



**United Nations Conference
on Trade and Development**

Distr.: General
27 October 2011

Original: English

Thirteenth session

Doha, Qatar
21–26 April 2012

**Group of Land-locked Developing Countries
Position Paper**

**Position Paper of the Group of Landlocked developing
Countries (LLDCs) on the draft outcome document for
UNCTAD XIII**

Geneva, October 2011

I. Introduction and background

1. The Landlocked Developing Countries (LLDCs) have specific needs and problems due to their disadvantaged geographical location: lack of coastline to the sea, remoteness and isolation from major international markets and high transport costs. They are distributed around the world in Asia, Africa, Latin America and represent 10 percent of the total population of the world in development. They are approximately 350 million people, and represent about 40 percent of the population living on less than one dollar a day according to recent statistics. The LLDCs are among the countries most marginalized in the global economy. The economic performance of landlocked developing countries reflects the direct and indirect impact of their geographical situation on their economic and social development. For these reasons, the LLDCs are among the poorest of the developing countries with weak economic growth, as evidenced by the fact that of the 31 LLDCs 16 are classified as LDCs.
2. LLDCs face serious challenges to their growth and development due to several factors which include: Lack of or limited infrastructure; Weak institutional and productive capacities; Small domestic markets; Remoteness and isolation from international markets; High level of vulnerability to external shocks; Low participation or effective integration in the multilateral trading system; Difficulties in attracting FDI; Dependency on a few markets; Undiversified and narrow range of export products, primarily commodities; Low competitiveness. Furthermore, there is the direct link between the geographical distance and transport costs. The LLDCs pay the highest transport and transit costs.
3. The UN recognized the LLDCs as one of the group of countries with special needs and established the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLS) in 2001 in order to assist and support the countries in special situations.
4. It is necessary to recall that the special situation and challenges of the LLDCs have been on the Agenda of the General Assembly of the UN since 1957 when resolution 1028 (XI) on this issue was adopted by consensus. Since then it has been on the agenda of the United Nations, including the General Assembly, and of other UN bodies like UNCTAD, as well as of regional organizations.
5. Nonetheless, with the start of the new century, in view of the fact that the needs of the LLDCs had not been properly addressed, and that this group of countries remained among the poorest and most marginalized, it was decided to give new impetus to the issue of the LLDCs at the Millennium Summit. The Millennium Declaration recognized the needs and the special problems of landlocked developing countries, and requested increased financial and technical assistance to the LLDCs.
6. To address the constraints facing landlocked countries, the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation was held in Almaty, Kazakhstan, in August 2003. It adopted the Almaty Programme of Action and the Almaty Ministerial Declaration.
7. The 2005 Summit and the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals at its sixty-fifth Session reiterated the recognition of the special needs and challenges faced by our countries.
8. In the framework of UNCTAD, the attention to LLDCs needs and concerns has also been in its work agenda since the beginning of the organization in 1964. The successive

Conferences have addressed the special needs of the LLDCs and have been part of the mandate and program of work of the Secretariat. The Accra Accord addresses the situation of the LLDCs in the main theme and in all of the Subthemes

II. Context

9. The UNCTAD XIII Conference takes place in a very important juncture of the world economy. The world has changed since Accra. In the past four years the world has witnessed and lived through a compound of crises including the worst economic crisis since the 1930s. Signs of a global economic recovery continue to be fragile, uneven and uncertain and are threatened by debt problems of major developed countries, particularly in Europe. In addition, the Doha Development Round is in a deadlocked, the challenges related to the food and energy crises are constantly reemerging, as well as new pressing issues such as those related to climate change. Therefore, in the LLDCs' view, UNCTAD XIII will be an important opportunity to discuss and address the mayor development, economic and financial issues and challenges faced by all, especially by developing countries, including the LLDCs.

10. It is therefore imperative, a shared and serious responsibility, to examine the root causes that led to the various crises, to address the potential repercussion of the current global economic disturbances on developing countries, and in particular on the most vulnerable amongst them, the ones whose existing weaknesses hinder already the efforts to generate and sustain economic growth, and the achievement of the of internationally agreed goals such as MDGs. Above all, UNCTAD XIII can mark a turning point to advance in new development approaches, reinvigorate the development agenda and make globalization work for development.

11. Furthermore, UNCTAD XIII is of special significance for the Group of Landlocked Developing Countries (LLDCs), as the Conference comes immediately before the ten year review Conference of the Almaty Programme of Action in 2013 and coincides with the Fourth Meeting of Trade Ministers of LLDCs. It will also take place only 3 years before the targeted year of 2015 for the achievement of the Millennium Development Goals (MDGs).

12. The LLDC Group looks forward to a constructive and positive preparatory process leading to a meaningful outcome of the Conference which will place development at the heart of globalization.

