



United Nations Conference on Trade and Development

Distr.: General
19 April 2008

Original: English

Twelfth session

Accra, Ghana
20–25 April 2008

Declaration of the Least Developed Countries Ministerial Meeting at UNCTAD XII

We, the Ministers of the least developed countries, having met in Accra, Ghana, on 19 April 2008, in the context of the twelfth session of the United Nations Conference on Trade and Development (UNCTAD XII), held from 20 to 25 April 2008,

Recalling the Programme of Action for LDCs for the decade 2001-2010 and the outcome of the High-level Meeting on the Mid-term Review of progress made in the implementation of actions and commitments therein,

Recalling also paragraph 114 of the Brussels Programme of Action on the holding of the Fourth United Nations Conference on the Least Developed Countries towards the end of the current decade; *welcoming in this regard* the decision of the 62nd session of the United Nations General Assembly, which invited the Secretary-General to prepare a note outlining the modalities of such a conference, including its preparatory process,

Recalling further the Millennium Declaration and the Millennium Development Goals (MDGs), aimed inter alia at reducing extreme poverty by half by 2015,

Reaffirming the declarations of Addis Ababa, Maseru and Istanbul, adopted, respectively, by the Ministers of Trade and Finance of the African Union (1-3 April 2008), the Ministers of the Least Developed Countries (LDCs) responsible for trade (27-29 February 2008) and the Ministerial Conference of Least Developed Countries (9-10 July 2007),

Expressing our serious concerns on the current astronomical rise in food and energy prices that have adverse effects on our peoples; and *urging* development partners, especial donors and creditor institutions to provide more aid to ensure access to food to needy people and to help small farmers in our countries,

Expressing further our appreciation and full support to the United Nations Secretary-General's important and timely initiative to make the year 2008 "the year of the bottom billion" aimed at ensuring the benefits from globalization to the poorest of the poor,

Urging our trading and development partners to step up efforts to support our development process though, among other things, improved and strengthened international support measures, particularly in the areas of official development assistance (ODA), debt relief, market access, foreign direct investment (FDI), and transfer of technology and technological know-how to our countries,

Adopt the following Declaration:

1. We are encouraged by the recent improvements in the overall economic performance of our countries as a group, largely driven by improved world commodity prices, growth in traditional and non-traditional exports, improved domestic policies and increased international support measures. While such an improvement is a cause for optimism, there is a concern that it has not been accompanied by structural transformation in our economies, implying a high degree of vulnerability to shocks and crises – leading to a sudden collapse in national output, a rise in unemployment and a sharp increase in income poverty.

2. In order for our countries to take advantage of globalization, their vulnerability to shocks and crises should be mitigated through combined national and international measures. At the national level, we reaffirm our commitment to continue improving our macroeconomic and fiscal policies in order to mitigate policy-induced risks of vulnerability and growth collapse in our countries. Our efforts will, in particular, aim at creating an enabling environment to diversify our economic base and to improve productive capacities of our economies into production of higher value-added goods and services, leading to fundamental socio-economic transformations.

3. However, our domestic efforts are necessary yet insufficient to ensure sustained, accelerated and balanced economic growth and development as a basis for mitigating the risks of economic vulnerability and improving the living standards of our peoples. Consequently, if current poverty trends continue, most of our countries will not be able to meet the MDGs, particularly poverty reduction goals. This is particularly the case with our countries, which are unable to stave off shocks and crises originating outside their borders. The support of our development partners is a crucial complement to our country-level actions to ensure sustained economic growth and accelerated poverty reduction in our countries.

4. We welcome the recent increase, in absolute terms, in net ODA flows to our countries. We express our appreciation to donors who have already met or surpassed the special ODA target of 0.15-0.20 per cent of their Gross National Product (GNP) to LDCs, we urge those who have not done so, to fully and expeditiously meet their commitment of 0.20 percent Gross National Income (GNI) target for LDCs before 2010.

5. We welcome the debt relief granted under the Multilateral Debt Relief Initiative (MDRI) and the Heavily Indebted Poor Countries Initiative (HIPC), which has released some resources for poverty reduction and human development. However, all LDCs are not eligible for HIPC and MDRI. All LDC external debts must be cancelled forthwith, without discrimination or conditionalities. If a country fulfils the criteria of being an LDC, it should be eligible for debt write-off to reduce its resource gaps and accelerate its economic development and poverty eradication efforts.

