

**STATEMENT BY MR DAVID S. O. NALO, PERMANENT
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KENYA DURING UNCTAD XII CONFERENCE IN ACCRA,
GHANA: 22ND APRIL, 2008**

Mr. Chairman

Secretary General of UNCTAD

Distinguished Delegates

Ladies and Gentlemen

On behalf of the Government and the people of Kenya, and my own behalf, I wish to express our sincere gratitude to the Government and people of Ghana for the warm hospitality accorded to us since we arrived in Accra and to UNCTAD Secretariat for a very well organized UNCTAD XII Conference.

The UNCTAD XII Conference is taking place at a time when developing countries have recorded impressive growth and increased volume of trade on one hand and growing inequality and unemployment on the other. These developments can be attributed to improved macroeconomic policies and opportunities created by globalization, and structural challenges faced by certain economies.

The Developed and more advanced developing economies like India, Brazil and South Africa have been able to harvest the benefits of globalization - but for the many structurally weak economies most of whom are LDCs and landlocked countries, in Africa, they have not meaningfully reaped from globalization.

In this respect, UNCTAD XII must, therefore, address itself to the following issues:

- (i) Overdependence on commodity by developing countries and the emerging international prices surges;

- (ii) Expanding and building productive capacities of developing countries;
- (iii) Institutional reforms and good governance; and
- (iv) Enforcement of policy coherence.

Kenya and many countries in Sub-Saharan Africa that depend on agriculture for income and livelihood face serious problems. Fuel prices have driven the cost of farm inputs to unaffordable levels. Moreover excessive use of energy by industrial world has exacerbated the situation as the appetite for energy drifts to biofuels.

For example in Kenya the price of one 50 kilogram of fertilizer is currently two to three times more than the retail price of a 90 kilogram bag of maize. This means that maize production is not viable. In this regard, we fully support the announcement of the Secretary General of the United Nations (UN) of creating a high level special task force to deal with the Millennium Development Goals (MDGs) in general but more specifically the escalating food prices. We fully support this initiative by the Secretary General of the UN while at the same time urge the developed countries to remove price distorting farm subsidies.

Over the last decade, Africa's export to the rest of the world grew by 12 % while intra-Africa trade grew by 9%. Three lessons can be observed:-
The much celebrated growth in trade has been sluggish within Africa. Secondly, exports out of Africa have remained predominantly primary unprocessed products whether they are agriculture or minerals. And finally much of the in-bound trade to Sub-Saharan Africa remains finished products that crowd our domestic production.

We need strong domestic policies for expanding domestic production especially value addition. FDI can play a major role on boosting domestic productive and technological capacity of developing countries. Similarly a robust private sector can dramatically transform the productive capacity and enhance value addition.

In this connection, we must, therefore, support and nurture the growth of private sector to play an active role in production. Strengthened role of UNCTAD can be exploited in developing Private Sector Development

Strategies that empowers the private sector while at the same time facilitating stronger collaboration with the Governments.

The growth of the private sector has been impeded by hardware and software issues, all of which adds to the cost of doing business in Africa. A key outcome of this Conference is to address the implication of hardware issues like infrastructure (energy, roads, railways) whose development have lagged behind and are affecting expansion of trade. On software side, we must deal with licensing and regulatory reforms in order to reduce the cost of doing business.

The Doha round has been lengthy and expensive to many developing countries. Failure to conclude Doha Round on schedule has undermined the rule based Multilateral Trading System. It has also created an opportunity for lack of harmony in trade rules being negotiated at the sub-regional levels.

UNCTAD has a major role to play in addressing globalization challenges. UNCTAD must therefore devolve its analytical capacity to the sub-regional levels which make it possible for greater interaction of national policies.

I thank you for your kind attention.