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Presentation

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**United Nations Office of the High Representative for the Least
Developed Countries, Landlocked Developing Countries and Small
Island Developing States**

**Plenary session I: Transport development to enhance regional
cooperation and stability; case of landlocked countries**

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Constraints characteristic to landlocked developing countries

Geographical factors- lack of sovereign access to the sea and the extreme distance from major markets- put landlocked countries at a distinct disadvantage in the development process. It was almost fifty years ago when the General Assembly of the United Nations in its resolution 1028 (XI) first recognized “the need of landlocked countries for adequate transit facilities in promoting international trade.” At that session, the General Assembly invited the governments of Member States “ [...] to give full recognition to the needs of landlocked member states in the matter of transit and trade and therefore to accord them adequate facilities...”. At that time, in 1957, the landlocked developing countries who were members of the United Nations, were few in number; Bolivia and Paraguay in Latin America, and Afghanistan, Bhutan, Laos and Nepal in Asia. To date, the number of landlocked developing countries has increased steeply to 31 countries encompassing all the continents of the world, save Australia. Transit problems of landlocked developing countries have attracted increased attention, as the commercial burden of high tariffs diminishes under the successive multilateral trade negotiations. In the past, transport costs have been something of backwater, hidden behind the larger burden of tariffs and other non-tariff barriers. This is no longer the case. Most-favoured-nations tariffs for goods of most landlocked developing countries for the markets of developed countries were reduced to less than three per cent. Average cost of transport for landlocked developing countries, as a group, is more than three times greater than these tariffs.

According to the Millennium Development Project report, landlocked countries face four major dependencies. They rely on a neighbouring country’s infrastructure access to world markets; on sound cross-border political relations; peace and stability in the region; and on customs and transit policies of their transit neighbours. Landlocked developing countries use a far larger share of their foreign exchange earnings to pay international transport; some Central African landlocked countries, for example, spend more than 40 per cent of their export earnings for transport services. Such high trade transaction costs contribute to the slow growth of their exports, increases prices of imported inputs and limits the ability to gain from trade.

High transit costs and long delays are both symptom and result of factors which are normally classified under two major headings namely: physical infrastructure bottlenecks and non-physical barriers. Bold and concerted actions are required on both sides. What must be kept in mind is that, as the movement of goods in transit require appropriate transport infrastructure in their own territories as well as in the territories of their transit neighbours, inter-governmental cooperation is therefore imperative. The greatest pay-off in terms of increases in efficiency and lowered real cost of transport is likely to come about from full-scale efforts to improve a whole range of institutional, procedural, and managerial aspects of vital importance to goods in transit.

Central Asia and Caucasus

Central Asian landlocked States are not exceptions. The distances of the Central Asian countries from the nearest seaports are among the longest in the world. Uzbekistan is doubly landlocked. They face specific international transit transport situations emerged from the disintegration of the Soviet Union. The transport infrastructure and arrangements in place at that time are not appropriate in the new

context which requires contact with new markets and new sources of imports. The share of Russia in trade with the Central Asian countries has been declining during the last decade while the shares of the European Union, Turkey, Iran and China are surging. At the same time there has been little reorientation in transit routes to match this new reality. Commodities remain the major export items for these countries. Continued regional tensions further hinder the smooth movement of goods in transit. As a consequence, in all countries, transport infrastructure remains a significant impediment to expansion of trade. Development of new transport network in the new context presents a difficult challenge. It should be also taken into account that the Central Asian Region has tremendous potential as a transit region itself, linking Europe with China and the East. The fast-developing countries to the east and south, China and Pakistan and the Islamic Republic of Iran, are interested in promoting their trade with this vast region and use their transit corridors, as a short cut, to the European markets. Turkmenistan, in particular, could emerge as an important corridor for European and Russian trade with South and Southeast Asia. The location of the Caucasian landlocked countries, Armenia and Azerbaijan, at the bridge of the traditional Silk Route connecting East Asia and Europe, holds large potential benefits for both countries. The planned revival of the Silk Route as a network of major transport corridors could potentially help these countries become vital transit links between East and West. Inclusive broad based regional cooperation is essential for establishing efficient transit systems in Central Asia and Caucasus. The Almaty Programme of Action should provide essential framework for the regional cooperation in this vast region.

Framework for transit transport cooperation

The most palpable demonstration of the rising concern of the international community for transit needs of landlocked developing countries was the adoption of Almaty Programme of Action on transit transport cooperation in 2003. This was the turning point to place transit problems at the forefront of the international development agenda. The Almaty Programme of Action is the blueprint for the international community to address the special developmental needs of landlocked developing countries in holistic and integrated manner while re-confirming their right to access the sea by all means of transport. To achieve these goals the Almaty Programme of Action identifies specific actions in five priority areas, namely, Fundamental transit policy issues; Transport infrastructure development and maintenance; International trade and trade facilitation; International support measures; and Implementation and review of the Programme itself.

Under the priority 1 on fundamental transit policy issues, the landlocked and transit developing countries with the support of their development partners agreed to undertake specific measures to review and revise their regulatory frameworks, to allow a greater participation of the private sector; to introduce reform measures to make providers of transport services more responsive to user needs; to increase transparency of transit and border control and procedures; to promote use of information technology.

