



ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Fifty-ninth session (phase II)  
1-4 September 2003  
Bangkok

**LEAST DEVELOPED, LANDLOCKED AND ISLAND DEVELOPING COUNTRIES**

(Item 6 of the provisional agenda)

**REPORT OF THE SPECIAL BODY ON LEAST DEVELOPED AND LANDLOCKED  
DEVELOPING COUNTRIES ON ITS SIXTH SESSION**

*Note by the secretariat*

**SUMMARY**

The Special Body on Least Developed and Landlocked Developing Countries reviewed the 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, held at Almaty on 28 and 29 August 2003, and adopted measures to ensure the implementation of the Asian Action Plan. The Special Body also considered the implications of the post-Doha trade agenda for the integration of the least developed countries into the global economic system, as presented in document E/ESCAP/SB/LDC(6)/2/Rev.1. The Special Body analysed the challenges facing the least developed countries of the region in the area of trade and adopted recommendations for dealing with those challenges at both the national and international levels.

The Special Body also reviewed the programme of work for the biennium 2002-2003, as contained in document E/ESCAP/SB/LDC(6)/3, and noted with appreciation the various activities implemented by the secretariat for least developed and landlocked developing countries as well as the measures proposed by the Executive Secretary to ensure that the needs of those countries were being met. Recognizing the important role of the regional commissions in undertaking activities for the benefit of those countries, the Special Body urged the secretariat to implement its programme of work in line with the Programme of Action for the Least Developed Countries for the Decade 2001-2010 and the Almaty Programme of Action on Transit Transport Cooperation.

The Special Body requested the Commission to adopt the recommendations contained in the present report at its fifty-ninth session.



CONTENTS

	<i>Page</i>
I. MATTERS CALLING FOR ACTION BY THE COMMISSION OR BROUGHT TO ITS ATTENTION .....	1
A. Transit transport issues in landlocked and transit developing countries and recommendations for future action .....	1
B. Implications of the post-Doha trade agenda for the integration of the least developed countries into the global economic system .....	1
C. Implementation of the programme of work, 2002-2003 .....	2
II. PROCEEDINGS OF THE SPECIAL BODY AT ITS SIXTH SESSION .....	3
A. Transit transport issues in landlocked and transit developing countries .....	3
B. Implications of the post-Doha trade agenda for the integration of the least developed countries into the global economic system .....	4
C. Implementation of the programme of work, 2002-2003 .....	5
D. Other matters .....	5
III. ORGANIZATION OF THE SESSION .....	6
A. Opening of the session .....	6
B. Attendance .....	7
C. Election of officers .....	7
D. Agenda .....	7
E. Adoption of the report .....	7



## **I. MATTERS CALLING FOR ACTION BY THE COMMISSION OR BROUGHT TO ITS ATTENTION**

### **A. Transit transport issues in landlocked and transit developing countries and recommendations for future action**

1. The Special Body urged all stakeholders to implement 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, as contained in document A/CONF.202/PC.2/1\* and detailed in the five priority areas of (a) fundamental transit policy issues; (b) infrastructure development and maintenance; (c) international trade and trade facilitation; (d) international support measures; and (e) implementation and review.

2. The Special Body reiterated that the primary responsibility for the establishment of efficient transit transport systems lay with the landlocked and transit developing countries themselves and that the development partners had an important role to play in supporting their efforts. In that regard, the Special Body requested the secretariat to provide assistance and advisory services to landlocked and transit developing countries in addressing issues related to transit transport and trade facilitation and to conduct a regular review of progress in the implementation of those plans at the regional and subregional levels.

### **B. Implications of the post-Doha trade agenda for the integration of the least developed countries into the global economic system**

3. The Special Body had before it, under agenda item 5, document E/ESCAP/SB/LDC(6)/2/Rev.1. It commended the secretariat on the quality of the document and adopted the recommendations contained therein.

4. The Special Body noted that the Doha Declaration adopted at the Fourth Ministerial Conference of the World Trade Organization (WTO) had made a significant departure from the previous eight rounds of GATT/WTO trade negotiations by placing the needs and interests of developing countries, particularly those of least developed countries, at the centre of the programme.

