

# Regional Integration



## **2<sup>ND</sup> UN CONFERENCE** ON LANDLOCKED DEVELOPING COUNTRIES VIENNA · NOVEMBER 2014

The Almaty Programme of Action (APoA) highlighted the need for the Landlocked Developing Countries (LLDCs) to become more regionally integrated through development of regional transportation networks, improved trade facilitation, and strengthened connectivity. This would help LLDCs to improve their competitiveness, enhance access to seaports, increase industrialization and gain greater access to markets, with a view of maximizing their benefits from globalization and generating rapid growth which is inclusive and sustainable.

## Regional and Sub-regional Agreements

At the regional and sub-regional levels LLDCs and their transit neighbours have established transit transport and trade facilitation agreements within their regional economic communities:

- In Asia, substantial progress has been made in developing and implementing the Inter-governmental Agreement to underpin the Asian Highway Network, the Intergovernmental Agreement on the Trans-Asian Railway Network and the Intergovernmental Agreement on dry Ports. Other relevant agreements include: the Customs Union between Kazakhstan, Belarus and the Russian Federation; Memorandum of Understanding to extend the routes of the East-West Economic Corridor to their capital cities between Lao PDR, Thailand and Viet Nam; a Joint Declaration on the promotion of Euro-Asian rail transport and activities towards unified railway law;
- In Africa, progress has been made towards establishing the intergovernmental agreement for harmonizing the norms and standards of the Trans-African Highway network. Specific agreements have also been reached to improve the smooth operation of some transit corridors, including the Northern Corridor Transit and Transport Agreement, the Agreement establishing the Central Corridor Transit Transport Facilitation Agency and others;

- In South America, regional integration has been further deepened through the establishment of UNASUR - the Union of South American Nations, an intergovernmental organization that integrates the regional agreements, including the Common Market of the South (MERCOSUR) and the Andean Community of Nations.

## Harmonization of Transit and Transport Policies

International conventions on transport and transit, as well as regional and sub-regional transport and transit agreements, ratified by landlocked and transit developing countries are the main vehicles by which the harmonization, simplification and standardization of rules and documentation can be achieved.

There are over 50 UN conventions on international transport and trade facilitation, with seven of them especially relevant to transit trade and border crossing for LLDCs. Other relevant international conventions include those such as the Revised Kyoto Customs Convention (1999). Overall however, the status of accession to these key international conventions is low.

## Regional Transport Infrastructure

Progress has been made in upgrading and expanding the road transit transport system which is the leading mode of transport in LLDCs. At the regional level:

- In Asia, progress has been made in upgrading the Asian Highway network, but a significant proportion of the network did not meet the minimum desirable standards.
- In Africa, improvements have been made on the Trans-African Highway, however, overall progress has been slow and the Highway is still characterized by missing links and poor maintenance in key segments.
- In South America, the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) has coordinated the development of transport, energy and telecommunications infrastructure in the region. The two LLDCs in the region accounted for a total of 16% of the project portfolio.

## Regional Energy Infrastructure and ICT Connectivity

Information and communications technologies (ICTs) can contribute towards increased economic growth in LLDCs by improving trade facilitation, increasing productivity across all the other sectors and lowering costs and facilitating access to services. Use of ICT for customs clearance and electronic data sharing between neighbouring countries can significantly aid trade facilitation. Despite remarkable progress in ICT penetration, LLDCs lag behind other developing countries in terms of broadband internet access. Yet, this technology can play a crucial role in increasing connectivity, including at the regional level, boosting enterprise competitiveness and facilitating trade.

A reliable, modern and affordable energy infrastructure is vital for reducing delays in transit time for LLDCs' consignments and for building the productive capacity. Even though marked improvements have been seen over the last decade, LLDC economies exhibit a wide variation in rates of electrification, and there is still a long way to go before basic energy infrastructure needs are fulfilled in most LLDCs. Frequent power outages, in particular in African LLDCs, are due largely to the lack of regional connectivity of the electricity grids.

## Outstanding Challenges

Despite the considerable progress, LLDCs still face many outstanding challenges that prevent them from fully integrating into global markets. Harmonization of transit transport and trade facilitation measures, policies and regulations at the regional and sub-regional level, such as for example harmonizing documentation for export/import, creation of joint border crossing posts and harmonization of the working hours of adjacent border crossing posts, would assist in ensuring faster and smoother regional trade and promoting regional integration. Strengthened regional trade, transport, communication and energy networks would also go a long way in enhancing integration of LLDCs into regional as well as global markets. ■