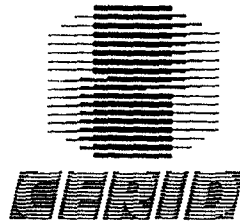


CENTRO PARA EL ESTUDIO DE LAS RELACIONES INTERNACIONALES Y EL DESARROLLO
CENTRE POUR L'ETUDE DES RELATIONS INTERNATIONALES ET LE DEVELOPPEMENT
CENTER FOR STUDY OF THE INTERNATIONAL RELATIONS AND DEVELOPMENT

**A Review of the Actions
of the
International Community
in Support of the
Special Needs and Problems of
the Land-locked Developing Countries
and a
New Strategy to Overcome Them**



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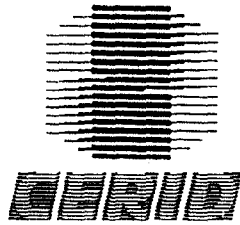
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I. THE ECONOMIC CONDITIONS OF LAND-LOCKED DEVELOPING COUNTRIES

A. Introduction

The category of Land-locked developing countries is a relatively new one in economic analysis. It arises from concerns manifested within the General Assembly and the United Nations Conference on Trade and Development (UNCTAD) on the economic situation of these countries.

The structural constraints facing the majority of Land-locked developing countries are associated with their geographic enclosure. Therefore, both direct and indirect effects at micro- and macro-economic levels are hard to prove empirically given the heterogeneous characteristics of land-locked economies.

As an initial analytic effort, this work seeks to identify the general economic tendencies that distinguish this group of countries. It attempts to put into context the socio-economic conditions of each of the land-locked developing in these regions:

- (a) Southern Africa (six countries)
- (b) Sub-Saharan Africa (eight countries)
- (c) West and South Asia (five countries)
- (d) Latin America (two countries)

For this purpose, this work is divided into five parts, besides this brief introduction. Section 2 describes the most important economic and productive characteristics of these countries. Section 3 presents a profile of external trade and transport and storage infrastructure for each group of countries. The object of this section is



to establish different regions and delineate the context behind the development of major macroeconomic tendencies. Section 4 includes a brief evaluation of international cooperation towards land-locked developing countries. And finally, a number of conclusions are derived in the last section of the work.

B. THE STRUCTURES AND ECONOMIC CONTEXTS OF LAND-LOCKED DEVELOPING COUNTRIES

1.) Macroeconomic Profile

Southern Africa

Southern Africa is comprised of six countries without access to the sea. These are: Botswana, Lesotho, Malawi, Swaziland, Zambia and Zimbabwe. The region is characterized by substantial differences in economic situations, which makes a generalized analysis difficult. It is possible, however, to distinguish three economic characteristics that these countries share.

In the first place, the land-locked developing countries of Southern Africa are mono-producers of raw materials. Second, and as a result of the first, their economies are highly vulnerable to external shocks in terms of changes in world prices and their own supply of raw material. And third, they are extremely dependent on the economy of South Africa.

The land-locked countries of Southern Africa gained their independence during the 1960s. Although since that time, they have made important gains in economic and political development, they still have very serious problems with poverty. The Gross National



Product, per capita (GNP per capita) in Botswana is the highest of all six countries, reaching US\$1600 a year in 1989, while Malawi barely reaches US\$180 a year in GNP per capita. Table 1 in the appendix presents the economic condition of the other countries and shows that -- with the exception of Botswana and Lesotho -- this has improved very little since 1965. In the case of Zambia, it shows that GNP per capita has even declined.

Developments in the economies of these six countries have been related to the exploitation of their natural resources as well as their insertion in the international market.

Between 1965 and 1980 the region showed important economic growth, measured in terms of Gross Domestic Product (GDP). Botswana's GDP grew almost 14 percent over this period. The other countries grew by more than five percent, as indicated in Table 2 of the appendix. The sectors that contributed most to this growth were the exploitation of natural resources and to a lesser degree, agriculture.

In the 1980s, the rate of growth decelerated by more than half. Only Botswana performed well, surpassing 10 percent. This change in economic performance is explained by very different causes in each country, including drought, but above all is a result of the world-wide recession at the beginning of the 1980s. It is important to remember that the economies of Southern Africa are very strongly integrated to both regional and international markets.



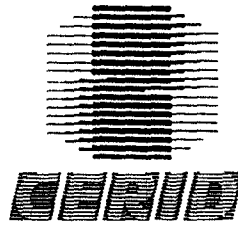
Separating the components of growth, Table 3 of the appendix shows very different scenarios between 1965 through 1980 and the 1980s themselves. In the first period, Government expenditures and gross investment showed high growth which helped fuel a positive performance in the GDP in all of Southern Africa. During the period 1980 - 1989, Botswana and Zambia were able to maintain Government expenditures, while these declined substantially in the rest of the countries. In the same way, the regions; level of private consumption and gross domestic investment dropped significantly.

Two particular situations are seen in the described tendency:

First, the increase in private consumption and the reduction of investment in Zambia. The increase in consumption is a result of macroeconomic policies designed to sustain aggregate demand, while the fall in investment is related to the fall in the prices of copper.

Second, the modest recovery in investment levels in Zimbabwe. This was not stronger due to the deterioration in the political and social climate, excessive administrative intervention in the area of investment and the scarcity of foreign exchange, which inhibits capital imports and industrial investment.

The difficulties faced by the countries of Southern Africa in the 1980s did not translate into a radical increase in rates of inflation. Table 4 of the appendix shows that inflation was maintained at reasonable levels. Again, the exception to this is Zambia, which between 1980 and 1989 had an annual inflation rate of 38 percent. This can perhaps be explained by fiscal problems. The fiscal deficit in



Zambia throughout almost the entire decade surpassed double digits, as can be seen in Table 5. While fiscal deficits were also high in Malawi, Swaziland and Zimbabwe, clearly the methods of financing them were not explosively inflationary as in Zambia.

Botswana, on the other hand, after three years of modest deficits (1980-1982) as a result of the crash of the diamond market, showed significant recovery following positive foreign exchange shocks also resulting from the diamond trade. An idea as to the size of the shock is seen in the balance of payments, which after a deficit of 4.3 percent of GNP in 1983, jumped to a 37 percent surplus over GNP in 1987.

The situation of Botswana contrasts quite clearly with the other countries, which confront unstable international markets with single-export tendencies. Such is the case with Swaziland with the export of sugar and timber and Zimbabwe with the export of tobacco (the sale of mineral products such as gold and nickel offset this somewhat in Zimbabwe). In the 1980s Zambia faced a drop in the international price of copper as well as a fall in domestic copper production. Copper accounts for 87 percent of the countries exports and almost 20 percent of GNP. The external economic profile of Zambia and Zimbabwe is further complicated by the fact that both are petroleum importers.

Malawi receives foreign income from the export of tobacco, which accounts for 50 percent of all tobacco sales on the international market. Non-agricultural exports account for only 10 percent of the countrys' total exports. Malawi also faced adverse conditions in the



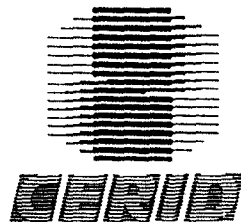
international tobacco market, long periods of drought and unreliable transport to export ports due to political instability in its neighbor, Mozambique.

The different trade relations of the land-locked countries of Southern Africa are also manifested in diverse profiles of debt and debt administration. The coefficient for indebtedness, measured by the proportion of external debt to GNP, was managed reasonably in Botswana, Lesotho, Swaziland and Zimbabwe, which acquired heavy debt until 1987, and later reduced their rate of borrowing with the contraction of international loans market. Zambia and Malawi (to a lesser degree) overextended their capacity to borrow during the 1980s. (See Table 6)

The parameter for calculating loan repayment capacity -- as measured by the relationship between external debt service and export revenue -- is also very diverse in Southern Africa. For Botswana and Swaziland, repayments on contracted external debt do not constitute a problem. Botswana's debt repayment is supported by the revenue it receives from the sale of diamonds on the international market, while Swaziland benefits from a more cautious debt strategy. Repayment profiles for Lesotho, Malawi, Zambia and Zimbabwe are higher, but not worrisome, as can be seen in Table 7.

Sub-Saharan Africa

The land-locked countries of Sub-Saharan Africa are: Burkina Faso, Chad, Mali, Niger, Rwanda, Uganda and the Central African Republic. This region comprises some of the poorest countries in the



world. At US\$190 a year, Chad has the lowest GNP per capita, while the Central African Republic is the best off of the group. Between 1965 and 1985 GNP per capita fell in Chad, Nigeria, the Central African Republic and Uganda. The rest of the countries of this group experienced only modest economic growth. (See Table 8)

The economies of Sub-Saharan Africa are extremely dependent on the export of their agricultural products, which make them vulnerable to foreign exchange shocks as well. In other words, their macroeconomic balances depend to a great extent on their export revenues.

Burkina Faso is a large exporter of cotton and minerals and is dependent on petroleum imports. It has a relatively low coefficient of protection at 50 percent. (See the first column of Table 10) During the 1980s the economy experienced modest growth. Between 1977 and 1982 GDP grew at an average annual rate of 2.8 percent. On the other hand, between 1982 and 1987 the rate increased to 3.9 percent as a result of strong growth in the mining sector. Their positive performance during the 1980s is surprising in light of the stall in capital accumulation and the reduction in public consumption. The favorable economic performance is perhaps attributable to a recovery in private consumption. (See line 1, Table 11)

Inflation results are also interesting. Burkina Faso's inflation rate fell from an average of 6.4 percent between 1965-1980 to 4 percent during the 1980s -- a figure which approximates the performances of industrialized countries. This result can be attributed



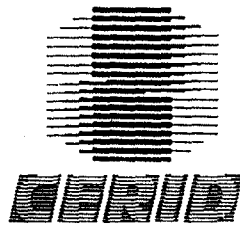
to strict control over the public deficit as is evidenced in the first line of Table 12.

Debt management was also very measured. During the 1980s the profile of loans, measured by the relationship between debt and GNP, did not surpass 38 percent. As a result of this careful management, debt service did not become an unmanageable problem. In recent years, the debt service burden accounted for just 10 percent of export revenue. (See Table 13 and 14)

Burundi's economy is highly dependent on coffee, as it accounts for 80 percent of export revenue. Agriculture accounts for 56 percent of the country's GDP, while industry and manufacturing together only account for 25 percent. A comparison of sectoral growth rates from 1965 to 1980 with rates in the 1980s shows an important decline in the two sectors mentioned, while the services sector increased its activities.

In the mid-1980s, Burundi implemented a structural adjustment program that had modest results. Between 1986 and 1990 the economy grew at about 3.7 percent and inflation averaged 6.3 percent a year. The relatively unimpressive results of this structural adjustment program, particularly with regard to production, is due to a rapid decline in the terms of trade, adverse climactic conditions and intense social conflict within the country.

The country's greatest problems, however, lie in the external sector. The balance of payments is structurally weak. Coffee exports, for example, fluctuate dramatically as a result of the instability of the



world coffee market. Add to this an internal production which fluctuates dramatically and the problem is compounded. In recent years sales have stalled as a result of a cycle of unfavorable climactic conditions. There are also rigidities on the side of imports, since the country's principal import is petroleum. Given these conditions, the current account deficit is persistent and is financed only by external capital inflows.

Within this context, the level of external debt increased dramatically during the 1980s. In 1989, external debt reached 82 percent of Gross National Product. The debt service to export revenue ratio also increased dramatically, although in recent years it has stabilized at around 33 percent. (See the second column of Tables 13 and 14)

Chad, which is the poorest country in Sub-Saharan Africa, has experienced declining GNP for the past 24 consecutive years. As in many other countries of the region, Chad's economy is based on the production and export of cotton. The country also has a very low rate of industrialization and public services are inefficient and oversized given the size of the economy in general. (See Line 3, Table 9) The economy's structural weakness originates in periodic crisis in the cotton sector, which is victim to frequent droughts and negative external shocks.

Military conflicts which have destroyed a good part of the country's infrastructure and damaged administrative capacity must also be added to the above-mentioned difficulties. Hostilities also

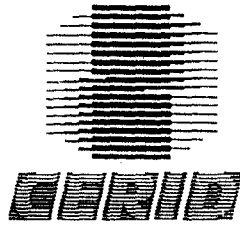


caused the closing of many industries as well as the commercial financial system. These events caused a severe contraction in the economy. In 1987, GNP was at a lower level than that in 1978.

The main concern and goal of short-term economic policy in Chad is the restructuring of the cotton sector. Medium-term objectives include both internal and external business and trade liberalization and the introduction of incentives to the private sector.

The management of external debt in Chad has had a reasonable profile. The total debt to GNP ratio was maintained at 31 percent throughout the 1980s. In the same way, debt service did not significantly detract from export revenues as can be seen in column 3 of Table 14.

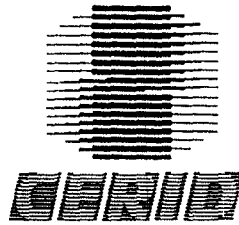
Mali is an economy that has diversified little since the country's independence in 1960. Between 1965 and 1980, GDP grew at an average annual rate of 4.2 percent. During the 1980s, this fell to 3.8 percent as a result of a decline in agricultural production as well as a decline in agriculture's overall contribution to GDP. The decline was not larger due to a strong recovery in industry, which between 1980 and 1989 grew at an average annual rate of 10.5 percent. (See line 4, Table 9) An ambitious public investment program and expanded government spending in the 1970s also contributed to maintaining growth relatively stable. Internal, as well as external, sources of finance were unable to sustain this just-mentioned behavior, however, and the fiscal imbalance increased inflationary pressures and caused a deterioration in the balance of payments.



Real growth rates, however, could not spare Mali from facing macroeconomic and financial imbalances that resulted from inappropriate management of economic policy and a continuing decline in the country's terms of trade, particularly in cotton. Persistent deficits in the current account balance resulted in a large increase in external debt that in the mid-1980s surpassed the value of GNP. Debt service on this -- as a percentage of GNP -- increased by a factor of 10 in just one decade. (See column 4 of Tables 13 and 14)

The economy of the Central African Republic is based on the extraction of diamonds and alluvial deposits, as well as on the cultivation of coffee and cotton. Agriculture is the largest contributor to GDP, accounting for 42 percent. However, the growth of the mineral sector also stands out; its exports having reached 46.6 percent of total export revenue in 1989. GDP growth in the Central African Republic is one of the most modest in the region and in the last 24 years has barely managed to keep pace with population growth (2.5 percent a year). For this reason -- and despite the fact that the country has the highest per capita income in the region -- this declined at a rate of 0.5 percent between 1965 and 1989. (line 6, Table 8) More precisely, between 1965 and 1980 GDP grew at 2.8 percent and then fell to an average of 1.5 percent a year. Perhaps the most positive news within this context was the reduction of annual inflation which averaged 8.2 percent and 6.5 percent respectively. (See Tables 9 and 12)

The external economic situation is also delicate. External debt - - measured as a percentage of GNP -- grew rapidly, reaching 66



percent at the end of the 1980s. At the same time, the service of that debt increased from nearly 0 in 1980 to 14 percent of GNP. (See column 6, Tables 13 and 14)

In order to strengthen economic growth, the Central African Republic is implementing structural adjustments, particularly within the agriculture sector. The major structural reforms are: ambitious investment programs, public enterprise reform, educational reform, reorganization of the civil service, strengthening of public resource mobilization, external debt management and the establishment of a framework conducive to private sector development. They have also created mechanisms to better absorb fluctuations in the price of cotton. This includes creation of the Fund to Maintain Cotton Prices with both public and private sector participation.

