

**HIGH-LEVEL INTERNATIONAL WORKSHOP ON “WTO
AGREEMENT ON TRADE FACILITATION: IMPLICATIONS FOR
LLDCs”**

Ulaanbaatar, 2-3 June 2014

**THE DEVELOPMENT CHALLENGES OF LLDCs AND THEIR PARTICIPATION IN
INTERNATIONAL TRADE**

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**World Map of Landlocked Developing Countries
(excluding South Sudan)**



LLDCs make up 6% of the world's population and cover 3% of the total land area

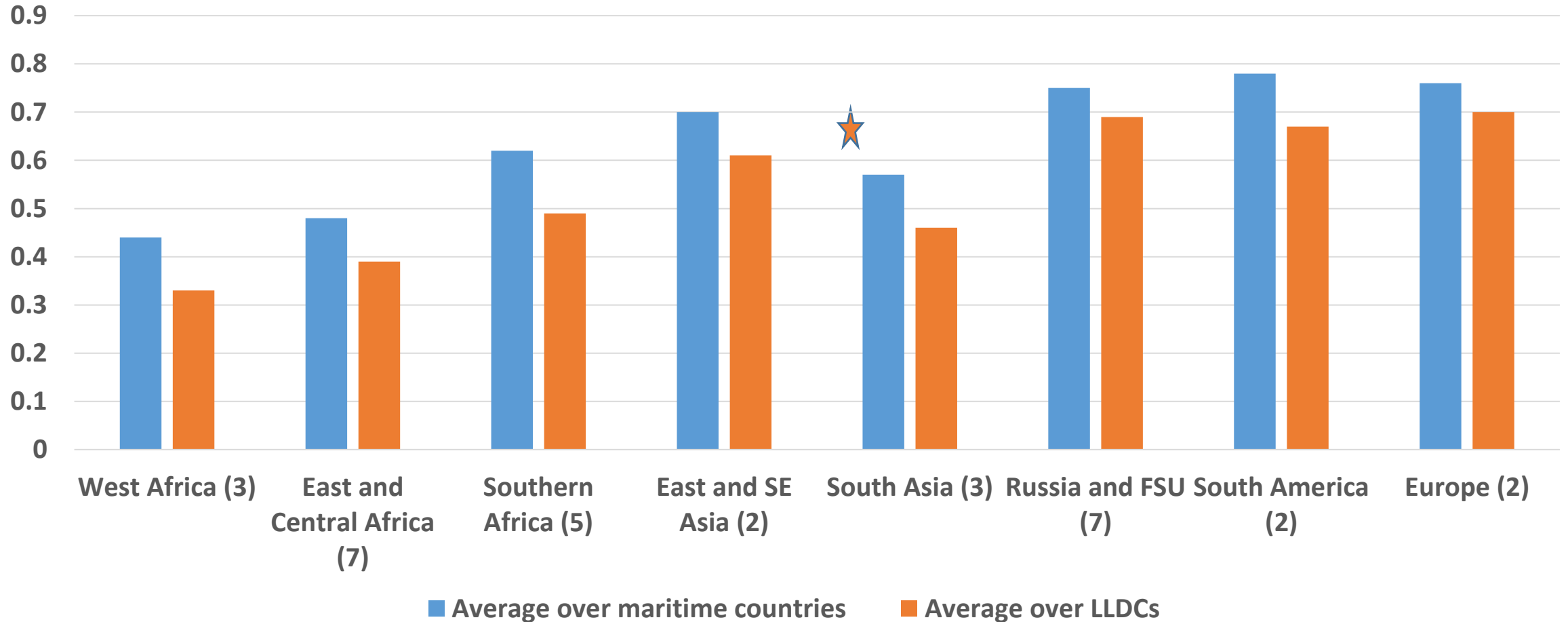
LLDCs – Some Facts

Even though the LLDCs together contribute **1.4% of the world's GDP** (at PPP, 2013), they are not only the poorest developing countries but also face multiple challenges:

