

ARTICLES

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TRADE AND ECONOMIC ISSUES OF LANDLOCKED STATES AND THEIR INTERNATIONAL LEGAL REGULATION

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Abstract: As shipping still plays a central role in world trade, and geographic location is also of great political and economic importance, the article discusses not only the main problems of states that do not have access to high seas, but also their current issues, their significance and role in the difficult conditions of globalization of international economic relations. At the same time the author describes some problems related to the difficulties in improving transit-transport legal relations and the customs system of this group of countries. Although the lack of access to the sea creates certain problems, they are not insoluble ones as geographic factors are only one aspect of the issue. There could be practical solutions, including integrated approaches to the creation of transit corridors or general regional integration, legislation reforms, fundamental institutional and administrative changes. The article substantiates the active advancing of foreign economic cooperation and partnership of all states on a mutually beneficial, equal and civilized basis.

Keywords: international trade, landlocked countries, transport security, transit, customs system, international legal acts, new economic world order.

As an eminent scholar of his time, Adam Smith, wisely noted in his unique monument to economic thought: “in addition to having a free market economy, the geographical

location, access to the sea and, consequently, to trade routes, are essential for the indicators of the country's economic activity".¹

Over time, due to the intellectual development of mankind and other factors, the rail, land, sea, air and pipeline means of transportation, as well as telecommunication and modern information technologies have reduced the advantages of coastal countries compared to landlocked countries. However, maritime transport still plays a central role in world trade, and the geographical location is of great political and economic importance.

According to the Human Development Index², nine out of twelve modern states are landlocked³. Although the share of developing countries included into this group accounts for more than 12% of the land and more than 4% of the Earth's population, their total gross domestic product is insignificant (only 0.3% of world GDP). Moreover, without having the direct access to the oceans, this group of states is forced to spend an average of 15% of export revenues on transportation costs. And for a number of African countries, this figure reaches 50%, other developing countries spend 7% of GDP on these services, while industrialized countries spend only 4%. It is generally recognized that access to the sea is of fundamental importance not only for the economic activities of the country and, accordingly, to the trade routes. In this regard, the absence of such access creates certain problems: in particular, neighboring states may have economic or even military reasons for blocking access to the sea or transit through their territory.

It is also obvious that such a group of countries, i.e. those who do not have direct access to the sea coast, and who, accordingly, cannot participate in maritime trade, may have specific problems. Unlike their neighboring coastal countries, from the very beginning they may face many difficulties in their trading activities. This situation is almost always worse if the lack of access to the sea is aggravated by other factors, such as distance from main markets, tropical climate, long distance from the coast, poor infrastructure or lack of adequate political, legal or institutional conditions. In today's world of competition, landlocked countries tend to be in a difficult, unequal position.

It should be noted that, relatively recently, the United Nations began to pay closer attention to the problems of landlocked states, which was reflected, in particular, in the work of its Economic and Social Council⁴. In fact, at the beginning of the 21 century,

¹ See A. Smith. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Moscow, Nauka Publ., 1993.

² HDI is an integral indicator that is officially calculated annually by the UN for interstate comparison and measurement of living standards, literacy, education and life span, as the main characteristics of the human potential of the studied territory, and a tool for general comparison of the level of different countries and regions. The index is published in the framework of the UN Development Program in annual reports on human development since 1990 (for more information, see Wikipedia online).

³ In other cases, according to the UN representative A. K. Choudhury in UN publications, there are 30 such countries named as the least developed countries, landlocked developing countries, and small island developing countries (see UN Chronicle no. 4., 2003, p. 13: <https://www.un.org/chronicle>).

⁴ In particular, Economic Commission for Europe, Committee for Trade, Industry and Enterprise Development (sixth session, May 2002, subject: "Landlocked Countries"); see UN document TRADE/2002/23: this document was issued as a reference material for the International Forum on Trade Facilitation (May 29-30, 2002) and the round table of the Committee on the Implementation of Trade Facilitation Measures in Countries in Transition (May 31, 2002).

for the first time this doubly “destitute” group of states received the UN-approved Declaration and Program of Action, by which the representatives of transit countries, donor countries, UN specialized agencies, civil society organizations and the private sector expressed their support for this group.