Rwanda has the lowest coefficient of economic "openness" in Sub-Saharan Africa. It is primarily an agricultural economy, even despite the decline in the sectors' contribution to total production (it fell from 75 percent in 1965 to 37 percent in 1989) which has favored the growth of industry and manufacturing. Rwanda exports coffee, tea and tin in that order of importance and imports petroleum.

The country's growth rate fell substantially during the decade of the '80s. After growing at an average rate of 5 percent a year between 1965 and 1980 -- the highest in the region -- this fell to 1.5 percent during the 1980s. (See next to last line, Table 9) After independence it appears that economic policy was designed to increase production at the expense of higher rates of inflation (12.5



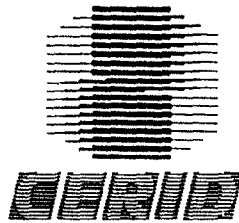
percent a year). On the other hand, the objective during later years was to control inflation (4 percent) at the cost of national production. (See Table 12)

The change in growth rates was due to greater control over private consumption and to a lesser degree, to a reduction in public expenditure. Gross domestic investment levels over these time-frames remained almost constant. (See Table 11)

With regard to the external sector, Rwanda maintained a discrete profile. External debt at the beginning of the 1980s measured 16 percent of GNP and later increased to 26 percent. Similarly, debt service rates increased at the end of the 1980s. (See column 7, Tables 13 and 14)

In contrast to almost all the countries of Sub-Saharan Africa, in Uganda agriculture has increased its share of the country's GDP, while industry and services have declined. In the same way, Uganda's economy reduced its participation in the international market. In 1982 the country's "openness" coefficient was 0.60. Seven years later it had decreased to only 0.24. In other words, Uganda exported less cotton, coffee and copper -- their major exports -- and imported fewer goods and services from the outside than they had seven years earlier.

Uganda's has shown poor GDP growth over the last 24 years. Between 1965 and 1980 average growth was 0.6 percent, later increasing to 2.5 percent. Both rates are well below population growth rates which averaged around 3.4 percent -- meaning that the



number of Ugandans living in absolute poverty increased over that time. (See Table 9)

Uganda is also the country with the greatest inflation problems in the region. Between 1980 and 1989, average annual inflation surpassed 100 percent a year, probably as a result of high fiscal deficits (in 1986 the fiscal deficit accounted for 4.4 percent of and the contraction of internal rates of return. (See Table 12) The country's financial problems generated an increase in external debt. By 1986, the country paid 161 percent of its export earnings in debt service. (See column 8, Tables 13 and 14)

West and South Asia

West and South Asia is comprised of five land-locked developing countries. These are: Afghanistan, Bhutan, Nepal, Mongolia and Lao PDR.

Economic development and political institutions are very diverse throughout these countries. However, all the economic systems are weak, some even are still based upon subsistence agriculture. One characteristic common to Afghanistan, Bhutan and Nepal is that they are strongly dependent, both commercially and financially, on India. The socio-economic systems of Afghanistan and Lao PDR were, until very recently, guided by centralized planning. While Bhutan is a kingdom to the east of the Himalayas.



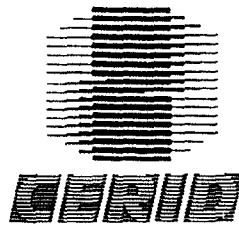
Most of the countries without access to the sea in Asia came upon the development scene only as recently as the 1970s and have always been very dependent on external assistance.¹

Agriculture and livestock sustain Bhutan's economy -- both activities account for 41 percent of the country's GDP and provide a livelihood to 85 percent of the population. Due to its extremely mountainous terrain, only a small portion of the country's land is actually cultivable, which means that agricultural production must be very intensive.

Silviculture has considerable potential as forests cover more than half of the country's area and their exploitation already accounts for 10 percent of GDP. A more recent activity is the development of the country's hydro-electric potential. The Chhukha dam generates 3,366 megawatts of energy, which is sold to India. The low cost of energy also opens up the possibility of profitable capital-intensive processes in silviculture and the exploitation of mineral resources. Cement and calcium production has also begun and seems to have a positive future. India is Bhutan's biggest market, but possibilities for trade also exist with Bangladesh and Nepal.

Given the precariousness of statistical data, it's likely that the GNP per capita estimate (of US\$160 a year) is inaccurate. Nutritional levels (close to 2500 calories per day) and the availability of housing, land and timber point to a higher standard of living than the GNP per capita figure would seem to indicate.

¹ This is the reason for the near non-existence of statistical data on these countries, which obliges us to make a partial analysis of the region.



Estimates on economic growth rates are also uncertain. Some suggests that agriculture has not grown evenly. The smallest sectors - like silviculture and energy -- have made good progress. Within this context, it is estimated that between 1981 and 1986 GDP grew at about 6.3 percent -- a figure well above the population growth rate of 2.3 percent. Towards the end of the 1980s, it is estimated to have grown at between 10 and 14 percent. Inflation fluctuated between 1980 and 1987, but averaged around 9.7 percent.

On the external front, efforts to modernize the economy are recent given the decision in 1960 to close the border with Tibet and the subsequent strengthening of ties with India, which became the country's largest trading partner. Bhutan has a very low "openness" coefficient and is sufficiently small of an economy to be self-sufficient. It also has enough domestic resources to provide for its population. Regardless of this, the prospects for export to other countries is promising. Commercially viable products exist in the agriculture sector (fruits and vegetables) and in energy (electricity exports).

Nepal has a population of 18 million people and a per capita income in 1988 of US\$170 a year. Life expectancy is 54 year for men and 51 year for women, while infant mortality is 111 deaths per 1,000 live births. This data is concrete evidence of Nepal's appalling poverty level -- which makes it one of the poorest countries on earth.

Nepal only began to implement development plans in the mid-1950s and initial efforts were not very successful. At the beginning of the 1980s, Nepal's government opted for expansive fiscal policies

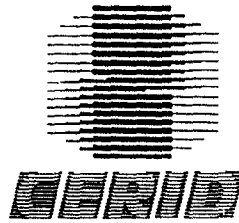


funded by bank lending in order to increase economic growth. This was successful, but at the cost of falling international reserves. The excess demand generated by these policies caused an increase in imports from India, which disrupted the trade balance. In order to correct the macroeconomic disequilibrium and restart growth, the government implemented a stabilization program from 1985-1986 with support from the International Monetary Fund. The program was successful, but its results were interrupted abruptly on March 23, 1989 with the collapse of the country's trade and transport agreements with India.

Several factors explain Nepal's under-development: the accident of its geography, in terms of both its location and its territory and a scarcity of natural resources. Other factors include weak institutions, lack of infrastructure and the practice of inappropriate economic policies.

Nepal's land is generally not productive -- particularly in mountainous zones -- and this, coupled with the tendency towards very small parcels of land has limited employment opportunities in agriculture. Migration to Terai and India has resulted from this. The country's economic development is also stymied by a lack of qualified personnel. The country has little to no infrastructure for education, nor an educational system itself. Less than 1 percent of school-aged children attended school at the beginning of the 1950s.

The economy of Lao PDR is sustained by agriculture as well as aquaculture, which represent 75 percent of GDP. Principal exports,

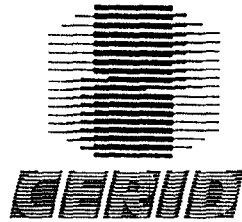


are wood, coffee and electricity. Lao PDR is one of the few countries of the region that practiced centralized planning. The economy is now "in transition" to a market economy. Between 1985 and 1988 a number of market-based reforms were introduced, opening trade with the outside world and allowing opportunities for foreign investment, as well as expanding the role of the private sector in the economy and improving macroeconomic management. Fundamental to this strategy was giving decision-making autonomy to public enterprises, removing administrative controls and reducing price distortions and exchange rates. The reforms include freeing of all prices, eliminating subsidies, enactment of a new investment code and rationalizing the exchange rate system.

Given the enormity of the reforms begin undertaken, problems were perhaps inevitable. Response to market liberalizations was slow, in large part as a result of droughts during 1987 and 1988 that hampered agricultural and hydroelectric production. Inflationary pressure and a weakening of the external balance followed.

The main objectives of the medium-term were to reach a growth rate of between 5 and 6 percent; reduce inflation to that in the country's main trading partners; and make progress in solving the balance of payments disequilibrium. The results were only partially successful.

From 1989 to 1990 the economy grew as a result of favorable climactic conditions that increased agricultural and energy production. This growth achieved historical proportions, raising GDP growth to 10



percent in 1989. Inflation, however, increased as a result of a seasonal unavailability of food during the first half of the year and large public sector borrowing.

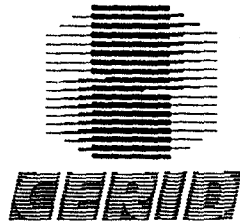
Trade liberalization produced an increase in sales since the government reduced the list of 'strategic' goods whose sale was monopolized by public enterprises. These included coffee, timber and some minerals. Coffee is still considered a 'strategic' good, however private companies are now allowed to compete with public enterprises in its export. In the case of minerals the private sector is now allowed to fix the price with sellers and buyers.

Latin America

Latin America has two developing countries that are land-locked that both have very similar levels of development. These are Paraguay and Bolivia.

Between 1970 and 1980 Paraguay's grew at an average annual rate of 8.1 percent a year in real terms and at 4.7 percent a year in per capita terms. This positive performance is explained by the expansion of agricultural production and overall exports, the construction boom generated by Itaipu Dam built jointly with Brazil and, to a lesser degree, preparation for the Yacyreta hydroelectric project with Argentina.

After the successful 1970s, the economy stalled. This resulted from a reduction in capital flows, low internal savings and a fall in investment. In fact, gross domestic investment fell more than 7 percent from 1981 to 1986.



On the external front, the decline in capital flows associated with the construction of Itaipu and Yacyreta, the fall in the terms of trade for agricultural goods and negative climactic conditions caused an enormous pressure on the balance of payments. Economic activity decreased and the number of jobs and income fell.

The government's macroeconomic policy in response to this situation was inadequate, and the situation deteriorated further. The system of multiple exchange rates, sustained fiscal deficits and the expansive monetary policy which were carried out at the beginning of the 1980s resulted in serious economic distortions. Domestic inflation fluctuated around 25 percent a year during 1984-85, but later increased further. Price increases in the first few years were motivated by an expansive monetary policy and exchange rate depreciation on both the free market and the official market.

After a measure of stability on the external sector during the 1970s, the 1980s began with deficits in the current account. These hovered around US\$590 million (11 percent of GDP) between 1980 and 1987. Fluctuations in the trade balance had a larger impact on the current account as services overall remained relatively stable.

Paraguay's exports are highly concentrated in agricultural goods (including livestock and timber), accounting for 98 percent of the country's total exports. Between 1981 and 1986 two products -- cotton and soya -- accounted for over 60 percent of all export revenues.

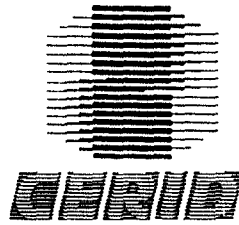


Legal imports fluctuated around US\$450 to US\$500 million between 1980 and 1986, increasing to the higher number in the later years. The increase in imports is explained by the real appreciation of the Paraguayan currency. A view of legal trade only gives a partial view of Paraguay's trade balance, however. Unregistered, or illegal trade, accounted for between another 50 and 60 percent of total trade over the 1980s.

While Paraguay's external sector is relatively small, it nonetheless plays an important role in the economy. The export to GDP ratio averaged around 13 percent between 1980 and 1985 (compared to a 12 percent average for all developing countries) and imports to GDP averaged around 22 percent over the same time period (compared to a 22 percent average for developing countries).

Over the course of the 1980s the Bolivian economy has gone through intense macroeconomic imbalances most evident in high inflation and hyper-inflation. The 1970s were years of growth and low inflation with growth reaching as high as 7 percent under the influence of good tin prices and an increase in natural gas exports to Argentina.

At the beginning of the 1980s the economy registered low inflation rates and a relatively stable exchange rate since 1956. Average annual inflation between 1975 and 1980 reached 17.1 percent while the exchange rate had been devalued only twice between 1956 and 1981. However, a number of imbalances could



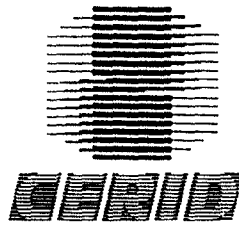
already be seen that were later the main agents of the inflationary spiral.

In fact, during the first years of the 1980s, the economy began to show signs of lagging, GDP had fallen to 1.4 percent in 1980 and the next year registered less than 1 percent. On the other hand, macro-prices were outside of their equilibrium levels. The exchange rate had been held fixed and overvalued and tariffs and prices were artificially low. Salaries had also been systematically controlled by General Banzer's military dictatorship.² During nearly the entire decade of the 1970s the labor movement had been unable to recover losses in income: one of the poles of society had been systematically repressed. On the other hand, government expenditures and public investment (in most cases of little return) had been financed through external borrowing.

The abrupt end to international lending in 1982 strangled the country's level of international reserves, which forced monetary authorities to dramatically alter the exchange rate regime. After losing its major source of income, the public sector became extremely fragile financially, which forced the government to issue domestic credit.

The strong exchange rate adjustment which began in 1982 -- the Bolivian peso was devalued 43 percent in February and again in March within an uncertain political climate -- produced an change in the behavior of the major economic agents. Defensive and speculative

² General Hugo Banzer's de facto Government was in power from 1971 to 1978.



behavior followed during price-setting and an inflationary mentality soon solidified which led to the adoption of informal price indexing and finally, in the establishment of parallel 'black' exchange rate markets.

The shocks of the first trimester of 1982 translated, on the one hand, into a general increase in internal price levels, changing the functioning of the price system and the structure of relative existing prices. On the other hand, as inflationary expectations continued, the mechanism for hyper-inflation was put in place.

When the Siles Zuazo government assumed power in October, 1982, it inherited an economy with advanced inflationary problems and serious fiscal imbalances within a context of an exhausted economic growth model. The public sector deficit in 1982 accounted for 14.7 percent of GDP and annual inflation registered 123.5 percent. The main economic policy concern of the government at this time was price stabilization. The policies adopted to accomplish this, however, were unsuccessful and actually contributed to an acceleration of inflation.

The stabilization package basically consisted of price adjustments on a number of major goods and factors, such as the exchange rate, the price of petroleum products, public tariffs and salaries. These were accompanied by partial to general price freezes in other areas. This strategy, however, had contradictory signals that led to its failure. On the one hand it suppressed inflation (through price freezes) yet on the other hand it fueled inflationary pressure



through the price adjustments. The price adjustments shocks and the intense distribution effect were magnified by indexation mechanisms which led the Bolivian economy into hyper-inflation.

The stabilization program implemented in August, 1985, was based on three fundamental pillars: the anti-inflationary shock; internal and external liberalization and; the restructuring and downsizing of the public sector. The most important anti-inflationary measure was the stabilization of the exchange rate, which was backed up by contractionary fiscal and monetary policy.

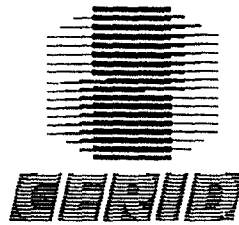
A number of years have gone by since the implementation of the stabilization program and its principal goal continues to be inflation control, despite the fact that it also aims to be an instrument of structural adjustment designed to change the model of growth for the economy. For that reason, long-term stable production and employment levels have not yet reached those of the late 1970s.

2.) Economic Discourse on Enclosure

a.) Profile of External Trade

This section is comprised of a comparative analysis of the external trade situation in all land-locked developing countries.

Table 15 of the appendix shows export structures and lists the three main products of each country. The first and most obvious conclusion from an examination of the table is that the vast majority of these countries export basic raw materials that require very little processing.