- 16 out of 31 (more than half) are also least developed (LDCs)
- 15 out of 31 (nearly half) are classified as low human development
 - 10 of the 20 lowest-ranked countries in the Human Development Index are LLDCs
- 15 out of 31 (nearly half) are classified as low income countries by the World Bank
- ***12 out of 31 countries (more than one-third) are landlocked, are also least developed with low incomes and have a low HDI.***

To better understand the challenges of LLDCs we need to analyse the LLDCs in their respective regions

LLDCs HAVE LOWER HDI THAN THEIR NEIGHBOURING MARITIME COUNTRIES ACROSS ALL REGIONS



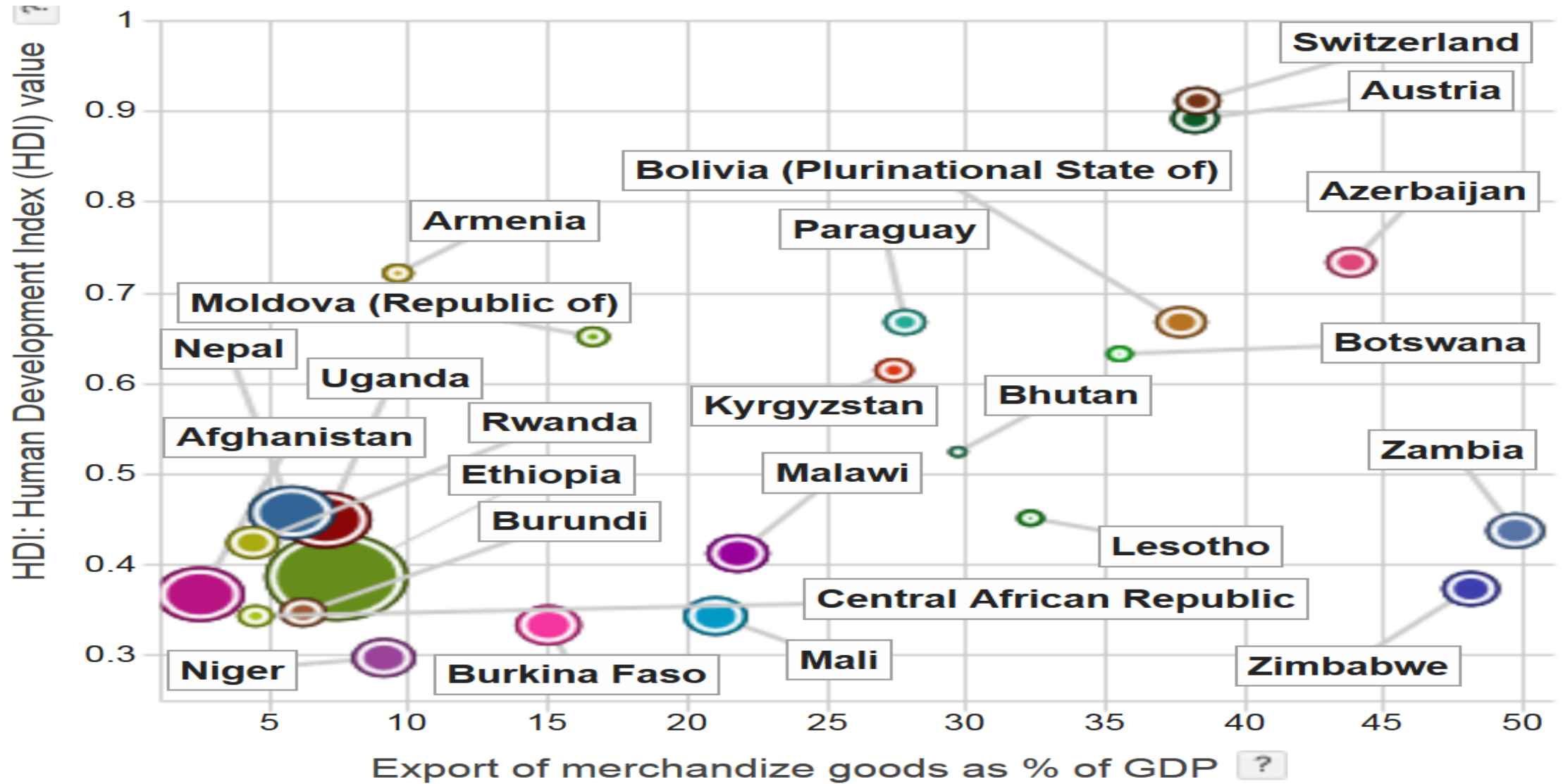
HDI: Does a wealthy neighbour help?