Modern practice and statistics show that, in general, although the international community, including international organizations, banks, bilateral assistance agencies, foundations and non-governmental organizations, make some efforts to promote the development process, the difference in income between rich and poor countries is not decreasing, but, on the contrary, is increasing. Apart from a few landlocked countries located in Europe, most of these countries are not “rich”. Many of the “poorest” countries in the world, including a large number of African countries, are landlocked, and their position requires the closest attention and study.

On the other hand, despite the fact that the lack of access to the sea creates certain problems, they are not insoluble. Many of the problems faced by landlocked countries, for example, have some practical solutions, including integrated approaches to the creation of transit corridors. There are general development activities for regional integration, regulatory reforms, fundamental institutional and administrative changes, special mechanisms for international protection, as well as an in-depth analysis of the structure of foreign trade of each landlocked country and its adequacy in terms of transportation.

As for the geographical factors, they are only one aspect of the problem. It is noteworthy that multilateral and regional trade agreements (in economic regions, customs zones, free trade zones, or developing trade regions) provide for a steady reduction of tariffs. The international exchange of goods and services and the integration of production and distribution systems are being increasingly stimulated, and therefore the improvement of the physical transfer of goods, i.e., the actual transportation within the sovereign territories of the countries, through and through them, plays a primary role.

As we can see, at present the problem is not mainly about access to world markets, but the actual delivery of goods without serious delays and cost increase due to legal, administrative, customs or technical barriers. This is a real problem for all countries, but it is especially acutely felt by landlocked countries, and in particular by developing or so-called “remote countries” that are landlocked.

Regarding the right of states to access to the high seas, in accordance with the fundamental provisions and principles of modern international law, enshrined, in particular, in the UN Convention on the Law of the Sea (1982, Part X), landlocked countries have the right of access to high seas.

In practice, this right is realized through the conclusion of special agreements between interested landlocked states and transit states. In addition, landlocked countries may own ships under their flag based in foreign ports, for example, Czech ships are using the port of Szczecin on the basis of an agreement with Poland.

Landlocked countries are known to enjoy all rights on an equal footing in the high seas: in particular, they have the right for navigation, fishery, flights of aircrafts, laying submarine cables and pipelines.

In our opinion, it is worthwhile to find and study the most common and significant problems that landlocked states face in practice. However, it is necessary to take into account examples showing how individual states or organizations manage to overcome some difficulties. Here, first of all, we have in mind the experience and practice of certain Eastern and Central European countries (Hungary), post-Soviet countries of Central Asia with transition economies, and Switzerland, as a country, which is although being landlocked, but achieved great economic success.

First of all, there is a so-called, double vulnerability of landlocked states which is one of their significant problems, i.e. they are a) vulnerable in their own right and b) vulnerable due to dependence on one, even several transit countries. In fact, they are not only deprived of access to the sea, but, often, their neighboring states are not interested in passing of goods through their borders. In practice and it usually the case, neighboring countries may have additional, economic or military grounds (incentives) in order to block access to the sea or transit of goods through their territory.

Secondly, as we know, the coordination of the functioning of the relevant transport infrastructure in one country is already an uneasy task, and handling it across borders with another state is even more difficult. It is therefore not surprising that the high transport costs caused by infrastructure deficiencies, delays, charges or certain procedures in a transit country make the land part of the transportation of goods for landlocked countries very expensive and force these countries to store large amounts of stocks. For most landlocked countries, high transport costs¹ remain the most serious obstacle to access, on fair and equal terms, to world markets and competition with other countries.

As it can be seen, the closer a landlocked country is located to the coast, the more it can benefit from relatively small transportation costs by sea. If a landlocked country is connected by navigable inland waterways with the coast, the isolation becomes a less acute problem. And if, in addition, there is the necessary infrastructure, that is, roads and railways, ports, then the severity of the problem associated with geographic remoteness is even further reduced.