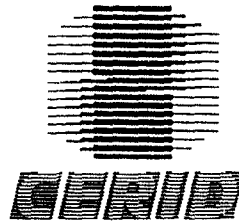


In Burundi, Niger, Uganda and Zambia more than 75 percent of sales on the world market are accounted for by one product; two products in Afghanistan, Botswana, Chad and Paraguay; and three products in Bolivia and Malawi.

The relative importance of exports, however, is low in most cases, except in Botswana and Swaziland where it accounts for 75 percent and 64 percent of GDP respectively. Data in Table 16 of the appendix shows that export revenue tends to be unstable in most of these countries, which is explained by the concentration of sales in just one product and the volatility of the international market for raw materials. This volatility is the source of frequently negative terms of trade for these countries. These were particularly common during the 1980s. Perhaps the only exception in this case is Botswana.

Acquisition power resultant from exports in the land-locked developing countries increased during the 1970s, with the exception of Chad, the Central African Republic, Swaziland, Uganda, Zambia and Zimbabwe. In later years there is a general deterioration in export revenue and hence, in countries' capacities to import. Given this context, it is not surprising that export revenue per person in each country is lower in land-locked developing countries than in other developing countries. (US\$135 per person) Again, the exceptions to this are Botswana, Swaziland and Zimbabwe. (See Table 16)

The import profile confirms that these land-locked countries have very low levels of industrialization. A good part of imports consist of manufactured goods, machinery, transport equipment and

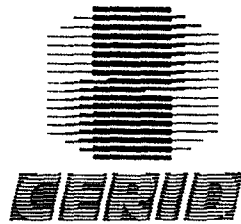


crude petroleum and its derivatives. In 1986, imports represented an average of 20 percent of GDP of the of land-locked developing countries. This is an important figure, and not far off from that of developed countries (22.8 percent). (See Table 17)

In general, during the 1970s there was a major increase in both the volume and the value of imports. During the 1980s, the situation becomes more diverse -- some increase, others decrease. (A fact which is perhaps explained by the different import restrictions that different countries adopted.) It is noteworthy that at this time the terms of trade deteriorate as a result of the world-wide recession and the drying-up of international loans.

Given the difficulties of sea-access, it is to be expected that trade with neighboring countries should be more intense. This is certainly true of imports, as can be seen from Table 18. This direction of trade perhaps indicates that by trading with neighbors, land-locked countries save on transport costs. This is not always the case, however, once 'provider' countries set their prices at world market prices.

The most important regional 'providers' of goods are Cote d'Ivoire (which accounted for 25 percent of Burkina Faso's imports; 23 percent of Mali's and 9 percent of Niger's in 1986), Cameroon (12 percent of Chad's imports in 1986), Nigeria (10 percent of Niger's imports), Kenya (24 percent of Rwanda's imports; 33 percent of Uganda's and 3 percent of Burundi's in 1986), South Africa (40 percent of Malawi's imports and 20 percent of Zimbabwe's in 1986; 81



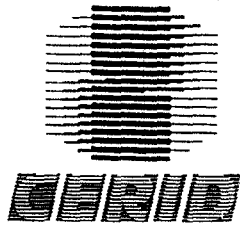
percent of Swaziland's in 1985), India (30 percent of Nepal's imports in 1986), Thailand (47 percent of Lao PDR's imports in 1986), the Soviet Union (39 percent of Afghanistan's imports in 1986), Argentina (11 percent of Bolivia's exports and 14 percent of Paraguay's), and Brazil (39 percent of Bolivia's exports and 32 percent of Paraguay's in 1986).

Exports to neighboring countries within each continent are generally very low, with the exception of Bolivia and Lao PDR which send more than 60 percent of their exports to their respective regions. Bolivia exports natural gas to Argentina. This trend is explained because in many cases neighboring countries export the same product, making them competitors on the world market. Neighboring countries are also generally under-developed, with low export revenue, which also impedes more active trading.

3.) Vulnerability to External Trade

In the last section it was established that most land-locked developing countries imports' are basic raw materials from the agriculture and mining sectors. Afghanistan, Bolivia, Botswana, Niger, Zambia and Zimbabwe provide minerals, metals and petroleum products on the international market. The remaining land-locked countries export agricultural products, the diversity of which can be seen in Table 15.

The level of processing on these products is very low. Most exports from these countries have a very low value added, which is reflected in their final selling price. It would be hoped that before



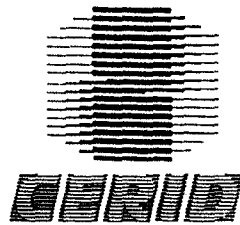
export, these products could be further processed and thus receive a higher price on the world market. This, however, runs up against deficiencies in transport and storage in ocean-front countries. These problems increase the risk of loss when products with a higher value-added content are at stake.

All of the land-locked developing countries, with the exception of those that export diamonds perhaps, are 'price-takers' on the international market. That is, given the low level of participation their exports play on the world market they have no influence over the world price of their exports. This leads to the conclusion that these economies are subject to three different kinds of shocks:

- (1) a deterioration in the terms of trade as a result of price drops;
- (2) adverse environmental conditions within their own countries (droughts or floods) which affect product supply; and
- (3) transport shocks.

The first two disruptions can occur in any country, while the third is endemic only to land-locked countries.

It is worthwhile to note the channels through which export revenue fluctuations affect overall revenue and consumption in land-locked countries. An immediate impact of the shocks is a decrease in available financial resources (an increase of course when the shock is positive). With fixed internal costs and restrictions to foreign credit access, the shocks also directly affect the capacity to import, which

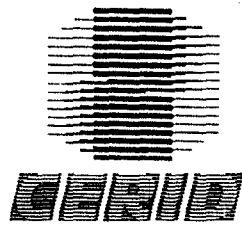


will generate losses in GDP and not just in available income. This is one of the more obvious effects.

Consumption changes do not follow the shocks directly and will depend on permanent changes in income. These changes will depend on whether the shocks are perceived as temporary or permanent. Even if there are no -- or few -- changes in consumption there will be an overall change in the domestic rate of savings, which acts as an intermediary buffer to the shock. The instability and uncertainty surrounding export prices also has a direct effect over investment decisions.

The other channel by which changes in export revenue affect economic activity and also inflation is in the change in relative prices - - especially in the real exchange rate. The effects of positive shocks on the price of non-transferable goods versus transferable goods have given way to the literature on the "Dutch Disease" and by extension, to the theory of construction booms. One very important conclusion of these studies is that it is the politico-economic framework that ultimately determines the impact of positive external shocks on the economy.

Negative external shocks can produce different crisis, that for a non-inflationary solution require a real depreciation in the exchange rate -- which normally implies a fall in real salary levels. Once again, it is the general context of the economy that will determine inflationary impacts from such a shock.



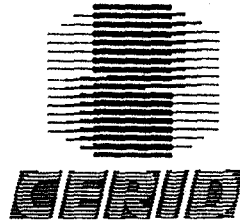
Lastly, the changes in public spending resulting from an external shock can be very costly for a country's economy. The costs are symmetrical between positive and negative shocks, as is emphasized in the literature. The interruption of the flow of funds, particularly for irreversible investments already underway can cause particularly high adjustment costs.

Land-locked countries whose economies are based on agriculture are also very vulnerable to changes in climactic cycles. Oftentimes the sale of agricultural goods is limited by natural disasters (floods and droughts) causing instability in the flow of export revenue and inflation at a national level.

The third shock mentioned originates in the magnitude of transport costs and impacts the economy through the current account -- more precisely through the balance of payments. These disruptions are caused when transport costs rise as a result of: (1) an increase in the price of fuels in either the home country or the neighboring country with ocean access; (2) an increase in the time taken to transport the goods as a result of infrastructural or other problems.

The most radical manifestation of a transport shock is a reduction in trade revenue both from and to the land-locked country.

A review follows of the channels by which these shocks are transmitted and what the effects are on the overall economy. An increase in the cost of transport has a negative impact on the balance of payments. With a flexible exchange rate, a decrease in revenue will tend to provoke unwanted depreciations in the terms of trade, thus



altering the flow of trade. On the other hand, higher expenditures on transport affect the volume and price of the export. In general, the sale price of the export must be decreased in order not to lose market share and since there is no increase in productivity to compensate, the trade balance deteriorates and losses are incurred. An increase in the cost of imports is another factor that results when transport prices increase. This effect has its own inflationary and contractionary implications.

Almost all land-locked developing countries have tributary trade regimes. By reducing the flow of trade, an increase in transport costs compromises the fiscal situation and provokes macroeconomic disequilibriums as was seen in the last section.

Geographic Situation³

Transport routes are the mean by which land-locked developing countries access world markets. The distance to the nearest port from the major source of production or capital cities for Bolivia, Malawi, Lao PDR, Swaziland and Zimbabwe is approximately 750 km. In countries such as Afghanistan, Burundi, Chad, Paraguay, the Central African Republic, Uganda and Zambia the shortest distance to a port is 1130 km.

Land-locked Africa

Countries without access to the sea have developed instruments of economic and political cooperation with their neighbors that of

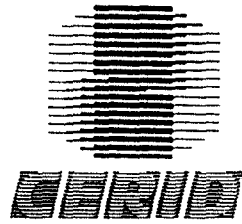
³ This section is based on data provided by the United Nations General Assembly on Development and International Economic Cooperation: Trade and Development, for several years.



course include integration of transport means. Neighboring Angola, Mozambique and Tanzania and the land-locked countries of Africa established a Southern African Development Coordination Conference (SADCC) and the Southern African Transport Commission (SATCC). These instances of cooperation seek to create mechanism to counterbalance South Africa's influence, as well as promote development.

The major ports for export for land-locked Southern Africa are: Durban, Richard Bay, Port Elizabeth and El Cabo -- all in South Africa; Maputo, Nacala and Beira -- in Mozambique; and Dar es Salaam in Tanzania. Despite the processes of integration throughout the region, the flow of goods through South Africa has increased for very basic reasons. First, the civil war in Mozambique at the beginning of the 1980s impacted negatively on the transport corridors between Zimbabwe and Maputo and Malawi and Beira and Nacala. Second, it damaged transport infrastructure, as well as trade services.

The train from Zambia to Dar es Salaam suffers from a shortage of engines and cars and the few that do exist are over 20 years old. The system of highways through Zambia and Tanzania are also in extremely bad shape. And the infrastructure and services of the port of Dar es Salaam itself are inadequate and inefficient. For these reasons the flow of goods through South Africa has increased, which has in turn caused an increase in transport related services in that country.



The continued monopoly of train transport in the region has inhibited highway development and transport, which could, in the long run be both cheaper and faster. On existing highways, however, there is a system of special permissions and tariffs which has also impeded the growth of international trucking companies in the region.

Central Africa

Rwanda, Burundi and Uganda have two main corridors to the sea. The first links the cities of Mombasa-Nairobi-Kampala-Kigali-Bujumbura by either highway or rail to Kampala and then by highway. The second is the main route that joins Dar es Salaam to Kampala by lake and rail to Bujumbura and Kigali by rail by lake and by highway. A good part of this infrastructure is in less than optimum shape. These problems are related to the obsolescence of the rail cars and the lack of proper maintenance on the highways. This situation creates a lot of bottleneck points that raise the cost of transport as well as lengthen the time needed for the trip.

In the northern corridor tariffs are set for all goods in transit. In these circumstances, United Nations studies have concluded that the costs of transport can vary by between 1 and 2 percent of the c.i.f. value of exports. In terms of regional cooperation on this front, Burundi, Kenya, Rwanda, Uganda and Zaire have established transit agreements along the septentrional corridor that determine rights of transit, the use of port services, customs management and administration and the different regulations on tariffs, cargo and forms of payment.



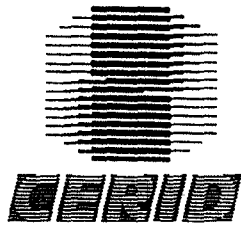
The central African countries -- Burkina Faso, Chad, Mali, Niger and the Central African Republic -- border the following transit countries through which there are varied transport corridors: Argelia, Benin, Cameroon, Congo, Cote d'Ivoire, Ghana, Nigeria, Senegal and Togo.

Eighty percent of Burkina Faso's trade flows to Abidjan in Cote d'Ivoire, which can be reached either by rail or by highway from Vagaduyú. The remaining traffic goes to Lome, by highway through Togo.

The Central African Republic has two main corridors to the sea - - both very broken-up. The first route goes through Bangui in Cameroon to Duala either solely by highway, or by a highway/rail combination. The second route combines travel by river with rail and interconnects in Congo, traveling by river until Brazzaville where it is transferred again to rail (the Congo-oceano railway) until disembarkation in Pointe-Noire.

Niger has four options for getting its goods to port. The most heavily used is that of Benin-Cotonu, which carries more than 70 percent of goods going to or coming from the world market. The next important corridor is Niger-Lome, traveling through Burkina Faso. Finally, there's a route through Lagos: Sinder and Makadi until Kano by highway and then from Lago by rail.

Mali has two corridors, the cheapest and most-used is the one to Dakar by fairy through Senegal. The other option is to cross Cote d'Ivoire to reach the port of Abidjan.



Chad has three possible routes to the sea. The most used -- while not the best -- travels through Cameroon to Duala, which is a well-equipped port. The route from Ngaoundere to Nyamena takes place by highway and the rest of the trip to Duala is by rail. The other routes are: through Nigeria until Lagos, which is not used because of a lack of transit agreements between the two countries; and via the Central African Republic to Congo and Pointe Noire.

Asia

Bhutan has access to the sea through the port of Calcutta in India by highway. A second alternative is through ports in Bangladesh. Neither of these routes is critical given the fact that most of Bhutan's external trading takes place with India. Nepal also uses India's ports to access the rest of the world. The transport of goods is regulated by an agreement signed in 1978, which recently expired -- this has caused a great deal of transport problems for Nepal. Another inconvenience is the transfer that must be made from wide rail-cars to narrower rail-cars at the border.

Lao PDR has two access routes to the sea. The first travels through Thailand and is based on an agreement between the two countries signed in 1978. Goods pass through Thanaling port on the Lao river and are then transferred in Nongkhai, Thailand; or, they go through the river port of Savannakhet, having been transferred in Mukdahan. Once within Thai borders, the goods are transported on very high quality rail- and high-ways. The only bottleneck exists at



the transfer points. The second corridor, through Viet Nam to the port of Danang, allows the shipment of goods to Japan and the Soviet Union.

Mongolia accesses the world market through the (ex-)Soviet ports of Nakhodka and Leningrad, which are reached by rail. Goods destined for, or arriving from the rest of Europe also go by rail.

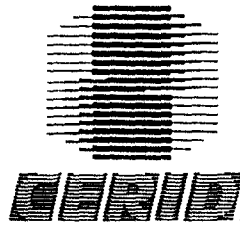
Latin America

Paraguay transports most of its goods to the external market via the Parana and Paraguay Rivers, which merge with Rio de la Plata and run to the sea. While the river system is advantageous because of its low cost, it suffers from a number of problems due to fluctuating water levels. Between November and February sand bars develop that impede navigation for larger boats. The problem is particularly serious on the Paraguay River. Construction of parallel highways along the worst sections of river is not a satisfactory solution as it would necessitate two means of transport and a double-transfer of goods.

Bolivia has possible access routes to both the Atlantic and Pacific Oceans. These include the destinations of: Arica and Antofagasta in Chile, Santos in Brazil, Rosario and Buenos Aires in Argentina and Matarani and Ilo in Peru. The vast majority of goods is transported by rail through the Pacific ports, especially Arica and Antofagasta, which are geographically the closest to the western Bolivian cities.

