

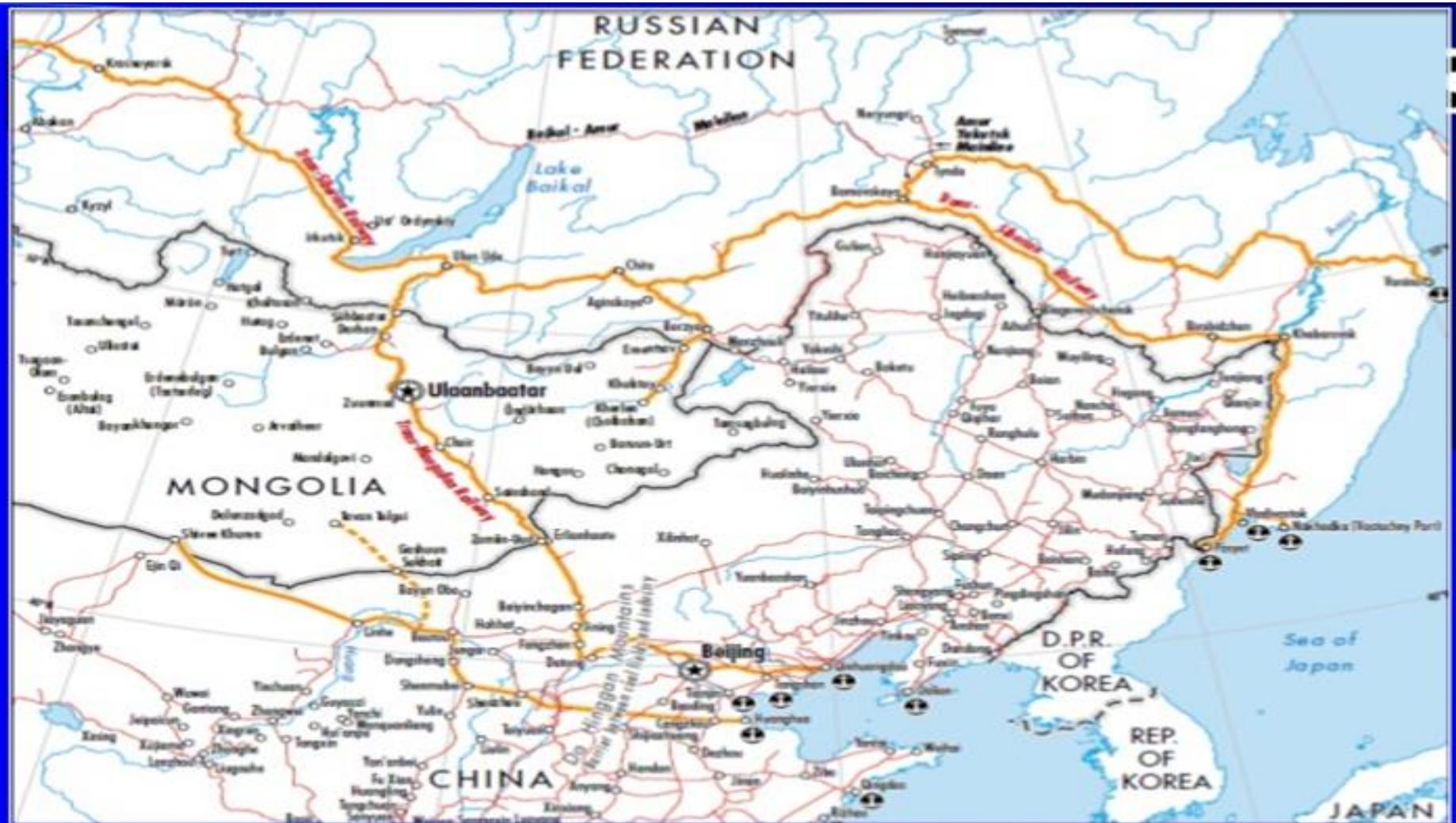


National Workshop on mainstreaming the Vienna Programme of Action for LLDCs for the Decade 2014-204

Mussie Delelegn
Chief, Landlocked Developing Countries' Section
Division for Africa, Least Developed Countries and
Special Programmes, UNCTAD

127-28 April 2016, Ulaanbaatar, Mongolia

Mainstreaming trade and trade facilitation: policy options, challenges and opportunities for Mongolia



This presentation briefly covers...

