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Issues related to countries with special needs**Implementation of the Almaty Programme of Action for
the landlocked developing countries****Note by the secretariat***Summary*

The international community has mobilized support for landlocked developing countries through the implementation of the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries. ESCAP has initiated several activities for the benefit of the 12 Asia-Pacific landlocked developing countries, including the High-level Asia-Pacific Policy Dialogue on the Implementation of the Almaty Programme of Action and other Development Gaps Faced by the Landlocked Developing Countries, which was organized jointly with the Government of Mongolia and held in Ulaanbaatar from 12 to 14 April 2011. The major outcome of that Policy Dialogue was the Ulaanbaatar Declaration, which was brought to the attention of the Commission at its sixty-seventh session (see Commission resolution 67/1).

The final review of the Almaty Programme of Action is scheduled to be undertaken in 2013. The effectiveness of that review will depend on considerable and sustained attention from all stakeholders, including Governments, international organizations and development partners. To help Asia-Pacific landlocked developing countries prepare for the comprehensive final review of the Almaty Programme of Action, the present document suggests some priority actions.

The Committee may wish to review the present document with a view to recommending measures for regional cooperation among the stakeholders of the Almaty Programme of Action in the Asia-Pacific region to promote a full and comprehensive review.

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I. Introduction

1. The United Nations gives high priority to the 12 Asia-Pacific landlocked developing countries.¹ The international community has mobilized support for them through the implementation of the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries.² The objective of the Programme of Action is to establish a new global framework for developing efficient transit transport systems in landlocked and transit developing countries. It is aimed at: (a) securing access to and from the sea by all means of transport; (b) reducing costs and improving services in order to increase the competitiveness of their exports; (c) reducing the costs of delivered imports; (d) addressing problems of delay and uncertainty in trade routes; (e) developing adequate national networks; (f) reducing loss, damage and deterioration en route; (g) opening the way for export expansion; and (h) improving the safety of road transport and the security of people along the corridors.

2. The final review of the implementation of the Almaty Programme of Action is scheduled for 2013, and the effectiveness of that review will depend on considerable and sustained attention from all stakeholders. In that regard, the High-level Asia-Pacific Policy Dialogue on the Implementation of the

¹ Afghanistan, Armenia, Azerbaijan, Bhutan, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Mongolia, Nepal, Tajikistan, Turkmenistan and Uzbekistan.

² *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003 (A/CONF.202/3), annex I.*

Almaty Programme of Action and other Development Gaps Faced by the Landlocked Developing Countries was organized jointly by the ESCAP secretariat and the Government of Mongolia and held in Ulaanbaatar from 12 to 14 April 2011. The major outcome of that Policy Dialogue was the Ulaanbaatar Declaration (E/ESCAP/67/22, annex), which was brought to the attention of the Commission at its sixty-seventh session. In its resolution 67/1, entitled “Ulaanbaatar Declaration: Outcome of the High-level Asia-Pacific Policy Dialogue on the Implementation of the Almaty Programme of Action and other Development Gaps Faced by the Landlocked Developing Countries”, the Commission requested the Executive Secretary, among other things, to assist landlocked developing countries in the Asia-Pacific region, in cooperation with other relevant international entities, in implementing the recommendations of the Ulaanbaatar Declaration, and to provide, in collaboration with relevant international organizations, necessary assistance to the landlocked developing countries in the Asia-Pacific region during the final review of the Almaty Programme of Action.

3. To help Asia-Pacific landlocked developing countries prepare for the final review of the Almaty Programme of Action, the present document contains some suggestions regarding priority actions.

II. Priority areas under the Almaty Programme of Action

4. The status of implementation of the Almaty Programme of Action by Asia-Pacific landlocked developing countries was assessed at a midterm review meeting in 2008.³ The recent High-level policy dialogue in Ulaanbaatar noted that, while the work undertaken at the national, subregional and regional levels was acknowledged, there was recognition of the continuing challenges faced by landlocked developing countries in integrating into the global economy and the need to expedite and strengthen the process of implementing the Programme of Action. In that regard, the sections below discuss the progress that has been made under the priority areas of the Programme of Action and, where appropriate, identify actions that can be taken.

