Progress in the implementation of the VPoA

PRIORITY AREA 1: FUNDAMENTAL TRANSIT POLICY ISSUES.

Despite significant progress made in improving transport operational connectivity in the Asia-Pacific region, transport connectivity remains uneven across the region, with a widening gap between high-performing countries and those that are lagging behind, which are often landlocked developing countries. There a numerous effort to facilitate access of LLDCs to international maritime connectivity with various multilateral agreements finalized including: (a) the intergovernmental agreement on international road transport along the Asian Highway Network among China, Russian Federation and Mongolia; (b) Bangladesh, Bhutan, India and Nepal Motor Vehicle's Agreement; and (c) Trilateral transit agreement among Afghanistan, India and Islamic Republic of Iran. Another example is Uzbekistan attempting to join the Quadrilateral Traffic in Transit Agreement (QTTA)[1] to facilitate the passage of goods to Karachi and Gwadar ports.

An unprecedented scale of disruptions to operational connectivity of both passenger and freight transport was seen in 2020 because of the coronavirus disease (COVID-19) pandemic. With the aim of supporting member States in ensuring continuous transport operational connectivity, ESCAP developed a framework to support the socioeconomic response of Asia and the Pacific to the COVID-19 pandemic which identifies three priority areas of policy actions, including restoring supply chains through enhancing trade and transport connectivity. A policy brief was prepared focusing on connectivity during COVID-19 pandemic for Asia and the Pacific, including LLDCs.[2] ESCAP is also co-leading the implementation of the UNDA rapid response project on transport and trade connectivity in the age of pandemics, which promotes contactless, seamless, and collaborative solutions in the policy responses to the pandemic.

ESCAP continued its support to seven LLDCs which are members of the United Nations Special Programme for the Economies of Central Asia (SPECA)[3], namely through the Thematic Working Group on Sustainable Transport, Transit and Connectivity. Notably, ESCAP contributed to the preparation of the Ashgabat initiative, which was approved by the SPECA's Governing Council at its fourteenth session[4]. The initiative aims at reducing barriers to transport and enhance the connectivity of SPECA countries with global markets. A regional dialogue[5] was organized to facilitate an inclusive discussion aimed to coordinate the actions and plans to enhance connectivity in the SPECA region and beyond at times of the COVID-19 pandemic. It resulted in the recommendations on follow-up actions related to improving transport connectivity in the SPECA region

As provided in the Vienna Programme of Action (VPoA) paragraph 22(d), 26(b) and 27(a) ESCAP has developed transport facilitation tools and models[6] which facilitate cross-border transport operations, including through the use of new technologies.

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1 The QTTA is an agreement between Pakistan, China, Kyrgyzstan and Kazakhstan.

[2] https://www.unttc.org/sites/unttc/files/2020-11/ESCAP%20POLICY%20BRIEF_TD-24april.pdf

[3] Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan

[4] https://unece.org/speca/events/fourteenth-session-speca-governing-council

[5] https://www.unttc.org/activities/regional-dialogue-strengthening-transport-connectivity-speca-region-and-beyond-era-covid

[6] https://www.unescap.org/resources/transport-facilitation-tools

Furthermore, ESCAP, jointly with the Islamic Development Bank and the Economic Cooperation Organization, supports Kazakhstan and Turkmenistan in connecting to the seaports of the Islamic Republic of Iran through a project on the commercialization of the railway corridor and development of corridor coordination mechanism.

ESCAP supports LLDCs to remove major gaps in the harmonization of regional standards for international road transport, i.e. weights, dimensions and emissions of road vehicles used in international traffic. The differences in these standards create additional transport costs and the project assessment shows scope for the further harmonization of standards concerning freight vehicle dimensions, weights and emissions. The further liberalization of the traffic rights remains a priority A major step was taken when the parties to the Intergovernmental Agreement on International Road Transport along the Asian Highway Network (China, Mongolia and the Russian Federation) launched its implementation immediately after the first meeting of the Joint Committee. Another relevant development was the organization of the first meeting of the Joint Committee established under the Agreement of the Shanghai Cooperation Organization Member States on the Facilitation of International Road Transport with ESCAP's technical assistance.

