

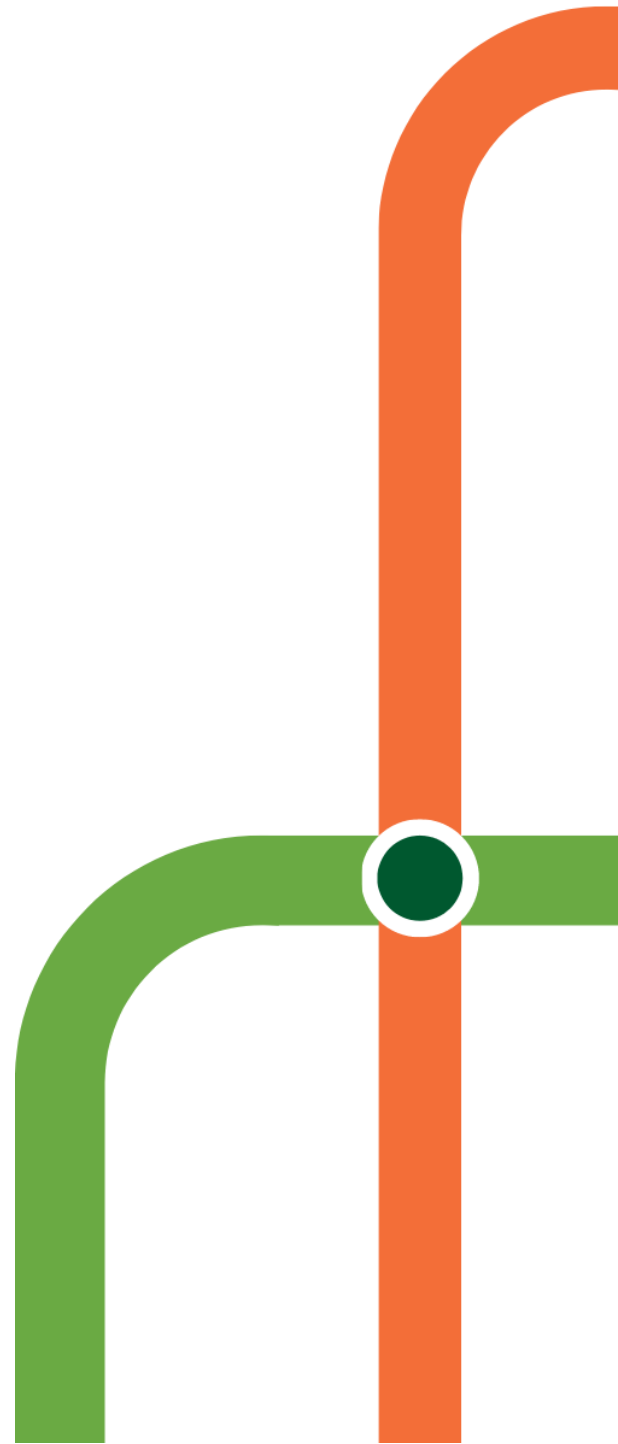


**United
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Third UN Conference on Landlocked Developing Countries

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**Ministerial Meeting
on South-South
Cooperation
Session 3**



Session 3: Leveraging South-South cooperation to promote trade facilitation and deepen regional integration for increased participation of LLDCs in international trade

The objective of the VPoA of significantly increasing LLDC's participation in global trade remains largely unmet. 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.

In recent decades, trade among developing countries has been growing. Between 1995 and 2020, the share of South-South trade in global trade expanded from 10% to 25%. Developing countries are offering important export destinations for the products of LLDCs and sources of critical foreign direct investment. The African Continental Free Trade Area offers an opportunity for African landlocked developing countries to build back better and enhance resilience amid an uncertain global environment. If implemented, the Agreement would increase the exports of Africa by 5.1% and imports by 4.7%. The Agreement is expected to lead to a 28% increase in intra-African freight demand by 2030.