However, on the other hand, this requires the appropriate cooperation and partnership with the transit country. For example, in order to increase the flow of goods to and from Rwanda and Uganda, it was necessary to modernize the rail system in Kenya. A coordinated approach towards infrastructure development is also needed. Over a long time an example of insufficiently coordinated infrastructure development

¹ How the geographical position of a country determines transportation costs can be illustrated by the following examples. The cost of shipping a standard container from Baltimore (United States) to the Ivory Coast at that time was about \$3,000. The cost of shipping the same container to the Central African Republic, which is landlocked, was \$13,000 (see Hausmann, Ricardo, *Prisoners of Geography in "Foreign Policy"*, January 2001). An even more illustrative example is the delivery of a standard container from Rotterdam in the Netherlands to Dar es Salaam in Tanzania, where the distance by air is 7,300 km, for \$1,400, and then transporting it to Kigali in Rwanda by road, covering the distance of only 1,280 km for the fee twice as expensive (see Jeffrey D. Sachs, Andrew D. Mellinger, John L. Gallup, *The Geography of Poverty and Wealth*, *Scientific American*, April 2001).

was the Paraná River basin in Paraguay. Only after the agreement was signed with MERCOSUR in 1990s, which facilitated the use of inland waterways for the transport of goods by barges, was it possible to use part of the agricultural potential of landlocked Paraguay.

It should be noted that often the costs of landlocked countries are increased not only because of the lack of adequate infrastructure, but also because of industrial problems associated with production facilities. For example, it can happen due to the lack of containerization and poor development of cargo handling facilities as well as due to the unsatisfactory condition of the railway, rolling stock or ships and barges.

As a result, landlocked countries may miss the existing or potential opportunities, as they, and their transit partners, often do not show enough flexibility in responding to the increased demand for goods caused, for example, by the crop failure in another part of the world. Such problems with capacity, as a rule, are underestimated, and often there are even greater difficulties for the acquisition of new conveyances.

Obviously, many of the above-mentioned problems lead to weak economic growth in landlocked African countries that are far from markets and sea trade routes and which are generally not accessible to ocean vessels, since their river systems have impassable rapids and conditions for these vessels. Thus, it is known that in the West African Economic and Monetary Union (WUEMO) some of the most important railway lines were built in colonial times – in 1920s or 1950s. In order for landlocked countries to deliver their goods to ports, the problem of their reconstruction is crucial. According to the East African Cooperation Organization, an intergovernmental organization established by Kenya, Uganda and Tanzania, 84% of the three countries' road network require immediate action, i.e. only 16% of roads are being renewed or serviced from time to time¹. However, it is noteworthy that in Africa there are three landlocked countries (Botswana, Lesotho and Eswatini), where to a certain extent most stable growth rates are observed.

In the modern era, economic and production difficulties for this group of countries are aggravated by the fact that nowadays in the world new methods of production and trade are increasingly spreading, such as global networks for the supply of raw materials, just-in-time production systems, as well as other factors.

Of course, it cannot be ignored that these trends make transport costs and delivery times in particular, the main factors determining the modern nature of the development of world trade, and the structure of foreign investment. And this, in turn, leads to the fact that landlocked states, due to high transport costs and geographical distance from ports and world markets, as a rule, find themselves at a disadvantaged position, when their competitiveness in these markets is being questioned.

There is no doubt that in order to achieve economic success, this group of countries must be able to compete in equal and mutually beneficial conditions, which, as we know, depends on the availability and condition of the so-called preferential access of their

¹ See, for example, Economic Commission for Africa, *Economic Report on Africa 2000: Transforming Africa's Economies*, Addis Ababa, 2001.

export goods to ports and world markets. And their neighboring states, in particular, transit countries, should not only show their “good will”, but also provide them with more preferential, easy access to seaports.

