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Statement

by

H.E. Mr. Gyan Chandra Acharya

**Under-Secretary-General
and High Representative
for the Least Developed Countries, Landlocked
Developing Countries
and Small Island Developing States**

**ESCAP/OHRLLS/ECE/Government of Lao PDR Euro-Asia
Ten Year Regional Review Meeting of the Almaty
Programme of Action**

Laos, Vientiane

5 March, 2013

- H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs of the Government of the Lao PDR, and Chair of the Group of LLDCs
- H.E. Mr. Sommad Pholsena, Minister of Public Works and Transport, Government of the Lao PDR
- Dr. Noeleen Heyzer, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP
- Honourable Ministers and heads of delegations from the Landlocked Developing Countries, Transit Developing Countries, Development Partners
- Excellencies the ambassadors,
- resident coordinator of the United Nations system and heads of UN agencies, funds and programs
- Distinguished Delegates,
- Ladies and Gentlemen,

The United Nations and the Office of the High Representative for the LDCs, LLDCs and SIDS, are extremely grateful to the Government of Lao People's Democratic Republic for their gracious hospitality and for the excellent and efficient arrangements that have been made for this meeting. My sincere thanks and deep appreciation go to the Deputy Prime Minister and Minister of Foreign Affairs of the Lao People's Democratic Republic Dr. Thongloun Sisoulith, for his country's able chairmanship of the Group of Landlocked Developing Countries at the global level and for his very important statement this morning. I also express our appreciation for Ambassador Saleumxay Kommasith for shouldering that responsibility very effectively at the United Nations in New York.

My Office is also very appreciative of the excellent partnership and support of the UN Economic Commission for Asia and the Pacific, and collaboration with the Economic Commission for Europe in organizing this meeting. These regional commissions have also been key partners in advancing and coordinating the implementation of the Almaty Programme of Action in the Euro-Asian Region.

I would like to sincerely thank the representatives from the landlocked and transit developing countries and partner countries for participating in this program. My deep appreciation also goes to the representatives of UN system organizations and other international and regional

organizations for their tireless, concrete efforts and contributions towards the implementation of the Almaty Programme of action.

Excellencies,

At the outset, I would like to say that the ultimate objectives of the development strategies of landlocked developing countries are poverty reduction, achieving higher levels of wellbeing of their people and sustained economic growth. However their geography, small domestic purchasing power, remoteness from markets and lack of direct territorial access to the sea ports puts them at a disadvantage in fully harnessing their potentials to support their sustainable development efforts. Landlocked developing countries also lack the necessary financial and technical capacities to overcome the geographical handicaps. This is the reason why landlocked developing countries need a global partnership with special measures and support that could assist them to end their marginalization in the international trading system. Transport is a lifeline to the modern economy. It's smooth and efficient functioning determines the speed and scale of integration and thus benefits generating from it.

The Almaty Programme of Action adopted in 2003 set the parameters for this partnership with clear undertakings in transit policy issues, infrastructure development and maintenance, international trade and trade facilitation, regional integration and international support measures. Since then while a lot has been accomplished, we still need to do more to establish a firm foundation for development and progress in these countries.

An important achievement of the Almaty Programme to date has been the universal recognition of the special needs of landlocked developing countries, which has generated tangible actions by not only the transit countries and the landlocked developing countries themselves, but also by the partner countries, international and regional institutions. The last ten years have seen stronger support from development partners towards transport infrastructure development, and trade facilitation and support from transit countries to harmonize transport and transit policies, simplify border control and procedures and facilitate trade. however, we have a long way to go to make sure that progress in these areas are consolidated and create a conducive atmospheres for rapid, inclusive and sustainable development. The fact that many of the land locked countries are still at the bottom of the development ladder indicates that we need to consolidate and amplify the positive impacts of such developments and

reduce negative externalities for the benefit of the people in these countries.

Since the adoption of the APoA, the landlocked developing countries as a group have achieved higher annual rates of economic growth which averaged 7.8% between 2003 and 2007. However this was affected by the global financial and economic crisis slowed down in 2008 and 2009 but recovered to 7.4% in 2010 but fell to 6.5% in 2011. In 2011, the rate of economic growth varied among landlocked developing countries with about half of them recording a growth rate of less than 5%. In addition, almost half of these landlocked developing countries had a low per capita GDP of less than US\$1000.