III. Expected outcome UNCTAD XIII

A. General Overview of the current conditions in the LLDCs¹

13. LLDC as a group experienced a decrease in economic growth from 5.8 per cent in 2008 to 3.6 per cent in 2009. Furthermore, in 2009 exports and imports also decreased and remittances, an important source of income in many LLDCs, also fell in 2009. Most notably, in recent years, especially due to the economic crisis, the number of people in extreme poverty increased in many LLDCs since it led to job and income losses, placing at risk the achievement of the MDGs.

¹ The figures contained in this section are from the SG Report to the 66th Session of the United Nations General Assembly.

14. In addition, in 2010 FDI inflows to LLDC decreased 12 per cent, and this in view of the fact that LLDCs receive only 4 per cent of the total FDI flows for developing countries as recognized in the World Investment Report 2011, which is mostly concentrated in only a few LLDCs and in the extractive sector.

15. LLDC continue to face constraints in participating in international trade. The proportion of merchandise exports of LLDC to the total world exports has remained below 1 per cent. LLDC exports fell by 42 per cent from 2008-2009. The lack of access to the sea and remoteness from major markets, inadequate transit facilities, cumbersome customs and border crossing procedures amongst other result in high transport and trade transaction costs, undermining their efforts to build their productive capacities for example.

16. Although there has been some progress in infrastructure development and maintenance, especially in the LLDC of Asia, the percentage of paved roads, the principal mode of transport for our countries, remains low. Only 9 LLDC have over 50 percent of their roads paved and eight have only paved between 20 and 49 per cent of them. According to research by the World Bank the challenges with regard to transport infrastructure are not only physical deficits but also a lack of adequate soft infrastructure, mainly in logistics services. Markets need to be improved along with transport and transit corridors.

17. Another mayor challenge the LLDC face are high costs since the rate of freight charges to total value of exports and imports in 2009 was high, in particular for landlocked in Africa, where it was as high as 21.4 in one country. The LLDCs as a Group have higher proportion of freight charges to total value of exports and imports: 45 per cent more than the group rate for transit developing countries. Therefore, landlocked developing countries are paying higher transport and trade costs – resources that could be invested in building their productive capacities to advance structural transformation.

18. Despite efforts in the implementation of the Almaty Programme of Action and the Midterm Review Outcome, a lot remains to be done to achieve its full and timely implementation.

19. Furthermore, LLDCs are and will continue to face increasing problem related to climate change. For example, the LLDC experienced increased deforestation between 2000 and 2010, with five LLDC countries experiencing a decrease in their forest coverage of more than 25 percent. In addition, climate change has exacerbated desertification and loss of biodiversity and is having a negative impact on transport infrastructure. LLDC are also vulnerable and quite sensible to natural disasters.

20. Furthermore, the percentage of the population that lives in hunger in LLDCs is still high: in half of them more than 20 per cent of the population was undernourished during the period 2005-2007. The geography of LLDCs makes us more vulnerable to rising food prices because of high transport charges.

21. Achieving food security and eradicating poverty remain major social development challenges. Strengthen international support to LLDCs through official development assistance is critical for enabling stepped/up efforts to achieve the MDGs.

22. The Doha outcome should be build on the Accra Accord which should continue to be relevant and an significant basis for UNCTAD to continue its work, including the areas related to the LLDCs. The Accra Accord recognized in many paragraphs, through all the subthemes, the special needs of LLDCs and calls for support to our countries. These mandates should remain and be reinvigorated especially in light of the major events since UNCTAD XII.

B. Specific targeted areas inputs

23. Being landlocked imposes constraints to economic growth and the attainment of development objectives. The economies of LLDCs remain fragile and very vulnerable to external shocks as well as the multiple challenges the international community faces including the global economic crisis, and climate changes. Therefore, UNCTAD XIII should call for the enhancement of the development assistance to LLDC to help them overcome their vulnerabilities, build resilience, and set themselves on a path of economic growth and inclusive and sustainable development.

24. UNCTAD's contribution in areas of trade, trade logistics, investment and technology transfer are key in addressing the specific characteristics and problems faced by these countries. For that reason, UNCTAD XIII shall take into account the situation faced by these countries and strengthen its work taking into consideration their specific needs and problems and assist them through policy analysis and technical cooperation.

25. In its work on globalization and development strategies, UNCTAD should address the complex and wide-ranging needs of LLDCs, including in terms of ODA flows.

26. ODA continues to be the main source of external finance of LLDCs. Therefore, current levels of ODA should be maintained especially to support transit transport infrastructure development and trade facilitation projects.

27. South - South cooperation is one of the key features which can contribute to reduce asymmetries of development that exists in the world. The role of South-South Cooperation with a view to tackle the critical challenge of addressing special needs of LLDC, in particular by developing adequate transport infrastructures and establishing transit transport systems should be highlighted. Also regional integration is of crucial importance to the LLDCs, they can provide simplification and harmonization of formalities and procedures, and improve transit measures. Furthermore, South-South cooperation should help to restructure and respecialize the economies of LLDCs, promotion the production and external trade of low volume, high value products and services.