5. The Special Body stressed that the equitable integration of least developed countries into the multilateral trading system was key to the effective functioning of the system for the benefit of all WTO members.

6. The Special Body stressed that a universal, open, predictable and non-discriminatory multilateral trading system would present least developed countries with new export opportunities, but that implementation of commitments by all WTO members was key to realizing those trading opportunities.

7. The Special Body noted the common least developed countries' negotiating position, as elaborated in the Dhaka Declaration adopted on 2 June 2003, and stressed the importance of progress in

ongoing trade negotiations that would bring development results to least developed countries in line with the Declaration.

8. The Special Body welcomed the completion of the work carried out by the WTO working parties on the accession of Cambodia and Nepal to WTO. At the same time, it noted that the region continued to account for the highest share of countries that were not yet members of WTO. It stressed the need to simplify and streamline accession procedures to enable least developed countries to participate more effectively in the multilateral trading system.

9. The Special Body expressed support for the network of acceding countries that ESCAP had set up and requested the secretariat to study the experience of newly acceding countries and promote regional sharing of experiences and cooperation among countries, both those that were WTO members and those that were in the process of accession.

10. The Special Body stressed that meaningful access to markets was an essential condition for the development of least developed countries. It noted the continued existence of tariff escalation and tariff peaks that were hampering the ability of least developed countries to diversify their exports and add value. It called for bound, duty- and quota-free commitments for least developed countries' exports. It also cautioned that increased market access should not be nullified by non-tariff measures. It further called for realistic, flexible and simplified rules of origin that matched the manufacturing capacity of least developed countries.

11. The Special Body stressed that as the Doha-mandated negotiations had reached their mid-point mark, technical assistance should be intensified to build up negotiating capacity and ensure effective representation in WTO trade negotiations. In that regard, the Special Body commended the joint WTO/ESCAP training programme. It requested the secretariat in its programme of work for 2004-2005 to accord high priority to capacity-building in trade policy, particularly tariffs, customs, product development and trade in services, as well as trade facilitation measures that would create a supportive trade development environment.

12. The Special Body requested the secretariat to continue in its efforts to study the modalities for the integration of least developed countries into regional trade agreements including the Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation free trade area and the Bangkok Agreement.

### **C. Implementation of the programme of work, 2002-2003**

13. During the deliberations on item 6 of the agenda, the Special Body had before it document E/ESCAP/SB/LDC(6)/3, "Implementation of the programme of work, 2002-2003". As an intergovernmental body established to give high priority to the concerns of the least developed and landlocked developing countries of the region, the Special Body commended the efforts of the Executive Secretary in (a) establishing the Least Developed Countries Coordination Unit within his

/...

Office and a working group on least developed and landlocked developing countries and (b) introducing an accurate monitoring system as part of the secretariat's technical cooperation strategy to track the types of activities being implemented for those countries more precisely.

14. To ensure better delivery of activities for the benefit of the least developed and landlocked developing countries, the Special Body also adopted the following recommendations for implementation by the secretariat, the least developed and landlocked countries, and other members of the Commission, to ensure closer attention to the specific needs of those countries:

(a) The secretariat should proactively inform the least developed and landlocked developing countries of the technical assistance that might be available to enhance human capacity-building for the priority groups of countries;

(b) The secretariat should provide support facilities to ensure that least developed and landlocked developing countries benefited from each other's experiences and those of other developing countries through the modalities of technical and economic cooperation among developing countries;

(c) The views of the least developed and landlocked developing countries, especially those of countries without a mission in Bangkok, should be taken into account in the preparation of the programme of work;

(d) An informal, but direct, channel of communications should be established between least developed and landlocked developing countries without a mission in Bangkok and the secretariat;

(e) Greater financial and human resources should be allocated to activities for the benefit of the least developed and landlocked developing countries;

(f) The secretariat and members of the Commission should find ways to ensure that the cost of implementing activities in selected least developed and landlocked developing countries did not lead to their exclusion from ESCAP activities.

