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**Thematic Meeting on International Trade and Trade Facilitation
preparatory to the midterm review
of the Almaty Programme of Action
Ulaanbaatar, 30-31 August 2007
Item 3 of the provisional agenda**

PROVISIONAL AGENDA AND ANNOTATIONS

I. Provisional agenda

1. Opening Ceremony
2. Election of officers
3. Adoption of the agenda and organization of work
4. Exchange of views on the participation of landlocked developing countries in the international trading system and progress made in the area of trade facilitation
5. Adoption of the final outcome of the Meeting

II. Annotations to the provisional agenda

Item 1: Opening

1. The opening ceremony of the thematic meeting will be attended by the leaders of the host country, the chairman of the Group of Landlocked Developing Countries, the Coordinator of the Group of Landlocked Developing Countries on trade and development issues and United Nations high-level officials.

Item 2: Election of officers

2. The Meeting may wish to elect from among its representatives of landlocked developing countries, transit developing countries and developed countries, a Chairman and two Vice-Chairmen.

Item 3: Adoption of the agenda and organization of work

3. The provisional schedule for the Meeting is reproduced in Annex I below. The meeting will have two days, 30 and 31 August 2007, to complete its work. The Meeting is invited to adopt the agenda.

Documentation

- Almaty Programme of Action: Addressing the Special Needs and Problems of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries.
- Report of the Secretary-General on the progress in the implementation of the Almaty Programme of Action A/61/302, 8 September 2006.
- General Assembly resolution A/RES/61/212, “Groups of countries in special situations: specific actions related to the particular needs and problems of landlocked developing countries: outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation”, 12 March 2007.
- Draft Report of the Thematic Meeting on Transit Transport Infrastructure Development, Ouagadougou, Burkina Faso, 18-20 June 2007.

Background documents

- UN-OHRLLS:
 - Publication: “Geography Against Development – A Case for Landlocked Developing Countries”, 2006.
 - Draft set of indicators to monitor the implementation of the Almaty Programme of Action.

Item 4: Exchange of views on the participation of landlocked developing countries in the international trading system and progress made in the area of trade facilitation

4. The weak economic performance of landlocked developing countries reflects the direct and indirect impact of geographical factors on key macro-economic variables. Their seaborne trade unavoidably depends on transit through other countries. Additional border crossings and excessive distances to major markets, coupled with cumbersome procedures and inadequate infrastructure, substantially increase the total expense for transport services. Distance to ports is deemed to be the major variable determining transportation costs, particularly with the costs related to land transport being about 5-7 times greater than sea transport.

5. High transport costs undermine the competitiveness of landlocked developing countries in the international market as well as their ability to produce at lower costs. Transport costs present a tremendous trade reducing effect. Reduced trade flows directly and negatively impact GDP. High transport costs reduces purchasing power and consumption levels of national residents, affect the activities of producers relying on imported factors and are likely to spur inflation. High costs related to unfavourable geographical locations decrease the rate of capital return required by investors to finance a project within a country.

6. To address these issues the General Assembly convened in 2003 the UN Conference which adopted the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries. The overarching goal of the Almaty Programme of Action is to forge partnerships to overcome the special problems of landlocked developing countries caused by their lack of territorial access to the sea and their remoteness and isolation from world markets. The Almaty Programme of Action stipulates specific measures to establish efficient transit transport systems, recognizing the link between transport and international trade and economic growth. These specific actions are to be implemented in five priority areas, namely: (1) fundamental transit policy issues, (2) infrastructure development and maintenance, (3) international trade and trade facilitation, (4) international support measures, and (5) implementation and review. The Almaty Programme of Action aims to: (a) secure access to and from the sea by all means of transport according to applicable rules of international law; (b) reduce costs and improve services so as to increase the competitiveness of their exports; (c) reduce the delivered costs of imports; (d) address problems of delays and uncertainties in trade routes; (e) develop adequate national

networks; (f) reduce loss, damage and deterioration en route; and (g) open the way for export expansion.

7. The General Assembly, in its resolution 61/212, decided to hold a midterm review of the implementation of the Almaty Programme of Action in 2008. The midterm review shall be preceded by regional and substantive preparations in a most effective, well-structured and broad participatory manner. Also, intergovernmental mechanisms at the global and regional levels, including those of United Nations regional commissions, as well as relevant substantive material and statistical data, should be effectively utilized in the review process. The UN-OHRLLS was requested by the General Assembly to coordinate the preparatory process. The United Nations system organizations, including the United Nations Conference on Trade and Development, the United Nations Development Programme, the regional commissions and relevant international and regional organizations were also requested, within their respective mandates, to provide necessary support to the review process.

8. The Almaty Programme of Action recognized that the marginalization of landlocked developing countries from the international trading system is due to high trade transaction costs. Excessive transport costs create a major barrier to foreign markets. The Almaty Programme also noted the request of landlocked developing countries that the current negotiations on market access for agricultural and non-agricultural goods should consider giving particular attention to products of special interest to landlocked developing countries.

