World Trade Organization

WTO INPUT FOR THE UN-SG REPORT ON VPOA 2022

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1 INTRODUCTION

In 2021, the appearance of new variants of the COVID-19 plunged most countries into strict social distancing measures once more, hindering the initial stages of recovery hinted at in late 2020. With the development of vaccines, herd immunity was seen as an international priority which would reopen borders and restart global traffic and trade. Challenges already faced by the Landlocked Developing Countries (LLDCs) were exacerbated due to insufficient access to vaccine doses, lack of harmonization and digitalization of vaccines certificates and lack of international recognition for vaccines used in LLDCs.

Until the 2020 COVID-19 pandemic halted and even reversed progress in all six priority areas of the Vienna Program of Action (2014-2024) for LLDCs, there has been much progress in the implementation of the VPoA. Of the six priority areas of the Vienna Program of Action (2014-2024) for LLDCs, the WTO has a clear and important role to play regarding the Priority 3 covering international trade and trade facilitation.

The continuous and full implementation of the WTO's Trade Facilitation Agreement (TFA) is central to ensuring LLDCs can fully participate in the multilateral trading system. As of March 2022, WTO's Trade Facilitation Agreement (TFA) implementation commitments rate in LLDCs accounts to 56.2%, up from 50.7% in 2021. 12.5% of implementation commitments have been notified to take place after a transition period from 2022 onwards, while 34% of implementation commitments are notified to take place after a transition period from 2022 onwards, upon receipt of necessary TACB support. LLDCs depend on transit countries for most of their merchandise exports to reach their intended market, it is therefore very important to monitor the progress of implementation.

A report published by the secretariat of the WTO in late 2021 titled "*Easing trade bottlenecks in the LLDCs*" unveils the cost of trade and the non-tariffs measures, as the main obstacles to trade for LLDCs. The reports also advanced recommendations on how to ease those trade bottlenecks in order to better integrate LLDCs into the multilateral trading system. Building on that report, this report will explore current trends in trade in LLDCs given the COVID-19 pandemic and the ongoing Ukraine-Russia conflict, the state of implementation of the VPoA Priority 3 on international trade and trade facilitation, the implementation of the WTO's Trade Facilitation Agreement (TFA), and lastly Aid for Trade initiatives in the wake of the pandemic.

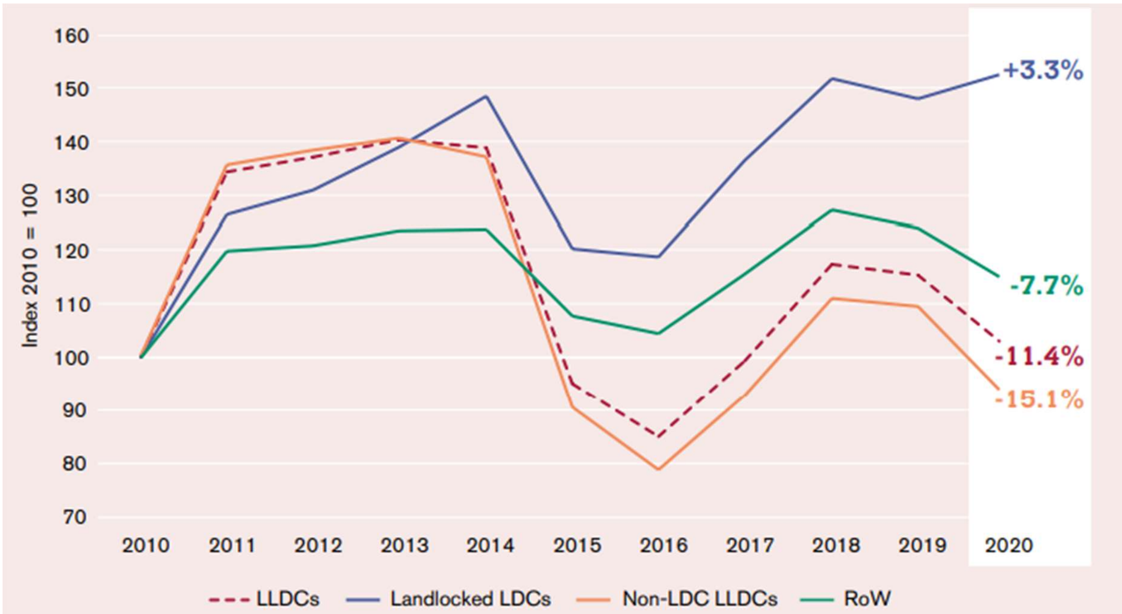
2 TRADE IN LANDLOCKED DEVELOPING COUNTRIES

2.1 Trends in LLDCs trade

In 2020, LLDC merchandise exports declined by 11.4 % year-on-year (Figure 1), from USD 190 billion in 2019 to USD 168 billion in 2020, compared with a fall of 7.7 % for the rest of the world. The economies of LLDCs that are not least developed suffered an annual decrease of 15.1 %, compared to rise of 3.3 % for LDCs. Several least developed LLDCs profited especially from increases in exports of precious metals and gold, the 2020 rise of gold prices and the stable demand for agricultural products.

The levels of export values of 2020 were nevertheless above the respective levels of 2010 for all the groups shown, with exception of the non-LDC LLDCs. Exports of LDC LLDCs were even more than 50 % above their 2010 level. Exports of the non-LDC LLDCs were 7 % below the 2010 level. The share of the LLDCs in world exports fell from 1.10 % in 2010 to 1.03 % in 2019 and to 0.99 % in 2020.

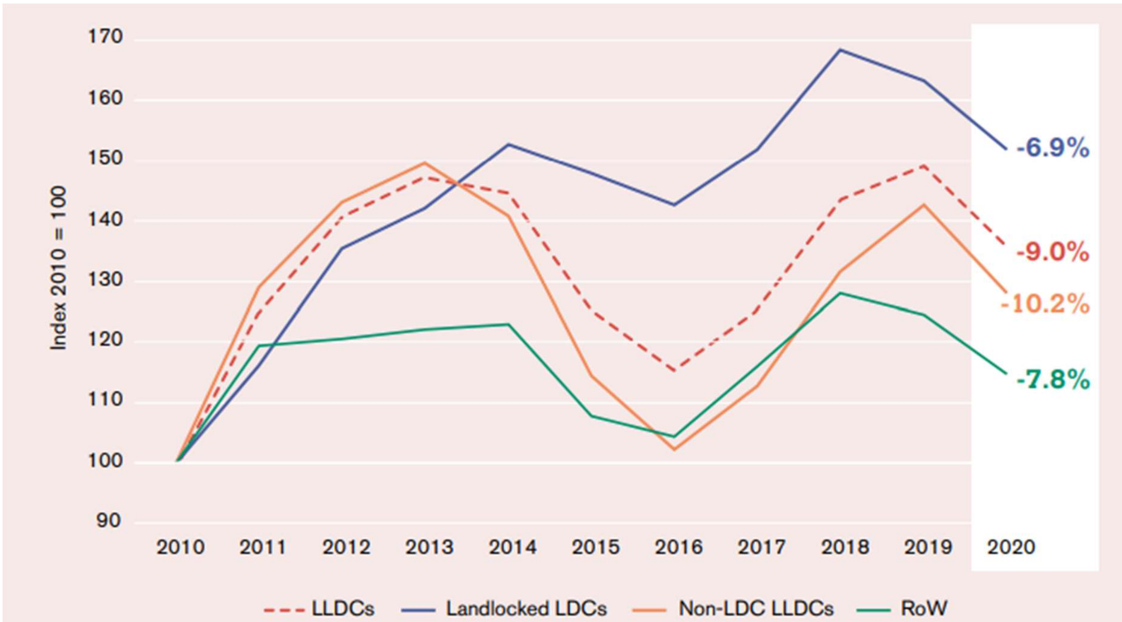
Figure 1: Merchandise exports of the LLDCs and the rest of the world (RoW), 2010-2020 (Index of USD values, 2010 = 100)



