



MINISTRY OF
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UN-OHRLS

Ministerial Meeting of the Landlocked Developing Countries on the theme “Enhancing equitable, affordable and inclusive transport connectivity as a driver for sustainable and resilient economies”

**14 - 15 December 2023
Yerevan, Armenia**

SESSION 4:

Transforming Global Trade and Connectivity through Digital Technologies

11:15 - 12:45

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Background

Isolated from the major world markets by a lack of territorial access to the sea, trade has continued to underperform for development in landlocked developing countries (LLDCs). Since 2004, trade has remained a core priority of both United Nations Programmes of Action for the LLDCs: the Almaty Programme of Action (2004-2014) and the Vienna Programme of Action (2014-2014). However, the LLDCs are yet to reap the potentials offered by international trade.

The LLDC share of world trade has in fact fallen slightly over the last decade, with the exports of the LLDCs accounting for 1.1% of world trade in 2022, down from 1.2% in 2013, despite representing 7% of the world's population.¹ Exports *per capita* in the LLDCs over this time fell too, from \$507 to \$492 per capita.² What is more, the composition of this trade is uncondusive to jobs creation, value addition and sustainable economic development, with 83% of the exports from the LLDCs remaining concentrated in primary commodities in 2023.³

The world economy of today differs substantially from that of 2014 when the Vienna Programme of Action was launched, or indeed that of the Almaty Programme of Action in 2004, potentially offering new solutions to common trade-related challenges. One of the greatest changes is the rapid adoption of digital technologies and growing policy interest in digitalization, accelerated by the Covid-19 pandemic. World trade in digitally tradable services, a measure of services that can be delivered remotely over computer networks, increased by 21% over the course of the pandemic, reaching \$3.9 trillion in 2022.⁴ From the LLDCs, exports of digitally

¹ Calculations based on UNCTADStat (2023)

² *Ibid*

³ *Ibid*

⁴ *Ibid*

deliverable services increased even more rapidly, by 67%, though from a relatively low base, to reach \$10.6 billion in 2022.⁵

Digital technologies are also changing how traditional trade is handled. Through the WTO Trade Facilitation Agreement, commitments were made to make customs information available through the Internet and provide for electronic customs payments, each of which have been implemented by 74% and 77% of the WTO membership, respectively, as of 2023.⁶ For LLDCs, implementation is lower however, at 53.8% for each of these measures, with capacity building support specifically requested for most of the remainder of these measures that have yet to be implemented.⁷ Significant trade cost reductions could be achieved by implementing digital trade facilitation measures both within and beyond the Trade Facilitation Agreement.⁸

Persisting challenges remain across the LLDCs. They are lacking the digital foundations necessary to seize digital opportunities for trade. Internet penetration, a broad but rough measure of digital uptake by the percentage of individuals using the Internet, reached just 36% in LLDCs in 2022, just over half the world average of 66%.⁹ It remains especially low in rural areas in LLDCs, where only 26% of the population was using the Internet, and among women, just 32% were using the Internet, in 2022.¹⁰ Even when online, digital skills often remain insufficient to meaningfully transform digital technologies into opportunities for value addition, job creation and livelihood scale up.

Solutions must be chartered at all levels. At the national level, LLDCs, with the support of their development partners, need to build and strengthen digital eco-systems. Digital means of conducting and facilitating trade can

⁵ *Ibid*

⁶ WTO-Trade Facilitation Agreement Database. 2023. Implementation progress by measures, available: https://www.tfadatabase.org/en/implementation/progress-by-measure?charttype=all_measures&grouping=5

⁷ *Ibid*

⁸ UNCTAD. 2023. Digital and sustainable trade facilitation : Global report, available: <https://unctad.org/meeting/launch-digital-and-sustainable-trade-facilitation-global-report-2023-state-play-and-way>

⁹ ITU. 2023. Available: <https://www.itu.int/itu-d/reports/statistics/2022/11/24/ff22-internet-use/>

¹⁰ *Ibid*

be mainstreamed into national development policies and trade strategies. Necessary digital infrastructure through ICT and renewable energy connectivity should be strengthened. Financial inclusion through fintech is vitally important to ensure access to finance for trade. And, necessary regulatory regimens need to be in place for data protection and cybersecurity.

Regional trade agreements are increasingly an avenue to go beyond commitments at the multilateral level. It is important to craft creative partnerships on digital rights, data accountability, and deeper forms of digital trade facilitation. At the multilateral level, discussions continue within the WTO Work Programme on E-commerce and a proposed United Nations Global Digital Compact seeks “to mitigate the risks of digital technologies, and identify ways to harness their benefits for the good of humanity”, in the words of António Guterres, Secretary-General of the United Nations.¹¹

Digitalization offers a chance to transform global trade in a way that is especially appealing for LLDCs, presenting the possibility of circumventing traditional barriers to trade transit that have so severely undermined their trade for decades. A pinch of realism is in order, however. Digitalization won't transform trade overnight. Concerted efforts must be made to reinforce the foundations of connectivity and digitalization in the LLDCs at the national, regional and multilateral levels to make digitalized trade a reality for development.

Key Questions

- What are the main bottlenecks and opportunities to transforming global trade and connectivity through digital technologies in the LLDCs?
- How should policies and strategies be designed at the national level in the LLDCs, drawing from case studies and examples, to develop effective foundations for digitalization and to seize the opportunities of digital trade?

¹¹ António Guterres, Secretary-General, United Nations, address to the General Assembly, available: <https://www.un.org/sg/en/content/sg/speeches/2023-09-19/secretary-generals-address-the-general-assembly>

- How can policies and measures at the regional and multilateral levels unlock digital trade, where is this being successfully achieved, and what is needed from partners to support the LLDCs in this regard?