

As a landlocked country with a relatively small economy, Austria understands quite well many of the challenges that confront LLDCs. Austria has not without success managed to address many of the challenges related to landlockedness, and is ready to share its experiences with other landlocked countries as a matter of solidarity. It is for this reason that the Austrian Federal Government offered to host the Second United Nations conference on landlocked developing countries.

Vienna is one of four UN headquarters, along with New York, Geneva and Nairobi. It has been the venue of numerous international meetings and is home to several international organizations and institutions such as UNIDO, the International Atomic Energy Agency, the Organization for Security and Co-operation in Europe and OPEC, to name but a few. Most recently, Vienna became seat of the UN Office for Sustainable Energy. This expertise and supportive environment for international organizations in Vienna will provide a conducive atmosphere for a successful LLDC conference.

The development disadvantages that stem from landlockedness are increasingly becoming well known. It is now clear that landlocked developing countries face greater impediments than most countries, and as such, require and deserve the support of the international community. The UN Secretary-General has been effective in advocating and highlighting challenges that confront LLDCs. For instance, his last report to the General Assembly, Resolution A/68/157, notes the following:

*First*, lack of direct territorial access to the sea, remoteness and isolation from major international markets makes LLDCs highly dependent on transit countries for seaborne trade.

*Second*, LLDCs face additional border crossings, cumbersome transit procedures, inefficient logistics systems, weak institutions and poor infrastructure, all of which increase the total costs of transport services and other trade transaction costs. And clearly, transport costs depend on geography. Let me recall an example from the article “The Geography of Poverty and Wealth” by Jeffrey Sachs and others: the cost of shipping a six-meter-long container from Rotterdam, the Netherlands, to Dar-es-Salaam, Tanzania – an air distance of 7,300 kilometers – was about \$1,400. But transporting the same container overland from Dar-es-Salaam to Kigali, Rwanda – a distance of 1,280 kilometers by road – cost about \$2,500 or nearly twice as much. These high costs create a trade-reducing effect that has a direct negative impact on the countries’ economic growth and their capacity to promote social development and environmental sustainability.

*Third*, trade volume of the landlocked developing countries was just 61 per cent of the trade volume of coastal countries in 2010, while the transport costs of the landlocked developing countries were 45 per cent higher than those of a representative coastal economy. The World Bank, in its publication *Doing Business 2013 report*, estimated that the basic import and export costs of the LLDCs were nearly twice those of their transit neighbours. LLDCs spent, on average, \$3,040 to export a standardized container of cargo, whereas transit countries spent \$1,268. Likewise, it cost the landlocked developing countries \$3,643 to import a similar container of merchandise and their coastal neighbours only \$1,567.

*Fourth*, LLDCs are experiencing declining productivity in agriculture, manufacturing and exports. For example, value addition in agriculture is estimated to have declined from 22.8% in 2001, to 18.2% in 2011.

The same report of the Secretary-General states that as a result of these problems, a 2013 UN-OHRLLS study found that due to landlockedness, the level of development in the landlocked developing countries was, on average, *20 per cent lower* than what it would be if these countries were not landlocked.

An important distinction between landlocked countries that are *developed* and those that are *developing* is the distance from the nearest seaport and major economies. High income and economically developed landlocked countries, like our own, are fortunate to be located at the heart of, or closer to other advanced economies and seaports. On the other hand, the average distance to the nearest seaport for LLDCs is 1,370 km. Goods to and from Kazakhstan or Kyrgyzstan travel some 3,750 km to the closest port. While physical distance and remoteness cannot be erased, many of the challenges related to landlockedness *can* be successfully addressed.

Our own experience, as a landlocked quite backward country at one point, has shown the following measures to be most important in addressing landlockedness:

First, the promotion of bilateral as well as regional cooperation and integration guarantees LLDCs an access to the seaport, enables them to discover and pursue strategic activities that are most profitable, hold comparative advantage possibilities, and create economies of scale.

Second, it is important to make adequate investment in the development and maintenance of critical transit transport infrastructure - including sea and airports, road and rail networks. Such investments should be pursued at the local, national, sub-regional and regional levels. Investment in hard and soft infrastructure should be undertaken to address inefficiencies, missing links, promote development corridors and interconnectivity of markets.

Third, trade facilitation measures are particularly crucial for countries that suffer economic and structural impediments - such as LLDCs. It is in this regard that we applauded the comprehensive trade agreement reached by WTO Members last December. That deal, which seeks to promote cross-border business and improve duty-free access for goods from the LDCs, is expected to give a significant boost to world trade. LLDCs must take advantage of this great new opportunity.

Fourth, international support measures, such as adequate, predictable and effective ODA, FDI, Aid-for-trade, worker remittances, South-South and triangular cooperation, and other multi-lateral and bi-lateral development frameworks are indispensable, and represent other avenues through which LLDCs can achieve economic growth that is sustainable, faster, inclusive and equitable.

Last but not least, LLDCs must also look inwards for what is needed to achieve desired progress. To attract increased and more diversified foreign direct investment, a stable, predictable and enabling investment environment is needed. To this end, the rule of law, good governance, the respect of human rights, gender equality, as well as accountable and transparent institutions are essential “factors for success”. Priority should also be given to measures that promote efficient public and private sectors, human resource development,

domestic resource mobilization, and sound macroeconomic policies, especially with regard to tax recovery, inflation and fiscal stewardship.

The Austrian Federal Government is committed to the success of the Conference. We are pleased that the Vienna International Centre will be the site for the Second UN Conference on the LLDCs. We are confident that this conference will succeed in achieving a strong and comprehensive outcome.

I thank you for this opportunity to address you at this retreat and wish you all the best for your further deliberations.