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**WTO Trade Costs Index: Main Drivers in Landlocked countries**

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# WTO Trade Costs Index: Main Drivers in Landlocked countries



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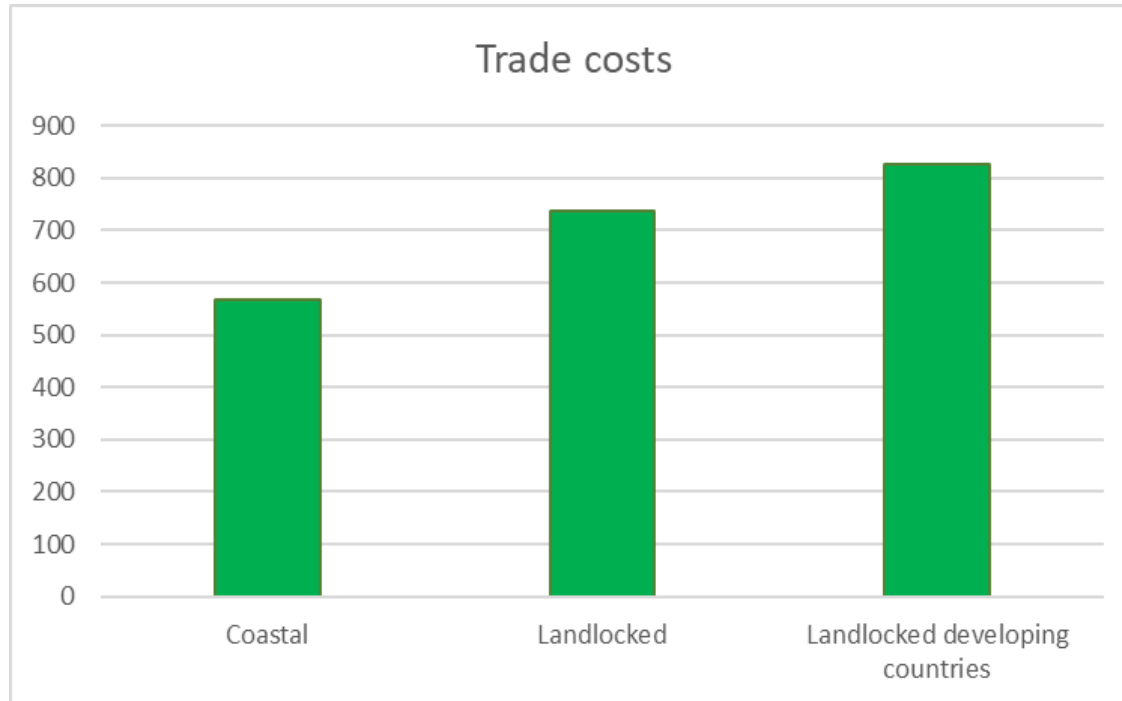
# WTO Trade cost index main findings



- Trade costs highest for LLDCs
- This is largely the result of transport costs and non-tariff measures