- Variation among the landlocked countries in each region.
- LLDCs in rapidly growing region benefit from their more economically powerful neighbours:
 - South Africa (for Swaziland, Lesotho, Zimbabwe, Malawi)
 - India (for Nepal, Bhutan)
 - China (for Mongolia, Laos)
 - Viet Nam and Thailand (for Laos)
 - Russia (for Mongolia and Central Asia)
- Location within a prosperous region helps.

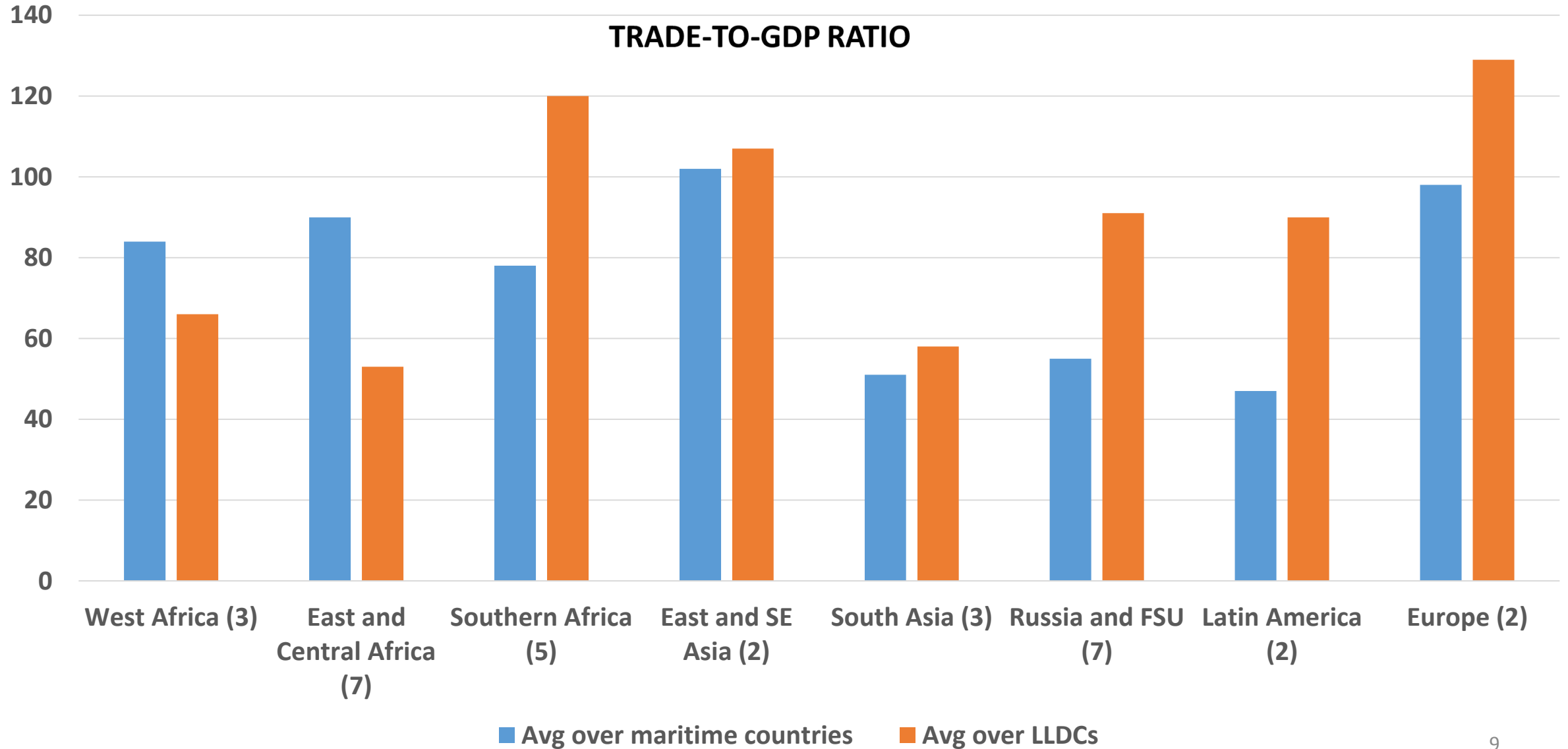
TRADE AND HUMAN DEVELOPMENT

- Trade has a significant and often positive impact on growth and poverty reduction in the medium-long term... **and** can have strong redistributive impacts in short-term

