

Restrictions on trade and economic development in landlocked countries: Impact on growth, poverty and trade, the case of Bolivia

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Abstract

Limitations to the expansion of trade and growth related to each economy are specific; however, landlocked countries such as Bolivia have common characteristics and geographical restrictions linked to this condition. In this sense, this document measures and evaluates the impact of maritime cloistering on trade, growth and poverty, through different econometric methodologies to identify the main channels through which the landlockedness affects the development of the country.

According both to the international evidence as well as to specific evidence for Bolivia, the direct costs (logistics and transport) and indirect costs (longer time to reach destination markets, loss of competitiveness and others) associated with trade, turn out to be significantly higher in relation to coastal countries of the region, which affect the economic growth of the country. Likewise, it was made evident that the condition of landlockedness affects other social variables related to development, such as poverty.

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