LLDCs continue to face relatively high trade costs which have been exacerbated by the pandemic and the current geopolitical tensions and conflicts. Trade costs of LLDCs are estimated to be 30 per cent higher for LLDCs than for coastal developing countries due to isolation from global markets, inadequate transport and transit systems, multiple border crossings and cumbersome transit procedures.

The implementation of the Agreement on Trade Facilitation is fundamental to addressing high trade costs and facilitating trade in landlocked developing countries, especially in the light of current global trade and supply chain disruptions. However, the implementation rate of the Agreement by LLDCs was only 61.8 % as of November 2023. LLDCs have flagged about 31% of their commitments under the Agreement as needing technical assistance for implementation in the areas of human resources and training, legislative and regulatory frameworks, ICT and infrastructure and equipment requiring the greatest support.

Improved trade facilitation, such as streamlining and harmonization of customs and transit procedures, transparent and efficient border management and coordination in border clearance would help LLDCs towards enhancing the competitiveness of their exports and strengthening the global value chains. This requires enhanced cooperation at the global, regional and subregional levels including South-South cooperation in sharing best practices in customs, border and corridor management and in the implementation of trade facilitation policies. LLDCs need to further enhance collaboration

with transit countries in effective management of transport corridors and data collection to monitor and address cross border trade and transit challenges effectively.

LLDCs rely on regional cooperation and intra-regional trade for access to import and export markets via their coastal neighbors. Regional integration is one of the principal tools for increasing the participation of LLDCs in international trade. The progress of LLDCs on regional integration has advanced. On average, each country is party to 4 regional trade agreements, with the number of agreements per country ranging from 1 to 11. LLDCs also continue to promote regional integration and cooperation regarding transboundary issues through existing partnerships with neighboring countries.

There is a need to promote meaningful regional integration to encompass cooperation among countries in a broader range of areas than just trade and trade facilitation, to include investment, research and development, and policies aimed at accelerating regional industrial development and regional connectivity. Since the VPoA, considerable progress has made in the negotiation and implementation of regional and sub-regional trade agreements such as the African Continental Free Trade Area, the Eurasian Economic Union, and the Regional and Comprehensive Economic Partnership, as well as initiatives such as the Single African Air Transport Market and the Framework Agreement on the Facilitation of Cross-Border Paperless Trade in Asia and the Pacific. These initiatives have provided vehicles for LLDCs to integrate into the regional and global value chains.

The pandemic has highlighted the necessity of regional cooperation and the importance of strengthening resilience to risks arising from the cross-border movement of goods and people. Global e-commerce sales increased by 16.3% between 2020 and 2021 during the pandemic. Rising cross-border e-commerce presents an opportunity for LLDCs to integrate into global trade. However, infrastructure and policies to support e-commerce and the digital economy remain challenges for many LLDCs.

South-South cooperation plays an instrumental role in regional integration. It provides a practical means to strengthen technical, financial and capacity building support to LLDCs and transit developing countries. LLDCs can leverage South-South cooperation to deepen regional and sub-regional integration arrangements and their effective implementation, including through joint projects on transport, communication, digital and energy networks, the harmonization of regional policies, sharing of best practices, and the alignment of development assistance. Through South-South cooperation, LLDCs can draw upon lessons learned, achieve technology catch-up, raise much needed resources and promote systematic exchange of knowledge for regional infrastructure development and integration.

Questions:

- How can LLDCs and transit countries establish collaborative platforms to improve information sharing, data collection and coordination among relevant stakeholders including government agencies, customs authorities and the private sector for efficient trade facilitation?
- What are the constraints for LLDCs to effectively leverage South-South cooperation in improving trade facilitation? How to monitor and measure the impact of capacity building and technical assistance support under South-South cooperation for LLDCs to improve infrastructure and transit connectivity?
- What are the opportunities for LLDCs to engage in South-South cooperation in enhancing trade competitiveness including the development of ecommerce for improved integration into the global trading system?
- How to structure regional integration in South-South cooperation in a holistic, cohesive and inclusive manner that contributes to regional economic growth, peace and prosperity?