TRADE FACILITATION ISSUES IN LANDLOCKED DEVELOPING COUNTRIES

Dulguun Damdin-Od
Executive Director
International Think Tank for Landlocked Developing Countries

10TH ASIA-PACIFIC TRADE FACILITATION FORUM
NEXT GENERATION TRADE FACILITATION FOR SUSTAINABLE DEVELOPMENT
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1. LLDCs situation in the times of pandemic
2. Trade facilitation issues in LLDCs: Case of Kazakhstan
3. Ways forward
COMMON CHALLENGES IN LLDC

- In Asia 10, in Africa 16, in Europe 4, in South America 2

- No direct access to the sea
- Isolated from major global markets
- Dependent on a small number of markets
- High transit costs
- Poor infrastructure development
- Few export products
- Few population
- Small markets

- The total population of LLDCs is 533 million (2020) – equal to 7% of the world’s population.
- Annual Average Population Growth Rate 2014-2020 was 2.39%.
- LLDCs cover 15.9 million km2 or 22% of the world’s land area. Average distance to a seaport 1370 km.
- LLDCs account for 1.2% of world trade, and it continues to decline.
- A few LLDCs account for 60% of total LLDC exports.
- LLDCs are 20% less developed than the countries with direct sea access.
- Half of LLDCs are least developed countries.
COVID impact in LLDCs

- Increased and urgent demand for health care, medical equipment and pharmaceutical products;
- Highly dependent on transit countries and
- More costs and times for export and import;
- Heavily reliant on commodity exports;
- High levels of external debt and debt crisis;
- Less remittances flows;
- Food crisis;
### SDG TRADE MONITOR: LLDC

**CONTRIBUTION OF INTERNATIONAL TRADE TO ECONOMIC DEVELOPMENT**

**Source:** [https://sdgtrade.org/en](https://sdgtrade.org/en)

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WTO TRADE FACILITATION AGREEMENT IN LLDC

- All of 26 LLDCs that are WTO Member ratified the TFA.
- Trade facilitation eases the cross-border movement of goods by cutting costs and simplifying trade procedures. It rests on four pillars: (i) transparency, (ii) simplification, (iii) harmonization, and (iv) standardization.
  - Article 11 of the TFA is of particular interest to LLDCs due to high transit costs
  - GATT Article V also relates to Freedom of Transit
  - Because of its location in the TFA, it allows for special and differential treatment as promised in Section II of the TFA

Benefits and Costs of TFA implementation for LLDCs:

Reduction of trade costs estimated (by OECD) to be:
- 14.5% for low income countries (that includes 10 LLDCs)
- 15.5% for middle income countries (that includes 9 LLDCs)
- 13.2% for upper middle income countries (that includes 4 LLDCs)

Key challenges (ESCAP survey):
- financial constraints
- lack of coordination between government agencies
- limited human resources
GLOBAL TRENDS IN THE DEVELOPMENT OF E-COMMERCE

• The COVID-19 pandemic has led to a significant increase in online commerce and increased sales, and by 2030, sales in e-commerce will amount to $4.7 trillion dollars.

• Online sales are expected to grow by 18% in 2021, and 20% of total retail sales by 2025, compared with 10% in 2019.

• The importance of proper supply chain management is increasing.

• Competition rules, data confidentiality, trade standards and solvency rules, data localization laws are considered.

• Regions with a low level of penetration of bank cards, but with a high penetration of smartphones, are switching to digital payment systems.

Several factors act as potential constraints on the use of e-commerce by the LLDCs.

• inadequate ICT infrastructure,

• unreliable and costly power supply,

• underdeveloped financial systems,

• weak legal and regulatory framework, and

• lack of knowledge related to e-commerce.
DEVELOPMENT OF ELECTRONIC COMMERCE IN KAZAKHSTAN

EVALUATION OF E-COMMERCE

B2C E-commerce Index Ranking (2020) 60 / 152
Ranking ICT Development Index (2017) 52 / 176
Networked Readiness Index Ranking (2020) 56 / 134

GROWTH OF THE SHARE OF E-COMMERCE (%) IN B2C TRADE (TRILLION TENGE)

9.9% 3.7%
9.7% 15%

THE VOLUME OF PURCHASES ON INTERNATIONAL INTERNET SITES (MILLION PACKAGES)

2019 2020 2025
37.1 11.3 334.5

PURCHASES ON INTERNATIONAL INTERNET SITES (BILLION TENGE)

2019 2020 2025
221.6 142.9 2292.8

THE GROWTH OF THE NUMBER OF BUYERS ON THE INTERNET (MILLION PEOPLE)

2019 2020 2021 2025
3.2 3.8 4.6 7.7

DEVELOPMENT OF ELECTRONIC COMMERCE IN KAZAKHSTAN
DEVELOPMENT OF THE E-COMMERCE ECOSYSTEM IN KAZAKHSTAN

- 15% share of e-commerce in retail
- 7.7 million active online buyers in e-commerce
- 106.2 million pcs. volume of purchases on Kazakhstan Internet sites
- 90% share of non-cash payments in e-commerce
- 60 minutes average delivery time of goods within the city

ECTOSYSTEM OF E-COMMERCE
- Consumer
- Vendor of goods/services
- Electronic platform
- Logistics and transport
- Payment system

Targets by 2025

1. E-COMMERCE PROMOTION AND SME TRAINING
2. DEVELOPMENT OF DELIVERY SERVICE AND LOGISTICS SERVICES
3. DEVELOPMENT OF ONLINE CROSS-BORDER TRADE
3. WAYS FORWARD

- Concerted action towards joining the international trade system
- Cooperation with transit developing countries
- Supports from the international community and development partners
- Involvement of private sector
- Multidimensional approaches - implementation of policies and measures aimed at economic restructuring
- The development of productive capacities
- Export-led growth, diversification of higher-valued added activities and destinations of imports and exports.
- Greater engagement in regional and global trade
3. WAYS FORWARD

ITTLLDC offer to cooperate in:

✓ Providing support for strategic interventions
✓ Providing a platform for knowledge sharing, support for intra-LLDC collaboration, other South-South engagement and global cooperation.
✓ Online portal for exchanging views and providing the best practices to LLDCs
✓ Providing support to challenges based on evidence-based researches
✓ Organizing high-level expert group meetings and workshops
THANK YOU!

UN House
United Nations Street-14
Sukhbaatar District
Ulaanbaatar - 14201
Mongolia

Tel: 976-11-351971
Email: thinktank@land-locked.org
Webpage: www.land-locked.org
https://www.facebook.com/ITTLLDC
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