



# **Facilitating the Participation of Landlocked Developing Countries in Commodity Value Chains**



UNITED NATIONS

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## Abstract

Landlocked developing countries (LLDCs) face multiple trade and development challenges. In addition to their geographical predicaments and remoteness from international markets, most of these countries are commodity dependent. Primary commodities accounted for more than half of the exports of 27 out of 32 LLDCs in 2011–2013, and resource-based goods, that is to say, primary goods and resource-based manufactures, accounted for some three quarters of all exports of goods and services of LLDCs as a group. During the same period, the median share of exports represented by primary commodities among those countries stood at 84.7 per cent. From 1995 to 1997, the same figure was 83.2 per cent. Hence, over time, the degree and extent of commodity dependence has increased in those countries with little or no sign of diversification of exports. Further, they seem to be more commodity dependent than transit developing countries and other developing countries: the median share in 2011–2014 among transit countries was 76.7 per cent, compared with 66.2 per cent among other developing countries. The question is, to what extent does the state of being landlocked keep LLDCs in the production and export of primary commodities? According to work undertaken by UNCTAD, including in the context of the present study, although geographical isolation and remoteness from international markets can pose formidable challenges to those countries, these are not insurmountable.

The present study argues that despite the challenges, the case for diversification and structural economic transformation remains more persuasive for LLDCs today than ever before. Empirical and historical evidence suggests that diversification, value addition and retention are key to attaining overall development objectives. The study also underscores the importance of joining regional and global commodity value chains and the urgency for those countries to take advantage of their natural resources wealth by enacting sound development policies and strategies that put productive capacities and structural economic transformation at the centre. The findings, conclusions and policy recommendations contained herein are expected to highlight the plight of commodity-dependent LLDCs during the forthcoming global summits and conferences, including the fourteenth session of the United Nations Conference on Trade and Development.

### *Key words*

Landlocked developing countries, commodity dependence, Vienna Programme of Action, regional and global commodity value chains

## Acknowledgements

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A team consisting of Mussie Delelegn, Benjamin McCarthy and Michael Bratt (consultant) led the implementation of the project under the supervision of Tesfachew Taffere, Director of the Division for Africa, Least Developed Countries and Special Programmes. Patrick Osakwe, Head, Trade and Poverty Branch, provided substantive and technical input to the final outcome of the project. Regina Ogunyinka, Paulette Lacroix and Sylvie Guy provided secretarial and administrative support to the project. Madasamyraja Rajalingam did the overall layout, graphics and desktop publishing. The project team is also grateful to the editor of the publication, Lucy Délèze-Black, and to graphic designers Nadège Hadjemian and Sophie Combette, for their continued support and engagement in the overall implementation of the project.

As part of the project, a series of case studies were carried out. Lindani Ndlovu conducted a study on the mining sectors of Botswana and Zambia, Stephen Golub and Stephanie Kestelman explored the cotton textile sector of Uzbekistan, Enrique Varela examined the sugar sector of Paraguay and Davaasambuu Dalrai, the copper and coal sector of Mongolia.

In collaboration with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) and the Common Fund for Commodities, UNCTAD convened an expert meeting in New York, United States of America, in October 2014. The aim of the meeting was to share the findings and conclusions of the case studies, successful experiences and best practices, and the policy implications for LLDCs. The meeting was followed by a high-level policy dialogue on turning commodity dependence into sustainable, inclusive and equitable economic growth for LLDCs, which was held in Vienna during the second United Nations Conference on Landlocked Developing Countries.

Key policy recommendations emanating from the country case studies, the expert meeting and the high-level policy dialogue fed into the final outcome document of the Conference: the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024. Highlights of lessons learned, successful experiences and best practices from country case studies are also reflected in the present study in text-box format.

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