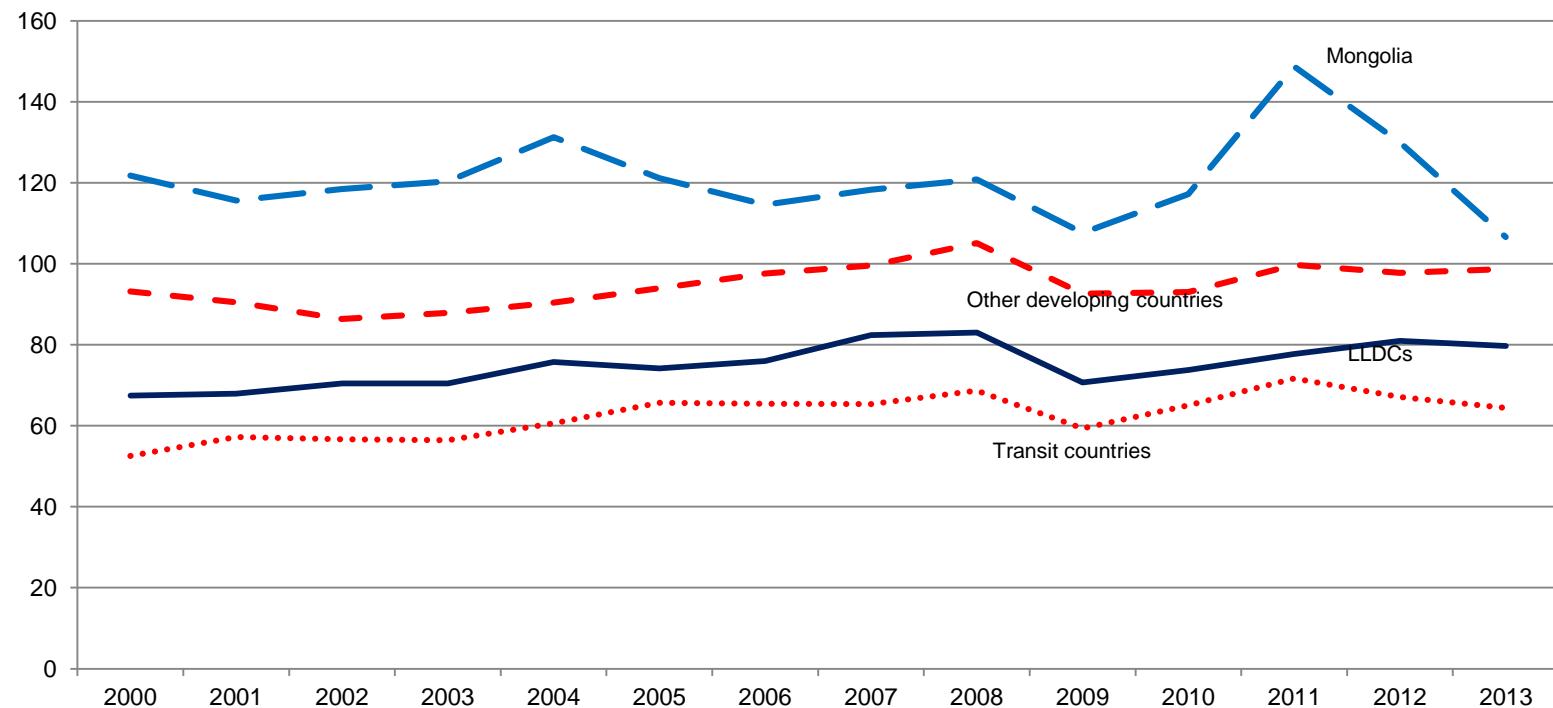
- I. Mongolia's trade structure
- II. Trade facilitation and performance
- III. Key challenges and opportunities
- IV. UNCTAD's work on trade facilitation
- V. Policy conclusions and recommendations

I. Mongolia's trade structure or composition

- Trade is crucial for Mongolia where the trade intensity of the economy is very high
- Exports are predominantly natural resources based or commodities;
- There is heavy export concentration;
 - 3 export items account for about 70% export earnings
 - 1 export item contributes to nearly 50% of export earnings
- With the exception of PRC, Mongolia's trade balance is negative (both in goods and services)

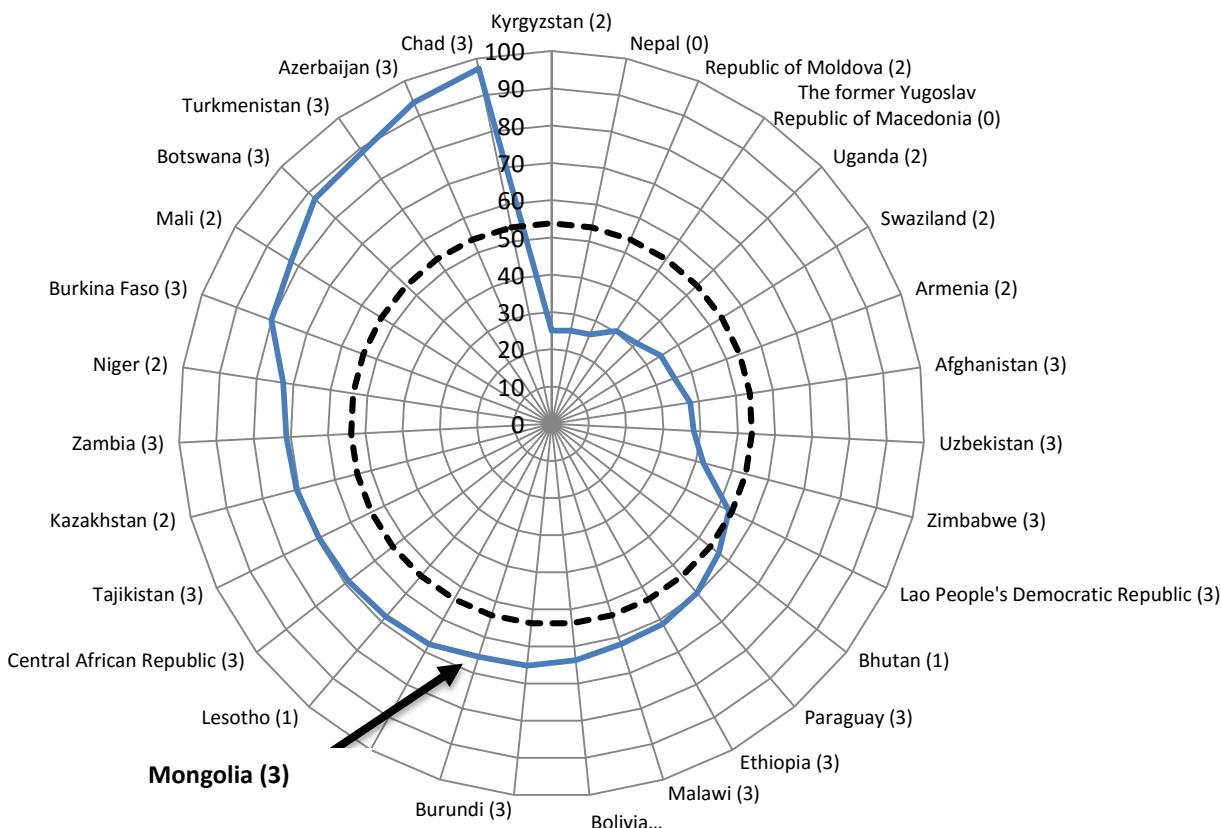
Trade openness: Mongolia and other country groups (trade as % of GDP 2000-2013)

