to LLDCs.

The paper says: Scholars have suggested that because LLDC transit costs are high, importing and processing raw or intermediate goods for subsequent re-export to global markets becomes a very costly endeavour. While this model has allowed many developing countries to achieve integration in global value chains (for example, among maritime countries in Southeast Asia), this does not present itself as a very feasible avenue in the case of LLDCs

**Commented [Ma1]:** This points to need to establish manufacturing-agri linkages.

The paper says: Given that global value chain participation is fueled by capability to undertake the manufacturing of intermediate and final products, data on the size and growth of LLDCs' value-added manufacturing sector can serve as a proxy indicator of participation.

**Commented [Ma2]:** Have you tried RIVA (an ESCAP initiative)? Available for some lldcs. Also look at composition of exports and imports: intermediate goods. Also ask Gladiyas what data she used on GVCs in her presentation.

In 2018, it was Nepal that exhibited the fastest increase in mobile phones per 100 inhabitants with an 8-year CAGR of 19% from 2010 to 2018. Its mobile access in 2018 was also high at 139 per 100 inhabitants.

**Commented [Ma3]:** High mobile phone penetration but increasing exports a different ball game.

For four LLDCs who are in negotiating accession to the WTO, the implications for policy space from WTO accession would be a policy relevant area of research.

In figure 1, average LLDC TF progress under TFA, Does freedom of transit (11) refer to lldcs or transit

countries? TFA implementation by transit countries should be monitored. Later, in case study, what about implementation of tfa by transit partners of Lao.

Export concentration is a problem for many LLDCs, but there is also heterogeneity: Nepal's basket fairly diversified, but challenge in scaling up.

Structural transformation section: A decomposition of labour productivity growth or per capita income growth into, inter alia, structural change and within growth components would be illuminating. Even if for countries for which data are available. Or in a follow-up studies. UNCTAD reports have done such decomposition for many countries; it is likely there are some LLDCs covered.

The paper says: (LAO) Strengthening governance structure at **sub-national level**. This is likewise aimed at incorporating trade facilitation accountability at the level of sectors and provinces.

Commented [Ma4]: Link to federalism in Nepal

The paper says: Developing manufacturing capacity even as the process of TFA implementation is in progress allows LLDCs to be in a strong position to progressively take advantage of the lowered international trade barriers in the post-TFA environment.

PK: Good point. This will also address the tendency among policymakers tending to associate TF with import growth.

How has LAO PDR established linkages between manu and resource sector? Relevant for others including Nepal. After all linkages are a key pillar of productive capacity (unctad).

The paper says: The country showcases success in harnessing RTA opportunities to boost export growth. Lao PDR has forged **RTAs covering trade in both goods and services**, and thus has the most diverse RTA coverage among LLDCs.

PK: Meaningful market access received under RTAs other than ASEAN (apart from enabling domestic reforms, which the paper notes)? Services meaningful? What about LDC-specific preferences? Graduation?

The paper says: Its RTAs have also served as mechanisms to enable the formation of trade clusters with its transit neighbors, particularly Thailand and China.

PK: interesting/relevant to Nepal. Lessons for Nepal. More details in future reports would be helpful. what percentage of RTAs that LLDCs are party to cover TF? Effectiveness? Mentions NTMs. How effective in dealing with NTMs (Lao's RTAs as well as others). How effective has ASEAN been in trade and transit facilitation for Lao. Lessons for South Asia? South Asia looks up to ASEAN as a far more successful regional integration project, after all. How exactly have RTAs helped TF for Lao? What are the special features of transit facility enjoyed by Lao?

The paper says: ..., the accountability for implementing various trade facilitation measures must be embedded in the **organizational structure** of relevant agencies at all levels across the country. (lao lessons)

PK: institutional mechanism key to implementation of a logistics policy in Nepal, drawing on weaknesses on this front in other policies.

The country has also demonstrated the gains from harnessing **synergies between its national trade facilitation strategy and its national export strategy**.

PK: If this done, then TF would not be just increasing imports.

Pls recheck and update Nepal's growth figures in **Table 15. Projected COVID-19 Impact**