Naturally, this does not apply to those transit countries that belong to developing countries and have to export their products, goods, sometimes, of the same variety and nature as much as possible. Therefore, there is an additional need to support their economies from donor countries so that they, in turn, can provide assistance to countries that do not have access to the sea.

Transit countries may also be developing ones and they may need support, which, in turn, may benefit landlocked states as well. Especially if railways and highways, pipelines, ports, waterways and airports and their infrastructures are developed in transit countries, this will contribute to the development and achievement of economic success, both in transit countries and in landlocked states. Therefore, a situation may arise when the countries mentioned will have mutual benefit.

As a rule, when carrying out foreign economic activity, trade participants are faced with the need to cross state borders, the regime of which is established in accordance with its domestic legislation and its international treaties. Modern practice shows that usually there arise the issues of maintenance of the border, its intersection by passengers and vehicles, movement of goods and cargo, management of economic and other legal activities in the border area.

In this case, the issue of the strict observance of the international legal status of the state border takes on special significance, since its presence has corresponding legal consequences. Taking into account this circumstance, the legislation of the overwhelming majority of modern states, including the post-Soviet states, provides for the creation of an institution border representatives (commissioners) for resolving issues of compliance with the regime of state borders, regulation and inadmissibility of border incidents, maintaining cooperation and partnership, including foreign economic activity.

As for the economic aspect, the mere fact that there is a need to cross borders already significantly increases the total amount of expenses and formalities that trade participants have to perform. If the presence of a border leads to such significant costs in trade between highly developed countries, then it is quite obvious that countries with underdeveloped trade and customs infrastructure face even more costly obstacles, even including border conflicts. Therefore, it is imperative to find opportunities for the international legal settlement of such issues as, for example: a) simplification of customs procedures reflected in the relevant documentation; b) introduction and implementation of electronic processing of documentation; c) creation of a favorable institutional environment for progress in this area, etc.

The experience of some modern states, even in areas with a high level of economic integration and firm political commitments, such as the European Union, shows that it took some time to harmonize customs procedures and eventually abolish internal borders. This refers, in particular, to Hungary joining the EU, which required the

implementation of the necessary reforms with the adoption of appropriate legislative measures, and the strengthening of administrative and operational capacity, as well as the development of information technology systems and training, and the coordination of law enforcement and customs activities.

Of particular international legal importance was the development of agreements at the international level in order to expand cooperation and partnership in the customs field, which ultimately serves as an example of what should be done for any state to facilitate the movement of goods across national and international borders.

The consequences of being landlocked are also determined by factors such as proximity to markets and the structure of exports. There is a clear relationship between the presence of major markets “just outside the border”, as is the case of landlocked European countries, and the ability to reduce the consequences of being landlocked, i.e., the need to bear high transportation costs.

There is also a relationship between lack of access to the sea and the choice to export high value goods, especially high value added goods. In this case, transport costs account for a much smaller part of the final cost, and the fact that there is no access to the sea becomes insignificant. This has been the case for Switzerland for centuries. In addition to other factors such as favorable trade agreements and proximity to large markets, the export of high value added goods was an important reason that lack of access to the sea did not play a particular role for the country.

At the same time, access to markets for landlocked countries and their ability to trade, i.e., to effectively and economically move exports and imports, are key elements in maintaining consumption levels and promoting economic growth. Trade is also of great importance in terms of economic restructuring of landlocked developing countries, which often seek to compensate for the effects of deteriorating terms of trade, civil unrest or natural disasters. Costly and unreliable transportation slows the development of trade and is complicated by the problem of transit.

In addition to these problems, another obstacle faced by landlocked countries is that they have to use the transit through the territory of another country, i.e. a sovereign subject of international law with their own economic political, military and transportation tasks. The competitiveness of landlocked countries in trade is further reduced due to “transit fees”, which they cannot directly control. For example, harbor dues, tolls, forwarding fees may be set in bilateral or multilateral agreements with the country or countries of transit.