PRIORITY AREA 3: INTERNATIONAL TRADE AND TRADE FACILITATION

The biggest challenge that Asian LLDCs face relates to high trade and transaction costs. Ratifying the Framework Agreement on Facilitation of Cross-border Paperless Trade, implementing measures identified in the UN Global Survey on Trade Facilitation and Paperless Trade Implementation and negotiating effective PTAs would help these economies enhance their market access and join regional and global supply chains. Simplification and standardization of rules and regulations, especially those behind-the-borders, would increase the competitiveness of LLDCs' exports and reduce the cost of imports. In addition, ensuring an enabling climate for doing business, facilitating foreign direct investment and increasing the productive capacity of domestic enterprises will remain critical for advancing their economies through moving into higher value-added sectors.

Trade Facilitation
Eight of the 12 Asian LLDCs are WTO members and 4 are observers (country wise status is given in Annex I). The region's implementation of trade facilitation and paperless trade measures vary widely across LLDCs in 2019.[7] Implementation of the trade facilitation measures specified in the WTO TFA are relatively high, at 55%-75%. In contrast, implementation of paperless trade – particularly cross-border paperless trade – remains limited. As of 2019, Azerbaijan maintained its position as the top performer in trade facilitation across Asian LLDCs. It remains the only LLDC that has ratified the Framework Agreement on Facilitation of Cross Border Paperless Trade in Asia and the Pacific, which entered into force in February 2021.

PRIORITY AREA 4: REGIONAL INTEGRATION AND COOPERATION

Many LLDCs are now actively engaged in preferential trade agreements (PTAs). In 2019, the average share of LLDCs' PTA exports and imports were above the Asia-Pacific regional average, illustrating a higher trade dependence on PTAs. Asian LLDCs' average share of exports and imports to PTA partners during this period were 57.1% and 56.9% of their total exports and imports, respectively. Equivalent PTA trade shares

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[7] For more information, see ESCAP Trade Facilitation and Paperless Trade Implementation in Asia and the Pacific - Regional Report 2019. Available fromhttps://www.unescap.org/resources/digital-and-sustainable-trade-facilitation-global-report-2019.

for the Asia-Pacific region were 47.9% and 52.4%. However, the extent to which these LLDCs in the Asia-Pacific region trade with their PTA partners varies considerably.

The trend in PTA coverage of imports follows that of exports, particularly for countries on the higher end. However, more interestingly, the LLDCs with the lowest PTA export shares, i.e. Azerbaijan, Kazakhstan and Turkmenistan, have PTA import shares over twice as large (40%-50%). This is indicative of a much greater regional orientation for their imports – as their PTA partners are from within Asia-Pacific – relative to their exports.

SECTION IV: FOLLOW-UP AND REVIEW INCLUDING ACTIVITIES OF THE UNITED NATIONS SYSTEM AND OTHER INTERNATIONAL ORGANIZATIONS RELATING TO IMPLEMENTATION OF THE PRIORITIES OF THE VPOA

Overall, ESCAP has follow multiple approaches to provide technical assistance, advisory services, and regional dialogue platforms for Asian LLDCs. Overall, there were 250 participants from Asian LLDCs participating in capacity building workshops, trainings, and meetings on trade and trade facilitations organized virtually and physically by ESCAP in 2019 and 2020.

International trade (a):
ESCAP has assisted the Government of Mongolia in successfully acceding to the Asia Pacific Trade Agreement (APTA) in September 2020 and also supported raising awareness of the Agreement and promoting its utilization by organizing a workshop with Mongolian Ministry of Foreign Affairs (https://www.unescap.org/events/apta-workshop-mongolia).

In addition, ESCAP has been supporting Asian LLDCs in evidence-based policymaking and trade negotiations. These include providing policy advisory and tools such as for making evidence-based trade and investment policies, including the Trade Intelligence and Negotiation Advisors (TINA, available at https://tina.trade) and the Regional Integration and Value Chain Analyzer (RIVA, available at https://riva.negotiatetrade.org). In 2019, as part of work on non-tariff measures (NTMs) in North and Central Asia subregion, ESCAP, in collaboration with UNCTAD, carried out collection of NTM data in Armenia[8], Azerbaijan[9] and Tajikistan.[10] In addition, workshops were held in Armenia[11] and Azerbaijan[12] in 2019 on non-tariff measures to disseminate findings among relevant government agencies, as well as share lessons learnt with representatives from other NCA member States.