A. Priority 1 Fundamental transit policy issues

5. Since the midterm review of the Programme of Action, Asia-Pacific landlocked developing countries have made progress in the areas of accession to international conventions, subregional agreements, national coordination and application of tools and technology to monitor and improve transport facilitation and border crossing. International conventions provide frameworks for harmonization and simplification of formalities and procedures. In its resolution 48/11 of 23 April 1992 on road and rail transport modes in relation to facilitation measures, the Commission recommended seven such conventions. Kyrgyzstan and Uzbekistan have acceded to all conventions, while Bhutan and Nepal have not acceded to any. Subregional agreements relating to transport facilitation play a key role in subregional connectivity. Progress has been observed in developing subregional agreements. Shanghai Cooperation Organization (SCO) member States, including Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, have accelerated the negotiation of annexes to the Agreement between the

³ See General Assembly resolution 63/2.

Governments of the Shanghai Cooperation Organization Member States on Facilitation of International Road Transport.⁴ That agreement will effectively eliminate non-physical barriers to trade, facilitate the efficient movement of vehicles and goods, utilize the existing transit transport potential and further develop transport infrastructure. In June 2009, the transport ministers of the Lao People's Democratic Republic, Thailand and Viet Nam officially initiated trilateral cross-border land transport operations along the East-West Economic Corridor at Mukdahan (Thailand), Savannakhet (Lao People's Democratic Republic), and Lao Bao (Viet Nam). This subregional agreement has provided the Lao People's Democratic Republic with new opportunities for international transport and trade.

B. Priority 2 Infrastructure development and maintenance

6. In order to integrate regional transport networks in Asia, all transport links, including railways, roads and waterways, and transport nodes, including seaports, dry ports and intermodal interfaces, need to be fully developed. Among other types of transport infrastructure, seaports have developed rapidly, and many large seaports have emerged in the region. Of the top 30 container ports in the world, 19 are located in Asia. Following the entry into force of the Intergovernmental Agreement on the Asian Highway Network⁵ and the Intergovernmental Agreement on the Trans-Asian Railway Network,⁶ those transport infrastructure networks have been put in place. Part of the Asian Land Transport Infrastructure Development project, the networks comprise 142,000 km of highways and 114,200 km of railway lines.

7. Both of these networks, as well as their feeder roads and rail lines, and the region's ports have made a substantial contribution to the development of the region's economies and enhanced their competitiveness by enabling access to existing markets, opening up new markets and facilitating economic integration.

C. Priority 3 International trade and trade facilitation

8. Despite some progress in enhancing the integration of landlocked developing countries into the global trading system, several of them are still not members of the World Trade Organization (WTO). Similarly, the signing of a number of preferential trade agreements has not led to adequate materialization of the opportunities for enhanced market access and new South-South trade for landlocked developing countries. Along with domestic institutional reform, efforts are needed at the multilateral level to facilitate development-friendly conditions for the accession of landlocked developing countries to WTO, especially to cope with unavoidable adjustment costs. Of the 12 landlocked developing countries in the region, only Armenia,

⁴ Negotiation of the main agreement was concluded in Issyk-Kul, Kyrgyzstan, in June 2008.

⁵ United Nations, *Treaty Series*, vol. 2323, No. 41607. The Agreement, which entered into force on 4 July 2005, now has 28 parties to it, including landlocked developing countries.

⁶ United Nations, *Treaty Series*, No. 46171. The Agreement, which entered into force on 11 June 2009, has been signed by 22 member States, of which 15 have become parties to it.

Kyrgyzstan, Mongolia and Nepal are members of WTO. Except for one, all the other countries are WTO observers and in the process of negotiating accession.

9. Although the majority of the landlocked developing countries have implemented trade facilitation reforms aimed at simplifying trade regulations, procedures and documents, there are four areas still in need of increased focus: (a) harmonizing regulatory requirements, procedures and documentation for imports, exports and transit with international conventions and standards; (b) creating or reinforcing an effective institutional framework for the implementation of trade facilitation measures; (c) modernizing customs information systems and shifting to risk assessment and advance cargo information; and (d) enhancing cooperation between neighbouring countries through harmonized trade regulations and joint border crossing posts, where feasible, or harmonizing the working hours of adjacent border crossing posts as articulated in the Economic Commission for Europe (ECE) International Convention on the Harmonization of Frontier Controls of Goods.⁷ International trade performance indicators show that the landlocked developing countries in the region have made, in general, moderate progress in their trade performance since the midterm review of the Programme of Action.