Under priority 2 on infrastructure development and maintenance, the Programme emphasized that inadequate infrastructure is a major obstacle to establishing efficient transit transport systems. The deterioration of transport infrastructure is a general problem. Also, communications facilities are required to facilitate advance knowledge of transport service availabilities to ensure smooth and speedy transit. Addressing these needs will involve considerable investment, setting up public-private partnerships, capacity building, and new policies and institutional reform. Further, the

Programme of Action spelt out specific actions related to infrastructure development and maintenance, including greater national resources, international financial and technical assistance, establishing a conducive environment for the private sector involvement, and encouraging competition of different transport modes.

Under priority 3 on trade and trade facilitation, the Programme of Action established the close links between development and transport. In particular, the Programme called for concerted action to address cumbersome procedures, excessive documentation requirements, inadequate infrastructure facilities, as well as costly bank transactions. A number of actions should be undertaken to address these issues, including easing accession to WTO process for landlocked and transit developing countries, as many of them remain outside the WTO, ensuring enhanced and predictable access to all markets for their exports, providing greater technical assistance for negotiations on trade facilitation and greater use of information technology. It is very relevant that trade facilitation is included in the Doha round of trade negotiations to clarify and improve relevant aspects of the articles of the GATT relating to freedom of transit, fees and formalities connected with importation and exportation, and publication and administration of trade regulations. Transit issue is a prominent element of these negotiations. Internationally binding rules on trade facilitation will certainly facilitate the speedy movement and clearance of goods to further reduce trade transaction costs.

Priority 4 on international support measures emphasized the development partners should play an important role in supporting transit transport development programmes, which would include a substantial increase in official development assistance, increased foreign direct investment, and access to and transfer of technologies related to transport. Also, priority areas for financial assistance are identified in this section: investments designed to complete missing links in the transit transport chain to extend railways, and roads to landlocked developing countries; maintenance of existing physical transit transport infrastructure; development of cost-effective routes; development of dry ports; and establishment of adjacent border points. Technical assistance will be provided for promoting the implementation of bilateral, subregional, regional and international agreement; promoting social and market-oriented transit transport policies; promoting privatization programmes; establishing training programmes in the areas of customs, freight forwarding and clearing transit cargo; road safety; environmental protection; transit insurance; expanding regional data base; initiating trade facilitating measures; and elaborating the implications of acceding to international relevant conventions.

Under priority 5 on implementation and review, there is a built in mechanism to follow up on the Almaty Programme of Action. It is emphasized that the establishment of efficient transit transport systems would require individual and concerted efforts by the landlocked and transit developing countries, their development partners, the United Nations organizations and relevant international development institutions. Upon endorsing this Programme, the United Nations General Assembly provided the UN system organization with a clear set of mandate for its implementation. There is a roadmap also to guide concerted efforts of UN agencies and other relevant international organizations to assist landlocked and transit developing countries in establishing efficient transit transport systems. To monitor the progress in the field, the General Assembly requested the UN system organizations, in cooperation with other relevant organizations, to develop a set of internationally acceptable indicators.

The General Assembly conducts annual review of the progress in the implementation of the Almaty Programme of Action and adopts annual resolution. Later this year the General Assembly is expected to consider the proposal on conducting medium-term review of the implementation of this Programme in 2008-2009. The mid-term review will be preceded by thematic reviews as well as the regional review meetings. In accordance to its mandate, the Office of the High Representative will coordinate the preparatory process for the mid-term review.

Priority areas for cooperation with the OSCE

The Office of the High Representative has been in close contact with the OSCE secretariat and landlocked countries, particularly those in Central Asia and Caucasus who are members of the OSCE. Mr. Chowdhury, Under-Secretary-General and High Representative outlined the area for cooperation between the UN and OSCE at the Vienna Forum in last January. First, we give priority attention to the development of internationally acceptable indicators to monitor the evolution in transit systems for landlocked countries. It is particularly relevant as the importance of developing such indicators was emphasized in the outcome document of the 2005 UN World Summit. Therefore, the OSCE support and cooperation in this area is important. In particular, the UN-OHRRLLS and the OSCE have been consulting to organize workshops/expert meetings to bring together experts from relevant organizations, UN Regional Commissions and agencies to have exchange of views on broadly acceptable and applicable indicators to monitor the progress in transit systems and its impact on the external trade and the regional cooperation. Secondly, the OSCE could undertake a comprehensive study on the transit environment in Central Asia and Caucasus with a view to elaborate policy recommendations and agree on priority projects to implement in Central Asia and Caucasus. Thirdly, the active involvement and support of the OSCE in the review process of the implementation of the Almaty Programme of Action is very important. For example, the OSCE can host regional or thematic meeting as part of the preparatory process. The active involvement of the OSCE will certainly further strengthen global partnerships and commitment to assist landlocked countries in their effort to mitigate negative consequences caused by their geographical disadvantages.

These are preliminary thoughts of the Office of the High Representative as related to cooperation between the United Nations and the OSCE. We are open to any idea and further discussions in this regard.