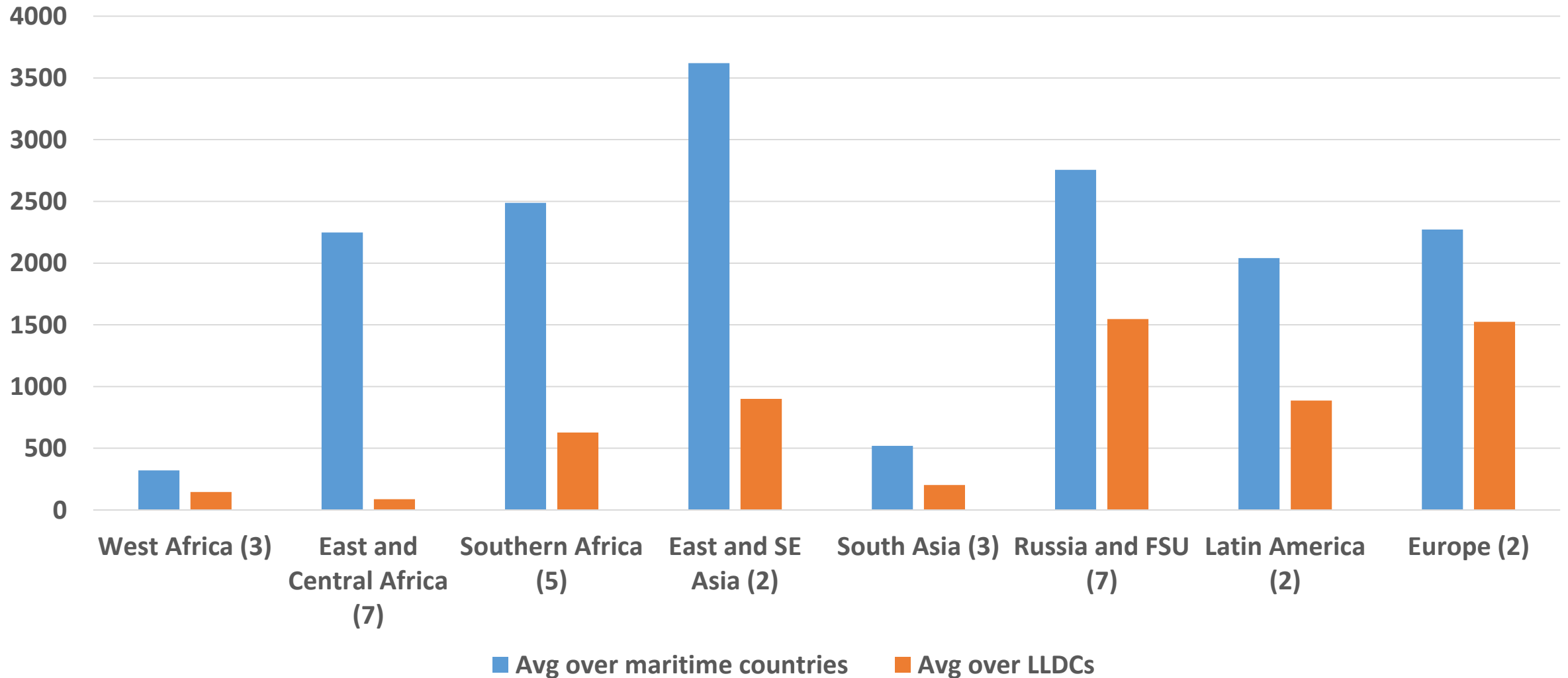
COUNTRIES WITH HIGH HDI ARE USUALLY THOSE WITH HIGH LEVELS OF EXPORTS



LLDCs ARE WELL INTEGRATED IN THE GLOBAL ECONOMY



...BUT EXPORTS PER CAPITA FROM LLDCs FAR LESSER THAN MARITIME COUNTRIES IN THE REGION



MOST LLDCs ARE DEPENDENT ON A FEW COMMODITIES FOR THEIR EXPORT EARNINGS

REGION	COUNTRIES	COMMODITIES	SHARE OF TOTAL EXPORTS (%)
Western Africa	Burkina Faso	Gold	71
	Mali	Gold	68
	Niger	Uranium, Thorium Ore; Radioactive chemicals	55
Eastern Africa	Burundi	Coffee; Tea; Gold and other ores	82
	Ethiopia	Coffee	33
	Malawi	Raw Tobacco	40
	Rwanda	Tin and other ores; Coffee; Tea	77
	Uganda	Coffee; Tea; Raw Sugar; Tobacco; Cotton	33
Central Africa	CAR	Diamonds; Raw Wood; Raw Cotton	76
	Chad	Crude Petroleum	95

...LLDCs DEPENDENT ON A SMALL NUMBER OF COMMODITIES FOR THEIR EXPORT EARNINGS

REGION	COUNTRIES	COMMODITIES	SHARE OF TOTAL EXPORTS (%)
East and SE Asia	Mongolia	Coal; Copper and other ores	92
	Lao PDR	Copper; Rough Wood	31
South America	Bolivia	Petroleum Gas; Zinc and other ores	64
	Paraguay	Soybeans, Corn, Wheat	53
Central Asia	Armenia	Gold; Diamonds; Copper and other ores	38