# Total trade costs highest for LLDCs



## WTO trade cost index

Landlocked countries (LL) 30% higher than Coastal

Landlocked developing countries (LLDCs) 50% higher trade cost than Coastal

# Drivers of Trade Costs



## Transport and travel

Distance, quality infrastructure, landlocked



Trade policy, customs procedures and regulatory differences



## Information and transaction costs

Common language, history, culture  
ICT connection

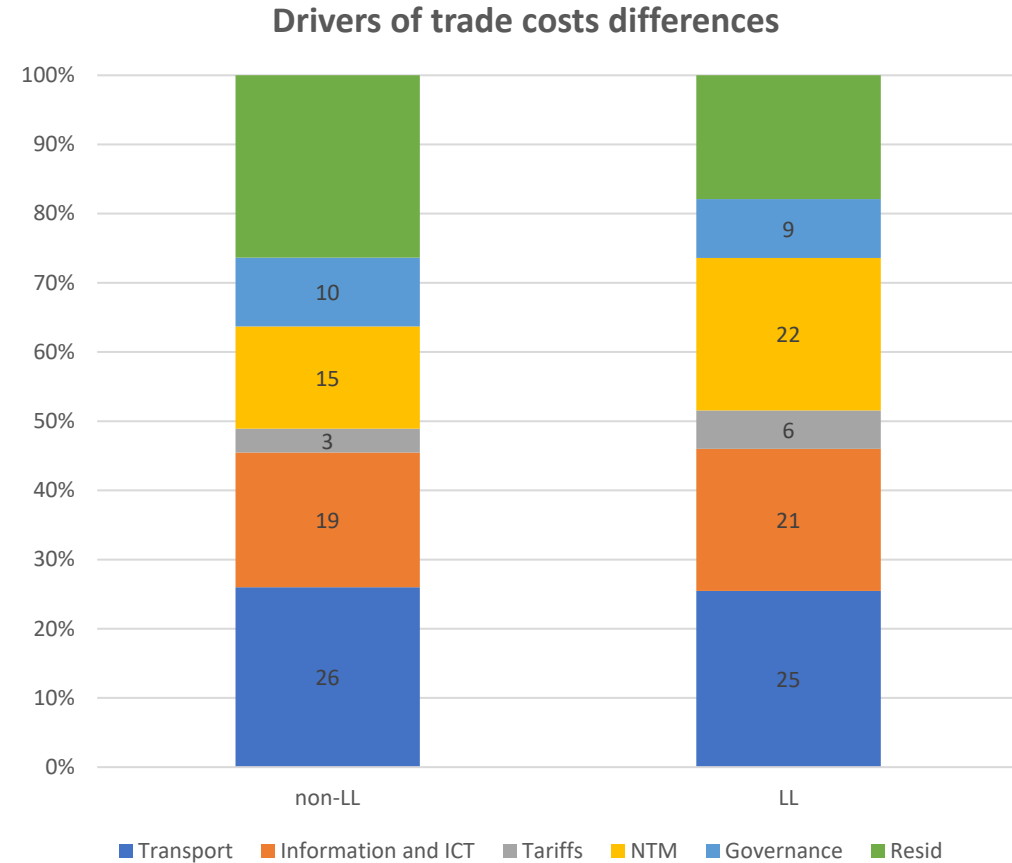


Governance quality

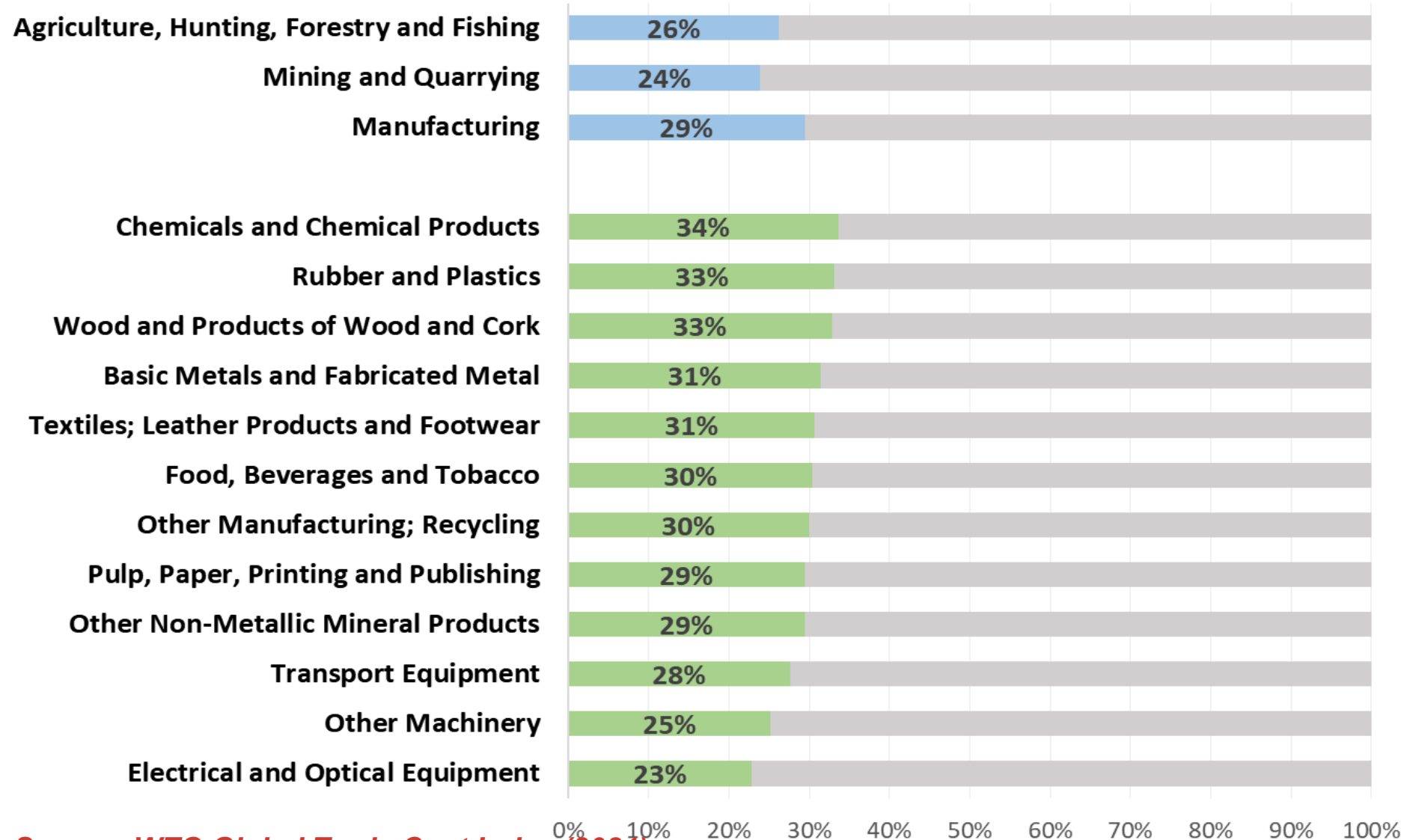
# Drivers of Trade Costs: Fact 1

This decomposition shows to what extent various factors contribute to explaining the **variation in bilateral trade costs**.

**Transport and travel costs** explain 25% of differences in trade cost for landlocked countries.



# Transport costs: The key determinant of variation of trade costs across sectors



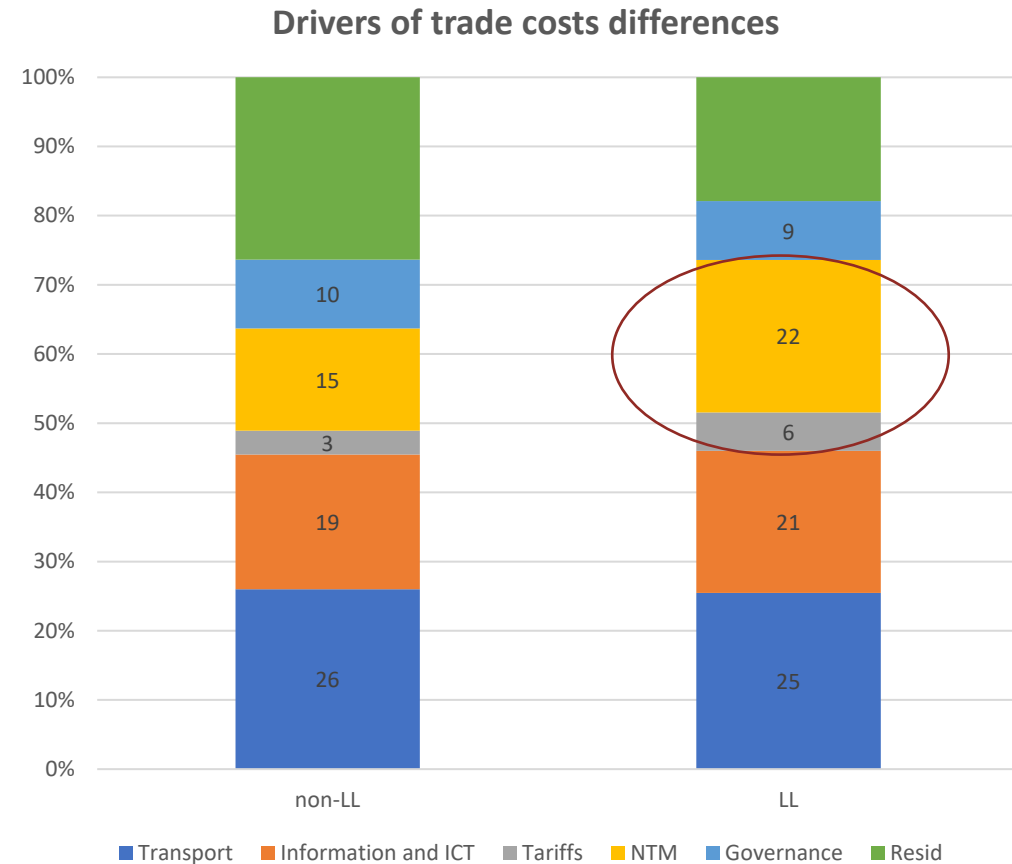
Source: WTO Global Trade Cost Index (2021)

# Drivers of Trade Costs: Fact 2

This decomposition shows to what extent various factors contribute to explaining the **variation in bilateral trade costs**.

**Trade policy** matters for 28% of total trade costs differences among Landlocked countries

NTMs are the major component





# What does this mean?



- Covid19 has proved particularly challenging for LLDCs
  - high shipping costs, delays at borders
- Important to increase efforts to:
  - Implement TFA (WTO can help through the A4T, EIF and TFA Facility)
  - STDF also important to address NTMs
  - But also, cooperation to improve transport infrastructure of LLDCs and transit countries
  - And, foster digital connectivity (this is key to help diversify the economies)
    - E.g. During the pandemic exports of some LLDCs is computer services have boomed
- High shipping costs may be temporary, but they have highlighted the need to build more resilient economies
  - Diversification
  - More competition in the shipping industry? Air transport investments and agreements ?