On the social development front, landlocked developing countries have experienced a positive trend in the Human Development Index between 2003 and 2011 and have made advances on some MDGs including: primary education, gender parity in primary education, increased percentage of women in decision-making power and stemming the spread of HIV/AIDS. However, the population living in extreme poverty in landlocked developing countries is still relatively high. In half of the landlocked developing countries the proportion of the population living under \$1.25 per person per day is greater than twenty percent. Progress is also slow on reducing hunger, child and maternal mortality and improving access to sanitation. New and emerging challenges linked to the food, energy and economic crises, as well as the negative impacts of climate change and environmental degradation including loss of biodiversity have increased tremendously the burden on landlocked developing countries' economies – a burden that none of the countries can afford to confront themselves alone.

Excellencies,

Exports from landlocked developing countries as a group increased from US\$43 billion 2003 to US\$221 billion in 2011. However the group's total masks wide disparities across the countries. About ten percent of the landlocked developing countries account for over 60% of the exports and 30% of the imports. Landlocked developing countries heavily rely on natural resource-based commodities for their exports including bulky primary agricultural commodities, oils and minerals, making them highly vulnerable to commodity price fluctuations. Whilst the export concentration ratios for other developing countries have remained relatively stable below 0.15, since 2000, they have dramatically increased

for the landlocked developing countries from 0.17 in 2000 to 0.38 in 2010 mostly owing to higher world demand for minerals and fuels. Thus limited export diversification, lack of up gradation in value chain and lack of productive capacities including human resource development continue to be some of the stark challenges to the group.

Before talking about the trade competitiveness, allow me to congratulate Laos PDR and Tajikistan for successfully completing the WTO accession process. I also know that Kazakhstan is very close to completion. I am very pleased with the progress that the members of the Group have made and wish to call upon landlocked developing countries that are already WTO members to share their experiences and provide advice to those countries that are still in the accession process. I believe that this will open the door for enhancing meaningful integration into the global economy and strengthening institution building in the trade and related areas.

Some key challenges continue to impede the ability of landlocked developing countries to more effectively engage in international trade. Transit transport infrastructure is still inadequate and inefficient and as a result, transport costs in landlocked developing countries are still the highest in the world, resulting in high and uncompetitive costs of doing business. According to the World Bank's Doing Business 2012 Report, the average costs of exporting and importing a container for landlocked developing countries are US\$ 2600 and US\$ 3300, while transit developing countries are only paying 50 percent of these costs.

Flows of official development assistance from traditional donors increased substantially from US\$11.1 billion in 2000 to US\$ 24.3 billion in 2011. However there is wide disparity in the distribution of ODA receipts with 6% of the landlocked developing countries receiving almost 40% of the group's total over the period 2003 to 2011. ODA remains the main source of external finance, accounting for 10 percent or more of Gross National Income in 2011. In almost half of the landlocked developing, net ODA as a percent of Government Expense is more than 15 percent.

There has been a continued increase in Aid for Trade disbursements to landlocked developing countries, which rose from US\$4.7 billion in 2006 to US\$6 billion in 2010. This is an important trend to maintain as Aid for Trade flows form crucial resources to building productive capacity, infrastructure development and maintenance and institution and capacity

building. However, only 6% of the landlocked developing countries receive 47% of the Aid for Trade.

Over the past decade, Foreign Direct Investment net inflows to landlocked developing countries increased from \$3.9 billion in 2000 to \$35.0 billion in 2011. However, only 13% of the landlocked developing countries that are resource rich account for 64% of the FDI.

Excellencies,

In view of these mixed developments, the challenge before many landlocked developing countries is to secure a sustained positive economic growth that delivers decent jobs and enables these countries to make significant strides towards poverty reduction and broad based sustainable development. It is true that robust and prudent national efforts and vision are indispensable, but it is also incumbent upon international community to come up with comprehensive and coherent support measures in favour of landlocked developing countries.

This brings me to the issue of significance of this meeting here. It is being held as part of the preparatory process for the ten-year Review Conference on the Implementation of the Almaty Programme of Action for Landlocked Developing Countries. The conference and its preparatory process offer a critically important and timely opportunity for the landlocked and transit developing countries and their development partners to assess, in depth, the progress made and the constraints encountered in the implementation of the Almaty Programme, looking in particular at its best practices, areas of weakness and the way forward. I am particularly pleased that this meeting is taking place in Laos, which is not only the current chair of LLDCs at the global level but is also committed to turning itself into a land linked country together with a vision to graduate from the LDC status in the next 7 years.