	Kazakhstan	Petroleum; Gas; Iron and other ores	69
	Kyrgyzstan	Gold	49
	Tajikistan	Raw Aluminium; Raw Cotton	64
	Turkmenistan	Crude Petroleum; Petroleum Gas	73

AND ON A FEW COUNTRIES, MOSTLY IMMEDIATE NEIGHBOURS

REGION	COUNTRIES	EXPORT DESTINATIONS	SHARE OF TOTAL EXPORTS (%)
W. Africa	Mali	South Africa; China	60
Central Africa	Chad	USA	85
East Asia	Mongolia	China	85
South America	Bolivia	Brazil; Argentina	42
Central Asia	Azerbaijan	Italy	34
	Kyrgyzstan	Switzerland; Russia	56
	Tajikistan	Turkey	33
	Turkmenistan	China	62
South Asia	Nepal	India	61
	Bhutan	India	69
	Afghanistan	Pakistan; India	68

WHY IS LANDLOCKEDNESS A DRAG ON A COUNTRY'S DEVELOPMENT?

LLDCs share 2 key structural challenges which inhibit their economic development:

- Lack of territorial access to the sea
- Dependence on neighbouring maritime countries for transit of goods

Higher total transport costs for exports and imports

- Moving goods by land increases the cost by more than 7 times than if transported by sea

Need strong regional networks because of dependence on transit through neighbouring countries