Source: WTO Secretariat

Merchandise imports of the LLDCs decreased by 9.0 % in 2020 (Figure 2), from USD 227 billion in 2019 to USD 206 billion in 2020, compared with a fall of only 7.8 % for the rest of the world. Non-LDC imports dropped more than LDC imports (-10.2 % versus -6.9 %). The 2020 import values of all groups were above their respective 2010 levels, ranging from 15 % above for the world to 52 % above for landlocked LDCs. The share of LLDC world imports increased from 1.01 % in 2010 to 1.20 % in 2019 and to 1.19 % in 2020.

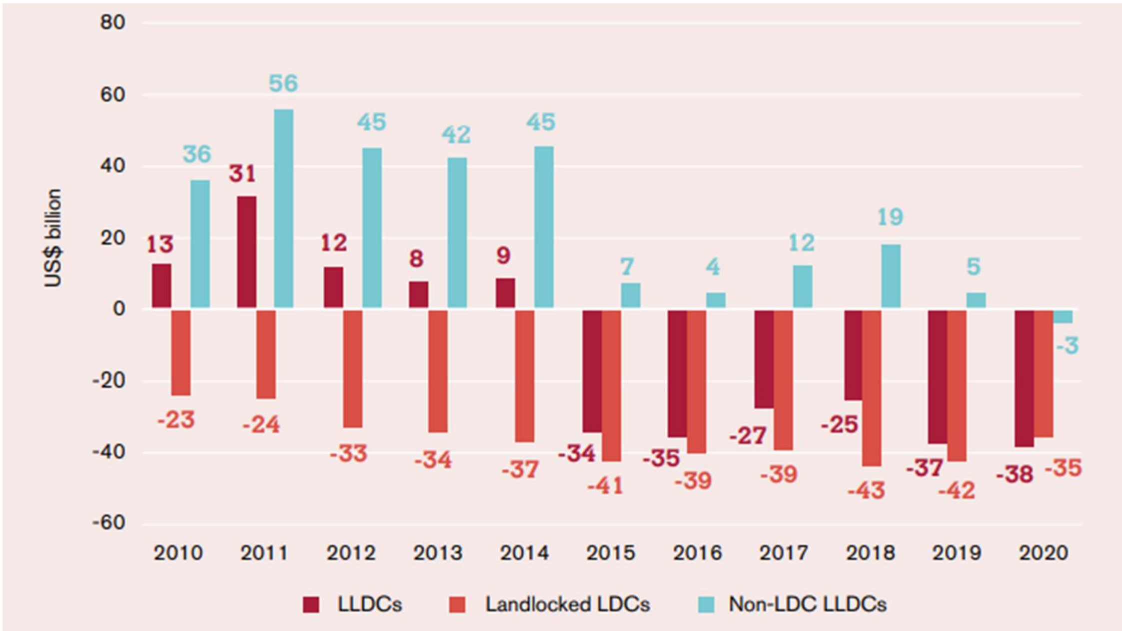
Figures 2: Merchandise imports of LLDCs and the rest of the world (RoW), 2010-2020 (Index of USD values, 2010 = 100)



Source: WTO Secretariat

The overall merchandise trade balance of LLDCs since 2010 started to become negative as of 2015 (Figure 3), when the trade surplus of the non-LDC LLDCs fell from USD 45 billion in 2014 to only USD 7 billion, and thus could no longer compensate for the traditionally negative trade balance of the LDC LLDCs. This drop in 2015 was mostly due to the distinctly fallen oil prices in 2015 and the respective effects on the oil exporting non-LDC LLDCs such as Azerbaijan, Kazakhstan and Uzbekistan. While back in 2010, the LLDCs still reported an overall trade surplus of USD 13 billion, it had turned into a trade deficit of USD 38 billion by 2020.

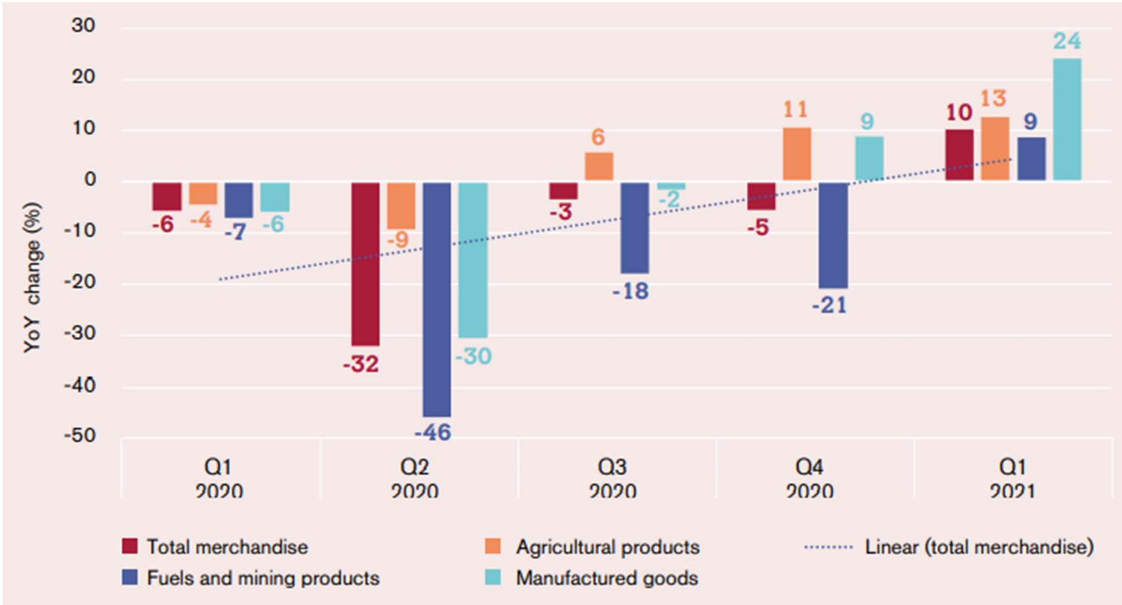
Figure 3: Merchandise trade balance of LLDCs, 2010-2020 (In USD billion)



Source: WTO Secretariat

In the short-term view, estimates indicate a clear recovery of LLDC merchandise exports in the first quarter of 2021 (Figure 4), reaching a year-on-year percentage change of 10 % for total merchandise exports. Exports of manufactured goods had already showed initial recovery during the fourth quarter of 2020 (+9 %), rising to 24 % in the first quarter of 2021. During the peak of the COVID-19 pandemic in the second quarter of 2020, total merchandise exports dropped by 32 % year-on-year, with exports of fuels and mining products affected the most (-46 %). Agricultural exports of LLDCs proved to be the most resilient product group, falling by only 9 % in the second quarter of 2020 and already increasing as early as the third quarter of 2020.

