Workshop – Quantifying transport costs for landlocked developing countries

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Development Challenges Linked to Landlockedness

- Remoteness from major markets
- Dependency on transit countries
- Infrastructural constraints
- Limited regional integration
- Additional border crossings
- Lack of access to the sea
- High trade transaction costs

Institutional bottlenecks (customs procedures, border crossing rules and regulations, transparency, competition)
LLDCs Transport Costs

- LLDCs’ transport costs are on average 45% higher than coastal economies (UN-OHRLLS, 2013)
- Transport costs are 50% higher in LLDCs (Radelet and Sachs, 1998)
- Median LLDC transport costs are 46%-55% higher than coastal economy (Limao and Venables, 2001)
- Freight payments/total imports higher than 10% in 13 African LLDCs; higher than 20% in 7 LLDCs (Stone, 2001)
Why are LLDCs’ transport costs higher?

- Longer distances to sea ports
- Frequent changes in mode of transport
- Inadequate or low-quality infrastructure
- Dependence on transit countries
- Additional costs in transit
- Inefficient transport systems
- Time losses, delays and inefficiencies at border crossings
Why it is difficult to measure transport costs?

- Different approaches/models
- Limited data availability in LLDCs
- Limitations of data and modelling
- Different modes of transport
- Different methodologies in different regions/transit routes
Common method for quantifying ‘actual’ transport costs

- What would this method or model entail?
- Which data it would use?
- How would it identify and categorize transport costs?
- How would it incorporate the soft and hard infrastructure, measure economic distance, assess efficiency of administrative processes?
Thank You

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