Need strong domestic land (road and rail) infrastructure

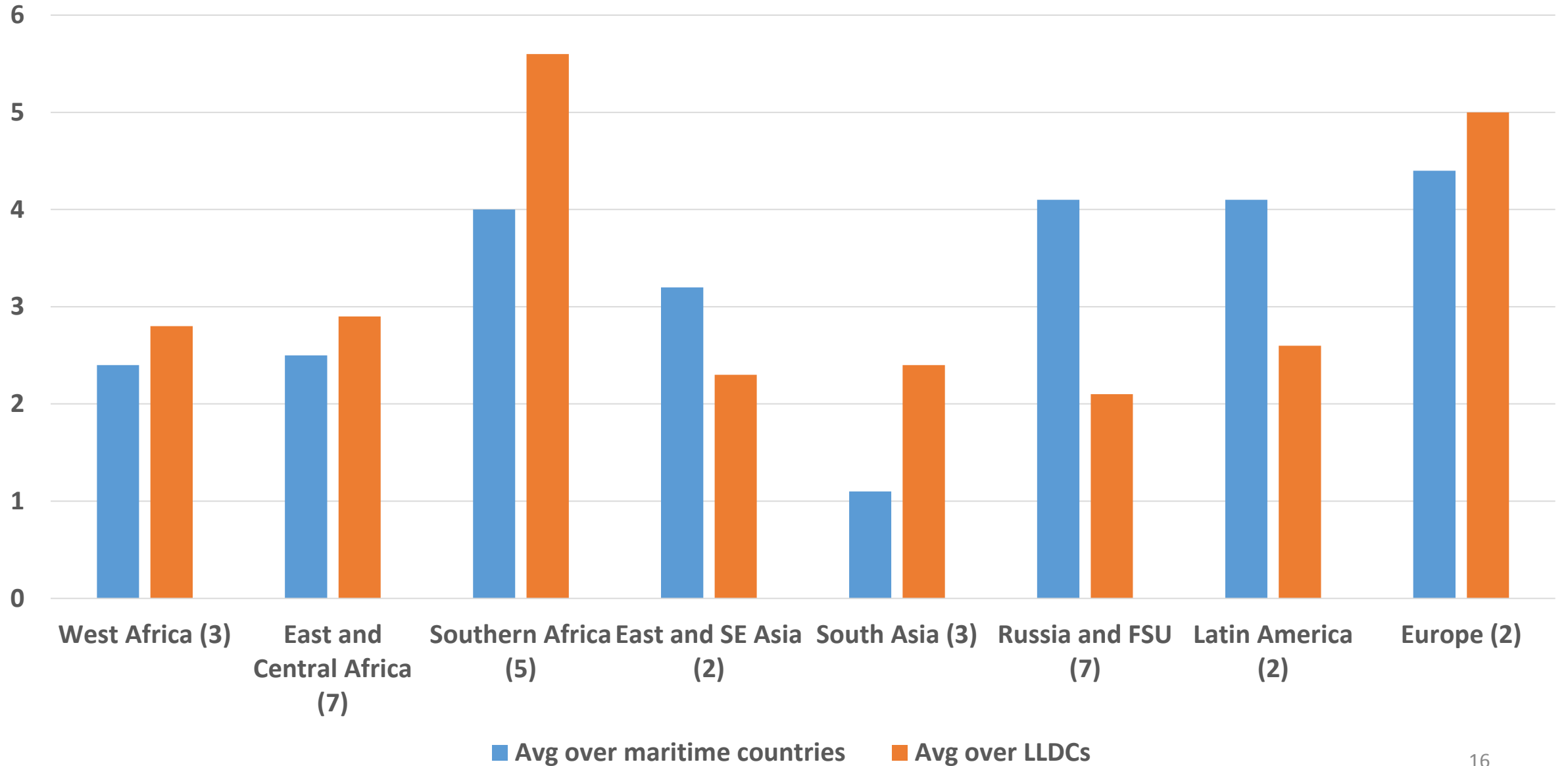
Need sound cross-border administrative practices to reduce transit time