Figure 4: Merchandise LLDC exports, 2020Q1 (Year-on-year change, in %)



Source: WTO estimates based on reported import data of 98 economies in Trade Data Monitor.

2.2 LLDCs' trade cost

According to WTO estimates for 2017, trade costs LLDCs face on manufactures are on average the equivalent of a 540% tariff and are about 1.4 times higher than the trade costs for coastal developing countries (on average equivalent to a 386% tariff). As shown in Figure 5, trade costs are on average higher for LLDCs than for landlocked countries and lowest for coastal countries. Which factors are driving total trade cost differences across countries? Based on a subsample of high income landlocked economies, the WTO estimates that trade policy barriers are a major factor in explaining differences in trade costs for landlocked countries (whether or not they trade with another landlocked economy).

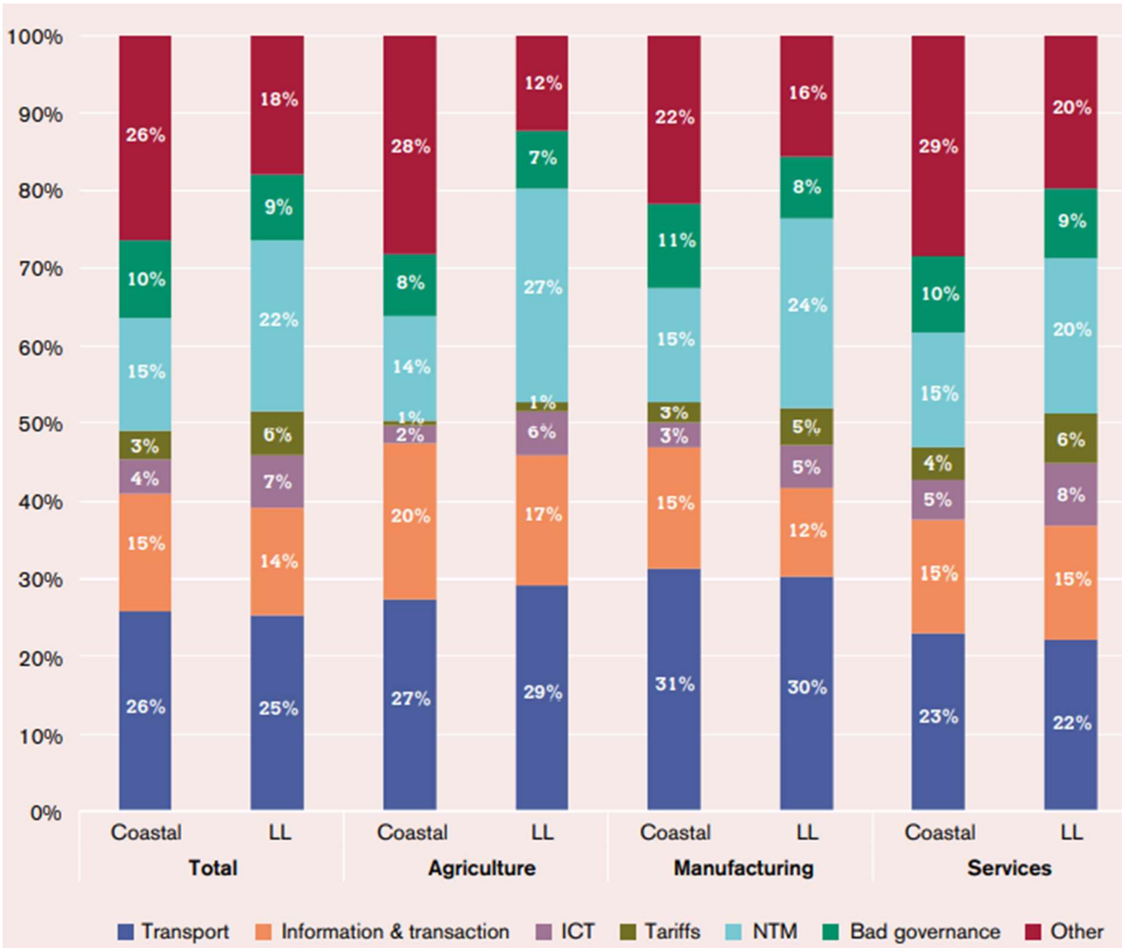
Figure 5: Trade cost by sector in Landlocked[1], Landlocked LDCs, Non-LDC LLDCs and Coastal neighbouring countries

Source: WTO calculations based on data from the Global Trade Analysis Project for 122 economies.

Non-tariff measures (NTMs) appear the most important driver of trade costs differences. NTMs alone account for around one quarter of differences in trade costs for landlocked economies and 15% for coastal. The importance of NTMs for landlocked economies is particularly high in agriculture, accounting for 27% of trade cost difference. This speaks to the importance of addressing sanitary and phytosanitary (SPS) concerns as a source of trade costs. As shown in Figure 6, trade policy accounts for approximately as much as transport and travel costs.

[1] Landlocked indicates that at least one trade partner is a landlocked economy

Figure 6: Factors explaining differences in trade costs[2], coastal versus landlocked (Shapley decomposition of trade costs by main source of trade costs)



Source: WTO Secretariat

2.3 Trade bottlenecks in LLDCs

Due to the COVID-19 pandemic, significant shocks in supply and demand caused trade bottlenecks to the container supply chain, which resulted into a shortage of empty containers in LLDCs. With LLDCS relying solely on neighbouring countries' port as entry point to global markets, these bottlenecks represent a major disruption of the supply chain in LLDCs. For instance, nearly 5000 Mongolian shipping containers have been delayed at some ports in China, disrupting not only China-Mongolia trade, but trade between Mongolia and third countries, between April and September 2021.

These congestions have further impaired the fragile container supply in LLDCs, as shipping lines and container owners typically do not allow containers to travel to the destination because of the risk of either delay in the return or total loss of the container. As a result, LLDC cargo is often unloaded

[2] Bilateral directional trade costs at the sector level in 2016 are decomposed into six categories (plus a residual category, Other). See Rubinova and Sebti (2021) for further details on variables and respective sources. Transport: distance, common border, distance weighted exporter/importer infrastructure. Information & transaction: common language, colonial relationship, common religion, previously same country, common legal origin, migrants from exporter to importer and vice versa. ICT: mobile and broadband coverage. Tariffs: tariffs imposed by the importer. NTM: regional trade agreement, European Union, common currency, (average) Services Trade Restrictiveness Index heterogeneity, (average) SPS (only in the agriculture industry), (average) TBT. Bad governance: distance weighted corruption of exporter/importer and difference in corruption

and reloaded in ports or along borders, leading to delays, increased costs and a risk of deterioration of the goods. The high freight rates undoubtedly affect the import price of goods, forcing many shippers, particularly those with relatively low-value goods or limited financial reserves, to retreat from overseas markets. MSMEs have been very much affected which particularly affects LLDCs, where they prevail. LLDCs are already paying more for shipping owing to small markets, trade imbalances, poor port performance in transit countries and longer distances to foreign markets. They now encounter higher international transport costs.

