

**STATEMENT BY BHUTAN**

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Mr. President, Excellencies, Ladies and Gentlemen

May I also join the other speakers in extending my warm felicitations to you, Mr. President and to the other members of the bureau on your election to guide the work of this conference.

The issue of development and poverty continues to be amongst the most discussed topic in all development fora as well as major international conferences. We continue to be frustrated by the lack of progress even though we are all aware of the causes, effects and the solutions. The tragedy of it all is that much has been said but very little done and poverty remains the most serious scourge of humanity with greater numbers of people joining the hungry and deprived day by day. The time has come for us to stop the rhetoric and take realistic measures in consonance with ground realities.

The rich nations blame the poor nations for lack of good governance, good policies, poor implementation, corruption etc. as the cause of poverty and under development. The poor nations blame the rich for failing to honour their ODA commitment levels, for difficult

conditionalities of aid and above all the politics of aid. Aid is not always tied to need but other conditions dictated by the donors - While ODA levels remain far too inadequate, it has been said that trade and investment would be a better alternative for long run sustained growth.

We all agree that trade and foreign investment would create employment, generate wealth and ensure the sustainability of development. Experience has shown that foreign trade and investment can contribute significantly to development and many countries have benefitted from export led growth. Unfortunately, the poorest and the least developed have failed to attract foreign investment or engage in increased trade as a result of supply side constraints. The least developed countries in particular do not have the capacity to attract foreign investment as the domestic market is too small, skilled labour is not available, physical infrastructures are weak and quite often natural resource endowment is also inadequate. Even where investments take place the environment is not conducive for a more integrated development leading to

**establishment of other ancillary industries and thus creating a greater multiplier effect of investment.**

**The liberalization of the international trade and investment regime, a policy prescription that we all support in principle, will undoubtedly help promote development in the long run. Most of the poorer countries will however suffer the destabilizing consequences of liberalization long before the benefits, if any at all, trickle in. It is extremely difficult for the least developed countries to overcome the supply side constraints and compete in the sophisticated international markets. I might also add that trade and investment, in any case, is generally dominated by large multinational corporations which often pose serious threats to a fragile domestic private sector.**

**The issue of development and trade for poor countries will continue to be plagued by politics, self interest and inequality. Quantum and direction of aid will be decided by the donor nations who will decide how much to give and to whom based not necessarily on need. Quite often the poorest and most needy do not qualify for certain aid. Trade and investment are in the hands of private business and profit rather**

than altruism is the main consideration. Level playing field may be facilitated through WTO and other similar rules but the players are not evenly matched and weaker domestic players may be further exploited. Hence trade and investment as a means to enhance development may not work for most of the least developed countries.

It is obvious that there is no easy or simple and straight forward solution to the complex problem of development. It will need to be addressed through a combination of measures. First and foremost the poor country itself must assume the responsibility for its own destiny and assure good governance. Secondly rich countries must have a sense of moral responsibility to help those in need and greatly enhance ODA levels to enable the poor countries to build infrastructure, improve health and education, strengthen basic institutions etc. Only then will the conditions become ripe for trade and investment to make meaningful contribution to development and poverty eradication.

The adoption of the Millenium Development Goals and the concerted international support for its acheivement is certainly a positive and

encouraging move. The willingness of the international community to discuss about the need for coherence between international initiatives and national compulsions is also a welcome development in the right direction. These are positive signs that the international community cares about the well being of the less developed members. We must however not lose more time, and prolong the suffering of the poor, but resolve the problem now.

I would like to commend UNCTAD for the excellent job done to bring into focus the very critical issue of the need to have greater coherence between international rules and domestic ground realities.

I would also like to take this opportunity to thank UNCTAD for all the technical assistance provided to Bhutan in preparing for the negotiations for WTO accession.

Thank you