LLDCs with only a few commodity exports are particularly strongly impacted

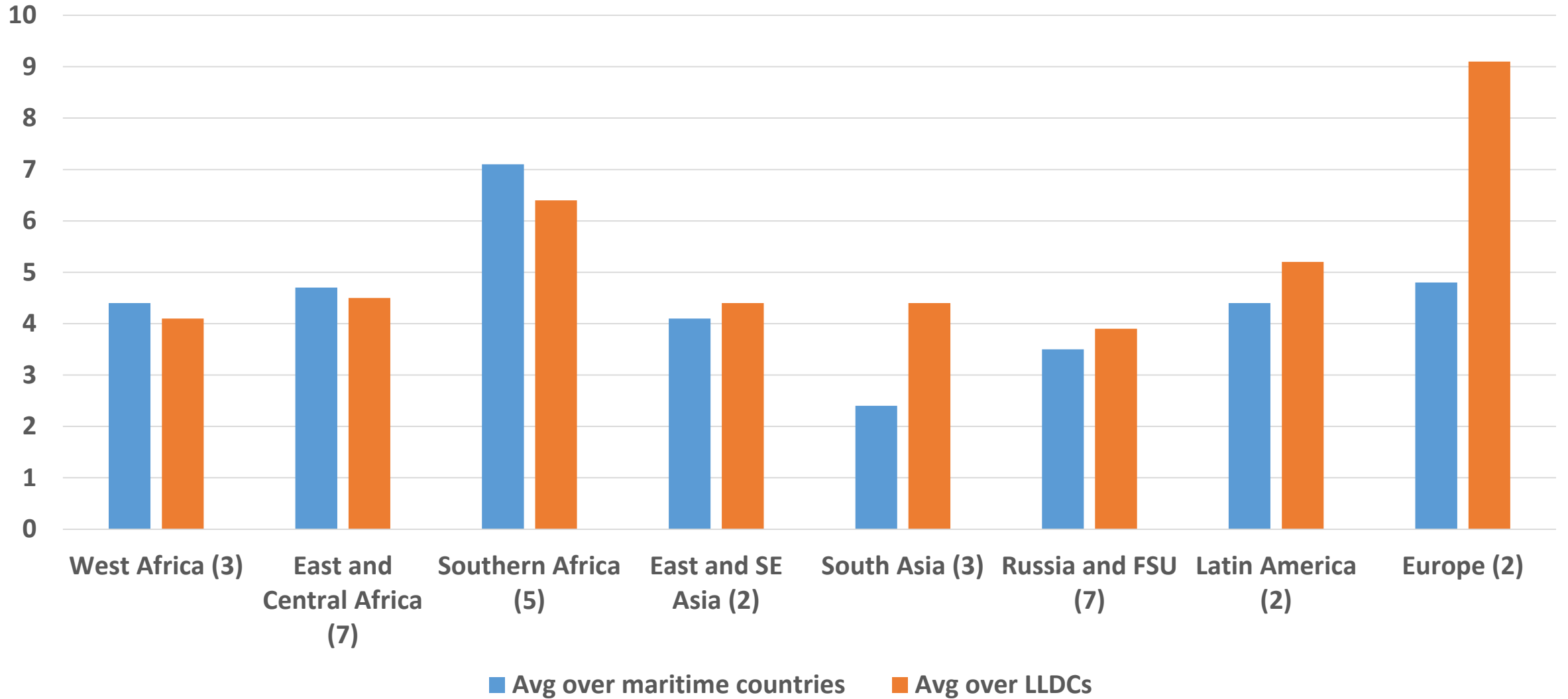
TRADING ACROSS BORDERS BY LLDCs

REGION	EXPORT		
	DOCUMENTS (No.)	TIME (Days)	COST (US\$ per container)
West Africa (3)	6-10	26- 57	2440 – 4475
East and Central Africa (7)	7-10	26- 73	2175 – 6615
Southern Africa (5)	6-7	17-53	1695 – 3765
East and SE Asia (2)	10-11	23-49	1950 – 2745
South Asia (3)	9-11	38-42	2230 – 2295
Russia and FSU (7)	5- 12	16- 81	1885 – 8650
South America (2)	7	21-29	1440 – 1850
Europe (2)	6-7	12-32	1376 – 1545

PUBLIC SPENDING ON HEALTH (% OF GDP)



PUBLIC SPENDING ON EDUCATION (% OF GDP)



CONCLUSION

Landlockedness can be thought of as a factor that permanently raises a country's import prices and lowers its export prices (net of transport costs)

Economic and human development indicators for landlocked countries generally worse than those for maritime neighbours

As we have seen, in spite of similar structural constraints, many differences among LLDCs which is a cause for optimism

Through suitable policies many constraints can be overcome and human development enhanced.

While landlockedness may be a geographical reality, it does not have to be LLDCs' destiny.