

STATEMENT ON DEVELOPMENT CHALLENGES OF THE LAND-LOCKED LEAST DEVELOPED COUNTRIES AND THEIR PARTICIPATION IN INTERNATIONAL TRADE, 2ND JUNE , 2014, ULAANBAATAR, MONGOLIA

I would like to thank the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) for hosting this important meeting which is meant to review progress made in improving trade facilitation in Land locked developed countries.

Malawi is indeed privileged to be part and parcel of this important gathering as it faces a lot of challenges to participate effectively in the multilateral trading system.

Distinguished ladies and gentlemen

It is widely acknowledged by many that Landlocked Least Developed Countries (LLDCs) face unique and daunting challenges in their endeavour for economic development. Wide array of challenges such as lack of territorial access to the sea, isolation, remoteness from world markets, and high transport and transit costs experienced by LLDCs impose serious constraints on their overall socio-economic development, including their trade competitiveness. These specific problems have contributed to entrenched poverty in many LLDCs and greatly limit their effective participation in international trade. Unless the structural problems facing

LLDCs are adequately addressed, there is a real risk of relative lack of integration in the world economy. As a result, landlocked developing countries are among the poorest countries in the world.

Geographical Location- Proximity to the sea ports is the characteristic of most LLDCs. Lacking unfettered access to the sea, LLDCs can be shut out of many potential markets and face major obstacles if they do not have the adequate transport infrastructure needed for coastal access. For instance Malawi is about 1,800Km to the nearest port of Nacala in Mozambique. This poses huge challenges in transport systems.

Transport Infrastructure – Inadequate transport infrastructure is a major obstacle to establishing efficient transit transport systems in landlocked and transit developing countries. The deterioration of transport infrastructure also affects their efficiency. This result in LLDCs facing huge transport costs from rendering their products uncompetitive at global market. For example Malawi shoulders around 56% being transport cost in its production process. Without foreign aid, LLDCs cannot maintain and develop efficient transit transport systems. Indeed, the landlocked condition of LLDCs and the constraints it imposes on productive capacities and transport infrastructure dictate the level and pace of development and competitiveness in the international market.

A way around these costs is for landlocked countries and their coastal neighbours to enter into transit agreements that define the conditions, obligations and rights under which the parties will use the transit facilities, including transit corridors, roads, inland waterways and rail transport to facilitate trade with the least amount of problems.

International Trade Performance – Trade is engine for economic development. However, the participation of LLDCs and transit countries in international trade is not significant as it could be. The external trade of the majority of LLDCs is marginal compared with other developing countries. LLDCs trading patterns is characterised by the high proportion of primary commodities or low-processed raw materials and fuel exports. Typically, LLDCs have a narrow production and export base, heavily dependent upon a few primary commodities, which make them particularly vulnerable to external shocks. While there are initiatives to promote export diversification and value-added processing in general, the results on the ground are poor due to a narrow manufacturing base and supply-side constraints. Malawi developed a National Export Strategy to mitigate such challenges.

Harmonisation of Legal and Regulatory Framework - It is important for LLDCs and transit countries to review and revise their legal and regulatory frameworks to embrace regional and international conventions ratified by landlocked and transit developing countries. If properly implemented these are main vehicles by which harmonisation,

simplification and standardisation of rules and documentation can be achieved. Malawi is a member to COMESA and SADC and is actively involved in the regional integration agenda. In addition, we are participating in the Tripartite negotiations amongst SADC, COMESA and East African Community(EAC) and the continental FTA negotiations.

Information and Technology – IT is regarded as enabler of most production, transport and communication processes. Inadequate and outdated IT infrastructure poses huge challenge to LLDCs efficiencies. Technology and skills transfer between LLDCs and the rest of the world is very low.

Inadequate/Uncoordinated International Support – It is widely acknowledged by many development partners in assisting LLDCs to mitigate some of the challenges faced. However, uncoordinated support, lack of technical know-how including conditionalities refrain LLDCs to access resources meant to address some development challenges.

Following all these challenges highlighted above and following the fact that all these have an impact on the way we do business, Malawi greatly welcomes WTOs decision to adopt the Trade facilitation agreement. However although the agreement was adopted, as an LDC we will need both technical and financial assistance to fulfil and implement the relevant parts of the agreement if we are to benefit from it.

In addition, the agreement provides for the need for infrastructure development which in the case of Malawi has been one of the major issues that we are currently devising or promoting to facilitate trade. In addition, several programmes such as streamlining of customs documentation, streamlining of boarder agencies, setting up of electronic single window etc, migration to Asycuda World and many more, are some of the reforms being undertaken to ensure we become competitive on the international market.

At the mean time at national level we have commenced the process of categorisation of each measure or commitments according to the agreed work plan. To undertake such an exercise we lack technical and financial assistance. I, therefore, call upon this meeting to take note of some of our shortfalls and consider helping those countries in dire need of valuable assistance like Malawi to fully implement the agreement.

I thank you for your attention.

Done at Mongolia