## **II. PROCEEDINGS OF THE SPECIAL BODY AT ITS SIXTH SESSION**

### **A. Transit transport issues in landlocked and transit developing countries**

15. The secretariat informed the Special Body of the outcome of the International Ministerial Conference on Transit Transport Cooperation, held at Almaty on 28 and 29 August 2003, and preparatory activities as detailed in documents A/CONF.202/PC.2/1,\* "Report of the Intergovernmental Preparatory Committee for the Conference on its second session", A/CONF.202/L.2, "Almaty Declaration", and E/ESCAP/1282/Rev.2, "Transit transport issues in landlocked and transit developing countries".

16. The Special Body took note of the importance of integrating transit transport issues within existing regional economic cooperation frameworks. It also took note of positive regional initiatives

/...

reported by both landlocked and transit developing countries relating to transit transport infrastructure development, transit transport agreements and trade and transport facilitation. In that regard, the Special Body noted that there was a need for genuine partnerships between landlocked and transit developing countries and their development partners at the national, bilateral, subregional, regional and global levels and through partnership between the public and private sectors. It noted with appreciation the excellent organizational arrangements for the Conference by the host country, Kazakhstan, which had helped to make the Conference a success.

17. The Special Body urged all stakeholders to implement the Almaty Programme of Action, as detailed in the five priority areas of (a) fundamental transit policy issues; (b) infrastructure development and maintenance; (c) international trade and trade facilitation; (d) international support measures; and (e) implementation and review. It noted that the Asian Action Plan on Transit Transport Cooperation, which had been endorsed by the Commission during the first phase of the fifty-ninth session and submitted to the Ministerial Conference as the regional platform, was in line with the Almaty Programme of Action, and that the two frameworks should therefore be implemented together.

18. The Special Body reiterated that the primary responsibility for the establishment of efficient transit transport systems lay with the landlocked and transit developing countries themselves and that the development partners had an important role to play in supporting their efforts. In that regard, it requested the secretariat to provide assistance and advisory services to landlocked and transit developing countries in addressing issues related to transit transport and trade facilitation and to conduct a regular review of progress in the implementation of those plans at the regional and subregional levels.

#### **B. Implications of the post-Doha trade agenda for the integration of the least developed countries into the global economic system**

19. International trade was of major importance to the economies of least developed countries, and many of those countries had increased their share of world trade. On average, however, export/GDP ratios continued to remain much lower than import/GDP ratios. The central question was how to ensure the meaningful and beneficial integration of least developed countries into the mainstream of a rapidly globalizing world economy.

20. The Special Body noted that least developed countries' ability to make more effective use of market access opportunities would be determined by their supply-side responses and capacity for attaining international competitiveness. That was a long-term challenge involving issues that were complex, interrelated and impossible to deal with in isolation. Increases in financial and technical assistance would be required to create the necessary supportive trade development environment.

21. Concrete action was required to help to strengthen the supply capacity of least developed countries through the development of physical and institutional infrastructure, human resources



development, unencumbered and improved market access and retained flexibility in the use of appropriate policy instruments to strengthen the competitiveness of sectors of strategic importance for the development of least developed countries' trade.

22. There should be policy coherence on the part of development partners in their responses to the market access and supply capacity concerns of least developed countries. In that regard, while noting that the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries had become an important coordinating mechanism, the Special Body stressed the need for accelerated implementation and increased funding to the global Trust Fund.

23. Careful consideration should be given to preferential market conditions for least developed countries with respect to the movement of natural persons, as well as a separate generalized system of preferences scheme for least developed countries.

24. Multilateral trade rules governing regional trade arrangements should be complementary to regional integration efforts and provide adequate flexibility to the Asian and Pacific least developed countries in adjusting to a more liberalized and competitive trade regime under those arrangements.

### **C. Implementation of the programme of work, 2002-2003**

25. The Special Body noted with appreciation the various activities implemented by the secretariat for the least developed and landlocked developing countries under the programme of work for 2002-2003 and endorsed the draft programme of work for 2004-2005. It recognized the important role of the regional commissions in undertaking activities for the benefit of least developed countries and urged the secretariat to develop and implement its programme of work in line with the Programmes of Action adopted at the Third United Nations Conference on the Least Developed Countries and the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation.

### **D. Other matters**

26. The Special Body urged all member countries to consider extending their support for the draft resolution circulated by the Government of Bangladesh on the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 during the fifty-ninth session of the Commission.