The Microeconomics of Land-locked Countries

When looking for a cause and effect relationship between being land-locked and being under-developed countries surge, it is natural



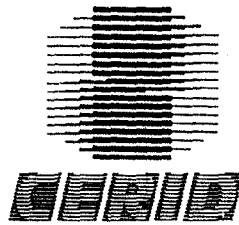
to first examine the macroeconomic conditions of these countries. Doubtless this is important analysis, however, it is incomplete. One way to complement the analysis is to examine the microeconomics of how a lack of sea access affects countries. This strategy allows us to identify the main bottleneck points that directly inhibit development.

Economic Policy of Transport

All government authorities develop transport policies and synchronized communications with distinct development strategies: some seek market integration through the construction of transport infrastructure, while others -- without being exclusive -- seek to link their economy to the work markets'.

Land-locked countries suffer serious economic restrictions because they cannot formulate autonomous transport policies. Their sovereignty, or control, over export and import goods is impeded within the neighboring countries through which these goods must pass. The control they have over how to relate to the external market is truncated. In other words, the productive apparatus in a land-locked country has control only over the initial cycle of production, but lacks control over the final economic step. Structurally, this means that the transport structure or system is not synchronized with the rest of the economic system.

In a lot of cases, the transport infrastructure of neighboring countries is incompatible to that in land-locked countries since it responds to other needs, which can certainly be very legitimate. In addition, even when complimentary systems exist, the maintenance of

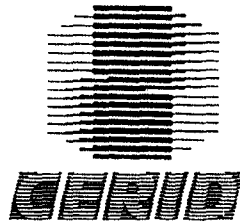


transport infrastructure and quality of its services, is often limited by a lack of resources in the ocean-front countries, which very often suffer similar conditions of under-development.

Economic management of extra-territorial transport policy also runs up against administrative problems in other countries, arising from quite legitimate national security concerns or excessive bureaucracies in the other countries. Customs procedures, tariffs, rights of passage and other regulatory measures create a fabric of institutional barriers that in many cases prejudice the comparative advantages of export products and result in market losses. This hurts the competitiveness of land-locked countries on the world market.

Within this context, the simplest aspect of trade is the cost of transport itself. As seen in the last section, in most transport corridors transfers take place which occasion a systematic increase in costs, time and of course, risk. The transport problem is a structural limitation which manifests itself microeconomically and which impedes development.

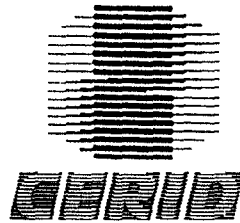
Oftentimes transport networks that interconnect land-locked countries with sea ports are in poor condition and have no system of maintenance. In the same way, port facilities are often inadequate, becoming bottlenecks themselves. These inadequacies can include: lack of storage facilities, and congestion in loading and unloading cargo. This not only increases the expenses incurred in port services, but also makes robbery easier.



On the other hand, pier capacities are often inadequate and worse, the support services for docking and cargo management are inadequate for the exports of land-locked countries. To these structural problems can be added communication problems between countries land-locked countries and those providing access to the sea, the political difficulties that arise from negotiating bi-lateral, or multi-lateral treaties to facilitate and make compatible the transport systems. These factors make the evolution or development of export patterns unforeseeable.

Often, land-locked countries and their neighbors export similar or substitutable products to the same markets. This situation causes serious conflicts of interest that as a rule are resolved in favor of the country providing the port facility.

Obviously, transport restrictions will have impacts on imports -- vital to these country's economic existence -- as well. The delay or suspension of strategic imports, capital goods and even food can cause unwanted fluctuations in productive cycles which certainly affects production and aggregate income. Most of the land-locked developing countries base their economies on agriculture and are little-industrialized. Under these circumstances it is not difficult to imagine what problems would arise from a delay in fertilizer imports, for example. Even greater problems could arise for the weak productive structure if petroleum prices were to increase or if petroleum were unavailable.

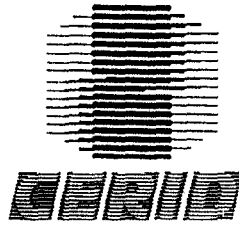


Transport problems and the higher cost of imports could be seen as a blessing to land-locked countries if these produced an import-substitution effect. This vision, however, is unrealistic since it does not consider the narrow market for many goods in these countries, nor the expense needed to import and transport the capital goods needed to establish domestic industry.

4.) On Growth and Being Land-locked

The macroeconomic statistics on GDP growth presented in the first section for Africa, Asia and Latin America show a great diversity in the rate and processes of capital accumulation and economic development in the land-locked developing countries. The differences are more marked if comparisons are made between land-locked countries and their neighbors with access to the sea.

Recent United Nations data for the period 1960 through 1983 provides the basis for creating categories for comparison. The economies that during this period were stalled or experienced negative growth rates include: Burundi, Chad, Mali, Nepal, the Central African Republic and Uganda. Forty-nine percent of the total population of land-locked developing countries inhabit these six countries. Economies experiencing modest growth included Bolivia, Burkina Faso, Niger, Zambia and Zimbabwe. Thirty-two percent of the land-locked population of developing countries live within this category, which experienced per capita income growth below that of developed countries. Finally are the economies that had above average increases in GNP (Botswana, Lesotho, Malawi, Paraguay,



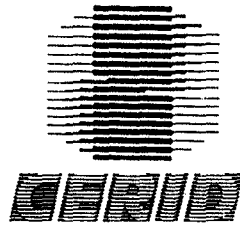
Rwanda and Swaziland). Only 18 percent of the groups population lives in these countries.

This classification system should, however, be considered cautiously because it only takes per capita income into account, which tends to favor those countries with smaller populations. Such is the case with Botswana (1 million) Lesotho (1.5 million) and Swaziland (700,000). Taking other indicators into account only one classification should exist: under-development and acute poverty.

Nonetheless a generalization can be made regarding the more successful countries in the second and third group. This is that, in most cases, their success was only partially attributable to economic policies.

First, many of these countries simply had a better natural resource endowment. Botswana grew spectacularly as a result of diamond reserves and the strong international investment that followed. The positive performance of the African countries is explained in great measure by a diffusement effect from the South African economy. Bolivia and Paraguay grew modestly under the mining and agriculture sectors during the 1970s and the energy sector afterwards. Natural gas exports in the first case and hydroelectric power propelled growth in the second. Paraguay also improved its export performance notably.

Second, the growth of land-locked countries depends strongly on the behavior of the international markets in their major exports. This is the case for mineral exporters which generally experienced modest



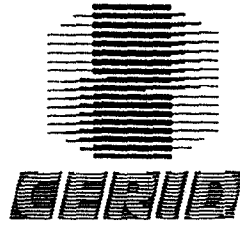
growth as a result of the volatility of their markets during the 1980s. Malawi and Rwanda, for example, have improved their economic performance as a result of good conditions on the international market and export promotion activities.

A generous endowment of natural resources and certain political situations -- favorable judicial and institutional arrangements -- in some land-locked developing countries has attracted a great deal of foreign capital investment, creating a third factor explaining the higher rates of economic growth some countries have experienced.

On the other hand, negative growth of land-locked economies is explained in large part by negative shocks in the terms of trade, prolonged droughts, internal and external deficits and problems with financing public investment.

Table 19 of the appendix shows some indicators that point out the differences by region, between land-locked developing countries and their sea-facing neighbors. Between 1976 and 1987 there were positive steps forward in both countries, however, those with direct access to the sea enjoyed greater progress in development.

In Latin America the breaches are less if only per capita income and exports per capita are taken into consideration. However, if social indicators are considered, the differences in performance or improvement levels between land-locked countries and neighboring ocean-front countries remain great even though poverty levels in the latter are high as well.



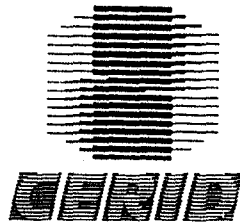
The countries of Sub-Saharan Africa and Asia are the most under-developed of all land-locked developing countries. They remain, as well, far behind their neighbors in social and economic indicators, even though these show markedly low indicators also. This is an indication of the enormous difficulties facing the land-locked countries of Sub-Saharan Africa and Asia.

C. An Evaluation of the International Support for Land-Locked Developing Countries

A detailed study of the evolution of financial and technical support for the special needs and problems of land-locked developing countries show that there has indeed been significant progress and recognition of the condition afflicting land-locked countries. However, many donors, particularly from developed countries, still do not consider land-locked countries a category deserving specific or specialized attention. For several years information presented by the Secretary General to the United Nations Conference on Trade and Development has expressed concern over the lack of progress made in terms of focused cooperation for land-locked countries.

Bi-lateral and multi-lateral support for these countries has been sensitized by global problems, such as poverty and in a few cases, transport problems, but only when these are integrated with economic and social development in general.

The focus of international support for the transport problems facing land-locked developing countries has taken place on two fronts. The first concerns a global strategy seeking a consensus on the specific



problems of these countries. It is propelled by the United Nations and includes the following points:

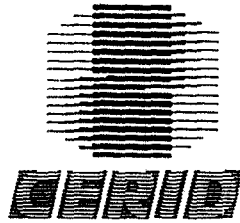
(1) Incentives for cooperation between land-locked countries and their neighboring countries based on integrated transport systems;

(2) A search for financial assistance (both bi-lateral and multi-lateral) from the international community for land-locked developing countries, as well as their neighbors, in order to finance projects supporting economic and transport integration, and;

(3) The promotion and dissemination of studies based on transport problems, an evaluation of alternative transport routings and improvements in port facilities and storage.

Within this framework incidents of international support -- be they bilateral or multi-lateral -- can be divided into transport infrastructure investments and support for administrative improvements to communication, documentation, institutional agreements, etc....

The response of the international community to the problems of land-locked developing countries has been very diverse and changed frequently over the last few years. Beginning in the mid-1980s, the international community responded with greater sensitivity to this problem even though the new movement is far from global. In general terms it can be stated that financial assistance channeled through international organizations is more dynamic than that



administered individually by each county. A review of some cases between 1985 and 1991 is helpful.

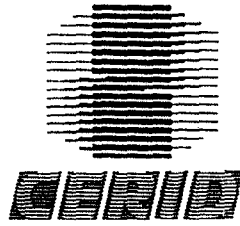
Up until 1989 Australia provided no special treatment to land-locked countries, however, two years later they began providing assistance to 11 land-locked countries. Through 1991 they provided US\$110 million for various transport projects in Botswana, Lesotho, Malawi, Swaziland, Zambia and Zimbabwe.

Austria has also participated in the construction and maintenance of railways in central Africa. The clearest examples are the Tazara line between Tanzania and Zambia and the Limpopo lines between Maputo, Mozambique and Zimbabwe and the Beira line linking Beira, Mozambique and Zimbabwe.

In Latin America, Brazil has tentatively and intermittently provided assistance on this front by providing port access like Rio Grande to Paraguay and Paranagua to Bolivia. They have also dispensed with specific duties associated with port usage.

Canada provides special assistance to land-locked developing countries through the AOD. The more conspicuous examples of these in recent years include the airport in Nepal, support for the telecommunications network in central Africa and repair of the rail line between Zimbabwe and Botswana.

One test of the rigidity and lack of comprehension countries with ocean access have towards the problems of land-locked countries is the position Chile has taken in its relations with Bolivia. The forcibly imposed treaty of 1904 provides separate services for goods traveling

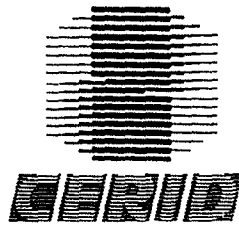


over supposedly Chilean territory. The precariousness and historical inadequacy of this treaty is obvious.

Denmark does not recognize being land-locked as a particular category for development, but bases their foreign assistance on poverty criteria. However, they have provided targeted assistance to Botswana (repair of rail equipment), Burkina Faso (Communications), Malawi (airport and telecommunications equipment) and Swaziland (reconstruction of railway bridges) among others.

India has broad trade and transport agreements with Nepal and Bhutan. The March 23, 1989 Agreement on Trade and Transit with Nepal allows Nepal free transit through India for its trade with other countries, eliminating rights of passage customs fees and other charges (basically on primary and manufactured goods) except for the actual cost of transport and certain service charges. With Bhutan, India allows 13 entrance/exit points, as well as favorable treatment to goods displaying the Bhutanese flag.

Japan has no specific assistance for land-locked developing countries, but carries out a substantial aid program which indirectly benefits these countries. Between 1985 and 1989 aid to all the land-locked developing countries from Japan totaled US\$1.943 million -- 70 percent was in the form of grants and the remainder was directed towards technical assistance. The bulk of Japanese aid goes to 6 land-locked developing countries: Bolivia (US\$233 million); Lao PDR (US\$125 million), Nepal (US\$438 million), Niger (US\$136 million), Paraguay (US\$226 million) and Zambia (US\$256 million).



Peru has practiced systematic support for their land-locked neighbor, Bolivia through bi-lateral transit agreements. Among the important ones is the Agreement on Free Transit of 1948, the Railway Agreement of 1973 and the offer of a free-trade port in Ilo in 1992.

To conclude a review on international support for land-locked developing countries Britain's role must be mentioned as well. In 1989 the British government was co-financing, along with the World Bank, a railway project linking east and west in Nepal. It has also provided support to the Southern African Coordination Conference, particularly for transport and communications projects. Perhaps the most notable example is the £25 million provided in support of repair of the Limpopo railway joining Zimbabwe and Maputo, the main port of Mozambique.

Support focused directly on the problems of being land-locked is more pronounced in certain bodies and programs of the United Nations and to a lesser degree, in certain inter-governmental organizations. Two efforts merit special attention:

- (1) Support the international community offers in terms of infrastructure and transport and communication services to the land-locked countries of Africa;

- (2) The technical and political proposals UNCTAD has made to highlight in particular the problems of land-locked developing countries and the need to study these. The category of land-locked developing countries has characteristics encompassing a level of under-development much greater than in other



underdeveloped countries with access to the sea. Second; the adoption of more efficient methodology to resolve the particular problems of these countries. Within this context the projects in Central and Land-locked Africa are included. The later is made possible through the Coordination Conference on Sub-Saharan African Development which is comprised of 6 member countries. The emphasis of these initiatives is on support for goods in transit and the transport sector.

UNCTAD's technical assistance is of vital importance for land-locked developing countries. Under this precedent, UNCTAD is implementing the "Transit Goods and Support for the Transport Sector" project in Sub-Saharan Africa. This is being financed by PNUD and the U.S. Agency for International Development (USAID). The project's emphasis is on the development of ports for dry goods, the facilitation of trade, the promotion of new transport routes, financial support for highway transport, bi-lateral agreements on highway transit and others. On the other hand, the PNUD is also developing a project on maritime transport policies for land-locked countries in Africa with the object of helping create protective structures for land, sea and air transport.

Since the mid-1970s UNCTAD has offered technical assistance in the shape of assessment services to land-locked developing countries in Asia. Other programs being carried out include the Facilitation of Trade (FALPRO) which provides support to land-locked countries in

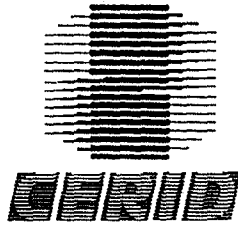


the area of trade procedures and an automated customs system (SIDUNEA). Most of these projects are financially supported by PNUD.

The sub-regional framework seems more adequate to promote international support in terms of transport, and it also ascribes to a concerted philosophy that inspires the best solutions to international problems. This is confirmed by actions of the Economic Commission for Africa (CEPA) which is carrying out important studies on topics including the feasibility of navigating the Karega River; the Commission on Latin America and the Caribbean (CEPAL) which pays particular attention to the problems of Bolivia and Paraguay; and the Economic and Social Commission for Asia and the Pacific (CESPAP) that is carrying out a project evaluating the problems of developing countries without access to the sea.