Percent



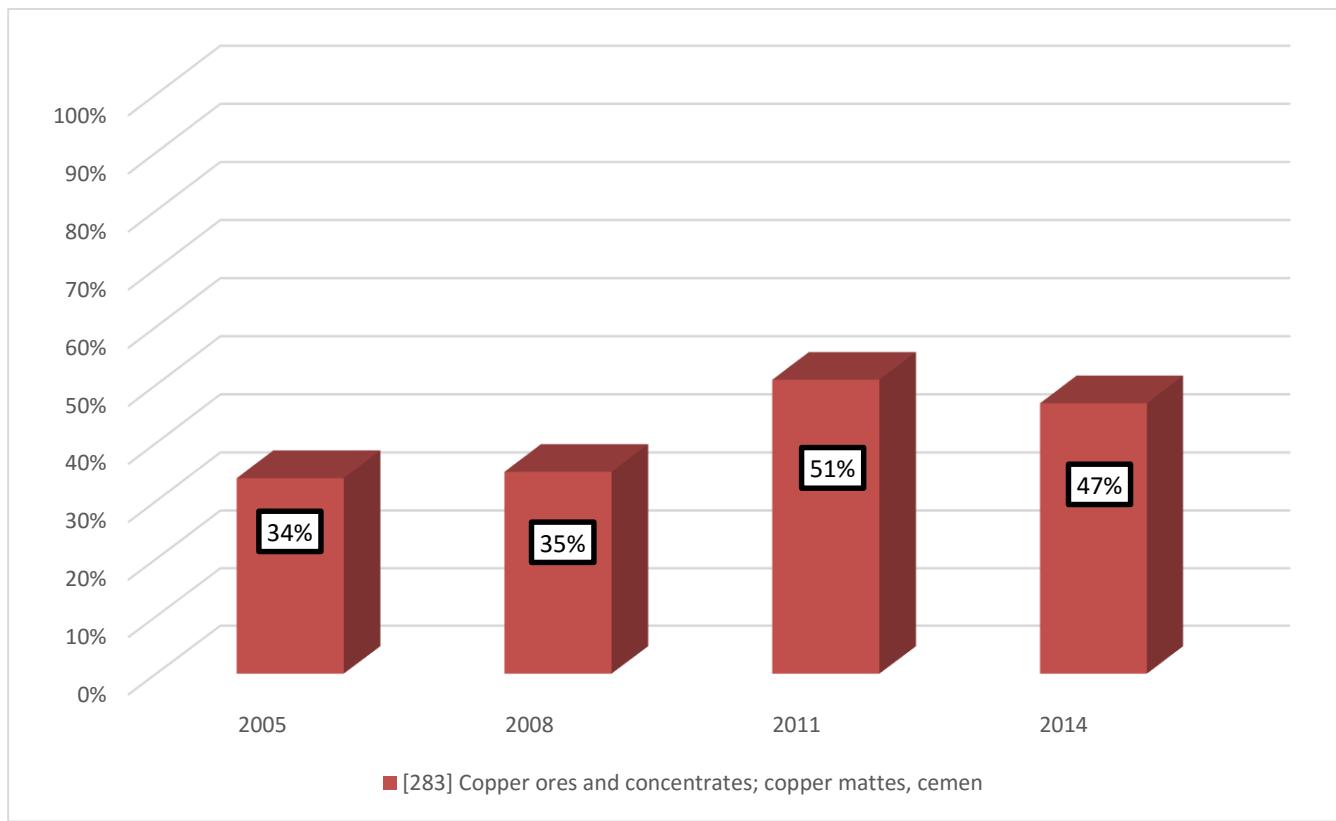
Commodity exports (2011-2015)