27. Taking note of the recommendation of the ad hoc working group of the General Assembly that the implementation of the Programme of Action be reviewed at the high-level segment of the Economic and Social Council in 2005, the Special Body decided to consider the regional review of the implementation of the Programme of Action at its seventh session in early 2005.

28. In preparation for that review, the Special Body requested the secretariat to conduct an expert group meeting to identify some of the key challenges facing those countries, and subregional and

regional meetings to review strategies to address their concerns in collaboration with member countries as well as other international organizations.

### **III. ORGANIZATION OF THE SESSION**

#### **A. Opening of the session**

29. The sixth session of the Special Body on Least Developed and Landlocked Developing Countries was held at Bangkok on 1 and 2 September 2003.

30. In his opening address, the Executive Secretary noted that transit transport issues in landlocked and transit developing countries, which had originally been scheduled to be reviewed at the sixth session of the Special Body, had been considered during the first phase of the fifty-ninth session of the Commission. The recommendations had been endorsed as the Asian Action Plan on Transit Transport Cooperation and presented as the regional platform at the International Ministerial Conference on Transit Transport Cooperation. The Executive Secretary reassured the Special Body that ESCAP was committed to supporting landlocked and transit developing countries through capacity-building under the respective programme areas of the Asian Action Plan. In introducing the item on the implications of the post-Doha trade agenda for the integration of the least developed countries into the global economic system, he said that the constraints in accession to WTO, market access and supply capabilities of least developed countries needed to be addressed. In that connection, ESCAP, in collaboration with the United Nations Conference on Trade and Development and WTO, had promoted regional policy dialogue, sharing of regional experiences and regional trade and integration arrangements, and provided training on WTO agreements. The Executive Secretary congratulated Cambodia and Nepal on completing the process for accession to WTO and for formally joining the Organization at its Fifth Ministerial Conference, to be held at Cancun, Mexico, from 10 to 14 September 2003. Since the Special Body was an intergovernmental body established to give high priority to the concerns of the least developed and landlocked developing countries of the region, the Executive Secretary highlighted some of the secretariat's initiatives to ensure closer attention to their specific needs.

31. The High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, in his message, stressed that concrete action must be taken to respond to the commitments made in the Programme of Action for the Least Developed Countries for the Decade 2001-2010. In order to fulfil those commitments, the least developed countries needed to develop sufficient national capacities, overcome associated costs and assume full ownership of the Programme of Action. At the global level, least developed countries had placed high priority on market access for their exports and elimination of tariff and non-tariff barriers as well as agricultural subsidies among the issues to be discussed at the Fifth WTO Ministerial Conference. In noting that South-South and triangular cooperation in trade, transport, technical assistance and exchange of best practices could promote sustained growth in the least developed countries, he urged the international community to

/...

expand the use of those modalities. The High Representative commended ESCAP for taking steps to mainstream the least developed countries in its work programme and reiterated the need for the least developed countries and their development partners to take concrete steps to ensure the implementation of the Programme of Action.

#### **B. Attendance**

32. The session was attended by representatives of the following members and associate members of the Commission: Bangladesh, Bhutan, China, Fiji, Japan, Kazakhstan, Lao People's Democratic Republic, Mongolia, Nepal, Pakistan, Palau, Philippines, Russian Federation, Samoa, Solomon Islands, Thailand, Tonga, Turkey, Vanuatu, Viet Nam and Hong Kong, China.

33. Representatives of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and the Asian and Pacific Coconut Community also attended the session.

#### **C. Election of officers**

34. The Special Body elected Ms. Adi Litia Samanunu Qalirea Talakuli Cakobau (Fiji) Chairperson, Mr. Phongsavath Boupha (Lao People's Democratic Republic) Vice-Chairperson and Mr. Ram Kumar Shrestha (Nepal) Rapporteur.

#### **D. Agenda**

35. The Special Body adopted the following agenda:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Transit transport issues in landlocked and transit developing countries.
5. Implications of the post-Doha trade agenda for the integration of the least developed countries into the global economic system.
6. Implementation of the programme of work, 2002-2003.
7. Other matters.
8. Adoption of the report.

#### **E. Adoption of the report**

36. The Special Body adopted its report on 2 September 2003.

. . . . .