2.4 Impact of the Ukraine-Russia conflict on transport

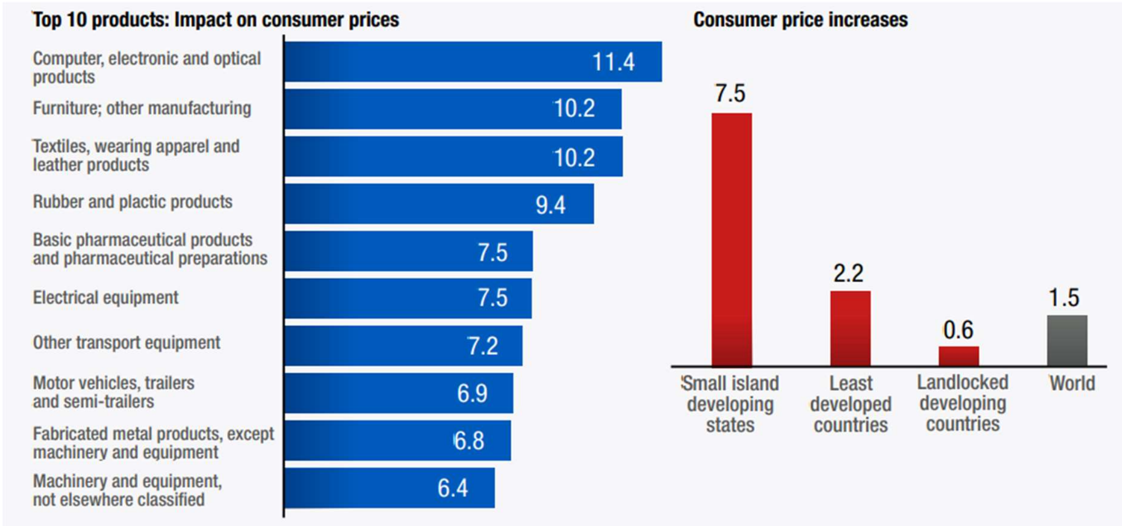
Volume of cargo shipped by rail west from China to Europe amounted to 1.5 million ocean containers in 2021. When aggregated with the volumes currently already going by container rail to the Asia–Europe ocean freight demand, it translates into a 5 to 8% surge along an already congested trade route. In 2022, the container shipping carrying capacity is being further constrained due to higher fuel costs caused by the ongoing Ukraine-Russia conflict and rerouting efforts. As such, the war in Ukraine is expected to lead to even higher freight rates and a potential shift from land to maritime transport between Asia and Europe. Using a global economic simulation model in its report assessing the impact of conflict in Ukraine titled "*The crisis in Ukraine: Implications of the war for global trade and development*", released in April 2022, the WTO Secretariat forecasted that the disruption to transport will cause a 25% increase in iceberg trade costs.

In regional oil trade, the disruption has already been felt across smaller freighters, which are key in the maritime route linking Europe and Asia, namely in the Black Sea and Baltic Sea. For instance, these Black Sea oil tankers' earnings soared from $10,000 per day on 18 February 2022, to over $170,000 per day on 25 February 2022, a 400% surge of freight costs[3].

These increases in freight rates can have significant impacts on the LLDCs due to their remoteness from international markets. UNCTAD's simulation of an increased container freight rate during the pandemic showed a 1.5% surge of global consumer prices, with a more pronounced effects in vulnerable economies, especially in Small Island Developing States and LDCs (Figure 7). According to that simulation, in LLDCs, the consumer prices increase amounts 0.6% and mainly affect manufactured goods with longer supply chain such as computer, electronics, furniture's, textiles and apparel, as well as pharmaceutical products. We note that according to the 2021 report of the WTO Secretariat on LLDCs, the most imported product in 2020 by LLDCs are: medicaments (2.7% of total imports), phone (2% of total import) and petroleum (1.9%).

[3] Clarksons Research Services, 2022, Russia[n Federation]–Ukraine: Shipping context update no. 2, Clarksons Research, 3 March.

Figure 7: Simulation[4] of the impact of higher rate on consumer price (percentage)



Source: Review of Maritime Transport 2021

3 IMPLEMENTATION OF THE VIENNA PROGRAMME OF ACTION

3.1 Trade Facilitation

Along with structural challenges, LLDCs face high transport costs, low physical and digital connectivity, lack of export diversification and depend on transit through neighbouring countries for international trade. The Vienna Programme of Action identified transport, cross-border transit and trade facilitation as pressing issues for LLDCs to be better integrated into global trade. Having identified some of the trade bottlenecks that LLDCs are experiencing, it underlines the particular significance of the WTO's Trade Facilitation Agreement in addressing the high trade costs of LLDCs and landlocked LDCs. Before its entry into force, full implementation of the TFA was estimated to reduce LLDC trade costs by an average of 15.4 %.

Entering into force on 22 February 2017, the TFA contains several provisions for accelerating the movement, release and clearance of goods, including goods in transit, and easing trade bottlenecks at borders. It sets out measures for effective cooperation between customs and other appropriate agencies and authorities on trade facilitation and customs compliance issues.

In the context of the COVID-19 pandemic, the TFA plays a major role in ensuring security, stability and continuity of global supply chains, including facilitating and expediting the global supply of emergency relief goods and vaccines. Its role in easing trade bottlenecks will supporting business recovery and resilience across different goods sectors. TFA provisions help LLDCs to withstand and recover from the severe impact of the COVID-19 pandemic and to continue to engage in the global supply chain. The significant challenges and bottlenecks to trade LLDCs continue to face can be reduced by fully implementing the TFA.

As of 25 March 2022, 154 out of the 164 WTO Members have domestically ratified a Protocol of Amendment and notified the WTO of their acceptance of this Protocol, representing 94% of the Membership with one additional member since the WTO last reported on that issue[5]. All 26 LLDCs

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[4] The simulation does not reflect consequences of the war in Ukraine. It can only illustrate the prices, by product group and country group, more strongly impacted in general by an increase in maritime freight rates.

[5] With Liberia having ratified the TFA in April 2021, Democratic Republic of Congo, Guinea-Bissau, Haiti, Mauritania, Solomon Islands, Suriname, Tongo, Venezuela (Bolivarian Republic of), and Yemen are to ratify the TFA.

who are WTO members have completed their domestic ratification process. Lastly, 29 out of 30 transit developing countries have ratified the TFA. The latest was Tanzania on 8 April 2020. The Democratic Republic of Congo is the only transit country yet to ratify the TFA.