Mongolia Vs other LLDCs

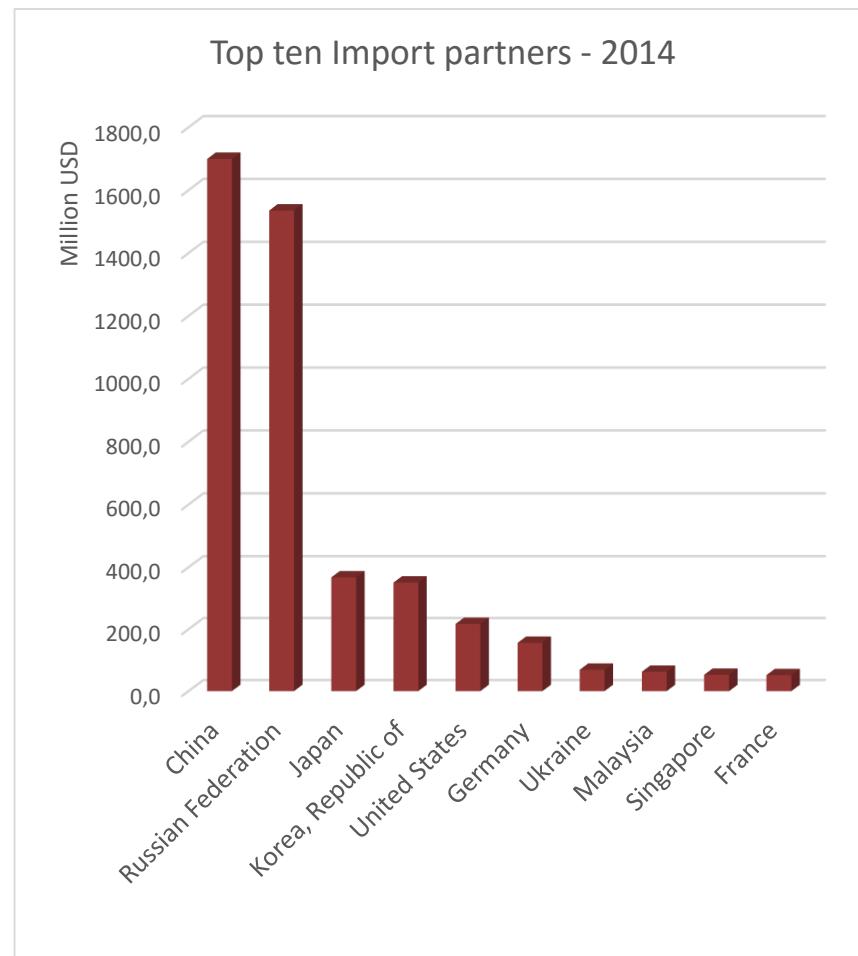
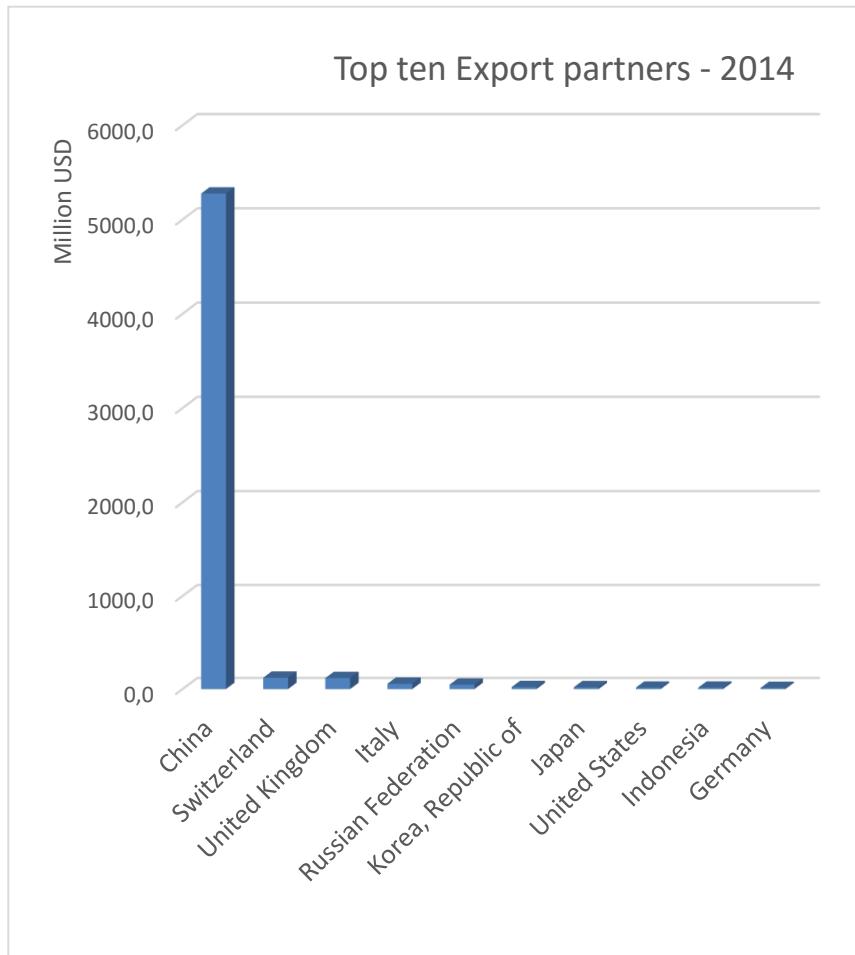


Share of one commodity in total merchandize exports (2005-2014)

