Mr. Chair,
Excellencies,
Ladies and Gentlemen,

Asia at large has had a good track record of regional integration, and the Economic and Social Commission of Asia and the Pacific (ESCAP) – the largest regional commission of the United Nations – has been strongly supporting this process. Significant progress has been made on this front, albeit uneven and of varying quality across our subregions. The pace and sequencing of regional integration has been impacted by varying degrees of political commitment and the environment within which these changes have occurred.

Generally, intraregional trade in Asia over the past few decades has grown significantly. Gains in terms of a higher degree of regional integration have benefited our twelve Asian landlocked developing countries (A-LLDCs), in particular those within the ASEAN belt. However, intraregional trade in the landlocked Central Asian Republics has been low, despite the geographical proximity of these countries and a range of free trade agreements in this bloc.

ESCAP’s analysis indicates that the average trade among partners in regional trade agreements (RTAs) in the LLDCs of Central Asia is the lowest for all ESCAP subregions – with only 16 per cent of total exports directed to partners in RTAs. Recent trends are even more revealing: in 2013, Asian LLDCs captured less than 3 per cent of the Asian trade, exacerbated by low growth in non-primary products, while the LLDCs remain highly dependent on imports.

Keeping aside political constraints, this is reflective of the challenges and gaps of regional connectivity as evident by the low ranking in terms of quality of subregional connectivity in Asian LLDCs, with a lack of business friendly and efficient transit corridors. This is also confirmed by the weak rail links which hamper rail-to-road connectivity across the LLDCs, with some Central Asian countries almost 4,000km from the nearest maritime ports.

There is no inevitability, however, between being landlocked and being underdeveloped. Low levels of trade integration offer scope for exploiting regional and subregional complementarities that remain untapped, due to gaps in hard and soft connecting infrastructure. With large-scale investments and prioritization in policy planning, landlocked countries can match and even outperform the achievements of many coastal economies.

There are a number of success stories of Asian LLDC connectivity which lend us confidence however. Drawing on the background work of ESCAP and our development partners there has been good progress. For instance:
(i) The Greater Mekong Subregion Cross-border Transport Agreement has opened traffic along the East-West economic corridor and linked Lao PDR;

(ii) The Shanghai Cooperation Organisation’s (SCO) ESCAP-facilitated Road Transport Facilitation Agreement, signed this September, opens up prospects for nearly 10,000km of transit routes between the landlocked Central Asian Republics and key sea ports in the Russian Federation and in China; and

(iii) China, Mongolia and the Russian Federation’s new trilateral agreement offers rights for Mongolia to transit to other LLDCs, allows transit to other states through Mongolia and augment bilateral inter-state transport agreements.

To transform landlocked countries into land-linked corridors of prosperity the geographical constraints of LLDCs have to be converted into geographical advantages. Intergovernmental processes underway on the ESCAP platform now advocate a comprehensive and integrated approach to regional connectivity. This involves: upgrading LLDCs and developing multimodal transport networks by connecting missing rail links and developing dry ports to open up LLDCs access to the Asian Highway and Trans-Asian Railway networks.

The good news is that work on several corridors is underway, albeit at a slow pace, due either to the complexity of the terrain, or because of the massive investment requirements. Nonetheless, there are a number of corridors on which construction is undergoing, and there are ambitious master plans, which among others would connect Mongolia with China and the Russian Federation, and develop Euro-Asia inland transport networks to name a few.

By enhancing inland connectivity, dry ports designed with modern technology can serve as intermodal and logistics service hubs. This is being facilitated by the ESCAP-supported Intergovernmental Agreement on Dry Ports. Five Asian LLDCs are already signatories to this agreement and more countries are expected to follow.

To further reinforce LLDC integration, ESCAP intergovernmental processes are focusing on:

(i) Exploiting cross-sectoral synergies among transport, energy and ICT;
(ii) Development of an “Asian Energy Highway” of oil and gas pipelines and grid connections across borders;
(iii) An “Asia-Pacific Information Superhighway”, to increase availability and affordability of broadband Internet access across the region;
(iv) Developing regional coordination on cross-border paperless trade facilitation;
(v) Building capacity of trade policymakers and practitioners on WTO accession, regional trade agreements and implementing trade facilitation measures; and
(vi) Development of the International Trade Cost database – ESCAP is working with the World Bank in this area.

There have been some notable successes – with member States realizing the importance of reducing all types of border- and behind-the-border obstacles to trade. Lao PDR, for instance, has one of the most sophisticated trade portals in the region; Nepal and Bhutan have made concrete efforts to establish national trade and transport facilitation monitoring; and Azerbaijan has successfully applied ICT to streamline trade and customs procedures. These are not however easy wins – and require significant investment in hard and ‘soft’ infrastructure, including developing a more skilled labour force.

To conclude, my take is that regional economic integration for Asian LLDCs is work in progress and, with strong political commitment backed by strategic investment, hopefully
spurred by the new Asian Infrastructure Development Bank, we will succeed in land-linking the LLDCs and opening up avenues for economic diversification. Both these approaches have been well analyzed in two new ESCAP publications launched for this Conference. One offers practical recommendations for economic diversification in Asian LLDCs and the other lays out the connectivity architecture. These are also being discussed at our ESCAP side events during this Conference.

I thank you.