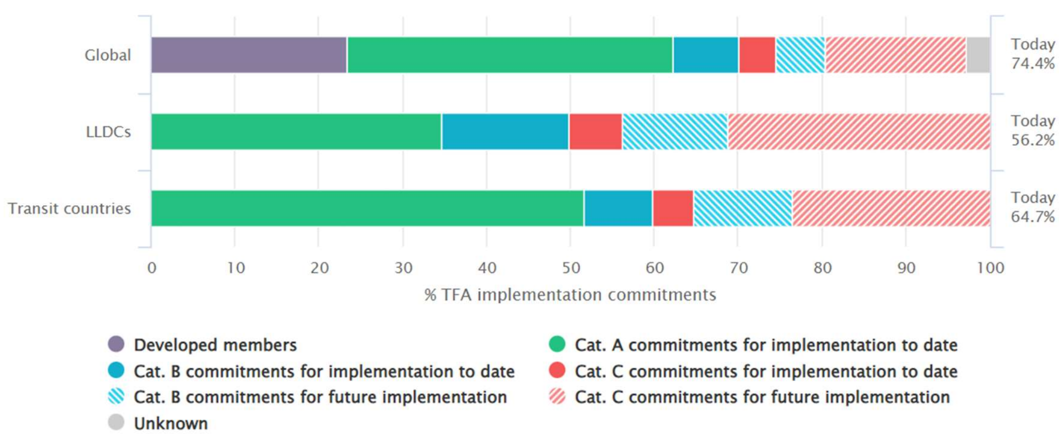
As of 25 March 2022, the TFA rate of implantation commitments by all WTO Members topped 74.4%, up from 70.1% in 2021.[6] Amongst all Members, 5.9% of total commitments have been flagged for future implementation (category B future implementation). Members have also signalled that 16.9% of commitments shall be implemented with additional time and upon receipt of capacity building support (category C future implementation with capacity building). The figures thus leave only 2.7% of commitments that are yet to be designated, meaning that they have not been notified under any category. It is important to note that implementation obligations only commence once the Member has completed the ratification process.

The rate of implementation by developing member is 75.8% and 43.3% for LDC Members. Amongst LDC Members, 13.9% of total commitments have been flagged for future implementation (category B future implementation). They have also signalled that 34.3% of commitments shall be implemented with additional time and upon receipt of capacity building support (category C future implementation with capacity building). The figures thus leave only 8.6% of commitments that are yet to be designated, meaning that they have not been notified under any category.

For LLDCs, the implementation commitment rate is 56.2% (Figure 8), up from 50.7% in 2021. 12.5% of those commitments have been designated to be implemented with additional time (category B future implementation), and an additional 31.3% of the commitments have been flagged by LLDCs as needing technical assistance support for implementation (category C future implementation).

Lastly, when it comes to transit countries, it is estimated that they have already implemented 64.7% of all notifiable commitments, up from 60.5% in 2021. 11.7% will be implemented at a later date and technical assistance has been requested in order to implement an additional 23.6% of the commitments.

Figure 8: Progress on implementation commitments of the Trade Facilitation Agreement (March 2022)

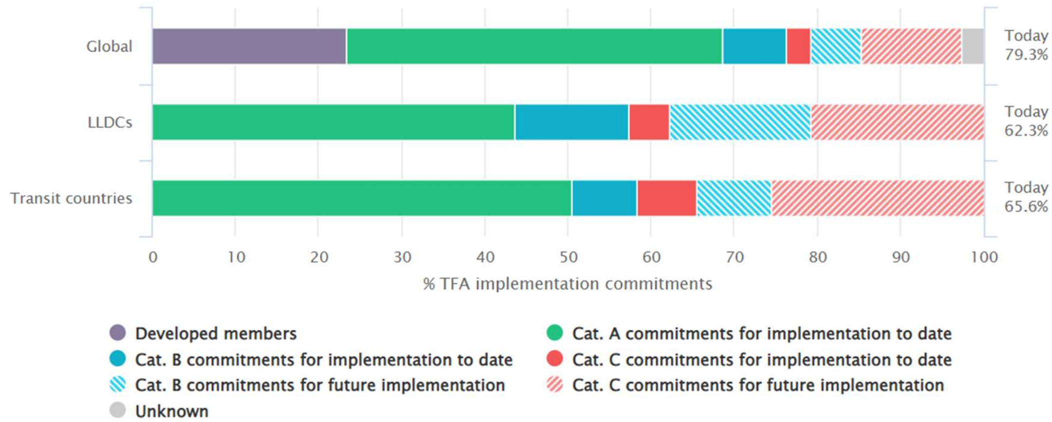


[6] The current and future rate of implementation figures are based on implementation commitments by Developed Members who have committed to implement the Agreement upon entry into force, that is by 22/02/2017, and Developing Members have committed to implement their category A designations by 22/02/2017 and LDCs by 22/02/2018. Categories B and C commitments of both developing and LDCs are taken into account when definitive dates have been notified, otherwise they are counted as implementation commitment date "unknown".

Source: Trade Facilitation Agreement Database, www.tfadatabase.org

A closer picture on the key provisions of the TFA for LLDCs, namely the Article 11 on Transit, shows that LLDCs have implemented 62.3% of the commitments (Figure 9), up from 58.4% in 2021. 17% of Article 11 obligations will be implemented after a transition period and another 20.7% will be implemented after acquisition of further capacity through technical assistance. In the case of the transit developing countries these figures are 65.6%, 8.9% and 25.6%, respectively.

Figure 9: Progress on implementation commitments for the Article 11 by LLDCs, transit and developing countries (March 2022)

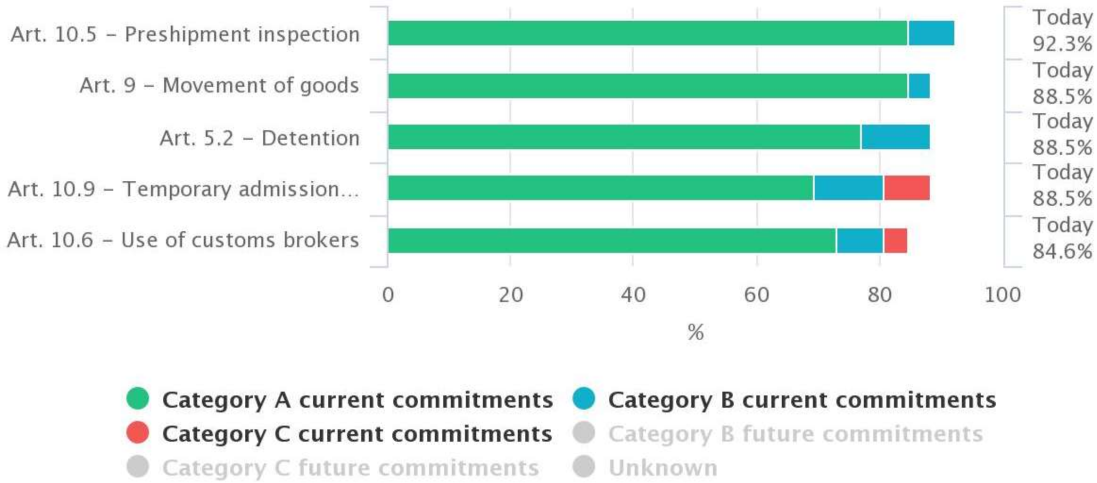


Source: Trade Facilitation Agreement Database, www.tfadatabase.org

In LLDCs, we note a quasi-full implementation of measures such as Pre-shipment inspection under article 10.5, Movement of goods under article 9, Detention under Article 5.2, Temporary admission under Article 10.9 and use of customs brokers under Article 10.6 (Figure 10). In fact, most LLDCs have committed not use pre-shipment inspection and made the use of customs brokers mandatory. They also implemented systems for temporary admission of goods for inward and outward processing.