28. In order to integrate into global production and distribution processes LLDCs depend largely on effective transport systems and trade facilitation measures. Infrastructures in many LLDCs are weak or inexistent. Transit transport problems still persist such as insufficient carrying capacity at ports, port and customs clearance delays, fees and obstacles owing to cumbersome customs procedures and other regulatory constraints, weak legal and institutional arrangements, as well as costly bank transactions.

29. UNCTAD should continue to contribute to capacity building and the promotion of transport and trade facilitation measures, with a view to addressing especially the needs of LLDCs, through its research, policy advice and technical cooperation activities. UNCTAD XIII should strengthen the role of UNCTAD in transport and logistics services especially in LLDCs to help them have access to global transport systems and reduce transaction costs.

30. The WTO negotiations on trade facilitation are very important for LLDCs in international trade. UNCTADs support to strengthen the negotiation capabilities of LLDCs on this should continue and be reinforced.

31. Support for the full and timely implementation of the Almaty Ministerial Declaration and the Almaty Programme of Action and its Midterm review, especially in view of the ten year review conference of the Almaty Programme of Action to be held in 2013 should be enhanced.

32. Despite increased efforts in implementing the priorities of the Almaty Programme of Action, LLDCs continue to face high trade transaction costs which put their products at a

competitive disadvantage, discourage foreign investment and are the main reason behind their continued marginalization within the global economy.

33. In 2013 the Review conference of the Almaty Programme of Action, in accordance with its paragraph 49, shall be convened. It will represent an important opportunity for LLDCs and their transit neighbours together with their partners to make a comprehensive review and critically assess the implementation of the Almaty Programme, and to develop a new common action-oriented strategic framework for the next decade. UNCTAD should continue to assist in providing substantive and technical assistance for that process.

34. The examination of issues relating to the trade of landlocked developing countries, and the framing of responses to these trade-related issues to facilitate their fuller integration into the multilateral trading system should be actively pursued consistent with the Doha outcome.

35. UNCTAD should assist LLDCs, in the formulation of national trade and trade-related policies, and in mainstreaming trade in development and poverty-reduction strategies. UNCTAD should also continue to assist LLDC in integrating into the multilateral trading system by helping them, *inter alia*, to develop national strategies to alleviate their exposure to external shocks.

36. The Aid for Trade Initiative is important since it can provide crucial support to help LLDCs in implementing international agreements, strategically strengthening their capacities, developing their infrastructure and enhancing competitiveness in the global markets.

37. UNCTAD should continue its technical assistance to those LLDCs that wish to accede to the WTO during all stages of the process. The individual levels of development, asymmetries and the special needs and problems caused by the geographical disadvantage of being landlocked during the accession process should be taken into account.

38. FDI plays a prominent role in accelerating development and poverty reduction through employment, transfer of managerial and technological know-how and non-debt creating flow of capital, as well as its key role in providing infrastructure for transport, telecommunications and utilities.

39. Since LLDC perform poorly as foreign direct investment destinations as their economic performance continues to be hampered by the inherent geographical disadvantages, UNCTAD should assist the efforts of LLDCs in attracting FDI and strengthen the assistance of LLDCs in the areas of FDI and investment promotion and it should continue with the IPRs and produce investment guide of LLDCs, helping them to attract FDI in line with their development needs and taking into account their geographical constraints.

40. LLDCs face the challenge of developing and strengthening their productive capacities, taking into account constraints emanating from geographical disadvantages.

41. The lack of export diversification continues making the economies of LLDCs vulnerable to external shocks. UNCTAD should assist LLDCs in implementing policy measures to strengthen and broaden their productive capacities and enhance value addition to their imports in order to be able to reap trade opportunities.

42. Technology is a driving force of economic development and transformation. Transfer of technology in particular in the areas of information and communications, agriculture, tourism, marketing, modern financial services, help add value-chains. Support should also be given to LLDCs in transfer of technologies to help mitigate the high transaction costs stemming from their geographical disadvantages.

43. Support LLDCs through increased financial and technical assistance to enable LLDCs cope with multiple external shocks and to mitigate the impact of new and emerging challenges on the most vulnerable segments of their population.

44. Climate change poses a potentially permanent and serious threat to the economic and social development of LLDCs and can undermine their efforts towards the achievement of the MDGs, as they are least prepared to confront the challenges of adapting to climate change and mitigating its effects that would even further aggravate the disadvantages that LLDCs are facing. LLDCs are vulnerable to climate change impacts on agriculture production, frequent occurrence of natural disasters, land degradation, desertification, food security, viability of inland fisheries as well as to erosion of biodiversity.

45. Assistance should be provided to LLDCs to address climate change challenges, in particular by helping them put in place effective adaptation strategies as a priority and appropriate mitigation actions. In this regard, studies can be undertaken to better understand the implications of climate change on LLDCs and developing measures to counter its adverse effects.
