

**STATEMENT BY ETHIOPIA**

MADE 17 JUNE 2004

**AT THE UNITED NATIONS CONFERENCE  
ON TRADE AND DEVELOPMENT**

**Eleventh Session**

**São Paulo, Brazil  
13-18 June 2004**

# **ETHIOPIA**

**STATEMENT BY HIS EXCELLENCY MR FANTAYE BIFTU,  
MINISTER OF TRADE AND INDUSTRY OF THE  
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

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***Thank You, Mr. President,***

***Mr. President,***

Allow me at the outset to congratulate you on your election to preside over UNCTAD XI. We appreciate the way you have been guiding this session, which also marks the 40th Anniversary of UNCTAD, and are confident that under your leadership it will come to a successful conclusion. We should also like to take this opportunity to thank the Government and People of Brazil for the hospitality my delegation received since its arrival to this beautiful city of Sao Paulo. We would also like to congratulate and express our deep appreciation to Mr. Rubbens Ricupero, the Secretary General of UNCTAD and the entire staff of UNCTAD for the outstanding preparation for the conference. Our thanks and appreciations also go to the Preparatory Committee of the whole, the G77, the African Group and that of the Least Developed countries.

***Mr. President,***

One of the most profound events that shaped the challenge of development over the last two and a half decades is the advent of globalization.

Globalization presents opportunities as well as immense challenges in particular to the LDCs. This is a reality, which we have to live with, and we have no choice, but to strive however hard, to participate in the framework of globalization thereby exploiting the opportunities it offers and meeting the challenges head-on. In this connection it is important to underscore that neither the benefits of globalization nor its cost are evenly distributed. It is therefore imperative that those that are strong and benefited most have the obligation to support those, which are weak and lack the capacity to benefit in order to overcome the challenges of globalization.

***Mr. President,***

The countries that continued to be subjected to increased marginalization in the process of globalization are those in Africa and the Least Developed Countries. The situation in these countries has therefore become critical: the level of poverty is bound to worsen beyond the United Nations Millennium target date; most of the countries suffer from supply side constraints; the majority of them are dependent on the export of a single commodity whose prices have witnessed a

secular decline which has had a negative consequence on the countries' export earnings, on the livelihood of their peoples and sapped their economic vitality. Diminishing ODA flows in the 1990s also adversely affected many African and Least-Developed countries. As a result of these diverse limitations and constraints these countries were not able to benefit from the process of globalization and liberalization of trade and to integrate in the world economy.

***Mr. President,***

it goes without saying that the primary responsibility to transform the bleak socio economic situation lies with the countries themselves. Hence, we have no choice but to continue with the painful task of social, economic and political reform processes. This responsibility underscores the crucial role of the state in complementing market forces. We in Ethiopia are of the view that a developmental state which does not stifle private sector development but that does not at the same time limit itself to being the "night-watchman" is vital to the success of our development. Equally important is the policy space for our countries within the remit of international

law to chart out our own destiny by ourselves. However, 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.

In this context, Official Development Assistance (ODA), plays an important complementary and catalytic role in promoting economic growth and transformation. While we welcome the recent rebound in ODA flows, we call upon our development partners to make concrete efforts towards meeting the target for ODA of 0.7 percent of their GNP to developing countries and 0.15-0.20 percent of their GNP to the least developed countries. We also would like to impress upon our development partners to discharge their commitment to improve the quality and effectiveness of aid.

Though recently it is observed that promising measures are under way in debt reduction and cancellation, the external debt overhang is still at unsustainable level. In this regard, we call upon our development partners to ensure full and

speedy implementation of the enhanced HIPC initiative for those eligible poor countries.

***Mr. President,***

Attaining a higher rate of economic growth that is needed to reduce poverty as set out in the Millennium Development Goals /MDGs/ requires significant investment which in turn entails increased level of saving. However, in poorer economies like ours, where per-capita income is already extremely low, mobilizing increased domestic saving for increased investment is a Herculean task. Therefore, these countries will need apart from increased ODA and debt relief measures, flow of increased FDI to complement domestic saving. However, past efforts of the countries to attract FDI registered only a limited success. We therefore, call upon our development partners to encourage FDI flows to our countries by taking deliberate policy actions such as home country measures and encouraging transfer of technology.

**Mr. President,**

As commodity export plays a multi-pronged role in our economies, the continued tumbling of its prices have exacted heavy costs in terms of incomes, impaired debt servicing capacity, and dimmed our prospect for sustained development. Hence addressing the challenges of commodities will have enormous positive impact on the fight against poverty and on the well being of our peoples. In this connection, we would like to call upon our development partners to develop international framework on commodities, to support diversification efforts, to put in place compensatory financing mechanisms to offset earnings shortfalls, to support participation in global supply chains, to provide technical assistance and capacity-building support and to eliminate tariff peaks and escalation and non tariff barriers. We also strongly support the proposal to launch partnership on commodities.

**Mr. President,**

At this juncture, we would like to point out that urging our development partners to bolster our efforts through various support measures should not

be seen as charity but serving our common interest. The current economic and security situation in the world suggests that augmenting development is an economic, political and security imperative of the international system. Increasing global economic integration has meant that economic pains in one part of the world are rapidly transmitted around the globe through product; capital and currency market, as well as through highly integrated global production and supply chains. When economic livelihoods are threatened, at the other end of the globe and when societies become unstable, when governments loose credibility and authority, the security of countries in the regions and the world at large are put at risk. It is therefore in this spirit that, we reiterate our clarion call upon our development partners to leave no stone unturned in translating their commitments into actions so as to achieve the objective of a win-win outcome for all.

Finally, Mr. President, we should like to call upon UNCTAD to continue its admirable job of providing the necessary support to our countries through its three pillars, i.e. research and policy analysis, consensus building and technical assistance so as to ensure that our countries participate in the global economy on an equitable and sustained basis.

To this end, we call up on our development partners to ensure adequate resource availability to UNCTAD to carry out its mandate in full.

Thank you