

STATEMENT BY SWAZILAND

MADE 17 JUNE 2004

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

Eleventh Session

**São Paulo, Brazil
13-18 June 2004**

***STATEMENT BY H.E. MR. C. S. MAMBA, AMBASSADOR AND
PERMANENT REPRESENTATIVE OF THE KINGDOM OF
SWAZILAND TO THE UNITED NATIONS, NEW YORK ON THE
OCCASION OF UNCTAD XI HELD AT SAO PAULO, BRAZIL,
JUNE 13-18, 2004***

Mr. President
Distinguished delegates
Ladies and gentlemen

1. On behalf of my delegation and indeed on my own behalf, allow me to begin by thanking the Government and peoples of Brazil for the warm welcome and characteristic hospitality that has been accorded to us since our arrival here in Sao Paulo. Allow me also to congratulate the Government of Brazil for the excellent facilities put at our disposal for this meeting. Further, I would like to congratulate you Mr. President on your election to the chairmanship of this august body.

2. We all agree that globalisation is a powerful instrument for the growth and development of the world economy as well as for the integration of developing countries into the world economy. It offers opportunities for improving the overall economic performance of developing countries by opening-up market opportunities for their exports, promoting the transfer of information, skills and technology as well as by increasing the financial resources available for investment. Indeed, the main challenge of globalisation is to improve the standards of living of the world's population. However, developing countries have been facing special difficulties in responding to challenges brought by globalisation. As a result, many developing countries, especially the LDCs have remained marginalized in the globalizing world economy. Consequently, the benefits of globalisation are unevenly distributed.

3. Many developing countries are faced with the problem of unsustainable external debt. In these countries, external debt problems continue to be a serious obstacle to the pursuit of economic and social development. Indeed, debt servicing in many developing countries absorbs a very high proportion of GDP, thereby diverting resources from financing socio-economic programmes, including inter-alia education,

health, water and sanitation and physical infrastructure. Despite progress made in the implementation of the enhanced HIPC initiative and the provision of debt relief by official bilateral creditors, achieving long-term debt sustainability and at the same time a reduction in poverty, remains a major problem for many low-income developing countries. The issue of long-term debt sustainability in the middle-income countries also remains a matter of concern and therefore needs to be addressed. Thus, my delegation supports the view that creditor countries and the international community as a whole should find a lasting solution to the external debt problems of developing countries. Also, they should support developing countries effort to achieve and maintain debt sustainability through international assistance in the area of debt rescheduling and management, and where appropriate, by consideration of the provisions of concessional finance and modification, including reduction of conditionalities attached to development aid flows and debt relief. Moreover, developing countries should be given technical assistance to help them build capacities to deal with the complicated procedures of preparing and implementing Poverty Reduction Strategy Papers. In addition, the international community should consider giving developing countries additional resources for the implementation of the enhanced HIPC initiative.

4. My delegation strongly believes that in order to maximise the benefits of globalisation, the process of integration into the world economy should take into account the level of economic development of each country and the capacity of its institutions and enterprises. In particular, specific national development potentials and socio-economic circumstances, as well as the different initial conditions relating to size, resource endowments, economic structure and location should be considered. It is also necessary to take into account the specific development, financial and trade needs of developing countries, in view of the fact that there is no-one-size-fits-all trade development strategy.

5. Trade as a key aspect of regional integration efforts and regional trade agreements can be a major facilitator of both South-South and North-South trade. Regional arrangements among developing countries and South-South cooperation play an important role in supporting national development efforts. Regional integration in the areas of trade and

finance, and improvement in regional infrastructure, can help create regional growth dynamics and larger economic spaces that usually appeal to genuine foreign investors, in particular multinational corporations. Indeed, the mushrooming of regional economic blocks attests to this fact. In this regard, the international community should support and not undermine regional integration processes among developing countries as well as other development initiatives at the regional level such as the NEPAD Programme that was put in place by African Heads of State and Government, to revitalise economies of African countries. On the other hand, developing countries themselves should also play their part by continuing to utilise regional and sub-regional trade and economic cooperation to increase trade flows.

Mr. President

6. Although we recognise that there is need to enhance domestic resources for investment in productive capacity and technological upgrading, in most developing countries, particularly in the LDCs, external capital flows, including FDI are needed to complement domestic resources. However, domestic resources are often very low in most developing countries. To attract FDI, most developing countries, including Swaziland have spent enormous efforts in improving the business environment in order to encourage the establishment of a vibrant domestic private sector. Investment policies have been developed as an integral part of national development strategies. In addition developing countries have also put in place incentive schemes, including tax holidays, investment guarantee schemes and have signed investment promotion and protection agreements as well as double taxation agreements with a number of developed countries. Of course, all these efforts are yet to pay-off. In fact, it is very disappointing to realise that despite our countries' efforts to attract both domestic and foreign investment, FDI flows to the LDCs and Africa continue to be appallingly low. In this respect, my delegation believes that developed countries and the international community should provide incentives, including the establishment of guarantee facilities for the private sector operators to invest and transfer appropriate technology to developing countries.

