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Challenges and Policy Options Facing the Landlocked

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Geography can be an important factor in determining a country's prospects and being landlocked is a drawback for poor countries. In *The Bottom Billion* Paul Collier highlights how being landlocked is primarily an 'African problem' and how it increases when a nation is surrounded by 'bad neighbors' – a combination which leads to a development trap. But are the costs as great as Collier believes and what are the policy implications? As landlocked countries are not all alike, they should be treated differently and it is important to address the social and political dimensions as well as the technical aspects of getting goods to international markets.

The disadvantages of being landlocked

Being landlocked certainly carries huge costs. This is dramatically underlined by the threat any political turmoil in Kenya poses to Uganda, Rwanda and Burundi's economies. Cargo passing through the Kenyan port of Mombasa accounts for 90 per cent of Uganda's exports and 78 per cent of its imports. The rail link to Uganda was cut apparently in protest against Ugandan President Museveni's recognition of Kenyan President Kibaki's re-election following the disputed poll in December 2007. Therefore, being landlocked is also accompanied by political constraints. Clearly, it is worth exploring Collier's notion that being landlocked with 'bad neighbors' constitutes a 'trap' (Collier 2007: Chapter Four).

Collier on landlocked countries

Collier states that 38 per cent of the population of the Bottom Billion countries lives in landlocked nations. Moreover, 30 per cent of Africa's population lives in landlocked and resource-scare countries. Landlocked nations face greater transport costs and are dependent on the transport, infrastructure and ports of their coastal neighbours. It is more difficult for these countries to integrate into global markets, including manufacturing which to date has been the most reliable driver of development.

At the heart of Collier's analysis is an arresting statistic. He says the average resource-poor landlocked country benefits from cross-border spillover, gaining 0.7 per cent in growth when wealthy neighbours grow by 1 per cent – Switzerland is a prime example. But in Africa such spillover effects are only 0.2 per cent.

Collier's recommendations for development strategies in landlocked countries are to:

- Increase spillovers through regional cross-border trade
- Improve regional economic policy and investment in transport corridors to the coast
- Take advantage of air and e-mail; become havens for services and niche markets
- Encourage migration and investment of remittances
- Create a transparent, investor-friendly environment for resource prospecting
- Attract aid from donors.

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However, are the downsides as significant as Collier argues? Most African landlocked countries are engaged in unregistered cross-border trade, especially in livestock. The true volumes are unknown, making the data needed to support Collier's statistics unreliable. Also, the definition of being landlocked is unclear. Collier himself notes that Sudan could be treated as 'landlocked' since most people live far from the Red Sea. The uncertainty is understandable if 'coastal' and 'landlocked' are acknowledged as geo-political concepts, not just fixed geographical facts. But the indeterminacy undermines the credence one can give to the chapter's central statistic on spillovers. In subsequent correspondence Collier has declined to name the countries included in his analysis. He paints the big picture and while the statistics sound plausible, they cannot be grounded.

Resource rich or resource poor?

Labelling countries according to their natural resources appears unproblematic. Those with oil, diamonds, minerals or valued natural resources can surely be counted as rich. But when exploitation takes place in secured enclaves run by multinational enterprises with strong global links, spillovers to local societies are minimal. Concentrations of high-value resources are found at various points in the vast territory of the Democratic Republic of Congo (DRC). But with no central national government exercising control throughout the DRC can it be classed as a resource-rich country?

Industrialised landlocked countries also fall into another ambiguous category. For example, up until the mid-1970s indicators measuring industrialisation, urbanisation and modernisation showed development in Zambia. Investment in copper mining had brought far-reaching social investment. The business of mining involved not only mineral extraction, but a broad, long-term social project and being landlocked hadn't crippled mineral exports or economic growth. This was followed by global disconnection (largely because world copper prices fell), economic decline and mass redundancies. Is Zambia now resource-rich or resource-poor?

Variations between landlocked countries

Africa's landlocked countries differ greatly with respect to their population size and density, and their livestock/agricultural production and potential. For any development project, population and non-export resources still matter. Informal or non-regulated cross-border trade (such as in livestock) has been far more prevalent than economic statistics suggest. The description of landlocked countries reveals their quite different situations:

- Arid countries of the Sahel with low population density (less than 10 persons per square kilometres) and livestock resources: Niger, Mali, Chad
- Sahel countries with mixed resources and higher densities (around 50 persons per square kilometres): Burkina Faso, Ethiopia
- Densely populated countries (more than 100 persons per square kilometres) with agricultural resources: Uganda, Rwanda, Burundi, Malawi
- Industrial, urbanised countries: Zambia, Zimbabwe.

The impact of national borders

Collier raises the important question of what national boundaries mean in a globalising world. This is a useful contribution on a topic barely addressed in development debates. Africa is dealing with the legacy of the scramble for territory by competing colonial powers, followed by an enduring idea of national sovereignty backed up by international institutions. Colonial history was very different in the Americas, where only Bolivia is landlocked (the outcome of a post-colonial war when Chile appropriated the country's corridor to the Pacific Ocean). However, this hasn't stopped Bolivia remaining a leading exporter of minerals and a supplier of livestock products to neighbours.

