

Statement by Ms. Shamika N. Sirimanne

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Excellencies,

Distinguished delegates,

Ladies and gentlemen,

I am pleased to welcome you to the 11th session of the Commission on Trade and Development. This year's thematic focus "Trade and vulnerability" is both timely and pertinent in view of recent heightened global trade policy uncertainty, geopolitical tensions and climate risks.

A debate on vulnerability and its nexus to trade and development is of the utmost relevance to the logistics of international trade. The strong nexus underpins much of the work carried in my division on Transport and Trade Facilitation.

Ladies and Gentlemen,

There is a dual role to trade logistics when it comes to overcoming vulnerabilities. First, *trade is enabled* by transport and trade facilitation. And by

ensuring sustainable and resilient transport and logistics services, the economies of developing countries become *less vulnerable* to economic, political and climate shocks. Second, transport and *trade logistics infrastructure and services themselves* are potentially *vulnerable* to shocks.

As such, the logistics sector can enable trade and economic resilience if it is sustainable and resilient. At the same time, however, it could exacerbate the challenges faced by vulnerable countries if transport and trade facilitation services are inefficient, costly, unreliable, unsafe, environmentally unsound, and unable to withstand disruptions and shocks. Concrete challenges span from inefficient cross-border procedures, transport infrastructure deficits, limited connectivity to transport networks, lack of investment, prohibitive transport costs, and environmental degradation and climate change.

The issue that we need to address is how we can assist countries to build the resilience of their transport and trade logistics services? Let me focus on three main ways in which we have been doing this so far:

- (1) *First*, by promoting sustainable freight transport systems and logistics;
- (2) *Second*, by supporting countries to adapt to climate change; and
- (3) *Third*, by assisting countries to implement trade facilitation reforms, and improve Customs automation—thereby building strong institutions.

(1) Building economic resilience through transport systems and logistics that are efficient, low-carbon, affordable, reliable and environmentally sound

Our work helps countries shift towards more sustainable freight transport and logistics, focusing in particular on transport corridors, shipping and ports.

Concretely, the Sustainable Freight Transport Toolkit is a leading instrument developed by the Division to support developing countries' sustainability building efforts. It includes

(1) A comprehensive training package, covering various modes of transport. Specific topics include sustainable shipping and ports, corridor management, finance, public-private partnerships, environmental performance, and port performance indicators; and

(2) the UNCTAD Framework for Sustainable Freight Transport (the "UNCTAD SFT Framework"). This is an online web-based methodology, together with practical tools, case studies and guidance that help users to plan, design, develop, and implement SFT strategies.

Experience from the field, particularly in Caribbean SIDS and LLDCs in East Africa, has shown that building the sustainability of transport and logistics to support economic resilience through competitive trade requires a holistic approach.

Some of the priority action areas identified include: a) improving understanding of vulnerability drivers and risk factors and related implications

for developing countries' transport and logistics and therefore, their trade;

b) promoting the sharing of best practices in the field; c) adopting global standards for sustainable performance measurements; d) enhancing cooperation among stakeholders; e) enabling access to technology and finance; and,

f) strengthening the capacity of policymakers and regulators.

(2) Building resilience by climate-proofing strategic infrastructural assets such as ports and their hinterland connections

Ports are affected directly and indirectly by climatic changes, with broader implications for international trade and for the development prospects of the most vulnerable nations, in particular LDCs and SIDS.

As 80% of world trade is seaborne, ports constitute an essential link connecting developing countries to world markets, and their efficient operations are therefore essential to reduce vulnerability to economic and environmental shocks. As you know, our TrainForTrade Port Management Programme is supporting ports communities in Africa, Asia, Latin America and the Caribbean. The objective is to develop efficient port communities by building capacity for port system planning and organization as well as port operations, so that port managers are ready to handle emerging challenges.

In fact, two weeks ago, its Advisory Group met to discuss the "Future Challenges of Port Managers". Together with our main partners from Ireland, France, and Spain as well as the World Meteorological Organization (WMO),

we discussed options to further strengthen the sustainability of ports in the areas of climate change, the circular economy, decarbonization, and cybercrimes. We hope that these new training modules will strengthen the resilience of ports.

In addition, we are pleased to have recently initiated a joint project with UNEP, with a focus on ‘Climate resilient transport infrastructure for sustainable trade, tourism and development in SIDS’.

(3) Ensuring effective implementation of efficient trade facilitation measures and reforms, and improving Customs automation

Efficient international trade procedures are both key to reducing a country’s exposure to trade shocks, and to supporting its trade-driven development. And for many of the smallest and most vulnerable economies, the taxes and duties collected at the borders constitute a significant component of fiscal revenues--fluctuations of which could create serious economic instability.

Trade facilitation measures that help simplify trade procedures not only reduce cost and time to trade but increase transparency and compliance, safeguard government revenues and enable small and medium-sized enterprises to better integrate into global value chains. By boosting trade and generating business opportunities, these measures help countries build their economic resilience.

Reforming international trade procedures is a continuous process. With the WTO Agreement on Trade Facilitation already in force, many developing

countries still find that many of its trade facilitation obligations are challenging to implement.

Through targeted advisory services and capacity building, UNCTAD has supported more than 50 developing countries and several regional economic communities with trade facilitation reforms. Our Empowerment Programme assists the establishment of National Trade Facilitation Committees (NTFCs) through a public-private-partnership approach; provides comprehensive training on international standards and obligations under the Trade Facilitation Agreement; assists countries to design 3-5 year trade facilitation roadmaps with key performance indicators; and supports the preparation of bankable technical assistance projects to be presented to development partners.

Our custom automation programme, ASYCUDA- UNCTAD's largest technical cooperation programme - is at the forefront of our work in addressing vulnerability in developing countries. ASYCUDA is operating in over hundred countries, including 36 LDCs, 24 SIDS and 23 LLDCs. As well known, a significant proportion of government revenues in these countries are generated from trade related taxes. Low and highly fluctuating government revenues are a source of vulnerability. One of the first and lasting benefits of ASYCUDA is that it helps countries to increase tariff revenues, mobilizing much needed domestic resources for sustainable development. Among recent examples, Angola enjoyed a 43% increase in customs tariff revenue following the

introduction of ASYCUDAWorld in 2017. One of ASYCUDA's distinctive feature is its modularity which allows it to develop new add-ons tailored to specific needs on the ground. ASYREC is one of these extensions of ASYCUDA, specifically developed to facilitate the smooth delivery of humanitarian aid in the aftermath of a disaster, further contributing to the resilience of beneficiary countries.

Ladies and gentlemen, distinguished delegates,

In concluding, I would like to emphasize that our work in trade and transport logistic is ever more important in the current global operating framework where uncertainty and downside risks to growth and development are rising; and climate change is looming as a force that could wipe-out painstaking development gains made by countries. As we prepare for UNCTAD15 in Barbados we intend to deepen our work on building resilience of developing countries to multiple shocks.

Thank you.