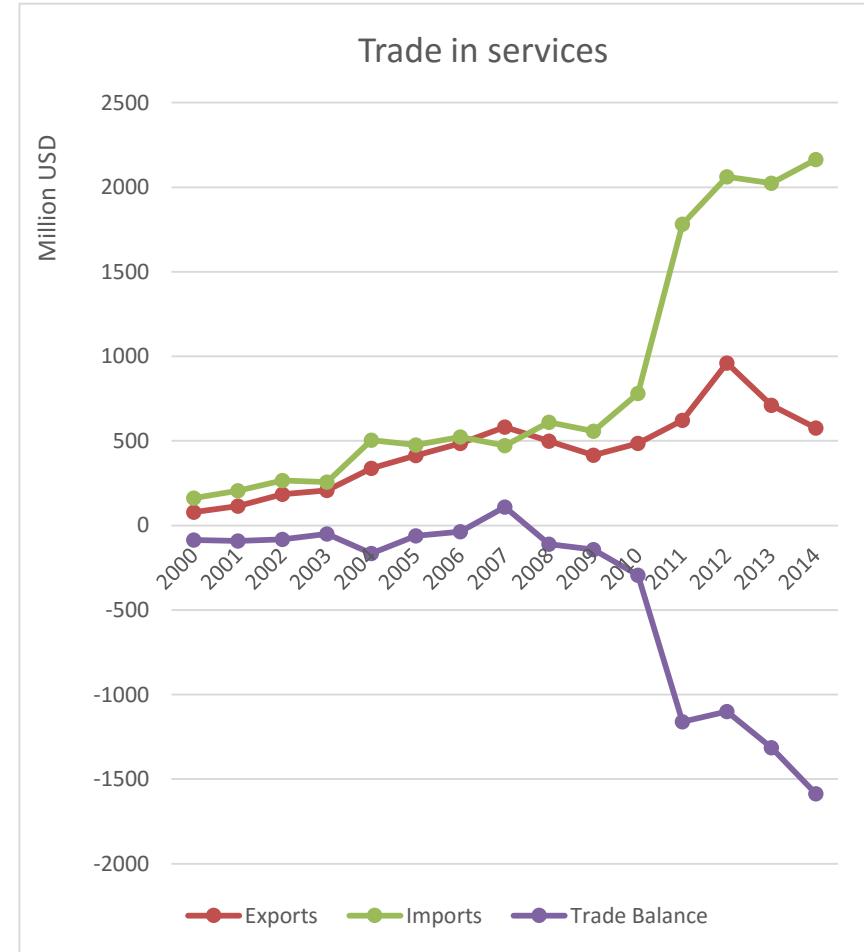
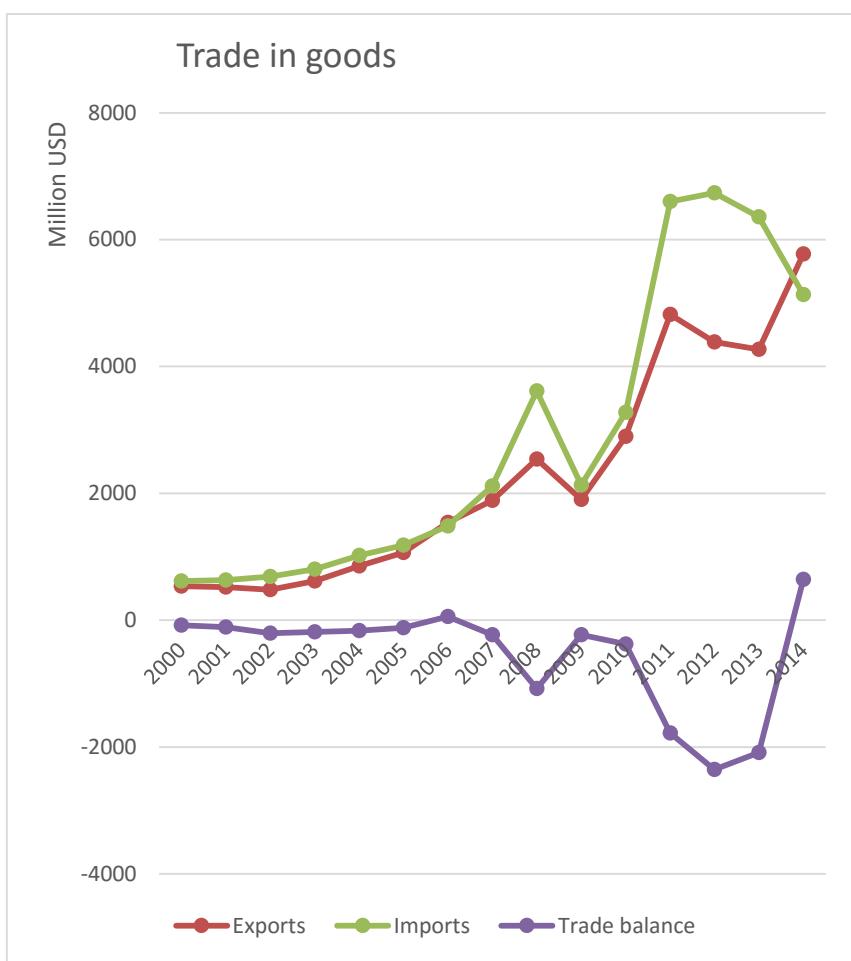
Copper ores, concentrates and mattes.....



Trade by top ten partners (2014)