9. The Almaty Programme of Action singled out that important sources of additional and avoidable costs and inefficiency can include border –crossing, customs procedures, documentation requirements and inadequate infrastructure facilities, as well as costly bank transactions. Landlocked developing countries, with additional border crossings and transit dependence can be at a particular disadvantage, depending on the state of their own and their neighbours' border procedures and level of bilateral cooperation, as well as regional cooperation and integration. According to the World Bank, the cost of customs procedures and transport represents the single greatest cost in external trade and is higher than the import tariffs of landlocked developing countries. Red tape is estimated to cost nearly 10 per cent of the value of exports in developing countries, and inefficient customs and transport operations forced businesses to hold larger inventories at their warehouses, further increasing production costs by 4-6 per cent.

10. In addition, it is estimated that each additional day in transport delays costs 0.5 per cent of cargo value for goods transported by ship or rail. To complete the numerous procedural stages, worldwide importing and exporting required 31.9 and 39.9 days, respectively. These figures rise to 57.3 and 72.3 days for landlocked developing countries. In contrast to transit developing countries, landlocked developing countries take an additional 22.9 days for goods to be imported and 28.6 additional days for goods to be exported. Physical infrastructure, or ports and inland transport, accounted for only a quarter of the delays while pre-arrival documents, customs and inspections accounted for 75 per cent of total delays; 59 per cent of delays accounted for pre-arrival documents and 16 per cent accounted for customs and inspection. While clearing customs in Africa and South Asia, nearly 70 per cent of imported cargo containers were opened and inspected,

further delaying the import process. Every container was opened in Burkina Faso, Malawi, Mali, and Nepal.

11. These findings exemplify the need for increased trade facilitation and reforms for greater efficiency in transit transports. Studies have shown that red tape leads to adverse trade results. Excessive documentation in exports results in weaker shares of trade-to-GDP ratio while more signatures in trade lead to greater corruption. Several landlocked and transit developing countries implemented reforms to streamline transit transport. The negotiations on trade facilitation are an integral part of the Doha Development Agenda. They attempt to clarify and improve relevant aspects of Articles V on freedom of transit, Article VIII on fees and formalities connected with importation and exportation and Article X on publication and administration of trade regulations of GATT with a view to further expediting the movement, release and clearance of goods, including goods in transit. Negotiations also aim at enhancing technical assistance and support for capacity building in this area. In addition, the negotiations also address the issues pertaining effective cooperation between customs or any other appropriate authorities on trade facilitation and customs compliance issues. Active and concerted participation of landlocked developing countries in the WTO negotiations on trade facilitation is very important. The Asuncion Platform for the Doha Development Agenda could provide a sound basis for their coordinated efforts.

12. The Ulaanbaatar meeting is the second thematic meeting being organized in 2007, in order to provide substantive inputs to the midterm review by focusing on two of the five Almaty priorities. The first thematic meeting was held in Ouagadougou, Burkina Faso from 18 to 20 June 2007 and focused on transit transport infrastructure development. The outcomes of these thematic meetings will serve as substantive inputs to the 2008 midterm review.

13. The thematic meeting on international trade and trade facilitation will bring together Trade Ministers and senior officials responsible for trade from landlocked and transit developing countries, representatives of donor countries, UN system organizations, international financial institutions and relevant regional and sub-regional organizations, with a view to review and assess the progress made in the implementation of priority three of the Almaty Programme of Action. The Meeting is also expected to deliberate on future actions needed to enhance the LLDCs' participation in the international trading system while further strengthening the global partnership for establishing efficient transit transport systems.

Item 5: Adoption of the final outcome of the Meeting

3. The meeting is expected to adopt a document on priority areas for cooperation in trade and trade facilitation, which will be used as substantive contribution to the midterm review of the implementation of the Almaty Programme of Action in 2008.

ANNEX I: PROVISIONAL SCHEDULE OF THE MEETING

<p style="text-align: center;">Thursday 30 August 2007</p>	<p style="text-align: center;">Friday 31 August 2007</p>
<p><i>(9 a.m. – 11 a.m.)</i></p> <p>Item 1 : Opening ceremony</p> <ul style="list-style-type: none"> • Opening statement by the Prime Minister of Mongolia • Statement by the Chairman of the LLDCs Group • Statement by the Coordinator of LLDCs on trade and development matters • Statement by the USG and HR • Statement by the Deputy Executive Secretary of ESCAP • Message by the President of Mongolia <p><i>11 a.m. – 1 p.m.</i></p> <p>Item 2:</p> <p>Election of officers</p> <p>Item 3:</p> <p>Adoption of the agenda</p> <p>Item 4:</p> <p>Introduction by the UN-OHRLLS</p> <p>Exchange of views on the participation of landlocked developing countries in the international trading system and progress made in the area of trade facilitation (statements by heads of delegation and international and regional organizations)</p>	<p><i>9 a.m. – 1 p.m.</i></p> <p>Item 4 (continued):</p> <p>Exchange of views on the participation of landlocked developing countries in the international trading system and on developments in the area of trade facilitation (statements by heads of delegation and international and regional organizations)</p> <p>Item 5:</p> <p>-Adoption of the final outcome of the meeting -Closing of the meeting</p>
<p><i>3 p.m. – 5.30 p.m.</i></p> <p>Item 4 (continued):</p> <p>Panel discussion on efforts of international and regional organizations to assist landlocked and transit developing countries in the area of trade and trade facilitation</p> <p>Exchange of views on the participation of landlocked developing countries in the international trading system (statements by head of delegation and international and regional organizations)</p>	