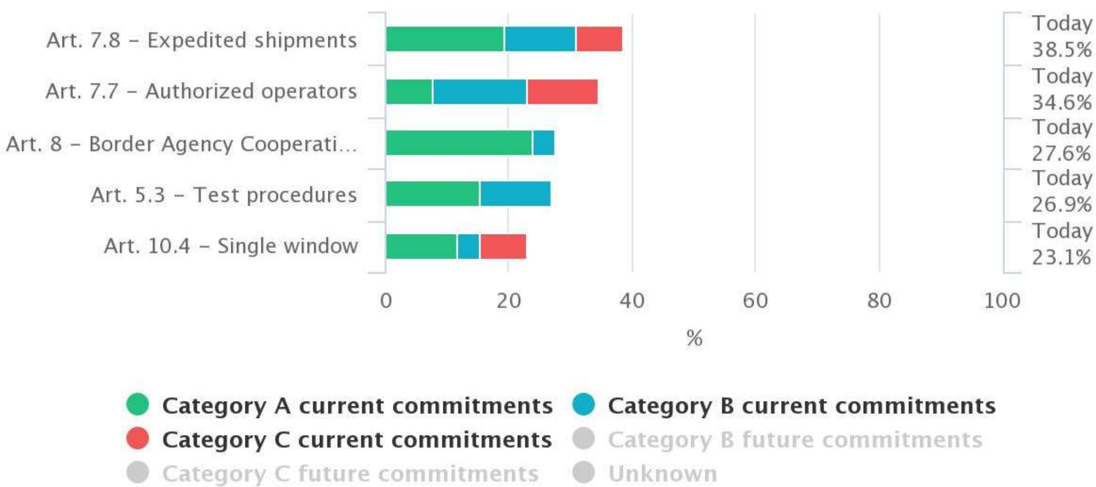
On the other hand, Articles 10.4, 5.3, 8, 7.7, and 7.8 lag behind with implementation rates of between 38.5% (Article 7.8) and 23.1% (Article 10.4). These implementation rates are consistent with those of other developing countries on a whole, as these measures require the most investment and technical knowledge to be implemented. For example, Article 7.7 requires the provision of preferential customs treatment for authorized operators determined to present low risk of non-compliance with legal requirements. Under Article 8, most LLDCs have not yet harmonized the different national and cross-border authorities in order to modernize and coordinate cross-border trade. Article 5.3 would require the development of procedures to allow a second laboratory test where a first test of imported goods shows adverse findings, while 10.4 requires that Members shall endeavour to establish a "single window" to which a trader can submit all documents and/or data required by customs and all other border or licensing authorities for the import, export or transit of goods, and from which the trader will receive all notifications. However, many aspects of these measures have been flagged by LLDCs as needing capacity building and training in order to complete. Figures 10 and 11 below details measures with the highest and lowest implementation rates in LLDCs as of March 2022.

Figure 10: Top 5 measures with highest implementation rates in LLDCs (March 2022)



Source: Trade Facilitation Agreement Database, www.tfadatabase.org

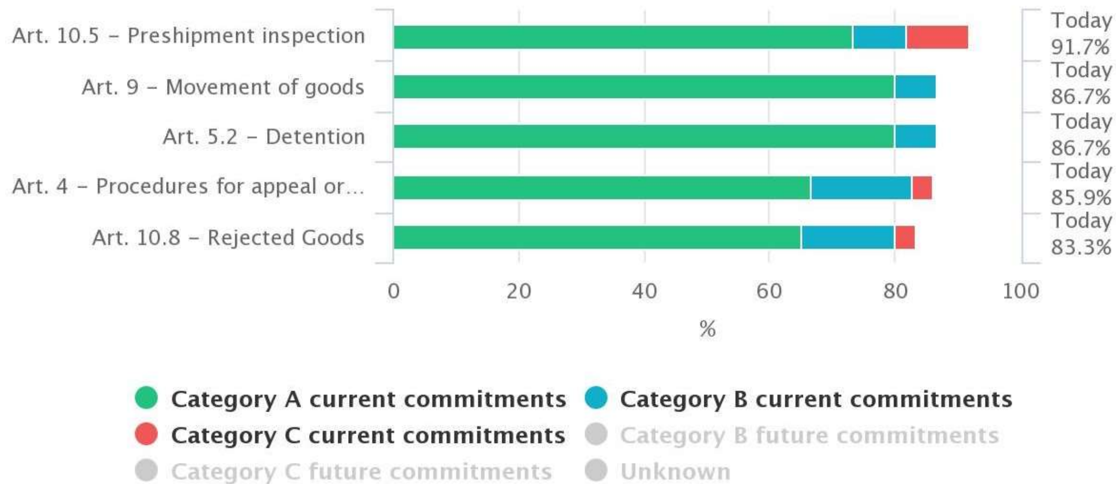
Figure 11: Bottom 5 measures with lowest implementation rates in LLDCs (March 2022)



Source: Trade Facilitation Agreement Database, www.tfadatabase.org

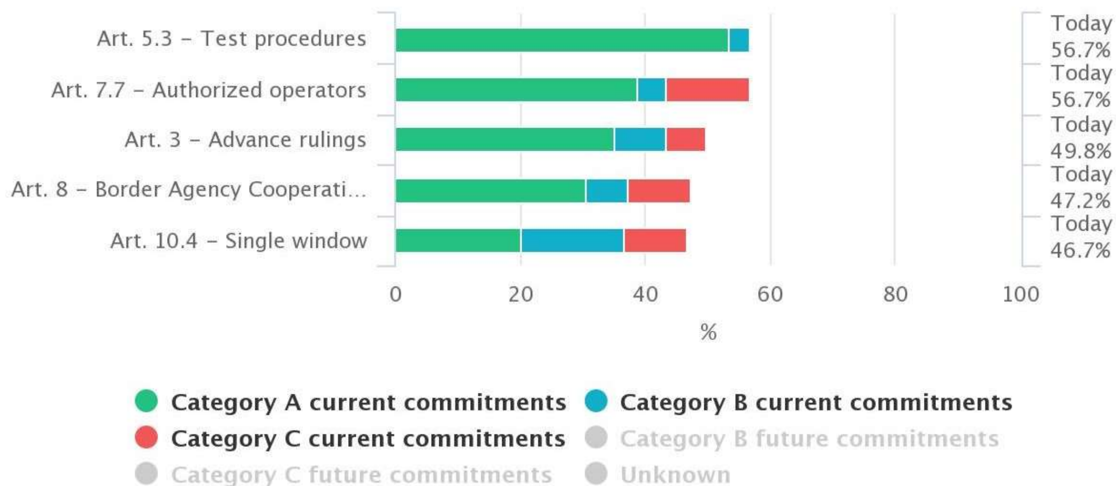
We also notice the same pattern in transit countries. Transit countries have been broadly successful in the implementation of 10.2, 9, 5.2, 4, and 10.8 with current implementation rates between 91.7% and 83.3%. As with LLDCs, articles 5.3, 7.7, 3, 8, and 10.4 are also the measures with the lowest implementation rates in transit countries. Similarly, they are flagged for implementation upon receipt of capacity building support. Figure 12 and 13 below detail measures with the highest and lowest implementation rates in transit countries as of March 2021.