Collier argues that exclusion from the global economy has made the Bottom Billion hunker down within their national boundaries. Africa is stuck in outmoded economic nationalism, shored up not only by local political actors but also donor agencies and other powerful outsiders who insist on taking the national perspective as a framework for policymaking and planning. In the international media Africa is portrayed either as homogeneous, poor and crisis-ridden; or as a collection of weak nation states. Both reinforce a view of Africa's marginality where the landlocked are the most peripheral and marginal of all. The bad image does little to foster investment or economic optimism.

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The impact of globalisation

For Collier, economic growth stands a better chance when national boundaries are breached, connections are made to regional and global markets, people move across frontiers, and capital flows unhindered between countries. In the North, regional economic integration is based on production. Is the same model applicable to the South? Current investment patterns in Africa challenge the celebratory image of this model of global capital flows. Transnational capital is transient and can easily be moved from country to country. Therefore, it is concentrated in enclaves in a few resource-rich localities and huge regions are left untouched. No social project (as used to be the case in Zambia) is connected to mining investments.

Moreover, the history of capital flows matters for development today. To complement data on current spillover effects, one needs time series data on the movement of private investment in and out of landlocked states. What was the effect of structural adjustment policies in the 1980s (meant to encourage private investment and cut back the state) on poor landlocked countries? How destructive was it? How did economic growth and resource-rich come to refer only to exploitative, predatory, capitalist relations (the resource curse) that separated growth from local-regional linkages and from the social benefits growth was supposed to bring? Collier's policy prescription of creating a transparent, investor-friendly environment for resource prospecting does not address the social costs that this predatory form of exploitation brings. Also, he does not address understanding the different reactions to structural adjustment policies. This is important as such responses underpin an enormous rise in non-regulated trade that has boomed since the 1980s, absorbing many whose livelihoods were destroyed as well as difficult groups such as demobilised soldiers.

Non-regulated regional trade

Obviously no figures exist that can demonstrate the magnitude of this trade or its prevalence in landlocked countries. It includes traditional patterns of trading, such as bringing livestock from landlocked countries of the Sahel to neighbouring coastal markets. But recent growth reflects global processes at work. Through trans-border trade linking landlocked nations, rebel armies can gather arms, foodstuffs, and goods to support themselves and their backers when they are ostensibly unable to access formal trade.

Furthermore, non-regulated trading is not limited to conflict situations, nor does it necessarily involve violence. New integrated regions are emerging, such as the Chad basin (composed of coastal and landlocked countries), through the flow of small arms, black-market petrol, vehicles, gold, hardware, electronics, and Asian textiles. Trading networks provide a means of support for many people and also promote new forms of privilege, authority and wealth involving the state at various junctures where economic entrepreneurs get entangled with political cliques. They tend towards protectionism and resist attempts to bring them into the regulated economy. While economic integration in the North is based on production, the non-regulated shadow economy is based on trade, and only guessed in official statistics.

Implications for policy

- **Treat landlocked countries differently:** Landlocked nations are not all the same and policymakers need to recognise their varying circumstances and amend their prescriptions accordingly. Some have relatively stable, reliable access to ports (Zambia, Ethiopia, Botswana) whereas others do not.
- **Build local and regional economies:** Population density and the local resource base still matter. Traditional forms of trading, such as taking livestock from the Sahel to neighbouring markets, could be assisted through aid policy. This calls for market protection and a stop to the damage that import dumping from EU countries does to local economies and regional trade.
- **Recognise socio-political implications of transport infrastructure:** Investment in, and the protection of, regional transport corridors are important, as Collier suggests. High transport costs are particularly a problem for the kind of market liberalism and export growth economic model that Collier believes in for Africa. Yet, against the odds, much local trading does take place. With respect to local infrastructure improvement, a caveat needs to be added. While the literature on the positive effects of roads for rural development is well-known and strong, transport infrastructure needs to be seen in social and political terms

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and not simply as a technical fix. When roads open up areas to trade, much depends on the ability of locals to control access to the resources on which their livelihoods depend. Roads must be approached with great caution when local property rights are insecure and greater resource exploitation can impoverish the bulk of the population.

- **Promote unregulated cross-border trade:**
  There have been tendencies in development debates to label unregulated trading activities either as criminal, violent derivatives of armed conflict, or as an informal (largely benign) way for the poor to win livelihoods. Neither perspective does justice to the reality that unregulated cross-border trade generates new forms of wealth and power, nor to the challenge such trading networks pose to governance by state authorities. Policy recommendations are first of all to recognise the phenomenon and then acquire greater knowledge and understanding of informal non-regulated trading networks as a counterpart to the formal, measurable activities of national economies.

Further Reading

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