Modern practice shows that, for example, goods imported by a firm in Vienna and manufactured in Japan can enter the territory of the European Union in Hamburg, from where they are loaded onto vehicles for road transportation to Vienna. If they are subject to the transit regime¹, then duties and taxes are paid not in Hamburg, but in

¹ Among other documents, the following should be mentioned: the UN Convention on transit trade of landlocked countries in 1965; General Agreement on Tariffs and Trade (Article V); International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto, 1973); Convention

Vienna, where goods enter the market. In this case, on the way between the two cities, the goods, as a rule, are not subject to duties and cannot enter free circulation.

Currently, there is a number of existing documents (with the appropriate additions and amendments) related to the problems of international legal regulation of the transit regime, one of which is TIR Convention – the Convention on International Transport of Goods using the International Road Transport carnets (1975)¹. This Convention continues to be used by a huge number of transport companies in more than 50 countries across Europe, Central Asia and the Middle East, giving, for example, the right for road transport operators to cross borders during international and transit transportation without performing complicated transit and customs procedures and related costs².

The international legal significance of this Convention, in particular, is in the fact that it allows to limit the application of the document (TIR Carnet), and also provides for appropriate international guarantees in case of violations and during the coordination of customs procedures.

It is noteworthy that landlocked countries may depend on one or more transit countries or may have several options for accessing ports using highways, inland waterways or railways. Conditions for the use of transit corridors are usually contained in bilateral transit treaties, resulting in the fact that there is little choice left for landlocked countries.

Generally, treaties also include provisions regarding the carriage of dangerous goods and the rules to be followed in such cases, import / export procedures, detailing the necessary customs documents, the necessary insurance policies or bank guarantees. Some agreements may also include permit quotas, environmental restrictions and taxes

on the Contract for the International Carriage of Goods by Road 1956; International Convention on the Harmonization of Frontier Controls of Goods 1982, etc.

Transit rights were also enshrined in much "older" documents, such as Convention and the Statute on Freedom of Transit of the League of Nations 1921; Convention and Statute on the International Regime of Seaports of the League of Nations 1923; Declaration recognising the Right to a Flag of States having no Sea-coast 1921; or one of the oldest transit documents, namely the Revised Convention on the Navigation of the Rhine of 1868 and others.

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² The TIR (International Road Transports) system can now be used, for example, for transporting goods from Kazakhstan to Portugal (East-West direction). There are signs with the letters "TIR" on thousands of trucks in Europe, which indicate that they use the customs transit procedure of the TIR (about 3 million TIR operations are carried out per year).

or tolls. Even in Europe, road transport services have traditionally been regulated by bilateral intergovernmental agreements, on the basis of which governments annually agreed on quotas for issuing permits for transit transport by both freight and passenger vehicles. In 1980s, with the introduction of Community quotas, gradual liberalization began, which has now led to an almost complete abolition of restrictions.

These circumstances and legal issues, although being not final, give a clear idea of a difficult situation the landlocked countries may encounter. In most cases, the situation is further complicated by lack of infrastructure, maintenance problems, lengthy customs procedures, poor handling of cargo at the terminals and lack of interaction between the various institutions involved in the transit process. Also poor organization of work in ports can lead to delays in ports exceeding the actual time of sea transport of goods. However, in many cases, transit countries as well as landlocked countries, are developing and face the same problems in terms of infrastructure, institutional, administrative and regulatory frameworks.

In the modern era, in addition to deficiencies in the transit transport system and infrastructure, transport security¹ remains a major problem of particular importance not only for transit countries, but also landlocked countries, since transit is essentially an expensive enterprise both for landlocked countries and for transit countries. It is easier and cheaper to conduct transit in the context of integration, cooperation and partnership,² taking into account the general perspective, growing potential of transit countries, coastal countries and landlocked countries.

