

**STATEMENT**  
**BY**  
**H.E.MR. AHMED TUSA**  
**STATE MINISTER OF TRADE & INDUSTRY**  
**OF THE**  
**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**  
**AT THE**

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**TWELVETH SESSION OF THE UNITED NATIONS**  
**CONFERENCE ON TRADE & DEVELOPMENT**  
**(UNCTAD XII)**

**ACCRA/GHANA**

Mr. President,

First of all, allow me to congratulate you, on behalf of the Government and the peoples of the Federal Democratic Republic of Ethiopia as well as on my own behalf, upon your election to preside over our deliberations at this UNCTAD XII Conference. I would also like to take this opportunity to express my sincere thanks to the Government and the people of Ghana for hosting this conference and for their warm hospitality. I would also like to congratulate the Secretary-General of UNCTAD, Dr. Supachai Panitchpakdi and the entire staff of UNCTAD for organizing this Conference.

Mr. President,

While the process of globalization characterized by the liberalization of international trade remains potentially powerful and dynamic force for growth and development, it poses lots of challenges to many countries particularly to Least Developed ones. It is true that, globalization and trade liberalization open up markets opportunities, promote technology transfer and increase financial resource flows. However, it remains equally true that the process of globalization and trade liberalization has also produced uneven benefits between rich and poor countries. As international disciplines and obligations continue to create rules that frame development policy choices of developing countries, the need for integrating the development dimension into international economic processes and rule making has become more urgent. The situation now calls for the better governance of a type of globalization, which places the interests of developing countries at the heart of global concerns and allows policy space.

Mr. President,

The recent wave of globalization has been associated with economic growth as well as a relatively rapid increase of international trade and investment flows. Many developing countries have registered encouraging levels of both export and economic growth. A number of Least Developed Countries have experienced growth spurts associated with increase in commodity prices, although the growth has not been spread uniformly. African LDCs are experiencing a major social transformation with high rates of urbanization, which regrettably, are not matched by a commensurate increase in job creation.

Private domestic and Foreign Direct Investment (FDI) have become essential components of development finance for our countries. LDCs have, in recent years, attracted higher amounts of Foreign Direct Investment (FDI), this, however, has not been translated into concrete employment generation. Much of the Foreign Direct Investment has gone to the extractive industry, particularly oil, which is capital intensive and whose capacity to create employment is therefore limited. The biggest employment sector in the majority of LDCs – agriculture – continues to attract little foreign investment. Moreover, compared with other developing regions, the amount of Foreign Direct Investment attracted by African LDCs, particularly the non-oil producing LDCs, remains minuscule. The result is that the prospects of reaching the targets of the Millennium Development Goals by 2015 in some of LDCs is quite dim. We call on our development partners to encourage FDI flows to non-oil sectors in our countries by taking deliberate policy actions such as home country measures to promote and enhance flows of FDI and encourage transfer of technology.

Mr. President,

The countries in Africa and LDCs continue to face daunting structural constraints. Insufficient financial resources, inadequate physical and social infrastructures, lack of skilled human resources and weak institutional capacities, not to mention the challenge of HIV/AIDS, malaria and tuberculosis, inhibit their growth and jeopardize their sustainable development. New challenges including rising food prices, the effects of climate change and increasing brain drain compound the situation even further.

Mr. President,

On the multilateral trade, I must mention that Ethiopia is undertaking necessary measures to accede to the WTO. We have submitted our Memorandum of Trade Regime to the WTO Secretariat waiting for the normal procedure for the negotiation. This is part of our development strategy and clear reflection of our commitment to integrate in to the global economy. In this regard the 1<sup>st</sup> working party meeting which is expected to be held in mid of May, 2008 will examine Ethiopia's trade regime against the detailed requirements of the WTO Agreements. We therefore attach great value to paragraph 9 and 42 of the Doha Declaration where ministers agreed to facilitate and accelerate negotiations with acceding LDCs. As an LDC, we also hope to benefit from the procedures agreed by the General council in 2002 to facilitate and accelerate the accession of LDCs. We hope member Countries are committed to apply these Guidelines fully during our accession negotiations. We believe that the conclusion of the Doha

Development Agenda (DDA) on development would seriously enhance this claim. Therefore, it is important to push forward for the Doha Development Agenda, related to development aspects implemented separately from the rest of the DDA agenda.

On the other hand, those of us in the ACP region are involved in regional trade negotiations known as Economic Partnership Agreements (EPA) with the EU. The Cotonou Agreement which is concluded in 2000 ensures that, “the partnership shall be centered on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy”. It has also clearly stated that, “the ultimate objective of economic and trade cooperation is to enable the ACP States to play a full part in international trade..., thereby facilitating their transition to the liberalized global economy”.

Most of us did enter into the negotiation based on these Cotonou provision promises that EPA would be development tool to solve our supply side constraints through developing our poor infrastructure and facilitating inflow of investment.

The stages of negotiations indicate that there is a wide divergence between the negotiators indicating that there is still a long way to go for many regions before even considering signing of comprehensive EPAs.. However, if trade liberalization is to facilitate integration into the global economy and ultimately benefit countries then the liberalization should base on meeting a certain development benchmarks. Otherwise, the socio economic conditions of those countries that continued to be subjected to increased

marginalization from the globalization process will remain in a continued to decline.

Given the magnitude of these constraints, trade preferences and other forms of preferential treatment to be matched with measures to help to take full advantage of those preferences become very critical in jumpstarting LDCs participation in the global economic system. In this connection effective implementation of the Enhanced Integrated Framework for trade Related Technical Assistance and Aid for Trade are imperative..

Mr. President,

It is our firm belief, that the primary responsibility to transform the socio economic development of the countries lies with the countries themselves. We reiterate our strong and long held view that both market and state have an important role to play in our development process, and it is essential to ensure that their respective roles are complementary and mutually supportive. An effective developmental state is vital for building physical and human infrastructure, addressing market failures where they occur, and providing enabling macroeconomic conditions and a sound regulatory framework to create enabling environment for the private sector. We are of the view that a strong and capable state which does not stifle private sector development but that does not at the same time limit itself to being the night watchman is crucial to the success of our economic development. Equally important is the policy space for our countries to design and implement home grown market oriented development policies and strategies. It should however be recognized that no matter best efforts we make, given the limited human institutional and financial constraints that our countries face,

we cannot on our own achieve the required socio-economic transformation. Hence, it is incumbent upon the international community to support the efforts of our countries.

Mr. President,

Since its establishment in 1964, UNCTAD has consistently offered a perspective that looks closely at the trade and development related challenges of developing countries.

The theme of UNCTAD XII clearly underlines the fact that a well managed globalization could be a potentially powerful force for growth and development. UNCTAD's mandate to promote international trade, especially with a view to accelerating economic development is unique and of great importance to developing countries and LDCs. We recognize the critical role of UNCTAD in supporting our countries development process, including through the implementation of the Brussels Programme of Action in areas of its expertise and competence. We encourage UNCTAD to further strengthen and expand its policy research and analysis, consensus building and technical cooperation functions in favour of our countries.

Thank you