Among international financial institutions it is important to mention that even if the International Monetary Fund (IMF) and the World Bank do not have projects or programs specifically aimed at problems endemic only to land-locked countries, their projects nonetheless contribute to an alleviation of these problems. Up until the end of February, 1991, the IMF had designated US\$1.9 billion to this group of countries. World Bank assistance through 1990 totaled US\$1.136 billion, of which 17.5 percent was designated for the transport sector.

Other organizations contributing in a more targeted way include the Inter-American Development Bank (IDB), which has supported a number of projects in the transport sector. In Bolivia the IDB has



agreed to help finance construction of the highway between Patacamaya and Tambo Quemado on the Chilean border, as well as to improve the segment between Rio Seco and Desaguadero between Bolivia and Peru. In Paraguay they are financing the paving of the highway between Concepcion Port, in Brazil and Cuero Fresco. The Islamic Bank has a more diverse group of projects that include those in the transport sector benefiting five land-locked countries. These are: Niger (US\$161 million), Mali (US\$56 million), Uganda (US\$44 million) and Burkina Faso (US\$53 million).

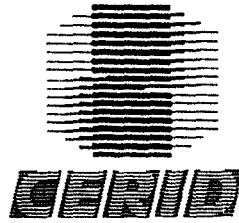
The difficulty the international community has in grasping the problems of land-locked developing countries is also seen in the lack of adherence to international agreements on the traffic of goods, particularly for land-locked countries, both in under-developed ocean-front countries as well as developed ocean-front countries.

Until the mid-1980s five related conventions or agreements existed -- applicable either directly or indirectly -- that governed transport access for land-locked countries:

(1) The Agreement on Trade Movement for Land-locked Countries of 1965. Of the 23 important transit countries, only three (Chile, Nigeria and the ex-Soviet Union) were signatories.

(2) The United Nations Agreement on International Multi-Modal Transport, which also had very low adherence levels.

(3) The International Convention to Simplify and Harmonize Customs Regulations (Kyoto Convention). This convention has a more general intent and until a few years ago had 43 signatories -- but less



participation from land-locked countries and their ocean-front neighbors

(4) The Customs Convention on the International Transport of Goods TIR (1959 and 1965), and;

(5) The Customs Convention on Containers.

D. Conclusions

Thus far, a global vision of the economic situation of land-locked developing countries in Africa, Asia and Latin America has been presented. Emphasis has been given in particular to the geographic situation of these countries and their commercial insertion in the world market. The general conclusion is that it is difficult to establish a direct relationship between being land-locked and being under-developed. However, it is evident that those countries without direct access to the sea are at a disadvantage. This is seen particularly with regard to transport problems and the costs associated with these.

Land-locked developing countries are exposed to three type of shocks:

- (1) A deterioration in the terms of trade;
- (2) Unfavorable climactic conditions, and;
- (3) Transport shocks.

Each of these have diverse impacts on the economies of these countries.

The microeconomic situations of these countries has also been evaluated. This evaluation showed emphatically that bad highways and railways, inadequate port services, excessive customs



bureaucracies and other problems present large obstacles to development.

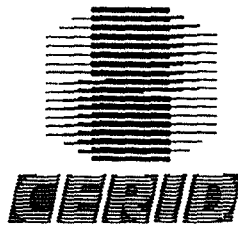
Finally macroeconomic problems were analyzed and the growth prospects of each of the land-locked developing countries was evaluated within the framework of a world economy that is incrementally lowering its trade barriers and becoming more integrated under the logic of the market.

II. A STRATEGY FOR LAND-LOCKED DEVELOPING COUNTRIES:

A. Introduction

The problems of developing countries without direct and sovereign access to sea ports has been a topic of study and source of concern among diverse international actors for several years. Over time a series of norms and international agreements -- regional as well as bi-lateral -- have been established that govern the different aspects of the flow of goods to and from a land-locked country.

During this process, a number of studies have been undertaken analyzing the problems confronting these countries; making recommendations for a broader and useful application of the international agreements; and evaluating the behavior of donor countries and international organizations with regard to problems of enclosure. In addition, in the last four years the General Assembly of the United Nations approved resolutions 44/214 of December 22, 1989 and 46/212 of December 20, 1991. The last such resolution was approved in December, 1993 by the forty-eighth General Assembly,

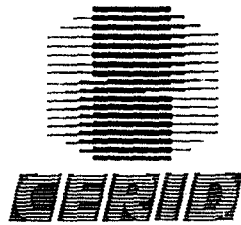


based on document A/C.2/48/L.81 presented by the Vice President of the Second Commission, who reached a consensus with other delegations regarding the needs and particular problems of land-locked developing countries.

All that can be concluded from this is that land-locked developing countries -- in terms of their levels of development -- still show economic indicators below what is expected. Despite the proliferation of study and documents, the process of implementation has regrettably failed. Therefore it is vital to continue the search for appropriate policies and concrete actions that allow common denominators to be found to satisfy the interests of the principle actors -- land-locked developing countries, their sea-facing neighbors, and donors in the international community, (yet also allowing for regional differences).

In that sense a review of the existing legal framework -- both international and regional -- is needed. This is the case with the Convention on the Transport of Goods for Land-locked Countries of 1965. This convention establishes basic principals accepted by the international community and signals the rights and duties that all countries must adhere to. All the accords and conventions mentioned are essentially encompassed in this original convention established 28 years ago.

It is also important to identify real and appropriate solutions to transport problems -- based upon a study of actual conditions -- between land-locked developing countries and their neighboring



countries providing access to the sea. These should be based on the recent and very current studies and documents approved by the international community on this subject.

Finally, a strategy must be developed that integrates the interests of all parties without harming their neighbors' prospects.

B. International and Regional Framework

One of the main international instruments for transport developed for these countries is the Convention on the Transport of Goods for Land-locked Countries of 1965. Eight basic principals are established in this that must be applied and observed with relation to land-locked countries and their neighbors. As previously stated, despite a margin of advances and new documentation, the convention of 1965 remains the fundamental framework of reference for this situation. For that reason it is important to review its essential points.

The convention sets parameters for the establishment of bilateral agreements between land-locked countries and those through which their goods must flow to reach a port. These agreements must determine: (1) the exact definition of the term "free trade"; (2) the liberalization of the customs tax and service charge process; (3) the setting of reasonable and non-discriminatory transport tariffs; (4) the simplifying of documentation needs for, or relating to, customs, transport and any other requirement; (5) the establishment of storage conditions identical to those used for goods in other countries; and (6) the framework for the possible establishment of free zones and other customs facilities in ports used by land-locked developing countries.



Its principal objective is to create the conditions needed to facilitate external trade for land-locked developing countries, creating reasonable advantages for transit countries and, above all, respecting the sovereignty of their borders. Even after 30 years, it is a source of concern that this convention has been ratified mainly by land-locked countries and very few transit countries. This fact reflects the possibility that some type of failing exists in the convention, or that transit countries are simply unable to comprehend the role they must assume in this situation. Hopefully, after approval of the latest resolution on the topic by the forty-eighth General Assembly a greater understanding and adherence to the tenets listed above will develop.

A meeting of governmental experts from land-locked developing countries and transit countries, as well as representatives from donor nations and international financial and development organizations took place on this topic in New York on May 17, 1993. The meeting concluded by recommending that "land-locked countries and transit countries should make concerted efforts to become part of the international conventions regarding transit and to apply these as they should be."⁴ Land-locked, as well as transit countries must seek technical assistance from the multilateral organizations in order to establish the necessary framework for implementation of the convention tenets, as well as help with the legal steps needed to become signatories to the convention. With regard to the rights and duties established by the convention the meeting added "that it would

⁴ TD/B/LDC/AC.1/3., page 4.



be wise to conduct joint meetings to examine the possibility of becoming parties to the convention and ratifying and implementing it simultaneously."⁵

Besides these two suggestions -- which are important and will require considerable time and special financing -- it would be wise to examine the attitudes of ocean-front transit countries towards the international framework since their presence in international agreements of this sort is lacking (as in the convention of 1965). During this process a consensus or model should be reached on what role these countries will assume in response to this international concern. This role must be palatable to all parties and be aimed at solving the problems of land-locked countries.

C. Transit Systems and Services

Generally it can be said that transit systems between land-locked countries and their ocean-front neighbors are in poor condition and that this deterioration is on-going. This is a direct result of a lack of resources for upkeep in developing countries. The end results are higher transport costs, which in turn damages the possibility for exporting goods at competitive prices, which in turn hampers growth.

In some regions there are agreements regarding highway maintenance. However, compliance is not universal as fiscal problems often impede a country's capacity to pay for this maintenance. This is aggravated by poor organization and an inadequate management of funds between new construction and maintenance activities, as well as

⁵ Ibid.



over-use of the same infrastructure. The latter is due in large part to a blatant lack of compliance to maximum tonnage regulations for trucks, as well as the roads' age and bad maintenance.⁶

Railway systems are plagued by poor equipment and a low efficiency, despite efforts to improve these. This situation results in a preference for highway use.⁷

Proper storage of goods in transit has a number of difficult requirements, which are even harder to meet for land-locked countries since they must do it more often and for longer periods of time than ocean-front countries. Customs procedures at ports and border crossings are another main cause of the higher cost, as well as the delays in transport and, as in the above paragraphs, this situation is exacerbated in the case of land-locked countries. Another obstacle is the lack of adequate communication between commercial centers in land-locked countries and transit countries. This results in terrible delays in receiving and sending goods.

The above-mentioned factors, as well as the difficulties in using containers and multiple means of transport; a scarcity of qualified personnel; and; the fact that transit countries apply transport policies within a strategy of national transport were all considered at the Meeting of Governmental Experts last May.

This analysis resulted in a number of recommendations aimed at national transport policy of land-locked and transit developing

⁶ TD/B/1301., page 2.

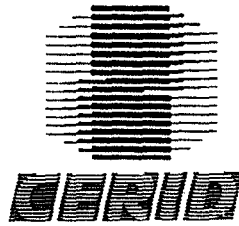
⁷ TD/B.LDC/AC. 1/3., page 3.



countries. These included the need to harmonize and simplify -- on a sub regional basis -- customs documentation, regulation of transport enterprises, procedures to maintain and preserve transport corridors, and the liberalization of transport services, among others. Emphasis was also given to policy cooperation between regional and multi-lateral organizations and donor countries.

The recommendations listed above demonstrate alarming failings in the behavior of all the actors that take part in the deteriorating economic position of land-locked countries. In some ways a vicious cycle is being enacted as various problems to be resolved are the responsibility of these actors: donor countries and organizations have not shown a determination to specifically identify the problems of land-locked countries in order to focus their help, and; ocean-front transit countries, as well as land-locked countries, for the most part conduct their transport policy independently, without regard for cooperation with their neighbors;. In this way, regrettably, the cycle is closed -- a cycle that is very damaging to land-locked countries.

As recommended by the Meeting of Experts and the different points approved by the UN General Assembly during their last session, multi-lateral organizations and donor countries must seriously review their policies of support for, and cooperation with, land-locked countries. Particular attention must be given to transport and communication activities. A decision must be taken, giving first priority to the development of these in land-locked countries and



their ocean-front neighbors -- above any such projects in other developing countries.

At the same time technical assistance will be needed in transit and land-locked countries in order to implement training programs in the management, financing and repair of transport infrastructure and the establishment of the institutional structure needed for these. It is essential that modern control facilities be established in ports, as well as at borders, so that the transport of goods is reliable and efficient, thus creating appropriate channels for exports and imports. Of course these channels should be established as quickly as possible.

Transit countries and land-locked countries must also take concrete actions to resolve the different bottlenecks that arise. It must be reiterated that there is an unfortunate tendency to accumulate documents and studies about transport systems and services without any concrete action being taken to resolve the situation. That is why the object of the outlined strategy is to induce action and formal compromise from all the respective parties.

D. Actors Subject to the Problems of Land-locked Developing Countries

The problem of land-locked developing countries has, quite correctly, been identified as involving three parties: land-locked countries themselves, their ocean-front neighbors and donor countries and organizations. In the search for solutions all three face vital interests, particularly the first two. It is therefore important that transit ocean-front countries, so much as the land-locked ones,



embrace measures aimed at improving their levels of development, by adopting policies that facilitate or allow the implementation of transit agreements, or the creation of new bi-lateral agreements in order that their exports can be diversified.

They must also establish new communication policies, for highway transport as well as rail transport. These policies should establish strict and careful control over contraband; viable strategies for the liberalization of the transport sector -- that is transport monopolies must disappear -- and; develop measures for adequate negotiation so that in the areas where international cooperation is needed, it can be gained and retained on a permanent basis without having to renegotiate every time.

At the same time, land-locked countries need to adopt policies geared towards the external market, implementing measures to attract foreign investment. Certain policies already in existence in many countries that allow agreements guaranteeing investments and avoiding double taxation are important in this regard. Free trade zones particularly need to be promoted and established systematically and permanently in order to promote development in both land-locked countries and their ocean-front neighbors.

With regards to multi-lateral and regional organizations, as well as specialized global organizations, the importance of their active participation must be emphasized. Their cooperation and support must be directed at the problems land-locked countries face so as to promote their development.



Donor countries have a permanent interest in promoting development, since for them it means a widening of the spectrum of production possibilities and opportunities for expanded investment and trade. (Witness the recent approval of the Uruguay Round of GATT.) For this reason adjusting their focus to land-locked countries and their neighbors is not only viable, but provides benefits on both sides.

E. Different Means of Communication for Land-locked Developing Countries

The land-locked developing countries of Asia, Africa and Latin America share similar characteristics. For example, most of these countries are mono-producers and their exports have a low level of processing and of value-added. These countries are extremely vulnerable to both regional and world-wide market shocks. The percentage of their exports in GDP is low and the income from these exports tends to be unstable.⁸ However, there are also great differences in each region in other areas, such as how each country uses the different corridors of communication and trade that provide access to the sea.⁹

Southern Africa

In this region there are six land-locked developing countries: Botswana, Lesotho, Malawi, Swaziland, Zambia and Zimbabwe. These

⁸ The Economic Situation of Land-locked Developing Countries., Gonzalo Chavez, CERID publication.

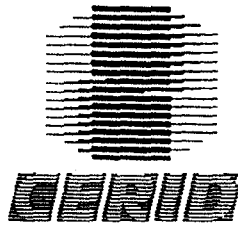
⁹ Following information is derived from: Dd/B1301, UN Conference on Trade and Development, pages 5-13; and The Economic Situation of Land-locked Developing Countries., op. cit., pages 36 - 41.



country's ocean-front neighbors -- Angola, Mozambique and Tanzania -- all initiated different economic and political cooperation programs. The Southern African Development Coordination Conference (SADCC) was established with this end, as well as the Southern African Trade and Communications Commission (SATCC). General development, as well as mechanisms to counter-balance the economic might of South Africa are supported through these two bodies.

Despite the existence of different ports in the region -- Maputo, Nacal and Beira in Mozambique, Dar-es-Salaam in Tanzania and Lobito in Angola -- civil conflicts in the region caused the closing of ports in both Angola and Mozambique. Due to this and the poor transport infrastructure in the ports of Mozambique, land-locked countries were obligated to use the ports of South Africa: Durban, Richards Bay, Port Elizabeth and Ciudad del Cabo, which raised the cost of transport services.