It is generally recognized that ensuring transport security in any international traffic is also one of the key issues of modern international transport law. Its solution is not only an important task for international transport organizations, but is also considered as an integral part of the state's transport policy. Therefore, it is not by chance that some authors consider the concept of transport safety as the "situation reflecting the degree of protection of persons involved in transportation from traffic accidents and their negative consequences".³

Among the issues of international legal regulation of trade and economic problems of landlocked countries, a special place in solving them is taken by the issue of regional approach, in particular, in identifying and installing appropriate transport corridors that allow the maximum expansion of mutually beneficial and equitable foreign economic cooperation. One of the proofs of such expediency is the existing transport corridor Europe-Caucasus-Asia, existing in accordance with the TRACECA project.

¹ See, for example, O.F. Efendiyeu, *International legal regulation of economic cooperation of states in the transportation sector*, ADS Grupp Publ., Moscow, 2011, p. 7-27; E. Aliyev, O. Efendiyeu, *International transport law and its institutions*, Course book, "Gyunash-B" Publ., Baku, 2016, p. 168-206, etc.

² See O. F. Efendiyeu, On the issue of cooperation and partnership in international law, *Transport Law*, no. 4, Baku, p. 6-22, etc.

³ See E. Aliyev, O. Efendiyeu, *Ibid*, p. 168.

Time has shown that the emergence and existence of the TRACECA transport corridor, organized in accordance with the EU program in 1993, not only contributes to the maximum expansion of beneficial interregional cooperation and partnership, but is also an important and effective example for the economic development of the participating states.

In practical terms, the efforts of some post-Soviet countries, for example, Azerbaijan, Georgia and Kazakhstan in increasing the volume of traffic along this corridor, are important for the implementation of container cargo using seaports like Aktau-Baku-Poti / Batumi for the development of infrastructure for this project and other projects, such as Kars-Akhalkalaki-Tbilisi-Baku.¹ Thus, the priority task of the economic development of these countries has become the task of establishing and using the multimodal transportation of goods in the western direction.² And since the beginning of 2006, the operation of the Poti-Baku-Aktau-Almaty route has thus created a favorable environment for improving the efficiency of the TRACECA transport corridor and the development of container (direct port) traffic.³

Today, this international transport corridor is officially recognized by leading international organizations as one of the natural transit bridges connecting Europe with Asia, as a revived Great Silk Road.⁴ One of the main objectives of the corridor is the implementation of a coordinated approach to the concept of international freight transport. Another important task is to systematically harmonize laws and amend them so that they meet the requirements of international legal norms and principles, as well as the adoption of new legislation that will regulate and improve international freight traffic. The third, essential aspect of the TRACECA project from the start is to contribute to the covering of other countries. Thus, the project stimulated the signing of bilateral treaties, for example, with Romania – a country located in the Danube River Basin – and aroused interest in the Republic of Korea, China, Italy, Poland and Estonia to study the possibility of creating railway corridors.

¹ On the significance of the solution for this problem, see, for example, R. Mirzayev, Transport communications and geopolitics in the Great Silk Road region, *Central Asia and the Caucasus*, 2005, no. 2 (38), p. 109-119.

² According to the project, already in December 2005, the first container ship of 26 carriages came from the port of Poti to Baku, which essentially increased the volume of freight traffic along this transport corridor.

³ See E. Aliyev, O. Efendiyev, *Ibid*, p. 653.

⁴ As is known, this corridor starts in the countries of Eastern Europe (Bulgaria, Moldova, Romania, Ukraine) and crosses Turkey. Further, the route follows through the Black Sea to the ports of Poti and Batumi in Georgia, then activates the transport network of the South Caucasus countries, as well as Iran, using land communication with this region from Turkey. From Azerbaijan through the Caspian ferries (Baku – Turkmenbashi, Baku – Aktau), the TRACECA route enters the railway networks of the Central Asian states – Turkmenistan and Kazakhstan, transport routes of which are connected with routes in Uzbekistan, Kyrgyzstan, Tajikistan and reaches the borders with China and Afghanistan, while Central Asia has both land and sea links with Iran.