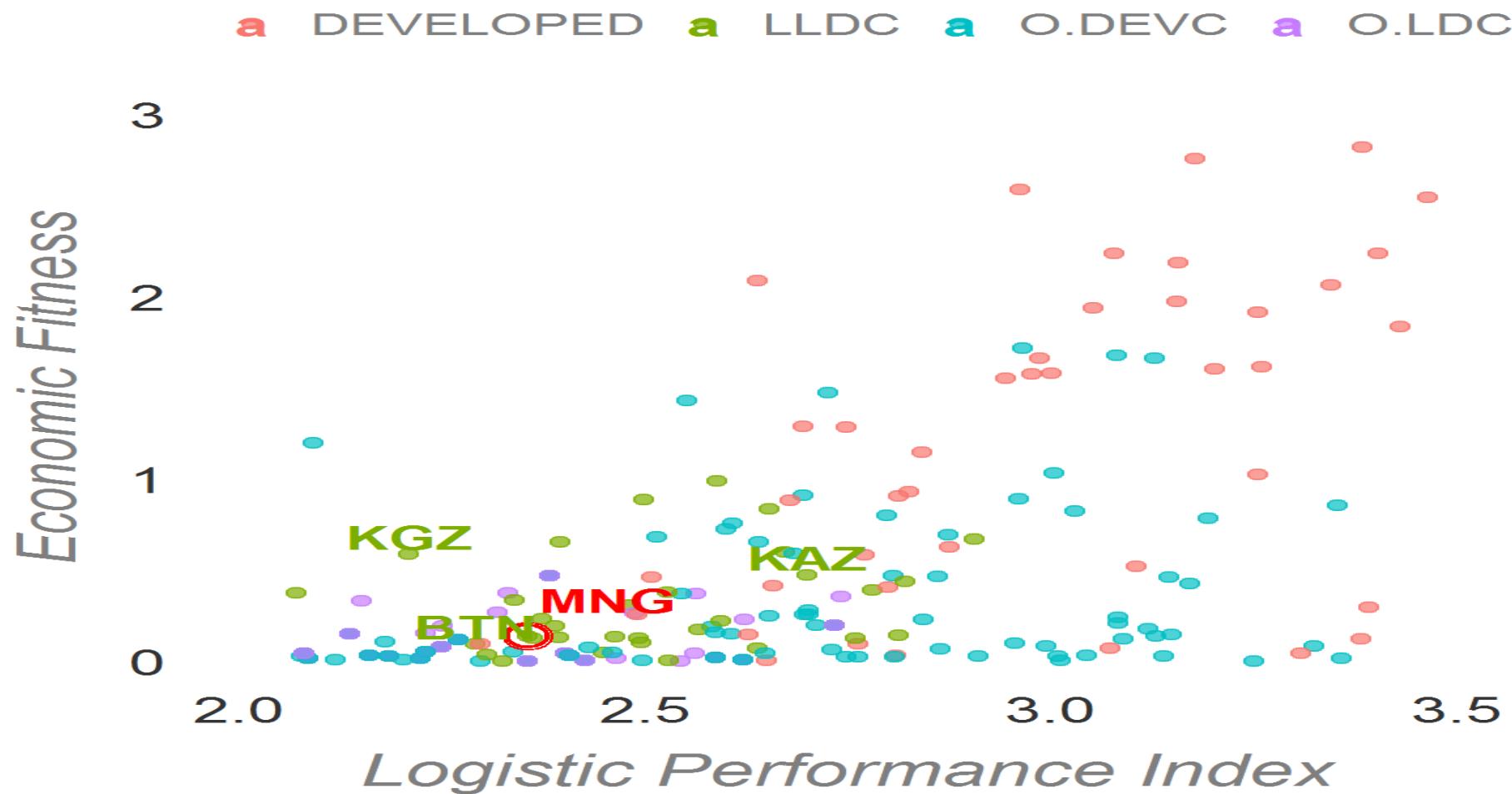
Evolution of trade in goods and service (2000-2014)



Key questions from the export structure of Mongolia

- Are natural resources wealth and being landlocked contribute to commodity dependence?
 - Are assumptions that LLDCs are uncompetitive in exports of manufactures true?
 - Are exports of high volume, low value primary commodities destiny for LLDCs?
 - How can Mongolia improve its export competitions and trade facilitation challenges?
- ❖ **UNCTAD's perspective:** Diversification and value addition remains persuasive and critical for competitiveness

Economic Complexity Vs trade logistics



II. Trade Facilitation and performance

- Trade facilitation is critical for:
 - Enhancing export competitiveness (reduces time and cost);
 - Formalizing informal trade;
 - Reducing or regulating unofficial trade;
 - Avoiding trade distortions;
 - Enhancing regional trade and economic integration;
 - Modernizing trade, public finance (revenue) and improving security and overall governance;

Trade facilitation and ...Continued)

- Trade facilitation involves measures:
 - ✓ Behind- the-border (factor productivity and changes, value addition, quality and efficiency of internal infrastructure)
 - ✓ On- the-border (tariffs, non tariffs, inspection, controls)
 - ✓ After- the- border (quality of infrastructure in transit and ports, inspections, regional integration)
 - ✓ ICTs uses and policies
 - ✓ Easing administrative burden and hindrances

WTO TFA: key provisions and significance

- **Section I:** expeditious movement of, release and clearance of goods, including goods in transit
 - **Section 2:** Special and Differential treatment
 - **Section 3:** Establishment of permanent committee on trade facilitation
- ❖ Section 2: is an important component of the TFA for developing countries such as Mongolia

Section 2 of the TFA

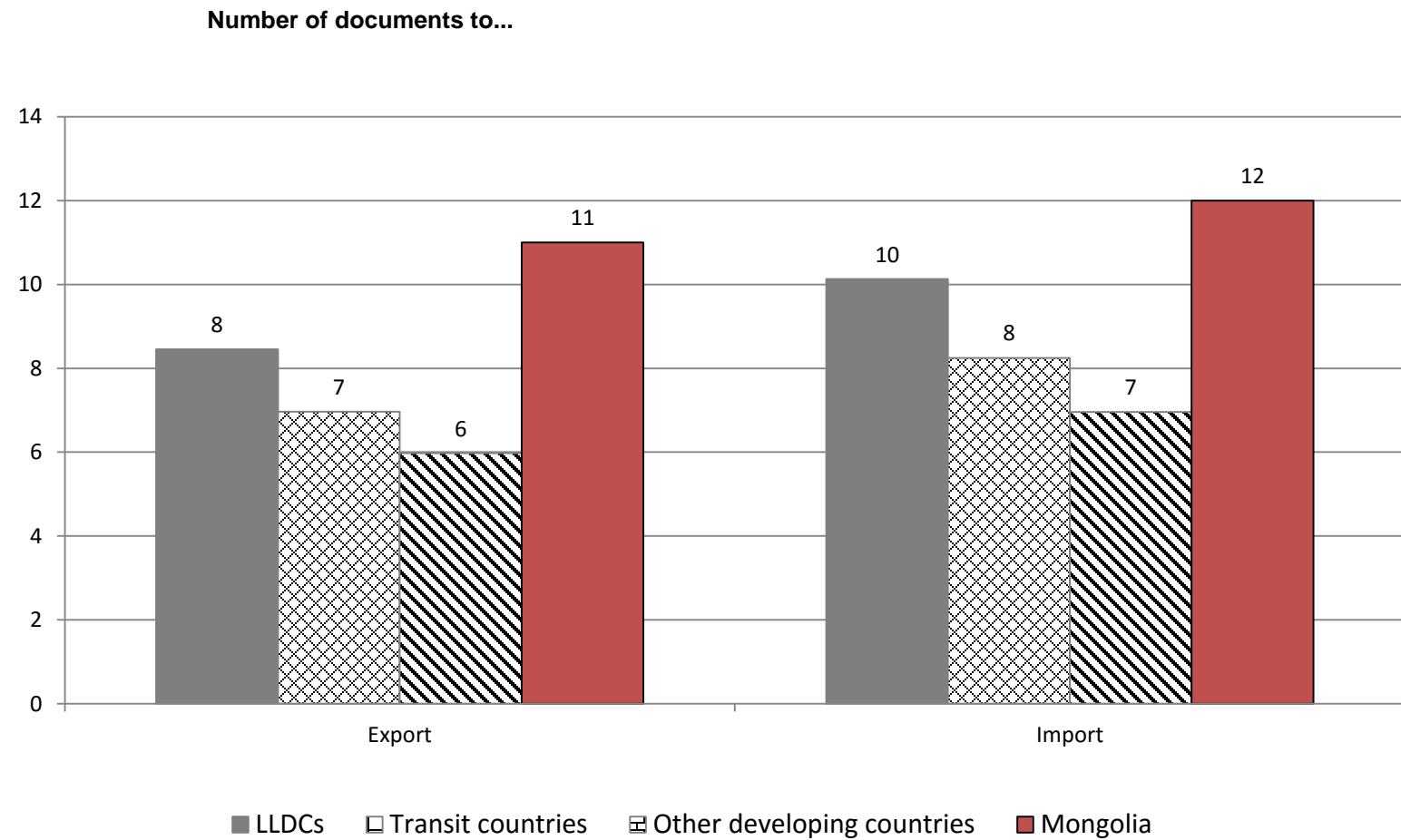
Contains provisions that allow developing countries to self-determine

