FOURTH MEETING OF TRADE MINISTERS OF LANDLOCKED DEVELOPING COUNTRIES
Almaty, 12 Sep 2012

Unlocking the trade potential of LLDCs

Introduction of the key issues

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Most visible cost of being land-locked is **under-trading**

- No access to sea and distance to major markets
- Inadequate regulation to deal with behind the border barriers
- Underdeveloped business sector (weak supply capacity)

**ESCAP trade cost database shows that trade costs of LLDCs are equivalent to 180 - 350 % import tariff**

result in **too little trade at too high cost** of trading
Benefits from trade NOT utilized

- Because of reliance on resources and commodities, countries are vulnerable to price and demand shocks
- “Dutch disease” or similar “curse” of resource exporters

How to trade more and use trade as an engine of equitable and sustainable growth?

• Pessimism about trade-oriented growth strategy & no reliance on comparative advantages

• Where is the potential?
  – Most LLDCs are resource-based economies

• There is no single solution for all countries but all need international support

• Common elements include appropriate balancing of:
  – Government vs. market
  – Infrastructure vs. other public spending
  – Current vs. future consumption
  – Distribution (wealth, income and costs)
  – Macro (policy mix to build resilience and competitiveness) and micro management (private sector to be able to use incentives and be socially responsible)
All things start at home…

- Regulatory reforms to get rid of behind the border barriers but not to lose control over markets
- This is necessary to support development of services necessary for more efficient trade and economy in general
- Corporate governance (including CSR)
- Labour markets

Services sector remains stagnant since 2000
More aggressive trade and investment policies

- LLDCs, especially Central Asian, are not integrated into global economy (via WTO) or ASIA (via PTAs)
- Most PTAs are with each other or neighboring countries:
  - Bhutan, Nepal with India; Lao PDR with Thailand, Vietnam, China (ASEAN+);
- FDI inflows linked to extractive industries rather than to export diversification
# Trade and transit facilitation

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<th>National</th>
<th>Regional</th>
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<td>• Simplify behind-the-border import and export procedures (e.g. single window)</td>
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<td>• Participate actively in the negotiations of regional transit agreements</td>
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<td>• Accede to global conventions/agreements such as WTO GATT, UNECE TIR Convention, etc.</td>
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<td>• Effectively conclude and implement transit and transport agreements</td>
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<td>• Improve coordination &amp; harmonization of procedures across the borders</td>
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<td>• Admit vehicles liability insurance among relevant countries</td>
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<td>• Establish regional guarantee system</td>
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<td>• Simplify the accession procedures to international conventions/agreements &amp; provide technical assistance</td>
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High trade costs, cumbersome trade procedures and lack of appropriate regional transit regimes and
UN Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT)
Thank you

[links to UNESCAP.org and UNESCAP.org/tid websites]