However, in one way or another, in any transit agreement between landlocked countries and transit countries, the “activity” of any corridors requires careful analysis, since they ultimately define the most key issues such as the sum of total or unofficial expenses, or the time spent on transit. This is very important for landlocked countries, since, naturally, they may have certain opportunities to defend their economic interests. The flow of goods serves as a source of income for the transit country and is very necessary in order to make the available capacity profitable. For these reasons, transit countries are often very interested in concluding “favorable” treaties in order to attract wider flows of goods and passengers.

Among the basic criteria that allow to compare, evaluate and select transit corridors, there are some particularly important factors that deserve close attention and in some cases should be mentioned in formal transit agreements, for example, when transit routes through different countries are compared, as well as provisions for trade facilitating tools. These include, first of all, the procedures and documents necessary for import / export and customs procedures, the unification of regulations in the field of transport, control mechanisms enabling both the transit country and the landlocked country to control the compliance with the stipulated in agreement points, etc.

The issue of simplification and standardization of procedures and documentation, which significantly help to overcome the primary difficulties, is important for improving the transit transport processes, both for countries that have and do not have such access to the sea. One of the serious obstacles are, for example, outdated and inefficient transit procedures, which create opportunities for offenses, fraud and abuse in the transit of cargo flows.

Obviously, one of the most appropriate approaches to the issue of transit is an integrated regional approach, which covers all relevant issues, focuses on finding possible solutions and supporting positive reforms in all countries through which goods move, including landlocked countries. At the same time, it is believed that the relevant intergovernmental agreements are an important prerequisite, since they are able to regulate access to transit corridors and their use and potentially contribute to harmonizing regulations.

An effective means of implementing and enforcing the agreed provisions is cross-border cooperation and partnership between institutions, for example, between the customs authorities of one region or subregion, in which even transport operators can participate, making transit procedures more diligently followed and controlled. This is demonstrated by the example of the contact group on transit issues established under the auspices of the European Convention on Common Transit.

Currently, in the regional aspect, the Central Asian countries that do not have access to the sea, in contrast, for example, to the states of Central Europe, are geographically located relatively far from the markets, which is not only a serious factor, but also a clear disadvantage for the economic activity. This is especially true of those post-Soviet countries in which the process of market transformation is underway.

Although the countries of this region have a very peculiar historical heritage, until the beginning of the twentieth century the pace of their urbanization was very low, as was the participation in international trade. Moreover, in the twentieth century the geopolitical position of the Central Asian region has led to a reduction in the exchange of goods and services within the region, in order to strictly follow the centralized former Soviet policy of trade oriented mainly on the CMEA countries.

It is also noteworthy that the landlocked countries of Central Asia, in essence, have been trading since ancient times, with trade booming since 3000 BC. Being along the ancient Silk Road, they actively participated in trade, both with the East and with the West. Only in the last decade, due to fast-growing scientific, technical, technological and other achievements and factors, as well as searching for the alternative land and sea ways, transport and trade routes have become relatively stable and safe, although the excessively high transport costs in many cases add up to more than half of the cost of imported goods.

Nevertheless, over the past 10 years, the countries of Central Asia have been able to create and launch a number of transit routes, including important pipelines for the export of energy through the territory of the Russian Federation, the Azerbaijan Republic, Kazakhstan, and Turkmenistan. In addition, the territory of China, India, and Iran became more actively used for transit traffic by rail and roads. Ferry crossings across the Caspian Sea allow to conduct transit by rail, road, and pipeline transport on a large scale.

These main transport corridors have already created for landlocked Central Asian countries good prerequisites and opportunities for the development of trade, although much remains to be done, especially in terms of maintenance, modernization and rebuilding the infrastructure. And this, in turn, is a priority task for the implementation and development of projects that assist the development of transport, carried out with the support of several international institutions.¹

Regarding both regional and subregional cooperation or integration, it can be noted that the countries of Central Asia have not yet achieved the desired success, which, apparently, is theoretically possible. In fact, the development of favorable border relations, and accordingly, the flow and transit of goods within the region towards other markets, is hindered by numerous difficulties, from security to armed conflicts.