Figure 12: Top 5 measures with highest implementation rates in Transit countries (March 2022)



Source: Trade Facilitation Agreement Database, www.tfadatabase.org

Figure 13: Bottom 5 measures with lowest implementation rates in LLDCs (March 2022)

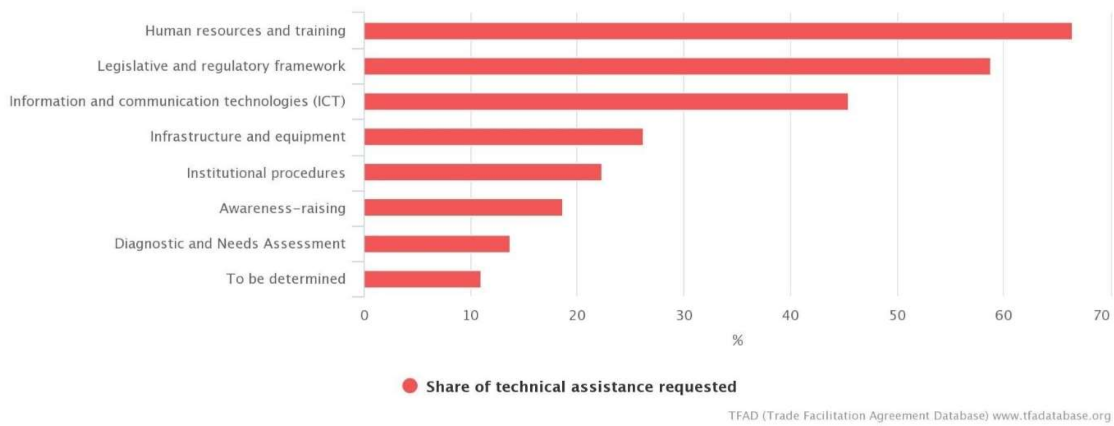


Source: Trade Facilitation Agreement Database, www.tfadatabase.org

The WTO and partner agencies recognize the importance of technical assistance in the implementation of the TFA, including in LLDCs and transit countries. In fact, a key pillar of the TFA is a series of provisions for technical assistance and capacity building (TACB). The TFA notifications set out the technical assistance needs for the category C provisions. Consistent with previous findings regarding the need of technical assistance in order for LLDCs and transit countries to implement further commitments under the Category C, LLDCs have identified human resources and training, legislative and regulatory frameworks, and information and communication technologies as their primary concerns, in order of importance (Figure 14). For transit countries human resources and training, information and communication technologies, and legislative and regulatory frameworks are of primary importance, followed closely by infrastructure and equipment (Figure 15).

Some LLDCs and landlocked LDCs have indicated that they are having difficulties notifying their technical assistance requirements to implement the category C measures. This can result from a lack of capacity to do so, particularly in the efforts to transpose the identified needs into coherent and relevant projects according to the requirements of the TFA. Eight LLDCs have notified WTO's Committee on Trade Facilitation (CTF) of the arrangements and progress that they have made in securing TACB of a total of 89 TFA measures. Among those eight members, their top five provisions measures requiring TACB were: risk management; average release times; border agency cooperation; use of international standards; and enquiry points. They reported varying levels of progress in securing all the assistance needed.

Figure 14: Technical Assistance requested by LLDCs (March 2022)



Source: Trade Facilitation Agreement Database, www.tfadatabase.org

Figure 15: Technical Assistance requested by Transit Countries (March 2022)

Source: Trade Facilitation Agreement Database, www.tfadatabase.org

The TFA also established a Trade Facilitation Committee within the WTO which serves as a forum to discuss problems regarding implementation; review progress in provision of TACB; share experiences and information; and review notifications. In November 2021, during the annual review of the operation and implementation of the TFA, the Trade Facilitation Committee in response to a request by the LLDCs decided to hold regular dedicated sessions to discuss transit issues. The first dedicated session took place in April 2022 during which the WTO Secretariat presented the key findings of the WTO's 2021 report on LLDCs and trade bottlenecks. The session also included presentations by the World Customs Organization (WCO), UNCTAD and the International Telecommunication Union (ITU), as well as best practices and experiences sharing by LLDC Members such as Kazakhstan, Bolivia and Malawi.

3.2 Trade Facilitation Agreement Facility (TFAF)

The WTO TFAF was created at the request of developing and least-developed country (LDC) Members to help ensure that they receive the assistance they need to reap the full benefits of the Trade Facilitation Agreement (TFA). The TFAF assists Members through a range of activities such as workshops and national events to assist members to identify their needs and prepare their notifications, matchmaking, and by providing project preparation and project implementation grants in cases where donor support is not forthcoming. For example, Namibia has been awarded a TFAF project preparation grant for 11 TFA provisions while Mongolia has been awarded a project preparation grant for 4 TFA provisions.

In 2021, the TFAF conducted a survey in cooperation with partner organizations on cross-border trade restrictions resulting from COVID-19[7]. The survey highlights the need for LLDCs to strengthen their infrastructure and connectivity with the world, in order to reduce logistics and transport costs and to achieve greater commercial and economic activity for the benefit of the most vulnerable and affected sectors, such as women entrepreneurs, young people, micro, small and medium-sized enterprises (MSMEs) and agriculture. The TFAF survey allowed LLDCs to identify import/export documentary requirements and border agency co-operation as the main 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.

3.3 Aid for Trade

Aid for Trade is about helping developing countries and LDCs in particular to build the trade capacity and infrastructure they need to benefit from opening up to trade. Grants and concessional loans are targeted at a broad range of trade-related programmes and projects, including technical assistance; infrastructure; increasing productive capacity; and adjustment assistance. The WTO-led Aid for Trade initiative is enshrined as a priority in the VPoA. Aid for Trade helps LLDCs to build the infrastructure necessary to complement efforts made on trade facilitation. Building supply side capacity and trade-related infrastructure is particularly important for LLDCs and is necessary to support trade expansion and market opening. The Programme for 2020-2022 seeks to understand and operationalize on the opportunities that digital connectivity and sustainability offer for economic and export diversification under the theme "Empowering Connected, Sustainable Trade". The work programme has been extended by WTO members to cover 2022 and to include an assessment of the trade and economic impacts of COVID-19.

In relation to Aid for Trade flows to LLDCs: since 2006, LLDC have received close to USD 95 billion in Aid for Trade disbursements. As another upshot of the COVID-19 pandemic on countries, including donor countries, major donors have seen their budgets become more stretched than ever. As a result, Aid for Trade disbursements to LLDCs amounted USD 5.7 billion, in 2020, down by 24% compared to 2019 (USD 7.5 billion). Nearly a third of Aid for Trade flows for LLDCs in 2020 went to agriculture (32%), 21.4% went to energy generation and supply and 20.4% to transport and storage, 26.2% went to the remaining categories such as industry, forestry, tourism… In terms of support to trade policy, trade facilitation was the most important sub-category, and accounted for 1.27% of overall Aid for Trade flows to LLDCs up to 2020. Since 2006, 77% of Aid for Trade disbursements were to build energy, transport and telecommunications infrastructures, amounting to USD 70 billion up to 2020.

