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**Keynote Address
by**

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at the

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Cooperation in Europe**

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It gives me great pleasure to address the Fourteenth Economic Forum of the Organization for Security and Co-operation in Europe, more so as it focuses on the subject that concerns a major area of my responsibilities at the United Nations. Let me commend our host, the OSCE secretariat for the excellent arrangements made for organizing this Forum.

The theme of this Economic Forum is particularly important as trade and transport are inextricably linked. Trade in its turn is engine for economic development. The availability of efficient transport services is a decisive factor international trade expansion. High trade transaction costs reduce a country's welfare and inhibit economic growth by making imports expensive and exports uncompetitive. Developing countries that are landlocked therefore suffer conspicuous disadvantages when competing in global markets against coastal states. Lack of access to the sea and remoteness from major international markets result in prohibitive transit costs for landlocked developing countries; these countries spend on average 2-3 times higher than coastal developing countries and developed economies for international transport services. Excessive transit costs have become a more significant barrier than tariffs for these countries. Many poor landlocked developing countries' exports to the developed markets enjoy a tariff incidence of less than 2 percent of the value of goods. But this is more than offset by transport costs that are usually in excess of 10 percent.

It is particularly timely that this Forum is taking place right after the Sixth Ministerial Conference of the World Trade Organization in Hong Kong that put the Doha Development Round fairly back on track. Trade facilitation is one of the topics of the trade negotiations to clarify and improve relevant aspects of the articles of the GATT relating to freedom of transit, fees and formalities connected with importation and exportation, and publication and administration of trade regulations. Transit issue is a prominent element of these negotiations. Internationally binding rules on trade facilitation will certainly facilitate the speedy movement and clearance of goods to further reduce trade transaction costs.

I am pleased that the OSCE is attaching a renewed attention to transit transport problems of the landlocked countries in Central Asian and Caucasus region. There are seven landlocked in this region, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan located. Mongolia and Afghanistan are also included as the partner countries of the OSCE. The remoteness of these countries from major markets is a key disadvantage compared to their landlocked peers in Central Europe, if we take into our account that land portion of international transport is estimated about 7 times higher than ocean transport, with the nearest seaport for them being between 2000 and 3500 km.

Central Asia faces specific international transit transport problems coincided with their independence. The transport infrastructure and arrangements in place at the previous time are not appropriate in the new context which requires contact with new markets and new sources of imports. The share of the European Union, Turkey, Iran and China in trade with Central Asia is surging. At the same time there has been little reorientation in transit routes to match this new reality. Commodities remain the major export items for these

countries. Continued regional tensions further hinder the smooth movement of goods in transit. Central Asia faces the consequences of being landlocked for their effort to integrate into the world economy and expansion of regional trade. This is the area where international support is much needed.

Transportation, as means of development, must be dealt with in a holistic manner. In addition to its economic aspect, we must integrate also social, health, environmental and security considerations in transport policy formulation. These considerations are particularly relevant for Central Asia, as the region faces problems related to drug trafficking, cross-border crime, terrorism, migration, poor maintenance water infrastructure, unresolved border and territorial dispute etc. There is no simple formula that fits all countries and situations. It is very encouraging, however, that our conference marks an important step forward to our common efforts to address these issues.

In order to place appropriate emphasis on the persisting problems faced by landlocked developing countries, the United Nations convened the International Ministerial Conference of Landlocked and Transit Developing Countries and the Donor Community on Transit Transport Cooperation in the adoption of the Almaty Kazakhstan in August 2003. The Conference resulted in the Almaty Programme of Action; a well focused, comprehensive document which addresses core issues necessary for the progressive integration of landlocked developing countries into the world economy and international trading system through establishing efficient transit systems. The overarching goal of the Programme is to forge partnerships to establish a new global framework for action for establishing efficient transit transport systems in landlocked and transit developing countries. This is a landmark document as the first ever global programme of its kind endorsed by the General Assembly of the United Nations.

The Programme of Action aims to (a) secure access to and from the sea by all means of transport; (b) reduce costs and improve services so as to increase competitiveness of their exports; (c) reduce the delivered costs of imports; (d) address problems, delays and uncertainties in trade routes, (e) develop adequate national networks; (g) reduce loss, damage and deterioration en route; (g) open the way for export expansion; and (h) improve safety of road transport and security of people along the corridors. To achieve these goals the Almaty Programme of Action identifies specific actions in the five priority areas, namely, fundamental transit policy issues; infrastructure development and maintenance, including rail, road, air transport, inland waterways, ports, pipelines and communications; international trade and trade facilitation; international support measures; and implementation and review of the Programme itself.

In the final outcome document of the 2005 United Nations World Summit, world leaders re-iterated their commitment to address the special needs of landlocked developing countries through full and effective implementation of the Almaty Programme of Action. This provides us with a renewed mandate to further strengthen our joint efforts for establishing efficient transit transport system around the world including in Central Asia. The United Nations attaches particular attention to the timely

implementation of the Almaty Programme of Action. The General Assembly reviews the progress of its implementation on annual basis.

The United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States was entrusted with a challenging mandate to ensure the effective implementation of this programme. To start with this important task, my Office has prepared a road map for the implementation of the Almaty Programme of Action to provide guidance and a well-coordinated and coherent approach for the process. The roadmap was endorsed at the inter-agency meeting convened in early February 2004, in New York. It identified areas that would require immediate action. These include the identification of major “missing links” in Africa, Asia and Latin America; the creation of subregional priority projects to develop infrastructure and facilitate trade; establishment of national trade facilitation boards; coherent and coordinated technical assistance; resources mobilization; and promotion of the accession to international conventions on transit and transport.

To consult on practical aspects of the issue last year we convened a High-Level Meeting of International, Regional and Subregional Organizations on their role for the implementation of the Almaty Programme of Action. Representatives from more than 30 organizations, including the World Bank, the WTO, World Customs Organization, UNCTAD, International Road Transport Union as well as African and Asian regional integration organizations consulted on strategies for establishing efficient transit systems and indicators for measuring the progress. I hope the outcome of this Forum would serve as an important addition to our global efforts to improve transit systems of landlocked developing countries.

The United Nations system organizations have actively embarked on the implementation of this Programme of Action in cooperation with other relevant international organizations. The World Bank, UN agencies, including the UN Regional Commissions, are making efforts to promote international cooperation aimed at establishing viable transport networks to expand the intraregional and international trade. The Regional Commissions of the United Nations continue to play a major role. I would like to emphasize, as an example, the importance of the Intergovernmental Agreement on the Asian Highway Network, which covers 140,000 kilometers of highways extending to 32 countries, including 12 landlocked developing countries. The Asian Highway has the potential of integrating countries spread across the huge Asian continent and linking them to Europe.

In conclusion, let me express my deep appreciation to the OSCE for its renewed commitment to support landlocked developing countries. We were encouraged by the statement made by His Excellency Mr. Karel de Gucht, Foreign Minister of Belgium in his capacity as Chairman-in-Office of OSCE at the Security Council of the United Nations on 16 January, in which the Minister expressed the commitment of the OSCE to help landlocked developing countries and to cooperate with the UN Office of the High Representative in this regard. The Almaty Programme of Action provides us with an excellent framework for our cooperation. The 2005 World Summit also requested us to

articulate a set of indicators to monitor the progress in transit transport. This can be one of the areas for our cooperation. My Office welcomes enhanced cooperation and ready to continue our consultations on the details of the framework of collaboration.

I thank you for your attention.

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