However, for comparison, it can be noted that, in particular, Switzerland, being one of the most important European countries with high export quotas and transit routes, has achieved the greatest success among all landlocked countries, it does not suffer from being landlocked and experiences no negative consequences from it. Moreover,

¹ For example, the special programs UNECE and ESCAP for the Countries of Central Asia (SPECA); European Bank for Reconstruction and Development; Asian Development Bank; United Nations Development Program (UNDP); World Bank; Islamic Development Bank; European Union TRACECA project). In addition, among the tasks of many of the above mentioned international institutions in the field of infrastructure development, the efforts to restore the former Silk Road play an important part.

Switzerland has a commercial fleet, which is enshrined in a number of authoritative international legal acts.¹

In short, Switzerland has found solutions to remove barriers to transport, paying more attention to transport policy and alternative transport. The country has succeeded in reducing the impact of possible high transport costs, which are often associated with a lack of access to the sea, through industrial and trade policies that favor the export of high-value or high-value-added products and services. Switzerland looked for alternatives and responses in a regional context, without joining the main regional groupings. Moreover, very importantly, transport routes were laid, and transportation agreements were concluded taking into account economic rather than political considerations.

As it can be seen, the problems associated with the geographical location, in general, can be solved. The geographic location, i.e., the lack of access to the sea naturally affects decisions in the field of economy, infrastructure and politics, but it cannot be blamed for all the problems of economic, social and political development that the country faces.

It is clear that the lack of access to the sea is very closely intertwined and interconnected with a number of complex tasks and problems, and therefore this task cannot be solved in isolation. Landlocked and coastal governments, as well as the international community and donor agencies, tend to place more emphasis on this multi-faceted combination of objectives and aspects. Naturally, there are priority measures for which efforts are being made by the international community, for example, to simplify trade and customs procedures, develop infrastructure in border areas or coordinate and implement regional or sub-regional approaches. All of this is of exceptional, momentous significance for the formation and strengthening, in general, of a new economic law and order.

Precisely the solution of these tasks and other topical issues was sought at a high diplomatic level at the meeting of permanent representatives to the UN Group of Landlocked Developing Countries in July 2014 in Almaty.² The purpose of the event was to discuss the implementation of the Almaty Program of Action (APA), adopted at the International Conference of Ministers of Landlocked Developing Countries (August

¹ For example, the League of Nations Declaration recognising the Right to a Flag of States having no Sea-coast (1921), the UN Convention on the High Seas (1958), the UN Convention on the Law of the Sea (1982) and other documents. Due to the needs that arose during the two world wars, the merchant fleet was maintained so that the Swiss transport companies had opportunities for development. The merchant fleet, which originally belonged to the government, was sold to private investors and shipping companies and continues to operate successfully.

² It should be noted that already in Almaty in August 2003, a Declaration and Program of Action were adopted to ensure access to maritime transport for the states. This Program is practically the only "roadmap" meeting the special needs of landlocked developing countries. It contains specific measures and recommendations regarding transit transport policies and the development of transport infrastructure.

At the latter event among the participating representatives there were: Deputy UN Secretary-General, High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States Mr Gyan Chandra Acharya, Minister of Foreign Affairs of Kazakhstan, Executive Secretary of the Ministry of Transport and Communications of Kazakhstan, as well as representatives of some international organizations such as UNCTAD, ESCAP and WTO.

2003). This program is practically the only one that is a “road map” in the interests of meeting the trade and economic needs of landlocked developing countries. It contains specific measures and recommendations regarding the strategy and policies in the field of transit traffic and the development of transport infrastructure, as well as provisions for the financial and technical assistance to the countries of this group.

The efforts of Kazakhstan, as the largest landlocked country, are not accidental, since, in fact, it has achieved significant political and economic success on the path to sustainable development, despite the absence of a coast. Kazakhstan plays a special role in promoting the interests of this group of countries both in the sphere of attracting foreign investors, and in the sphere of adopting legally binding means and instruments of a global and regional nature.

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