D. Priority 4 International support measures

10. Although primary responsibility for implementing the Programme of Action rests with the landlocked developing countries, the Programme of Action acknowledges the role of development partners in providing assistance. The mandate of the international community is to work together in specific areas relating to fundamental transit, transport infrastructure and facilitation, and international trade and trade facilitation. More emphasis on mobilizing additional official development assistance (ODA) is needed, as are financial and technical resources in undertaking the actions identified under different priorities.

11. ODA received by 31 landlocked developing countries increased from \$12 billion in 2003 to \$18.6 billion in 2007, but Asia-Pacific landlocked developing countries received a declining share of the total, and very few donor countries have met the target of contributing 0.7 per cent of their gross national product to ODA. The main source of external financing for many Asia-Pacific landlocked developing countries remains ODA. For example, aid as a percentage of gross capital formation reached between 12 and 14 per cent in Kyrgyzstan, Tajikistan, Nepal and the Lao People's Democratic Republic in 2007. Many Asia-Pacific landlocked developing countries are receiving assistance through the South-South cooperation modality, with China, India and the Russian Federation being major donors, but primarily to their neighbours. China and India have helped in building roads, bridges and hydroelectric plants in Bhutan, the Lao People's Democratic Republic and Nepal.

⁷ See ECE/TRANS/55/Rev.1.

III. Policy challenges and options: looking forward

12. The greatest challenge facing the Asia-Pacific landlocked developing countries is to reduce poverty and improve the quality of life of their people. That requires measures to strengthen social protection along with a focus on agriculture and rural development and enhanced financial inclusiveness. The persistence of low per capita incomes in the landlocked developing countries results in a vicious circle where large transport investments remain economically unviable due to low demand for transport services on the one hand and inadequate infrastructure constraining economic activities on the other, which results in low revenue generation for investment in social sectors.

13. The Asia-Pacific landlocked developing countries successfully weathered the global economic crisis by adopting prudent and timely policies emphasizing short-term responses to the external shocks. In order to sustain the growth momentum, these countries need to find new sources of demand mainly through the rebalancing of their economies in favour of greater domestic and regional consumption. More specifically, these countries need to focus on several major imbalances that characterize the process of their economic growth.

A. Promoting more inclusive growth and adjusting to global imbalances

14. The import demand from developed countries is not likely to play the buoyant role that it did in the past decade. Asia-Pacific landlocked developing countries will have to identify new drivers of growth to compensate for the anticipated reduction in demand in traditional export markets. Each landlocked developing country will have to address its own specific needs and constraints and exploit opportunities for strengthening growth and achieving the Millennium Development Goals.

15. In order to become more resilient, these countries need to spend more on basic social services, social protection and basic infrastructure, as well as measures to boost the income of the poor. It is crucial to promote intraregional trade and investment flows that benefit the landlocked developing countries. Measures are needed to promote integrated markets and lower tariff and non-tariff barriers; to invest in physical infrastructure; to create robust transportation networks and information platforms; and to install better regulatory structures.

16. Asia-Pacific landlocked developing countries need to highlight the gains of linking aid for trade, particularly by developing trade and transport infrastructure and implementing trade facilitation measures. This would require them to have wider ownership of the Aid for Trade Initiative, which would entail mainstreaming trade into their national development strategies. A critical concern for these countries is to introduce deliberate changes in their growth pattern so that it becomes more inclusive, thereby enabling a more equal sharing of the benefits of growth.

B. Mitigating social imbalances and bridging infrastructure gaps

17. Social imbalances are pervasive in the landlocked developing countries, where a large majority of the people live under the \$1.25 per day poverty line. Thus, reducing poverty and ensuring equitable sharing of

economic prosperity constitute an important agenda for mitigating social imbalances in these countries. Moreover, the sheer number of the poor can provide potentially large markets in these countries if additional demand can be created, especially through social and infrastructural investments that provide employment and business opportunities for the poor.

18. The limited availability of infrastructure in landlocked developing countries constrains the contribution of infrastructure to economic growth. Thus, closing the infrastructure gaps in these countries is a necessary condition for their balanced and inclusive development. The resource requirements for bridging or even narrowing the infrastructure gaps are substantial and, hence, appropriate financing mechanisms are needed.