- when to implement provisions
- What can they do by themselves
- Areas where they need technical assistance

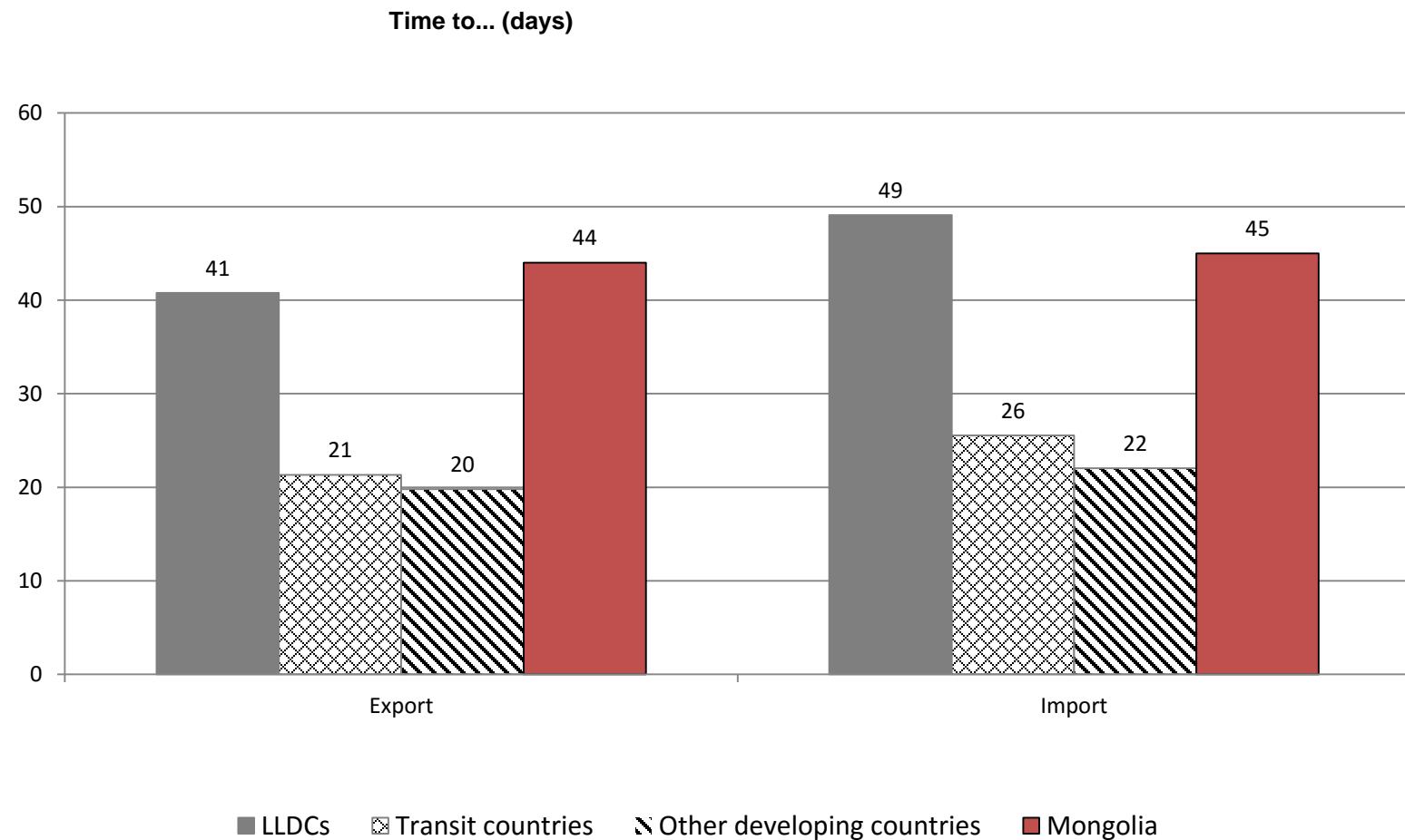
Notifications of **implementation** by member states based on categories