Excellencies,

The United Nations Secretary-General is committed to extend full support of UN system to the conference. Earlier this month he designated me to serve as the Secretary-General of this UN Conference. I am now leading and coordinating the activities of the entire United Nations system in the preparations for the conference and will make sure that we will have a coordinated and enhanced level of support from within the UN system and outside for a forward looking and successful outcome of the conference.

The preparatory process is continuing on three tracks: the inter-governmental track (national, regional and global level), the UN Inter-Agency track and a private sector track. With regard to national level reviews, your Governments have been requested to submit national reports on the implementation of the Almaty Programme that will contribute to the enrichment of the preparation of the outcome document. Some of the countries have already presented their national reports, but I wish to urge countries that have not yet done so to prepare and submit national reports on the implementation of the Almaty Programme.

With regard to the Regional reviews, this meeting rightly marks the first of the three regional review meetings that will be held in the preparatory process. UNECLAC and UNECA are planning to organize the Latin American and African regional review meetings later this year. Through the regional review meetings, we are gathering crucial inputs relating to the regional perspectives of the development needs of the landlocked developing countries. I would like to stress that the regional level meetings are critical for the preparatory process as they will come up with very strong, practical and comprehensive suggestions that will feed into the global meetings, starting in early 2014 through the two sessions of the Intergovernmental Preparatory Committee and reaching the final stage of the Conference.

In the UN Inter-Agency track, partners of the inter-agency group have agreed to hold several pre-conference events on different issues that are of importance to landlocked developing countries in areas such as infrastructure development, climate change, desertification and land degradation, commodity dependence, enhancing productive capacities including human resource development, international support measures and south-south cooperation. The inter-agency partners also agreed to prepare special analytical reports focussed on development issues of landlocked developing countries.

Last year we convened the thematic meeting on International Trade, Trade Facilitation and Aid for Trade in September in Almaty back to back with the Fourth Meeting of Ministers of Trade of Landlocked Developing Countries. The thematic meeting undertook a thorough assessment of the achievements and enduring challenges on the third priority area of the Almaty Programme – international trade and trade facilitation. The meeting also deliberated on future actions needed to enhance the participation of landlocked developing countries in the

international trading system while further strengthening the global partnership for establishing efficient transit transport systems.

With regard to the private sector track, I would like to underscore the importance of the involvement of the Private Sector, which is crucial for the success of the conference. One major purpose of the conference is focused on improving trade competitiveness of landlocked developing countries, in other words to address the issue of how to improve the efficiency of traders from landlocked developing countries, who are mostly the private sector. The private sector provides trade related services in most countries through services of freight forwarders, insurance providers, transport providers, banking services etc. The private sector is also an important source of both domestic investment and foreign direct investment and crucial for formation of public-private-partnerships especially on infrastructure development. It is therefore important that the views of the private sector should be heard and reflected in all the preparatory process and at the conference in 2014.

Excellencies

The comprehensiveness and implementability of the outcome document and the resulting impacts are the barometers of the success of any conference. It must lead us all towards a perceptible and sustainable change in the lives of the people in landlocked developing countries. We will be guided by you in developing a new program of action.

I wish to inform you that my Office is going to organise a Brainstorming Meeting on the substantive preparation for the ten year review conference which will involve all major stakeholders from landlocked developing countries, transit countries, donors, emerging development partners and UN System organizations and international financial institutions on 20 and 21 March 2013.

Today, through numerous presentations, we look forward to hearing detailed accounts on the experiences in implementing the priorities of the Almaty Programme of Action, what worked well, what did not and what priority areas need to be looked at for the landlocked developing countries. As the LLDC conference is being held in 2014, a year before the decision on the framework of the post 2015 development agenda, it would provide the LLDCs with an opportunity to articulate and mainstream their issues and concerns into the current development discourse. Similarly, the new challenges of modern times including

climate change, deforestation and land degradation and protection of natural capital can also be looked at as part of the new program. Similarly, how access to infrastructure including energy and ICT could be complemented by equally strong focus on human resources development to get onto the higher level of value chain in order to promote sustainable inclusive and equitable development would also be our common aspiration. I am confident that this meeting will come up with recommendations of tangible actions and deliverables to support the landlocked developing countries in this region to promote long term sustainable development and to eradicate poverty, hunger and deprivation in an inclusive manner.

I wish you success in your deliberations

I thank you for your kind attention.