HIGH-LEVEL ROUNDTABLE

Harnessing International Trade and Investment for LLDCs’ Development and Facilitating Transit Transport

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LLDCS: SNAPSHOT

- Still Poor: majority of LLDCs are in “bottom billion”; average real GDP per capita of $800, compared with $2,800 for transit countries
- Resource-rich better able to reduce poverty: Azerbaijan/Kazakhstan reduce poverty rates from 80% in 2000 to less than 10% in 2011
- Many LLDCs have small populations: little scope for economies of scale;
- Heavy reliance on commodities (if resource-rich); or on agriculture and services—little manufacturing
- Many LLDCs have large markets or a BRIC next to them (Nepal, Laos, Central Asia, Mongolia)
LLDCS: TRADE TRENDS

- Rising export shares in world trade but still low levels (0.5% in 2000 to 1.1% in 2012)
- Exports still heavily concentrated, especially in commodities for resource-rich LLDCs; Export and import markets still heavily concentrated in a few countries
- Strong vulnerability to shocks and price variability
- Large untapped trade growth potential, especially in Nepal, CAR, Rwanda, and Burundi
## LITTLE ECONOMIC DIVERSIFICATION

<table>
<thead>
<tr>
<th>Shares (%) 2010</th>
<th>Agriculture</th>
<th>Mining</th>
<th>Manufacturing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value Added</strong></td>
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<tr>
<td><strong>Resource-rich</strong></td>
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<tr>
<td>Azerbaijan</td>
<td>5.9</td>
<td>48.9</td>
<td>5.1</td>
<td>1.1</td>
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<tr>
<td>Kazakhstan</td>
<td>6.2</td>
<td>18.1</td>
<td>11</td>
<td>1.8</td>
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<tr>
<td><strong>Resource-scarce</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Armenia</td>
<td>18.8</td>
<td>2.8</td>
<td>10.7</td>
<td>67.6</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>18.8</td>
<td>0.7</td>
<td>18.2</td>
<td>62.4</td>
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<tr>
<td><strong>Employment</strong></td>
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<tr>
<td><strong>Resource-rich</strong></td>
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</tr>
<tr>
<td>Azerbaijan</td>
<td>38.4</td>
<td>1.1</td>
<td>4.9</td>
<td>55.6</td>
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<tr>
<td>Kazakhstan</td>
<td>30.2</td>
<td>2.5</td>
<td>7.3</td>
<td>60</td>
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<td><strong>Resource-scarce</strong></td>
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<tr>
<td>Armenia</td>
<td>44.2</td>
<td>0.7</td>
<td>8.5</td>
<td>46.6</td>
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<td>Kyrgyz Republic</td>
<td>34</td>
<td>0.6</td>
<td>8.1</td>
<td>56.5</td>
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</tbody>
</table>
LLDCS: LITTLE EXPORT DIVERSIFICATION

Source: WITS, US$mln.
Note: select LLDC countries with reported data.
UNTAPPED TRADE POTENTIAL: UNTAPPED GROWTH POTENTIAL

DIFFERENCE BETWEEN ACTUAL AND PREDICTED TRADE IN 2011.
LARGE TRADE AND PRODUCTION COSTS

• LLDCs face higher trade cost compared to transit coastal countries: a mark-up of 70 percent
• Higher trade costs arise from:
  • Distance (exogenous)
  • Tariff and NTMs, logistics/transport costs, connectivity, business environment (endogenous)
TRADE COSTS IN LLDCS: STILL HIGH BUT DECLINING
LPI: DESPITE IMPROVEMENTS, LITTLE CONVERGENCE WITH TRANSIT COASTAL COUNTRIES

*2007 data are not available for Botswana, C.A.R., and Turkmenistan; 2010 scores were used instead.
THICK BORDERS, ESPECIALLY FROM NTMS

Borders in Africa Remain Very Thick

*The wider the border, the more the country limits trade, travel and the flow of factors of production. The measure uses information on average tariffs, capital openness, proportion of countries that need a visa to visit that country, and a press freedom index that includes information such as internet filtering. For more details see World Bank 2009.
Importing: Businesses in landlocked countries face greater challenges to trade. LLDCs take 46.5 days on average to import a 20” container compared to only 31 days by coastal economies (Doing Business 2014)
Exporting: *The same is true for export time: LLDCs take 41.5 days on average to export a 20” container compared to only 19 days by coastal economies.*

**Time to export (days) in LLDCs**

- Afghanistan: 81
- Kazakhstan: 81
- Uzbekistan: 79
- Chad: 73
- Tajikistan: 71
- Niger: 63
- Zimbabwe: 57
- Mongolia: 53
- Central African Rep.: 49
- Ethiopia: 46
- Zambia: 44
- Nepal: 44
- Average: 41.5
- Burkina Faso: 41
- Bhutan: 38
- Malawi: 34
- Burundi: 32
- Moldova: 32
- Lesotho: 31
- Uganda: 30
- Paraguay: 29
- Azerbaijan: 28
- Botswana: 27
- Mali: 26
- Rwanda: 26
- Lao PDR: 23
- Bolivia: 21
- Swaziland: 17
- Armenia: 16
- Macedonia, FYR: 12

**Time to export (days) in selected coastal developing countries**

- Congo, Rep.: 50
- Eritrea: 50
- Angola: 44
- Mauritania: 40
- Equatorial Guinea: 31
- Azerbaijan: 29
- Timor-Leste: 28
- Benin: 28
- Kenya: 26
- Côte d’Ivoire: 26
- Namibia: 25
- Togo: 25
- Madagascar: 24
- Nigeria: 22
- Mozambique: 22
- Albania: 21
- Average: 19
- Ghana: 19
- Algeria: 19
- Guatemala: 17
- Liberia: 17
- Colombia: 15
- Peru: 14
- Senegal: 12
CONCLUSION: POLICIES MATTER

Link to neighbors:

• Physically:
  • Transport corridors
  • Connecting rail/road missing links

• Economically:
  • Regional integration - economic or customs unions
  • Participate in regional value chains
Eurasian Customs Union

Cooperation with India

ASEAN

Accelerated Program for Economic Integration (APEI): cooperation with non-LLDC countries

COUNTRY EXAMPLES

Kazakhstan

Nepal

Lao PDR

Malawi, Zambia
Thank you