This situation has changed since the end of the 1980s, since the level of state intervention in transport has decreased in absolute terms. The SATCC has formulated an investment program of over US\$4 billion. This assistance will help repair the railways and the ports of Mozambique, therefor relieving the transport bottleneck in that area. This process, however, is a slow one and has resulted in having to detour cargo, which has caused losses and considerable increases in the costs and time required for transport. In some situations, goods have had to move across up to 3 countries before reaching a sea port.



Central Africa

In this region there are eight land-locked developing countries: Burkina Faso, Burundi, Chad, Mali, Niger, the Central African Republic, Rwanda and Uganda.

Burundi, Rwanda and Uganda have access to the sea via highway, railway and lacustre(?) routes to the ports of Mombasa (Kenya) and Dar-es-Salaam (Tanzania). However, their highway and railway infrastructure is in poor shape and civil conflict in Uganda and between Burundi and Rwanda, as well as political tension between Uganda and Kenya has forced transport companies to continually vary their routes of travel. In addition, passing through the septentrional(?) corridor each country establishes their own fees or taxes on goods in transit, which raises the cost of these by between one and two percent of the c.i.f. value of exports, according to a United Nations study.

The above three land-locked countries have established transit agreements throughout the Septentrional corridor with Kenya and Zaire, setting rights of transit, the use of port services, customs management and the administrative regulations regarding tariffs and forms of payment. Long delays continue, however, and the bureaucratic process still requires 25 different stamps and close to 12 days to dispatch goods in transit -- a process which at the most should take only 48 hours.

The other five land-locked countries of this region share borders with Argelia, Benin, Cameroon, Congo, Ivory Coast, Ghana, Nigeria,



Senegal and Togo. These countries have different transport options including highway, railway and by river. For some, there exist up to three separate or alternate routes, for others -- like Chad -- there is only one since they do not have a transit agreement with Nigeria. In some cases, goods have to travel through up to 3 different countries in order to reach a port. This exacerbates infrastructure and communication problems and slows the flow of imports and exports.

Another problem is related to rivers, which in many cases can not be used for transport during the entire year (they are generally closed from February to May). In the case of highways, some have as many as 25 control stations and on many of these an escort convoy is needed because of security concerns.

Many adjustments are needed in the region. Those related to infrastructure and the need to create transit agreements with neighboring countries are fundamental.

Asia

The Asian continent holds five land-locked countries: Afghanistan, Bhutan, Nepal, Mongolia and Lao PDR. Now a new group of land-locked countries must be added as well -- the land-locked ex-Republics of the Soviet Union.

Bhutan and Nepal both depend heavily on India for their trade as well as their trade routes. Bhutan has the option of using the ports of Bangladesh, however most of their trade -- in both directions -- is carried out through India.



Nepal had a transit agreement with India which expired in 1989 and afterwards had difficulty with the movement of its goods. However, since 1990 both countries decided to re-establish the status quo in existence on April 1, 1987, for the transport of goods through India, both from and to Nepal until a new accord could be reached.

Afghanistan has used several corridors for the export and import of goods, including some in the Soviet Union, Iran and Pakistan. The latter relationship displays a number of problems due to the political difficulties between the two countries and the poor quality of infrastructure.

Lao PDR has two transit options: one through Thailand (agreement of 1978) and another through Viet Nam, allowing the transport of goods to and from Japan and the ex-Soviet Union.

Mongolia uses railway routes to and from the ports of Naihodka and Saint Petersburg (previously Leningrad) for their international trade, which takes place mainly with China and the ex-Soviet Union.

In general the land-locked countries of Asia must cross great distances from their main centers of production and they encounter serious problems in terms of poor communication and the river system, which cannot be utilized for transport year-round, causing a notable delay in the movement of goods.

This region also needs improved and concrete bi-lateral agreements and integrated regulation of the means of transport of goods and people.

Latin America



There are two land-locked countries of Latin America: Paraguay -- which has always been so -- and Bolivia, which was enclosed as a result of a war with Chile in 1879, resulting in the Peace, Friendship and Trade Treaty of 1904, depriving Bolivia of its access to the sea. Paraguay carries out the transport of most of its goods through the port of Buenos Aires, Argentina. The Parana and Paraguay Rivers are of great importance for this country as they run into the Rio de la Plata River, which drains to the Atlantic Ocean. This river network is advantageous in terms of the cost of transport per kilo, however, during November through February, the water-level falls and sand bars develop that impede river traffic. It is noteworthy that through an Inter-governmental committee the countries sharing the Rio de la Plata River are creating institutional mechanisms and natural practices to use a system called the "Parana-Paraguay Hydro-way", which could be a very important development tool for the region.

The fundamental problems facing Paraguay are related to low efficiency, management problems and poor response to the need for innovations in the movement of goods.

As a result of its loss of ocean-front land, Bolivia has different agreements regarding access to the sea with its neighbors. Bolivia has access to the sea on both the Atlantic and Pacific side, through Chile, Peru, Brazil, and Argentina. They also have access to the Paraguay River, which -- once the "Hydro-way" is fully implemented -- is of great trade potential.



Another important aspect in Bolivia's case is the use of free trade zones. For several years Bolivia has been arranging free trade zones in various ports. These include Mollendo (in Peru), Villeta (in Paraguay), Rosario (Argentina) and Palmira (Uruguay). Bolivia is plagued with free trade zones, unfortunately, they have not been able to utilize these effectively.

A concrete example is the case of the Free Trade Zone in the port of Rosario. In 1990 the Institute for Latin American Integration (INTAL) evaluated the Free Trade Zone and made suggestions for improving its efficiency since it had been virtually unused since 1980.¹⁰ Their report concluded that Bolivia should hire a private company to run the Free Trade Zone on a commission basis, but making the needed investments first. INTAL also suggested that a series of concrete measures be taken to implement the instruments related to the Free Trade Zone as well as improve administrative efficiency.

Up until 1994, however, this report and its suggestions had gotten no attention or study from Bolivian authorities, despite extensive criticism from both Bolivian and Argentine sources that are well aware of the advantages to external trade that such an arrangement could provide to both Rosario, as well as the Bolivian population.¹¹ Furthermore, if Bolivian inaction continues on this front, they run the risk of losing the option of a Free Trade Zone completely

¹⁰ BID.INTAL/PA PUBL. No. 342, "Free Trade Zone for Bolivia in the Port of Rosario: Suggestions for Efficiency Improvements."

¹¹ Ultima Hora, La Paz, Nov. 27, 1993 "Free Trade Zone in Argentina Languishes."



as the Argentine authorities have threatened a number of times during bi-lateral meetings.

On the other hand, Bolivia has not been able to take advantage of some of the opportunities given them in the ports of Arica and Antofagasta according to the Treaty of Peace, Friendship and Trade of 1904. This treaty allowed Bolivia to make certain improvements to the management of their goods, including the construction of private silos in the ports themselves for the storage of Bolivian goods. Unfortunately, however, neither this project, nor many others within reach have been undertaken by either the government or the private sector. In a similar fashion the Agreement on Trade of 1937 gave Bolivia certain rights and a great deal of autonomy -- factors which have not been taken advantage of by the Bolivian authorities. There's a political explanation for this seemingly contrary behavior: Bolivia still seeks to recover the coastal land it lost to Chile in the war of 1879 in future negotiations and for that reason does not wish to create a condition of "fait accompli" in the ports. It is worth noting, however, that a number of bi-lateral negotiations on this topic have failed over the decades.¹²

The three separate regions and each land-locked country have very different situations and confront specific problems, which require sustained yet individual attention from the international community. Through the examples cited, it is hoped to demonstrate

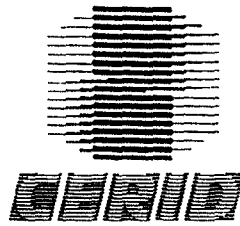
¹² A number of Bolivian authors have written extensively on past negotiations with Chile. It's also worth remembering that since 1978, Bolivia and Chile do not have diplomatic relations, although they do maintain consular and trade relations.



that over the years there have been different opportunities to improve development prospects and performance for land-locked countries. However, a number of inexplicable reasons did not allow -- in many cases -- the adoption of the policies necessary to implement these opportunities. On the other hand international organizations have periodically carried out studies on the differences of each region, yet without having made any concrete advances that would function as an example to other countries suffering similar problems.

F. A STRATEGY FOR ACTION FOR THOSE SUBJECT TO THE PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES

It is important to constantly reiterate that the main actors in the search for solutions to communication and transport problems facing land-locked countries are the land-locked countries themselves since it is in their best interest to overcome the limitations their geography places on their standards of living and economic growth. It is, however, imperative that these countries make an irreversible pledge to exert themselves to solve this problem. That they declare, for example, that an efficient, modern access to the sea is the single most important national priority and then that they create the necessary mechanisms to realize that objective and assume the responsibility for carrying it out. In this way, these countries will receive more help from the international community and greater understanding and cooperation from their ocean-front neighbors.



Taking this pledge as a baseline, it is possible to outline a **strategy** that allows solutions to be found for the different problems that emerge in these countries.

In this sense, a viable strategy must be followed with concrete actions and specific time-lines based on the conclusions and recommendations reached at the Meeting of Government Experts in New York May 17, 1993 and the resolution approved by the forty-eighth UN General Assembly.

To this end, a Resolution Project is proposed which will require real and punctual progress from participants -- not just a general framework of good intentions. The project should be considered and approved at a high-level of the UN Conference on Trade and Development, and after having complied with a number of specific steps, that it be presented in document form for approval.

In the Resolution Project relevant points from other agreements -- from the 1960s through the present -- will be listed in order to emphasize what remains pertinent today due, in large part, to the fact that not enough follow-through existed to put these concepts into practice despite the fact that they were fundamental to finding solutions for the problems of land-locked developing countries.

Next -- and central to the Resolution project -- the pledge of land-locked developing countries to follow through on efforts to alleviate their situation will be critical and the roles of transit and donor countries will be established. The latter is to solidify the support and understanding needed on their behalf. And last, to give



practical purpose to the project, the creation of a high-level committee is recommended to carry out efficiently and in a coordinated manner the actions of participants.

RESOLUTION PROJECT:

The thirty-sixth session of the Conference on Trade and Transport in Land-locked Countries that took place in New York July 8, 1965 recognized that: "trade of land-locked developing countries, which represent a fifth of all the world's nations, is of great importance for economic cooperation and the expansion of international trade."

Twenty-nine years after this initial effort and recognition of the importance of providing adequate transport facilities to land-locked countries, only a very few transit countries have ratified such conventions.

At this same time the Secretary General stated " the technical cooperation branches of the United Nations, as well as the regional economic commissions should provide assistance in promoting trade and transport for all the members of the United Nations, be they land-locked or not, should they ask for it." At the forty-eighth session of the General Assembly a statement was issued supporting the expansion of "sub-regional, regional and intra-regional projects and programs that widen support for communications and transport in land-locked developing countries, as well as the expansion of technical support designed to promote national self-and group-sufficiency."¹³

¹³ The resolution was approved in December, 1993, by the General Assembly based on document A/C.2/48/L.81 presented by the Vice President of the Second

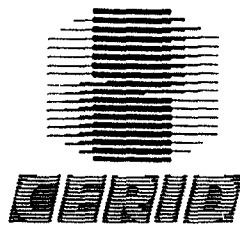


The conclusions of the May 17, 1993, Meeting of Government Experts also reaffirmed the need to improve transit systems for land-locked developing countries. The resolution approved by the forty-eighth session of the General Assembly reaffirm this as well. The resolution reiterates a number of principles of international law and invites the donor community, as well as land-locked developing countries, to implement the projects and programs that would support progressive development in needy regions.

All these resolutions and agreements manifest the need for the creation of a high-level body that can efficiently and in a coordinated fashion carry out the necessary actions. This high-level body should have the hierarchy of a UN High Commission for land-locked developing countries, or of a General Directory for land-locked developing countries of the Secretary General of the UN or UNCTAD.

This body -- concerned solely with the problems of land-locked developing countries and their ocean-front neighbors -- could carry out studies on International Conventions, bi-lateral and multi-lateral agreements, the evaluation of transport systems, port facilities and customs regulations, among others. It could also formulate projects in different areas and pursue financing options for the entire process.

The broadest autonomy should be given to this body which should have three separate regional sections: one for Africa, Asia and Latin America.



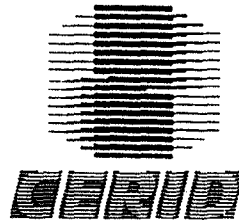
A qualified professional from one of the land-locked developing countries should be designated in charge of this body and that offices be established in New York in order to maintain permanent contact with financial organizations and donor country representatives. The term of office would be for three years and be based on the system of geographic rotation of the United Nations.

As the problem of enclosure has been recognized as a three-pronged one, concerning land-locked countries, their transit neighbors and the international donor community, there is a clear distinction between the responsibilities each of these parties will assume.

Land-locked Developing countries agree to:¹⁴

- make the greatest internal efforts to improve transport procedures within their countries;
- study the implementation of concrete measures in international regulations -- using free competition as a criteria -
- in order to improve their own management of transport operations;
 - Create policies promoting exports and imports;
 - Establish a direct dialogue with their ocean-front neighbors in order to:
 - Elaborate new highway and railway communication policies;
 - implement a careful and strict control over contraband;
 - seek mechanisms to eliminate transport monopolies;

¹⁴ These commitments are derived from the conclusions presented at the Meeting of Governmental Experts in May, 1993. (Doc.TD/B/LDC/AC.-1/3).



support the development of human resources in these areas;
and

create mechanisms for international negotiation.

- Support construction of interior ports on "tierra firme" in high-traffic locations in order to speed up customs processes by taking some of the pressure off ocean ports, and to try to create a legal framework conducive to fast-flowing trade, including legislation on transit goods.

For their part, ocean-front transit countries agree to:

- improve the transport procedures linking land-locked countries to their ports;
- Simplify, as much as possible, the administrative hurdles which should only include statistical registration and control over dangerous substances;
- Take measures so that port authorities diligently process transit cargo and implement the construction of storage facilities and improved measures for the movement of cargo;
- Study the possibility that ports be allowed to develop along market-based lines and that greater authority be given to port authorities to carry this out;
- Work together with land-locked countries to:
 - Elaborate new highway and railway communication policies;
 - implement a careful and strict control over contraband;
 - seek mechanisms to eliminate transport monopolies;



support the development of human resources in these areas;
and
create mechanisms for international negotiation.

The donor communicate agrees to:

- reconsider the focus of assistance, giving priority to programs and projects in land-locked countries and their neighbors that improve and integrate transport systems in these countries;
- give financial and technical assistance in the form of grants or concessional loans for construction, maintenance and improvement of transport infrastructure;
- to keep in mind the particularly difficult circumstances facing these countries in giving this assistance so as not to jeopardize the viability of these projects;
- to favorably consider the specific requirements of these countries in term of transport-related human resources, and;
- to consider the possibility of providing financial support to the high-level body created to direct and focus transport improvements in affected countries.

Regional organizations for each of the regions should work with this high-level body to achieve its goals. In order for these goals to be met, it is also recommended that the high-level body develop a time-line of actions to be taken that will begin to solve these problems for land-locked countries by the year 2000. A follow-up commission -- made up of a representative from the high-level body and members



of the regional commissions -- should be created to observe that the resolution is completed with and the time-line is met.

The high-level body will also need to develop mechanisms to inform populations in developing countries of the progress that is made so that these successes are made known.

TIME-LINE OF ACTIONS PRIOR TO RESOLUTION PROJECT APPROVAL:

1.) Some international organization must assume responsibility for carrying out this strategy. Since UNCTAD has already dedicated a great deal of study to this topic they are a likely candidate.

2.) Within 30 days the designated organization should communicate this strategy and the projects it would involve to the relevant actors -- giving them 90 days to respond with their criticisms or suggestions. (prior to this, land-locked developing countries will have been asked to compile a list of needed projects).