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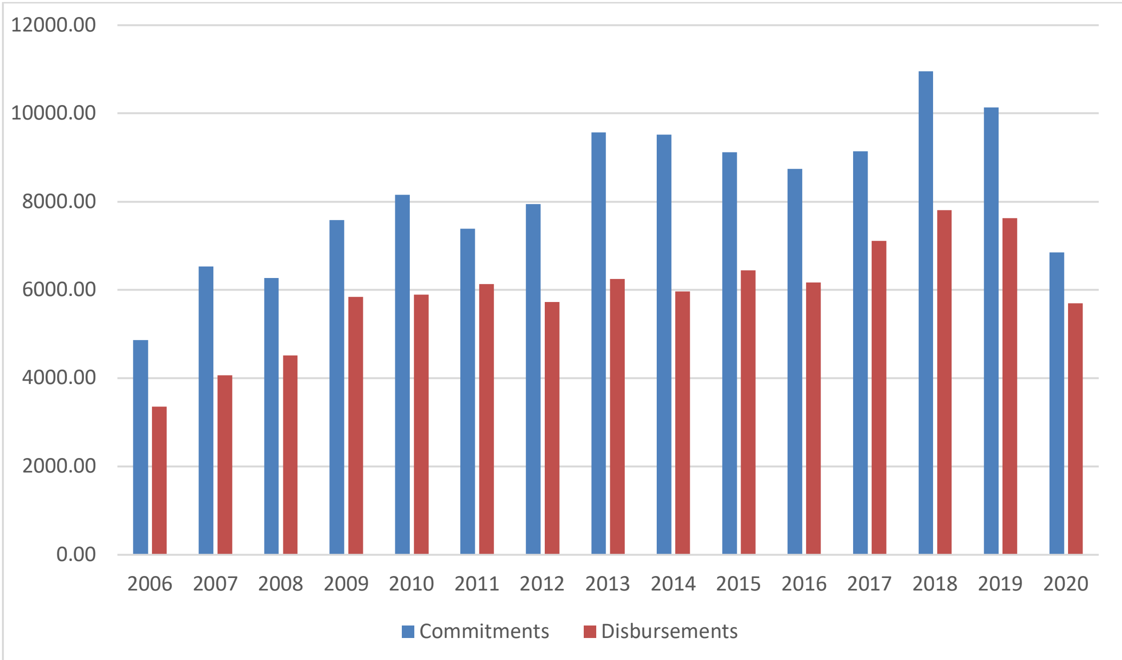
[7] See https://www.tfafacility.org/sites/default/files/2022-05/tfa_covid-19_survey_results.pdf

Figure 16: Aid for Trade to LLDCs



Source: WTO Secretariat

In anticipation of the [2022's Aid for Trade Global Review](), WTO members launched a monitoring and evaluation exercise comprising of a self-assessment questionnaire. In the context of the COVID-19 pandemic, the exercise gathered data on countries' Aid for Trade priorities, among others. A preliminary analysis of the questionnaire's outcome regarding LLDCs have shown that respondents[8] have identified their countries' Aid for Trade top 3 priorities as trade facilitation, exports diversification, and building productive capacity with 33.3% of them ranking trade facilitation as a top priority. Having identified some of the trade bottlenecks that LLDCs are experiencing, it underlines the particular significance of the trade facilitation addressing the high trade costs in LLDCs for them to be better integrated into global trade.

The results of the questionnaire also showed that 41.67% of the respondents recognized that their Aid for Trade priorities have changed since 2019. Main drivers of change have been identified as (i) COVID-19 induced e-commerce development and digital transformation (60%), (ii) implementation and MSMEs growth and development objectives (60%), (iii) 2030 Sustainable Development Goals (SDGs) (40%), (iv) Continental or regional policy instruments such as the African Continental Free Trade Area (AfCFTA) (40%), (v) Economic and Trade Impact of the COVID-19 pandemic (40%) and (vi) Trade Facilitation Agreement (TFA) (40%).

At last, 75% of the respondents have identified Aid for Trade as an important mechanism since 2019 especially during the COVID-19 pandemic in supporting their government in implementing TFA measures. Therefore, targeted Aid for Trade support for LLDCs toward enhancing the implementation of the TFA is essential for LLDCs to be further integrated into global supply chains global value chains and enhance the opportunities they can access on international markets.

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[8] 12 LLDCs: Bhutan, Burkina Faso, Central African Republic, Ethiopia, Lesotho, Mali, Moldova, Nepal, Niger, Paraguay, Uganda, Zambia.

A key Aid for Trade partner is the Enhanced Integrated Framework (EIF). Housed at the WTO, the EIF is a partnership of 51 countries, 24 donors and 8 partner agencies that works closely with governments, development organizations, the private sector and civil society to assist LDCs to use trade as an engine for development and poverty reduction. 17 LLDCs are categorized as least developed and face severe structural impediments to sustainable development, including high vulnerability to economic and environmental shocks. To date, the EIF has invested more than USD 95 million in trade support to LLDCs, which has included support for analytical studies, the improvement of the trade institutional environment and productive capacity support to targeted sectors. Beyond country specific support, LLDCs are also the beneficiaries of several regional and cross-regional projects which are particularly important to unlocking constraints to trade facilitation. Given the importance of trade facilitation, the EIF supports LLDCs in improving trade facilitation and implementing the TFA through project investments and strengthening institutions. So far, the EIF has supported 29 actions in support of trade facilitation for LLDCs.

CONCLUSION

Despite exogenous shocks such as a global COVID-19 pandemic and a Ukraine-Russia conflict hindering international trade and merchandise transport, LLDCs continued to register significant amounts of progress in the implementation of WTO's TFA, which is instrumental regarding the priority 3 of the VPoA on international trade and trade facilitation. As of March 2022, TFA implementation commitments rate in LLDCs is 56.2%, up from 50.7% in 2021. 12.5% of implementation commitments have been notified to take place after a transition period from 2022 onwards, while 34 % of implementation commitments are notified to take place after a transition period from 2022 onwards, upon receipt of necessary TACB support. The WTO and partner agencies recognize the importance of technical assistance in the implementation of the TFA, and LLDCs have identified human resources and training, legislative and regulatory frameworks, and information and communication technologies as their primary concerns, in order of importance.

Following the publication of a report by the secretariat of the WTO in late 2021 on easing trade bottlenecks in the LLDCs, it has been confirmed that the cost of trade and the non-tariffs measures are the main obstacles to trade in LLDCs. Recommendations on how to ease those trade bottlenecks for them to be better integrated into the world trading system has been advanced in the same report. However, the report also pointed out the difficulty of collecting data from remote areas such as LLDCs, making it difficult to compute reliable and accurate variables and studies. Therefore, further data including a mapping of current transit corridors should be explored to keep track of trade bottlenecks and trade costs. To be resilient, LLDCs should also enhance their connectivity through digitization of border management measures. Enhanced implementation of the TFA, and targeted Aid for Trade support for LLDCs are also essential. Although major Aid for Trade donors have stepped up their response, they too have seen their budgets become more stretched than ever. Hence, it is even more important to make sure that available funds are put to the most effective use.

At the WTO level, in November 2021, LLDCs trade ministers adopted a declaration that calls for discussions on establishing a work programme for LLDCs in the WTO to monitor their needs, challenges and vulnerabilities and to develop strategies to boost their participation in international trade and global value chain. In addition to the challenges of high trade costs and dependence on transit countries to trade internationally, LLDCs are facing new challenges, such as container shortages, high shipping costs, climate change vulnerability and limited access to COVID-19 vaccines. The declaration also calls for simplified requirements concerning goods in transit, further digitalization of trade and customs procedures, a review of how non-tariff measures apply to goods in transit, and greater access to trade finance and to capacity-building programmes, among other things. Lastly, the declaration pleas for full implementation of the WTO's Trade Facilitation Agreement and harnessing the Aid for Trade initiative to address LLDCs' trade-related constraints.