7. Effective transport facilities and trade facilitation arrangements help to reduce transaction costs. They are essential to improve the international competitiveness of enterprises in developing countries and their participation in international trade. This is particularly relevant for small and medium sized enterprises (SMEs). In Swaziland, SMEs, including the popular sector enterprises, are the engine of growth. As a group, they are the largest employer of semi-skilled and unskilled labour, the youth and women; the segment of the economy that is often hardest hit by the unemployment problem. They also tend to re-invest (rather than repatriate) their profits within, as it is often the case with large foreign-owned companies. In developing countries, including in Swaziland, SMEs usually face difficulties in accessing finance, mostly due to lack of acceptable collateral and the high cost of borrowing. Also, lack of relevant information, appropriate technology and markets exacerbates the problem. Furthermore, lack of infrastructure such as roads and bridges, particularly in rural areas is a major constraint for SME's and micro-enterprises which need such infrastructure to get their products/produce to markets within the country or even to the region. In this regard, the international community should provide support to developing countries by establishing an Investment Facility to fund SMEs and informal/popular sector enterprises. Also, the international community needs to help developing countries to develop efficient transport, communications and logistics infrastructure and services as a priority. In addition, special attention is needed to address challenges posed by locational handicaps of landlocked countries and small-island developing States. Indeed, the high cost of shipping goods from these countries to the world markets is usually very high and tend to discourage SMEs from exporting into the these markets.

Mr. President

8. We all know that trade is not an end in itself, but a means of growth and development. Trade and development ' policies are important instruments in as far as they are integrated in national development plans and poverty reduction strategies aiming at goals such as growth, economic transformation and production, diversification, export value-added, employment expansion, poverty eradication, gender equity and sustainable development.

9. A significant number of developing countries especially in Africa, the Caribbean and the Pacific are heavily dependent on the export of one or a few commodities for more than half of their export earnings and therefore economic growth. The decline and instability of world commodity prices and resulting terms of trade losses, have reduced economic growth in many developing countries and contributed to increased poverty and indebtedness. Also, the added-value retained by commodity producers is decreasing in some sectors in many developing countries. Furthermore, developing countries often face difficulties in meeting the standards and other requirements in developed countries' markets thereby further exacerbating the problem.

10. My delegation strongly believes that the international community should support the efforts of commodity dependent developing countries to restructure, diversify and strengthen the competitiveness of their commodity sectors, including through local processing to add value. Specifically, the international community should provide enhanced market access on a secure and predictable basis, adequate technical and financial assistance as well as strengthen capacity and institutions in both the public and private sectors. Further, the international community should provide developing countries with technical assistance to identify new opportunities for high-value special and niche products and services in sectors in which they have potential comparative advantage.

11. Swaziland, like all other WTO Member countries has an interest in the success of the Doha Work Programme that aims both at further increasing trading opportunities and reducing barriers to trade among nations and at making the trading system more development friendly.

12. Agriculture is a central element in the WTO current negotiations. Indeed, agriculture is the mainstay of most developing countries' economies. In fact, in my own country, agriculture and agro-industries are the backbone of the economy. The agricultural sector accounting for about 50% of GDP and over 60% of the active population are employed in the agricultural sector. Therefore, I believe that efforts should be intensified to achieve the internationally agreed aims embodied in the three pillars of the Doha mandate. Special and differential treatment for

developing countries should be an integral part of all elements of the negotiations and should take fully into account development needs in a manner consistent with the Doha mandate, including food security and rural development and non-trade concerns of countries. Particular problems of small developing and vulnerable economies, including small-island developing States and landlocked developing countries should also be given special consideration.

Mr President

13. My delegation strongly believes that standards and technical regulations should not act as unnecessary barriers to trade. Indeed, relaxation of standards and technical regulations in developed countries is necessary to enable the LDCs to benefit from the duty free quota free market access for their products. Developing countries, including the LDCs should continue to be provided with technical assistance, and capacity building support to meet the required standards in order to have meaningful access into the developed countries' markets.

14. Positive and appropriate measures to mitigate the adverse effect of the erosion of preferences arising out of the ongoing market access negotiations at the WTO should be formulated and implemented. Moreover, utilisation of preferential schemes, through less stringent rules of origin and criteria, such as flexibility in cumulation that meet the production capacity of developing countries and allow them more scope to source inputs from other developing countries should be enhanced. The international community should support preference-dependent countries in their efforts to diversify their export base and develop new export market strategies.

15. While my delegation agrees with the view that developing countries must continue to assume responsibility for their own development, the international community should assist developing countries, especially LDCs, in their efforts to develop human, institutional, regulatory, research and development capacities as well as infrastructure for effective participation in world trade.

Mr. President

16. In conclusion, my delegation supports the view that in order to meet the challenges of and benefit from the opportunities of globalisation, there is need for enhanced cooperation between all relevant partners. My delegation while recognising the central role and responsibility of national Governments in policy-making, the contributions of the other stakeholders, including the private sector and regional and international organisations should be underlined. These stakeholders should contribute to building and implementing the partnerships while taking into account national policies and strategies.

Mr. President
Distinguished delegates
Ladies and gentlemen

I thank you.