3.) A final strategy document, incorporating the suggestions of participating countries, will be prepared and then circulated for comment again. This step should take no longer than six months.

4.) Given discrepancies in regional comments, the international organization will then consider whether sub-regional or regional meetings are necessary in order to reach consensus on needed actions. If necessary, this step would require about 90 days.

5.) If this step is not needed, then participating countries would be asked to submit their list of needed projects within 30 days so that these can be submitted to donor countries. (If step 4 is necessary then the project profiles would be due within 120 days.)



6.) These projects would then be evaluated by donors to determine which merit financing based on the parameters of the Resolution Project.

7.) Over this time period, the high-level body will meet in order to approve the Resolution Project, with the appropriate modifications. During this meeting a new time-line for action and project implementation will also be drawn up.

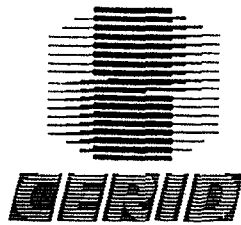
Implementation of the proposed strategy will establish clear guidelines for action and obligations on all parts which will allow land-locked developing nations and their ocean-front neighbors to make concrete improvements in transport systems. A system to integrate information should also be created by the high-level body. A computerized network would allow the greatest diffusion of information on implemented projects, allowing countries to learn from each others' experiences.

INTERNATIONAL CONVENTIONS:

The institution in charge will also be responsible for disseminating the international conventions associated with transport in order to promote their ratification by a greater number of countries.

G. FINAL REFLECTIONS

International developments show that developed as well as developing countries are seeking greater integration as part of the growth of the world market. This objective will only be reached if



adequate conditions exist for open competition -- conditions which overcome the differences that exist in the international arena.

Today, it is recognized that the isolated growth of one country does not benefit the region it is in, nor in the long-run the country itself as sooner or later it will face the condition in its' neighbors. It is best for a developing country if its' neighbors experience similar growth rates as this facilitates market integration and at the same time, makes political/diplomatic conflicts less likely. For this reason, it is desirable that a development program be implemented that promotes harmonious and homogeneous growth.

The participation of land-locked developing countries is vital for any such effort as their enclosure creates greater obstacles to their development. Land-locked developing countries must therefore be able to formulate cooperative policies. The case of Europe would serve as a useful example perhaps. While circumstances are very different, the analysis of this process in Europe would be very useful in the implementation of any growth strategy for under-developed regions.

Switzerland, Austria and Hungary for example, -- who through bi-lateral and multi-lateral agreements -- have managed to gain an important role in the international market, as well as in other areas. Switzerland has a great navy, despite its land-locked condition.

Private initiative is a critical element which must be stimulated, particularly in land-locked countries. Centralized planning has clearly failed and in many parts of the world important opportunities in



terms of privatization and foreign investment are opening up. This new climate also diminishes the political risk that in the past put these types of investment in danger. Lastly, this new climate has caused many countries -- including land-locked ones -- to aspire to have a merchant marine. This should be a goal of all land-locked developing countries as it provides these countries national sovereignty on the sea and also provides greater economic independence.

Land-locked developing countries must demand that the international agenda include concrete measure to gain all these goals. More studies that run the risk of becoming obsolete are not needed. A good number of these documents already exist -- what remains is for their conclusions and recommendations to be put into practice.

The strategy presented in this document is a first step towards the tangible fulfillment of these documents and agreements, which at this time, must be put into practice. The creation of a high-level body and immediate carrying out of the recommended strategy would incorporate the international cooperation needed to address the grave problems facing land-locked developing countries. These countries could then hope to reach their full economic potential by exploiting their natural resources completely and integrating themselves with the world market.

CUADRO 3

Crecimiento del consumo y la inversión
(Africa Meridional)

País	Tasa media de crecimiento anual (%)					
	Consumo de administraciones públicas		Consumo Privado, etc		Inversión interna bruta	
	1965-80	1980-89	1965-80	1980-89	1965-80	1980-89
Botswana	12	12,5	10,2	6,8	21	0,4
Lesotho	12,4	-0,4	9,9	0,6	17,8	4,4
Malawi	5,7	3,9	3,6	2,2	9,1	-4,5
Zambia	5,1	-5,4	-0,7	4,1	-3,6	-4,5
Zimbabwe	10,6	9,4	5,1	-2,2	0,9	2,7

Fuente: Banco Mundial, Informe sobre el desarrollo mundial 1991

CUADRO 4

Tasa media de inflación anual (%)
(Africa Meridional)

País	Tasa media de inflación anual	
	1965-1980	1980-1989
Botswana	8,40	12,0
Lesotho	6,70	12,8
Malawi	7,40	14,6
Zambia	6,30	38,3
Zimbabwe	5,80	11,0

Fuente: Informe sobre el desarrollo mundial 1991

CUADRO 5

Déficit fiscal como porcentaje del PIB
(Africa Meridional)

Paises	Botswana	Lesotho	Malawi	Swazilandi	Zambia	Zimbabwe
Años						
1980	-0,16	...	-15,55	5,73	-18,52	-10,93
1981	-2,31	...	-12,06	-9,14	-12,90	-5,90
1982	-2,04	...	-7,35	-5,57	-18,59	-10,54
1983	8,33	...	-6,77	-3,05	-7,83	-6,24
1984	11,99	...	-5,00	-0,50	-8,39	-10,11
1985	19,78	...	-8,10	-3,05	14,86	-7,64
1986	21,49	...	-9,34	-4,49	...	-8,55
1987	16,19	...	-7,70	1,63	-13,71	-11,61
1988	....	....	....	....	-12,94	....

Fuente: Estadísticas financieras internacionales, FMI 1990

CUADRO 6

Deuda externa como porcentaje del PNB (Africa Meridional)

(millones de dólares)

Paises	Botswana	Lesotho	Malawi	Swazilandia	Zambia	Zimbabwe
Años	%	%	%	%	%	%
1980	18,46	10,96	71,39	33,81	90,49	9,00
1981	21,65	12,40	70,61	28,77	92,90	13,92
1982	23,92	17,50	77,21	38,25	102,01	27,99
1983	24,64	18,45	76,36	42,88	123,75	33,53
1984	25,68	20,82	75,98	38,53	155,89	41,12
1985	37,49	35,80	94,09	63,66	229,43	57,00
1986	37,91	36,63	103,75	63,61	415,76	57,00
1987	40,69	38,83	115,57	53,64	379,49	53,46
1988	38,47	38,54	100,07	42,10	190,96	43,51

Fuente: Banco Mundial, World Debt Tables. Para los años 1980-1981, edición 1989-1990 y para los años 1982-1989, edición 1990-1991.

CUADRO 7

Servicio de la deuda como porcentaje de las exportaciones (África Meridional)

(millones de dólares)

Paises	Botswana	Lesotho	Malawi	Swazilandia	Zambia **	Zimbabwe **
Años	%	%	%	%	%	%
1980	1,686	1,334	21,587	2,707	17,785	2,545
1981	1,423	1,154	27,987	3,123	25,064	4,164
1982	2,246	2,329	34,307	5,444	31,233	13,135
1983	3,002	4,714	28,269	5,748	29,561	37,281
1984	3,715	5,401	30,000	6,448	25,283	26,023
1985	5,344	6,719	38,869	10,033	16,014	18,424
1986	4,247	4,679	52,899	9,387	49,663	31,741
1987	3,567	2,119	35,714	7,888	16,295	33,879
1988	3,882	3,063	31,343	5,733	12,942	31,622
1989	3,561	2,787	28,024	4,767	12,241	25,638

** Incluye solo el servicio de la deuda pública

Fuente: Banco Mundial, World Debt Tables. Para los años 1980-1981, edición 1989-1990 y para los años 1982-1989, edición 1990-1991.

CUADRO 8

FNB per cápita

(África Centroriental)

País	FNB per cápita	
	Dólares	Tasa media Crec. anual
	1989	1965-1989
Burkina Faso	320,00	1,40
Burundi	220,00	3,60
Chad	190,00	-1,20
Mali	270,00	1,70
Niger	290,00	-2,40
Rep. Centro Africana	390,00	-0,50
Rwanda	320,00	1,20
Uganda	250,00	-2,80

Fuente: Informe sobre el Desarrollo Mundial 1991

CUADRO 9

Crecimiento de la producción por rama de actividad
(Africa Centroriental)

Países	Tasa media de crecimiento anual (%)									
	FIB (Mill \$us.)		Agricultura		Industria		Manufacturas		Servicios, etc	
	1965-80	1980-89	1965-80	1980-89	1965-80	1980-89	1965-80	1980-89	1965-80	1980-89
Burkina Faso	---	5,00	---	5,80	---	3,90	---	2,40	---	4,80
Burundi	7,10	4,30	6,70	3,10	17,40	5,80	6,10	6,10	1,40	6,30
Chad	0,10	6,50	-0,30	2,50	-0,60	10,50	---	---	0,20	9,30
Malí	4,20	3,80	2,80	1,50	1,80	7,90	---	---	7,60	5,90
Niger	0,30	-1,60	-3,40	1,80	11,40	-3,30	---	---	3,40	-6,50
R. p. Centro Africana	2,80	1,40	2,10	2,90	5,30	2,50	---	1,90	2,00	-0,50
Rwanda	4,90	1,50	---	-1,40	---	1,60	---	1,30	---	4,70
Uganda	0,60	2,50	1,20	2,20	-4,30	4,60	-3,70	4,20	1,10	2,90

Fuente: Banco Mundial, Informe sobre el desarrollo mundial 1991

CUADRO 10

Coefficiente de apertura externa (X+M)/FNB
(Africa Centroriental)

Años	Burkina F	Burundi	Chad	Malí	Niger	R. Centro- africana	Rwanda	Uganda
1980	--	--	--	--	--	--	--	--
1981	--	--	--	--	--	--	--	--
1982	0,55	0,40	0,28	0,54	0,67	0,59	0,36	0,60
1983	0,53	0,35	0,49	0,55	0,55	0,64	0,33	0,49
1984	0,53	0,38	0,58	0,59	0,57	0,62	0,32	0,28
1985	0,56	0,34	0,55	0,58	0,51	0,59	0,31	0,26
1986	0,51	0,37	0,72	0,58	0,41	0,56	0,35	0,28
1987	0,46	0,39	0,77	0,61	0,55	0,54	0,29	0,31
1988	0,45	0,42	0,66	0,58	0,42	0,51	0,27	0,24
1989	0,46	0,38	0,69	0,52	0,47	0,51	0,26	0,24

Fuente: Banco Mundial, World Debt Tables

CUADRO 11

Crecimiento del consumo y la inversión
(África Meridional)

País	Tasa media de crecimiento anual (%)					
	Consumo de administraciones públicas		Consumo Privado, etc		Inversión interna bruta	
	1965-80	1980-89	1965-80	1980-89	1965-80	1980-89
Burkina Faso	8,7	7,3	2,5	3,3	8,5	6,9
Burundi	7,3	5,4	7,5	2,4	9	9,3
Chad	---	---	---	---	---	---
Mali	1,9	3	5,2	2,7	1,8	10,8
Niger	2,9	1,8	-1,4	-0,9	6,3	-7,7
Rep. Centro Af.	-1,1	-2,5	4,9	2,1	-5,4	5,7
Rwanda	6,2	4,6	4,5	0,3	9	8,8
Uganda	---	---	1,4	---	-5,7	---

Fuente: Banco Mundial, Informe sobre el desarrollo mundial 1991

CUADRO 12

Tasa media de inflación anual
(África Centroriental)

País	Tasa media de inflación anual	
	1965-1980	1980-1989
Burkina Faso	6,4	4,6
Burundi	5,0	2,7
Chad	6,2	1,5
Mali	9,0	3,6
Niger	7,5	3,4
Rep. Centro Af.	8,2	6,5
Rwanda	12,5	4,0
Uganda	21,4	108,1

Fuente: Informe sobre el desarrollo mundial 1991

ADRO 13

Deuda Externa como porcentaje del PNB (Africa Centroriental)
(millones de dólares)

Paises	Burkina Faso	Burundi	Chad	Mali	Niger	Rep. Centroat.	Rwanda	Uganda
Años	%	%	%	%	%	%	%	%
1980	23,24	18,07	29,90	43,90	34,53	23,90	16,30	42,37
1981	26,20	18,76	32,59	60,92	47,71	33,00	14,79	56,10
1982	24,11	23,00	28,64	70,60	50,85	34,01	15,48	64,65
1983	29,67	28,05	28,91	94,21	55,75	39,69	16,14	55,34
1984	33,59	35,14	24,76	119,50	67,28	42,20	18,40	34,56
1985	37,39	39,12	25,68	141,15	86,22	50,22	21,60	39,79
1986	33,98	46,95	31,94	116,91	80,53	47,85	23,54	40,62
1987	35,80	68,86	39,88	111,67	81,39	59,39	26,40	49,60
1988	33,40	74,07	34,37	100,59	77,11	61,17	28,44	42,86
1989	29,62	81,95	36,73	105,32	79,42	65,81	30,17	44,70

Fuente: Banco Mundial, World Debt Tables. Para los años 1980-1981, edición (1989-1990); para los años 1982-1989, edición (1990-1991)

ADRO 14

Servicio de la deuda como porcentaje de las exportaciones (Africa Centroriental)
(millones de dólares)

Paises	Burkina Faso	Burundi	Chad	Mali	Niger	Rep. Centroat.	Rwanda	Uganda
Años	%	%	%	%	%	%	%	%
1980	4,53	6,52	3,64	2,80	18,77	0,98	2,34	6,65
1981	3,87	5,15	0,69	4,03	27,42	2,26	2,48	21,17
1982	6,60	7,41	2,74	8,26	55,18	5,26	4,58	21,61
1983	6,67	14,14	1,03	8,16	36,83	12,96	5,73	20,98
1984	8,30	22,33	5,31	11,70	25,63	16,45	6,95	22,44
1985	10,20	19,53	17,19	17,55	37,65	14,05	10,44	42,28
1986	9,37	23,08	5,14	17,97	39,86	14,89	8,39	161,22
1987	8,11	37,17	4,07	16,01	32,27	14,14	12,29	54,35
1988	9,29	30,22	3,91	16,16	47,30	12,68	12,97	45,10
1989	9,42	33,04	5,15	18,54	33,06	14,08	18,55	81,01

Fuente: Banco Mundial, World Debt Tables. Para los años 1980-1981, edición (1989-1990); para los años 1982-1989, edición (1990-1991)

CUADRO 15

Estructura de las Exportaciones de los Países en Desarrollo sin Litoral

PAIS	EXPORTACIONES (1986)		(1986)		
	(en millones de dólares E.E.U.U.)	(Como porcentaje del PIB)	(porcentaje)	(porcentaje)	Tres productos básicos principales (como porcentaje del total de las exportaciones)
Afganistan	552	11,9	29,7		Gas natural y artificial 52,4 Frutas, nueces frescas y secas 25,4
Bhutan	..	..	..		Cubiertas para pisos, tapices, etc 8,5 No se dispone de datos
Bolivia	640	15,3	97,6		Gas natural y artificial 51,9 Estaño 22,6 Minerales y concentrados de metales comunes no ferrosos 16,8
Botswana	858	74,7	744,8		Perlas, piedras semipreciosas 74,5 Cobre b/ 7,6 Carne fresca, refrigerada/congelada 7,5
Burkina Faso	83	5,7	11,6		Algodón 46,7 Animales vivos Semillas, nueces y almendras oleaginosas 12,6
Burundi	169	13,0	34,7		Café 84,0 Té y mate 6,3 Operaciones especiales 3,7
Chad	99	10,8	19,3		Algodón 68,9 Tejidos de algodón 23,9
Lesotho	26	9,1	16,5		Lana y pelos de animales 47,0 Perlas y piedras semipreciosas 3,6
Malawi	245	20,0	341,0		Tabaco sin elaborar 48,1 Té y mate 23,8 Azúcar y miel 8,3
Mali	206	13,1	24,7		Algodón 38,5 Animales vivos 33,8 Frutas, nueces frescas y secas 2,4
Mongolia	..	..	..		No se dispone de datos
Nepal	142	5,7	8,3		Cubiertas para pisos, tapices, etc 74,5 Prendas de vestir, excepto pieles 7,6 Arroz 7,4

CUADRO 15 (continuación)

PAIS	EXPORTACIONES (1986)			Tres productos básicos principales (como porcentaje del total de las exportaciones)
	(en millones de dólares E.E.U.U.)	(Como porcentaje del PIB)	(por habitante)	
Niger	260	14,0	41,2	Minerales y concentrados de uranio, torio Animales vivos
Paraguay	275	5,1	72,5	Algodón Semillas, nueces y almendras oleaginosas Madera modelada
República Centrafricana/	131	12,6	49,1	Café Madera en bruto Algodón
República Democrática Popular Lao	30	4,5	8,1	Madera en bruto Perfiles de hierro y acero Café
Rwanda	189	10,2	30,4	Café Estano Te y mate
Swazilandia	267	63,3	397,3	No se dispone de datos
Uganda	395	8,9	24,7	Café
Zambia	403	22,7	58,3	Cobre Zinc
Zimbabwe	1301	24,5	142,6	Tobaco sin elaborar Arrabio

FUENTE: UNCTAD, Handbook of International Trade and Development Statistics, 1986, 1988; UNCTAD, Los países menos adelantados, Informe de 1988, fuentes nacionales
a/ Excepto Chad, Mali y la República Democrática Popular Lao (1982-1983); Lesotho (1985); Botswana y Uganda (1986).
b/ Mata de cobre y níquel
c/ Se excluye el comercio entre los países de la Unión Aduanera.