- ✓ Category A: Upon TFA enters into force
- ✓ Category B: After transition period, following entry into force
- ✓ Category C: After transition period

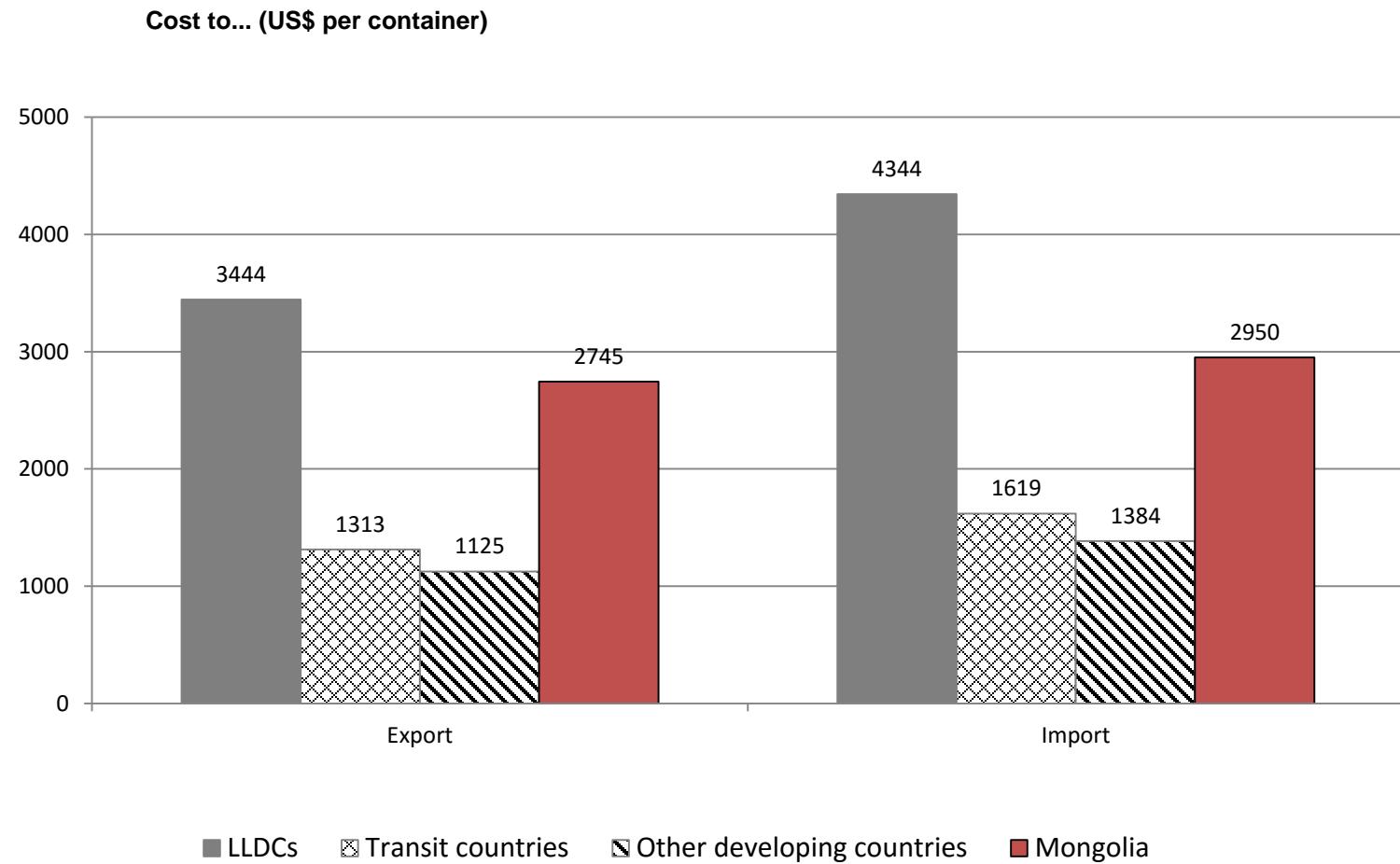
Comparative number of documents needed to Export-Import



Comparative time to Export-Import (days)



Comparative cost to Export-Import (US\$ per container)



IV. Six areas of UNCTAD's work on TF

- i. Support to trade facilitation reforms
 - Compliance with international TF standards, rules and procedures);
 - Assist with WTO Trade facilitation Agreement
- ii. Facilitation of coordination: National TF committees; stakeholders
- iii. Customs modernization/automation: ASYCUDA
- iv. Online portals and modules on foreign trade procedures (e-regulations to help governments make TF rules, procedures, etc)
- v. TrainForTrade (to build trade efficiency and competitiveness)
- vi. Structural economic transformation

V. Key Policy messages: Short term

- Trade facilitation is crucial even more so for countries such as Mongolia.

Short-term efforts should focus on:

- Harmonization and simplification of administrative procedures, rules and regulations of TF;
- Coordination of institutions for harmonized implementation of TF reform;
- Undertaking complete and systematic trade facilitation needs for Mongolia; and
- Clearly identifying what can be done by Mongolia and areas for international support mechanisms for TF

Key messages: medium or intermediate period

- Building technical, institutional and human resources capacities for TF
- Realigning trade policies and TF reforms with overall national development policies needs to be pursued;
- Ratification of WTO TF Agreement and
- Addressing before-the -border, on- the- border and after- the- border trade facilitation challenges

Key messages: medium and long-term

- Mainstreaming trade and trade facilitation into national policies and strategies;
- Continuing negotiations on trade facilitation corridors
- Promoting regional trade integration and enhancing regional infrastructure; and
- Fostering productive capacities and structural economic transformation