19. The low quality of infrastructure in landlocked developing countries disproportionately affects the poor and the rural people due to wide gaps in the quality of infrastructure between urban and rural areas. Since most of the Millennium Development Goal-related infrastructure is likely to come from the public sector, the mobilization of finances, commitments to repairs and maintenance, reforms in governance and efforts to increase capacity, improvements in coordination and enhanced attention to the environmental impact and implications of climate change are issues that need priority attention in these countries.

20. It is critical for Asia-Pacific landlocked developing countries to tap the opportunities for improving infrastructure at the regional and subregional levels. In these countries, some of the most immediate benefits of better connectivity would be better cross-national integration between neighbouring border areas, which are often among the more remote and poorer regions of the respective countries. To derive greater benefits, physical links between the countries need to be accompanied by the harmonization of standards, such as those relating to railway signalling systems and customs codes.

C. Ensuring financial inclusiveness

21. In these countries, barriers to financial inclusiveness exist on both the demand and supply sides. In general, development finance institutions and microfinance institutions have become more successful in reaching out to the poor, and micro- and small-scale enterprises. In addition, public and technology-enabled networks, such as post offices, telecommunications companies and the Internet, hold significant potential for bringing about financial inclusiveness. The regulatory environment also needs to encourage diversity in the provision of financial services to increase the options available to the poor.

22. In view of the emerging developments, Asia-Pacific landlocked developing countries need to become more regionally integrated in order to generate rapid inclusive and sustainable growth. To boost regional economic integration, they need to address a wide spectrum of constraints in institutional and physical infrastructure, as well as in the policy agenda. This requires concerted actions for the evolution of a broader framework for economic integration at the regional level to ensure equitable economic and social benefits for the landlocked developing countries, the development of regional transportation networks and the improvement of trade facilitation and strengthening of connectivity through wider use of information and communications technologies.

23. External resources, such as ODA, play a key role in supporting economic development and social progress in these countries, especially for investing in basic services, such as water, sanitation, energy, transport, shelter, health and education. Such resources can also be used for expanding productive capacities, promoting foreign direct investment (FDI) and trade, adapting technological innovations, fostering gender equality, ensuring food security and reducing income poverty. It is also important to improve the quality of aid and increase its development impact by building on the fundamental principles of national ownership, harmonization and managing for results.

24. There is scope for extending regional cooperation and policy coordination through the sharing of information and lessons learned and for coordinated actions which are vital for harnessing advantages that no single landlocked developing country can manage on its own. Existing regional cooperation frameworks can be strengthened so that adverse developments, such as the recent global financial crisis, can be faced collectively. Development cooperation both within and across regions, aimed at developing regional markets and domestic productive capacities, should be explored. The areas may cover such priorities as developing new markets, transferring technology and attracting FDI. The landlocked developing countries also need to target climate change mitigation and the reduction of environmental vulnerability as development opportunities within the regional framework. If necessary, new frameworks may be created and intergovernmental regional and subregional bodies may be formed to monitor their performance in expanding and revitalizing regional cooperation and economic integration. The Asia-Pacific landlocked developing countries should strengthen South-South cooperation and try to obtain special consideration, such as special and differential treatment in trade and other areas, where appropriate.

IV. Conclusions

25. Although significant progress has been made in several areas, Asia-Pacific landlocked developing countries continue to face major challenges and development gaps. Harmonization of legal regimes, adoption of an integrated approach to trade and transport facilitation, elimination of physical and non-physical bottlenecks to transport, completing missing links, promoting intermodal transport, developing integrated transport corridors and logistics services and mobilizing domestic and external resources are some of the remaining challenges faced by landlocked developing countries.

26. Several other challenges have constrained the development efforts of these countries, including those made in order to achieve the Millennium Development Goals. The climate has changed since the midterm review of the Programme of Action was undertaken in 2008.⁸ The food, fuel, economic and financial crises highlighted the vulnerabilities of landlocked developing countries to external shocks. The financial crisis affected these countries through different channels, including trade in goods and services, FDI, remittances, ODA and financial markets. These effects, in turn, reduced employment, capital inflows and government revenue, thus limiting the policy space needed to address impediments to development. Food and energy price rises are again emerging as a serious concern across much of the

⁸ See General Assembly resolution 63/228 of 19 December 2008.

Asia-Pacific region. Landlocked developing countries are among those most likely to be affected by such price rises.

27. The Committee may wish to recommend measures for the full implementation and an effective final review of the Almaty Programme of Action.