Valor y Poder Adquisitivo de las Exportaciones de los Países en Desarrollo sin Litoral

PAIS	Exportaciones en 1986 a/			Tasas medias de crecimiento anual de: (porcentajes)											
	Total		Dólares por habitante	Valor de las exportaciones				Poder adquisitivo de las exportaciones				Poder adquisitivo de las exportaciones, por habitante			
	Millones de dólares EEUU	Porcentaje del PIB		1970-1980	1984-1985	1985-1986	1986-1987	1970-1980	1984-1985	1985-1986	1986-1987	1970-1980	1984-1985	1985-1986	1986-1987
Afganistan	525	11,3	28	21,2	-12,0	-5,7	-1,0	7,9	-12,8	-8,0	-4,2	5,3	-15,1	-10,7	-6,6
Bhután	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Bolivia	640	15,3	98	19,9	-13,9	-4,9	-11,1	3,4	-14,6	-11,1	-13,5	3,8	-16,8	-14,3	-19,0
Botswana	858	74,7	745	34,4	10,4	15,3	8,4	16,6	9,9	-11,1	4,1	14,1	6,1	9,1	0,2
Burkina Faso	70	5,6	10	18,4	-11,4	0,0	-2,9	7,2	-11,9	-2,5	-6,1	3,1	-13,9	-5,0	-6,6
Burundi	169	13,7	35	17,2	-13,3	52,3	-49,1	3,5	12,8	49,7	-51,1	1,7	9,8	45,5	-52,5
Chad	85	9,3	17	14,0	-42,0	6,3	-2,4	1,4	-42,7	3,5	-5,9	-0,7	-43,9	1,1	-7,9
Etiopía	21	7,4	13	26,1	0,0	0,0	-4,8	11,3	-0,4	-1,5	-8,5	8,8	-4,2	-4,6	-11,0
Gambia	245	20,0	34	16,4	-18,1	-3,2	12,7	3,2	-18,9	-5,5	7,7	0,4	-21,2	-8,6	4,0
Ghana	192	12,5	23	21,1	-12,8	12,9	-1,0	7,2	-13,7	11,0	-4,6	4,9	-15,9	7,6	-7,4
India	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	142	5,5	8	9,8	25,0	-11,3	7,7	-2,1	24,5	-12,6	3,5	5,4	21,3	-15,2	0,9
Kenia	260	12,5	41	33,8	-18,6	16,6	-1,9	18,7	-19,0	19,1	-6,6	15,8	-21,1	15,8	-9,4
Lesoto	175	5,1	73	18,8	4,4	-31,8	37,8	3,8	4,2	-30,6	32,4	0,5	1,3	-32,6	28,7
Madagascar	131	12,6	48	13,4	2,3	48,9	-23,7	1,0	1,3	39,1	-25,4	-1,1	-1,1	32,4	-27,5
Malawi	30	4,5	8	19,1	141,7	3,4	0,0	5,1	140,6	-1,5	-3,9	3,7	135,5	-0,2	-5,9
Mali	118	6,4	19	21,3	-9,0	-9,9	-4,2	7,7	-9,2	-12,6	-8,1	4,2	-12,1	-15,8	-11,1
Mozambique	267	63,8	397	16,0	-25,7	51,7	16,5	2,0	-26,0	48,0	12,4	-0,7	-28,1	43,1	8,8
Nigeria	420	11,9	26	4,6	-4,8	10,5	-4,8	-7,5	-6,2	2,9	-8,2	-10,2	-9,2	-0,4	-11,2
Rusia	403	25,9	58	3,5	-17,1	-25,8	125,6	-8,3	-17,9	-25,8	115,5	-11,0	-20,4	-28,5	108,0
Sudafrica	1301	25,8	143	12,9	-3,4	17,3	9,7	-0,7	-3,7	14,5	5,8	-3,9	-6,8	10,1	2,0
Los países en desarrollo sin litoral	6152	15,2	46	12,9	-7,5	3,9	10,8	-0,2	-8,0	1,2	7,0	-2,7	-10,6	-1,9	3,9
Los países en desarrollo b/	280148	21,2	135	20,7	-1,5	5,2	22,5	1,3	-1,3	9,5	16,3	2,9	-3,4	7,2	13,8

Elaboración: Cálculos de la secretaria de la UNCTAD basados en UNCTAD, Handbook of International Trade and Development Statistics, Supplement, 1988.

a/ Las tasas medias de crecimiento anual se basan en una función de tendencia exponencial.

b/ Las pequeñas variaciones respecto de los datos indicados en el cuadro se deben a la actualización.

c/ Excluidos los principales exportadores de petróleo.

Valor y Volumen de las Importaciones de los Países en Desarrollo sin Litoral

PAIS	Importaciones en 1986			Tasas medias de crecimiento anual de: (porcentajes)											
	Total		Dólares por habitante	Valor de las importaciones				Volumen de las importaciones				Volumen de importaciones por habitante			
	Millones de dólares EEUU	Porcentaje del PIB		1970-1980	1984-1985	1985-1986	1986-1987	1970-1980	1984-1985	1985-1986	1986-1987	1970-1980	1984-1985	1985-1986	1986-1987
Afganistan	851	18,3	46	19,4	-13,6	-14,8	8,1	6,3	-14,4	-17,2	4,5	3,7	-16,6	-19,3	1,9
Botswana	674	16,1	103	20,6	41,7	-2,7	13,8	7,1	40,6	-9,8	10,7	4,4	37,0	-12,4	7,6
Burkina Faso	684	59,6	594	28,2	-17,5	17,3	18,4	13,2	-17,9	15,5	13,8	8,9	-20,7	11,0	9,5
Burundi	280	22,5	39	21,8	60,9	-15,9	1,8	8,2	60,0	-17,9	-1,6	6,1	56,4	-20,1	-4,3
Camboya	205	16,6	42	22,4	0,0	10,2	3,4	8,0	-0,4	8,5	-0,7	6,2	-3,0	5,3	-3,5
Lesotho	190	20,8	37	7,5	17,3	0,0	2,6	-4,4	15,9	-2,6	-1,1	-6,4	13,4	-4,8	-3,3
Malawi	260	91,2	165	30,8	-19,9	4,0	15,4	15,4	-20,2	2,4	10,8	12,8	-23,2	-0,8	7,9
Mali	258	21,1	36	17,1	6,7	-10,1	14,7	3,8	5,7	-12,1	9,6	1,0	2,6	-15,2	5,9
Mogolia	466	30,3	56	23,2	9,3	13,7	0,9	9,0	8,3	11,7	-2,8	6,7	5,5	8,2	-5,7
Nepal	459	17,9	27	18,6	8,9	1,3	13,3	4,7	8,4	-0,2	8,8	2,1	5,7	-3,2	6,1
Niger	370	17,8	59	27,5	40,4	-7,5	10,8	13,2	39,7	-5,2	5,6	10,4	36,1	-8,1	2,3
Paraguay	509	9,4	134	24,5	-13,8	15,2	1,6	8,8	-14,0	17,2	-2,4	5,3	-16,4	13,8	-5,2
República Centroafricana	252	24,2	92	8,9	25,3	131,2	-50,4	-3,0	24,1	116,0	-51,5	-5,0	21,1	105,6	-52,9
República Democrática Lao	70	10,6	19	2,4	35,4	7,7	42,9	-9,6	34,8	6,1	37,2	-10,8	32,0	3,9	34,5
Rwanda	352	19,0	56	26,4	-0,3	19,7	0,3	12,2	-0,6	15,9	-3,8	8,6	-3,7	12,0	-6,9
Sri Lanka	304	72,7	452	26,2	-26,2	8,2	20,1	11,0	-26,5	5,6	15,9	8,0	-28,6	2,0	12,2
Uganda	350	10,0	22	2,9	-4,9	7,0	25,7	-9,1	-6,3	-0,3	21,2	-11,7	-9,4	-3,6	17,3
Zambia	603	38,8	87	5,6	13,8	-12,9	22,6	-6,4	12,8	-12,9	17,1	-9,1	9,3	-16,0	13,0
Zimbabwe	985	19,5	108	10,9	-6,5	9,8	6,8	-2,5	-6,8	7,1	3,1	-5,6	-9,8	3,1	-0,7
Los países en desarrollo sin litoral	8122	20,0	61	15,8	1,2	2,9	9,3	2,4	0,5	0,5	5,2	0,1	-2,3	-2,6	2,2
Los países en desarrollo a/	301338	22,8	145	21,2	-3,6	3,1	18,5	5,8	-3,4	-3,4	12,5	3,3	-5,4	5,0	10,1

NOTA: Cálculos de la secretaria de la UNCTAD basados en UNCTAD, Handbook of International Trade and Development Statistics, Supplement, 1988.
 a/ Las tasas medias de crecimiento anual se basan en una función de tendencia exponencial.
 b/ Incluidos los principales exportadores de petróleo.

CUADRO 18

Comercio entre Países en Desarrollo sin Litoral

Proporción del total de las exportaciones y las importaciones destinada a, o procedente de, países en desarrollo del mismo continente

	Exportaciones	Importaciones
Afganistan	8,2	27,5
Bolivia	60,8	52,4
Burkina Faso	9,0	31,1
Burundi	8,9	12,1
Chad	16,3	21,1
Malawi	14,7	43,2
Mali	28,2	31,4
Nepal	34,2	49,4
Niger	7,2	22,3
Paraguay	30,7	35,0
Rep. Centroafricana	4,0	4,4
Rep. Democrática Lao	65,0	51,1
Rwanda	4,0	27,2
Uganda	1,5	25,5
Zambia	7,4	27,0
Zimbabwe	27,2	29,9

FUENTE: FMI, Direction of Trade Statistics Yearbook, 1988

CUADRO 19

Diferencias en el Desarrollo: Los Países sin Litoral
y Los Países Vecinos Ribereños

	Países sin litoral		Países vecinos ribereños	
	1965	1987	1965	1987
AMERICA LATINA a/				
PIB por habitante (en dólares)	256	1032 b/	496	1824 b/
Exportaciones por habitante (en dólares)	28	91	56	231
Mano de obra agrícola como porcentaje del total de la mano de obra	55	45	36	22
Capacidad eléctrica instalada (kw por 1000 habitantes)	65 c/	159 b/	188 c/	338 b/
Mortalidad infantil (por 1000 niños nacidos vivos)	117	77	101	51
Tasa de escolarización en la enseñanza secundaria	16	34 d/	26	61 d/
ASIA OCCIDENTAL Y MERIDIONAL a/				
PIB por habitante (en dólares)	61	181 b/	96	404 b/
Exportaciones por habitante (en dólares)	4	16	10	69
Mano de obra agrícola como porcentaje del total de la mano de obra	81	78	70	58
Capacidad eléctrica instalada (kw por 1000 habitantes)	8 c/	28 b/	24 c/	74 b/
Mortalidad infantil (por 1000 niños nacidos vivos)	190	136	129	80
Tasa de escolarización en la enseñanza secundaria	3	14 d/	17	27 d/
AFRICA AL SUR DEL SAHARA (EXCLUIDA AFRICA MERIDIONAL) a/				
PIB por habitante (en dólares)	78	252 b/	119	493 b/
Exportaciones por habitante (en dólares)	9	25	36	111
Mano de obra agrícola como porcentaje del total de la mano de obra	92	83	81	68
Capacidad eléctrica instalada (kw por 1000 habitantes)	6 c/	9 b/	24 c/	44 c/

CUADRO 19 (Continuación)

	Países sin litoral		Países vecinos ribereños	
	1965	1987	1965	1987
Tasa de escolarización en la enseñanza secundaria				
AFRICA AL SUR DEL SAHARA (EXCLUIDA AFRICA MERIDIONAL) a/ (continuación)				
Mortalidad infantil (por 1000 niños nacidos vivos)	168	131	155	104
Tasa de escolarización en la enseñanza secundaria	4	7 d/	5	22 d/
AFRICA MERIDIONAL a/				
PIB por habitante (en dólares)	149	469 b/	-	828 b/
Exportaciones por habitante (en dólares)	67	344	42	181
Mano de obra agrícola como porcentaje del total de la mano de obra	86	344	42	181
Capacidad eléctrica instalada (kw por 1000 habitantes)	160 c/	147 b/	169 c/	280 b/
Mortalidad infantil (por 1000 niños nacidos vivos)	136	99	163	137
Tasa de escolarización en la enseñanza secundaria	4	28 d/	-	20 d/

FUENTES: Banco Mundial, Informe sobre el desarrollo Mundial, 1986; UNCTAD, Handbook of Trade Development Statistics, 1985 y 1988; FAO, Anuario de la Producción, 1985 y 1987; UNICEF, Estado Mundial de la Infancia, 1989; y UNESCO, Anuario Estadístico, 1988.

a/ Las cifras son promedios simples correspondientes a los países enumerados en el Cuadro 20

b/ 1986

c/ 1970

d/ Diversos años del período 1984-1986.

CUADRO 20

En la comparación entre países sin litoral y países vecinos ribereños, los Estados incluidos en cada categoría son los siguientes:

	Países en desarrollo sin litoral	Países vecinos ribereños
América Latina	Bolivia Paraguay	Argentina Brasil Chile Peru
Asia occidental y meridional	Afganistán Nepal República Democrática Popular Lao	India Myanmar Pakistan Tailandia
Africa al sur del Sahara (excluida Africa Meridional)	Burkina Faso Burundi Chad Mali Niger República Centro- Africana Rwanda Uganda	Benin Camerun Congo Cote d'Ivoire Ghana Guinea Kenya Mauritania Nigeria República Unida de Tanzania Senegal Sudan Togo Zaire
Africa Meridional	Botswana Lesotho Malawi Swazilandia Zambia Zimbabwe	Angola Mozambique Sudafrica