

Enhancing integration of landlocked developing countries into global trade for sustainable COVID19 recovery: The role of digital technology

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Q: What policy options (at all levels-global, regional and national) and concrete actions are necessary to enable LLDCs to harness digital technologies and seize the new trading opportunities?

Let me bring UNCTAD's experience and lessons on the ground on using digital technologies to (i) reduce trade costs; and (ii) create new trading opportunities in LLDCs.

First point. Our experience is that Customs automation and e-SW operations significantly reduce trade costs by streamlining procedures and reducing time and cost for traders. In addition, there will be significant increases in much needed public revenues, and better risk management.

Our work on Customs automation and SW is delivered through ASYCUDA, which operates in over 100 countries and territories. And they include 21 LLDCS out of 32 (66%)ⁱ. *5 LLDCs are implementing ASYCUDA Single Window (i.e., Burundi, Kazakhstan, Rwanda, Turkmenistan and Uganda) that connects customs authorities with the rest of government agencies.*

Some recent results:

In Turkmenistan: 14 times reduction of cargo clearance time following the implementation of ASYCUDA

In Kazakhstan: 31% increase of export transactions from 2020 to 2021; In Afghanistan, amidst all that conflict, there was 30% increase of export transactions from 2020 to 2021

The demand for e-commerce during COVID19 lockdowns increased massively.¹

According to UNCTAD figures, based on countries for which data is available, online retail sales increased from around \$2 trillion in 2019 before COVID, to \$2.9 trillion in 2021.

While cross-border component of ecommerce is still small, it is growing fast. We estimate that cross-border B2C e-commerce sales amounted to \$440 billion in 2019 (representing an increase of 9% over 2018).

This trend is here to stay. And there is a huge potential for small medium enterprises, and especially for women entrepreneurs. There is potential to eliminate the middlemen and connect the buyers and sellers directly—to capture the value at the source of production. But at the moment cross border ecommerce remains just a “potential” for many LLDCs.

We have undertaken *eTrade Readiness Assessments* in 10 LLDCs and two in the pipeline.² We assess countries’ readiness in connectivity, legal/regulatory frameworks, e-payment systems, financing, logistics, skills and more. We have also supported the development of full-fledged national e-commerce strategies in Botswana³ and Rwanda.

There are big differences in the readiness of LLDCs to seize opportunities from digitalization.

These range from the limited awareness of ecommerce opportunities; to connectivity issues and the fact that even when there is connectivity it is poor and exorbitantly expensive; weak legal and regulatory frameworks; logistics issues; to difficulties in raising finances for ecommerce startups—especially for youth and women. And the lack of statistics of the size of

¹ For the LLDCs on which we have data, the average share of people who shopped online rose from 6% to 12% from 2017 to 2021.

² Afghanistan, Burkina Faso, Lao PDR, Lesotho, Malawi, Mali, Nepal, Niger, Uganda, and Zambia.

³ See https://unctad.org/system/files/official-document/dt1stict2021d4_en.pdf