Trade facilitation (b):
ESCAP has assisted several ESCAP member LLDCs in joining the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, a UN treaty for accelerating the implementation of digital trade facilitation measures for trade and development region which has entered into force in since 20 February 2021.

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[8] https://www.unescap.org/resources/non-tariff-measures-armenia-and-their-linkages-sustainable-development-goals-2019.

[9] https://www.unescap.org/resources/non-tariff-measures-tajikistan-and-their-linkages-sustainable-development-goals-2019

[10] https://www.unescap.org/resources/non-tariff-measures-azerbaijan-and-their-linkages-sustainable-development-goals-2019

[11] https://www.unescap.org/events/subregional-workshop-non-tariff-measures-armenia-and-north-and-central-asia

[12] https://www.unescap.org/events/subregional-workshop-non-tariff-measures-azerbaijan-and-north-and-central-asia

SECTION V: RECOMMENDATION

Asian LLDCS are recommended to accede to the Framework Agreement at the earliest to improve their connectivity in the region and beyond, and development partners are requested to extend their support to LLDCs in their accession to the Framework Agreement and implementation of cross-border paperless trade. To assist Asian LLDCs in their accession, ESCAP has establised the online guide for self-assessments of legal and technical readiness on cross-border paperless trade (available at https://readiness.digitalizetrade.org/).

Annex - I
Ratification of the WTO agreement of trade facilitation

ESCAP member State/Associate member	WTO membership status	Date of Ratification
Afghanistan	Member	29 July 2016
Armenia	Member	20 March 2017
Azerbaijan	Observer	Not applicable
Bhutan	Observer	Not applicable
Kazakhstan	Member	26 May 2016
Kyrgyzstan	Member	6 December 2016
Lao People's Democratic Republic	Member	29 September 2015
Mongolia	Member	28 November 2016
Nepal	Member	24 January 2017
Tajikistan	Member	2 July 2019
Turkmenistan	Observer	Not applicable
Uzbekistan	Observer	Not applicable

Source: WTO website. Accessed in March 2021. Available at: http://www.tfafacility.org/ratifications.

Annex - II

Participation of LLDCs in preferential trade agreements and trade coverage under PTAs

Country Name	Number of FTAs
Afghanistan	3 (ECOTA, SAFTA, India)
Armenia	11 (EAEU-Serbia, EAEU- Singapore, Tajikistan, Moldova, Turkmenistan, Ukraine, Georgia, EAEU, EAEU-Viet Nam, EU, EAEU-Iran
Azerbaijan	10(Belarus, Georgia, Kazakhstan, Moldova, Russian Federation, Turkmenistan, Ukraine, Uzbekistan, ECOTA, GUAM)
Bhutan	2 (India, SAFTA)
Kazakhstan	13 (EAEU- Serbia, EAEU-Singapore, Moldova, Uzbekistan, Tajikistan, Ukraine, Azerbaijan, Georgia, ECOTA, Serbia, EAEU, EAEU- Viet Nam, EAEU- Iran)
Kyrgyzstan	10 (EAEU- Serbia, EAEU-Singapore, Moldova, Ukraine, Uzbekistan, Tajikistan, ECOTA, EAEU, EAEU-Viet Nam, EAEU-Iran)
Lao People's Democratic Republic	9 (ASEAN-AU-NZ, ASEAN-China, ASEAN-Hongkong, China, ASEAN-India, ASEAN-Japan, ASEAN- Korea, APTA, Thailand, ASEAN)
Mongolia	2(Japan, APTA)
Nepal	2 (SAFTA, India)
Tajikistan	7 (Armenia, ECOTA, Kazakhstan, Kyrgyzstan, Belarus, Ukraine, Uzbekistan)
Turkmenistan	8(Armenia, Azerbaijan, ECOTA, Georgia, Russian Federation Ukraine, Belarus, Moldova)
Uzbekistan	10 (Azerbaijan, ECOTA, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Ukraine, Belarus)

Source: Compiled from Asia-Pacific Trade and Investment Agreements Database (APTIAD), accessed in January 2021.