6. International support measures should also aim at improving the quality of development aid, including its effectiveness and sectoral balance, with greater emphasis on building productive capacities in LDCs. We call on our development partners to sustain and strengthen their constructive engagement with our countries in support of our development efforts, especially by streamlining donor practices in

terms of aid delivery and by providing development aid on a more predictable basis with long-term commitments. More importantly, international policies and rules governing trade, investment, finance and environment should work in harmony and in coherence with our national policies and strategies.

7. 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 vital 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. It is essential that our countries should have policy flexibility and autonomy in designing and implementing home-grown market-oriented development policies and strategies.

8. We are convinced that trade can serve as an engine of growth and contribute to poverty reduction in our countries. However, despite decades of trade liberalization policies, LDCs, which account for nearly 12 per cent of world population, contributed only 0.69 per cent of global output in 2005. Currently, their share stands at about 0.5 per cent of world exports and 0.7 per cent of world imports. In this regard, trade liberalization should be gradual, better designed and properly sequenced, based on country-specific circumstances. It should be linked to the development of supply capacities and realigned with the development objectives of our countries.

9. We welcome the Aid for Trade (AFT) Initiative as a complement, not a substitute to the Doha Development Agenda. We also take note of the global review held in WTO on 19-21 November, 2007 and the subsequent road map. We urge UNCTAD to play an important role in the immediate implementation of AFT as an additional, substantial and predictable financial mechanism to strengthen supply-side and infrastructure capacity, help diversify the export basket in LDCs and address the adjustment-related costs and challenges of trade liberalization.

10. LDCs accord high priority to national ownership of the Enhanced Integrated Framework (EIF) as an effective tool to enhance economic development by mainstreaming trade into national development plans. As one of the six participating EIF agencies, we urge UNCTAD as well as other agencies and donors to work towards the early operationalization of EIF so that LDCs start benefiting from the facilities by mid-2008.

11. Market access conditions for LDCs need to be further improved and made more predictable and sustainable through the elimination of remaining tariff and non-tariff barriers, relaxation of rules of origin, expansion of product coverage and simplification of administrative procedures in relation to the Generalized System of Preferences (GSP) and other market access arrangements.

12. We call on developed countries that have not already done so to provide immediate, predictable, duty-free and quota-free market access on a lasting basis to all products originating from all least developed countries by 2008, as undertaken at the Sixth Ministerial Conference of the World Trade Organization. In this regard, we also call on those developing countries that are in a position to do so to extend commercially meaningful duty-free and quota-free market access to exports of these countries. In addition, we reaffirm the need to consider additional measures for progressive improvement of market access for least developed countries, and further reaffirm the need for WTO members to take additional measures to provide effective market access, both at the border and otherwise, including simplified and transparent rules of origin so as to facilitate exports from LDCs;

13. For our countries – depending on specific national circumstances, potentials and natural endowments – dynamic gains and poverty reduction can also accrue, particularly from other non-traditional exports. There is also considerable scope for many LDCs to join the group of successful agricultural commodity exporters in speciality and niche markets. However, most LDC exports face intense competition and must satisfy the demanding quality and delivery schedules of developed-country markets. The development and trading partners of LDCs should provide technical and financial assistance to help them meet standards-related requirements of consumers and industries. Their partners should also make efforts to harmonize their national standards with those agreed at the international level.

14. Another promising area for our countries for economic growth and poverty reduction is the services sector, including tourism. In view of the growing socio-economic importance of this sector for our countries, the modalities for special treatment for LDCs in the WTO negotiations on trade in services should be fully implemented. In this regard, special priority needs to be accorded to modes and sectors of export interest to LDCs, including on movements of natural persons under mode 4, as per the commitments made at Hong Kong.

15. It is recognized that the accession process to the WTO is complicated and lengthy, and is compounded by the lack of financial, technical and human resources capacity of acceding LDCs. LDCs that are in the WTO accession process should be provided with adequate financial and technical assistance to adjust and build their institutional, regulatory and administrative capacities. We call for a binding mechanism to fast-track accession of LDCs, as per the agreed Guidelines for LDCs accession to the WTO that were adopted by the General Council in December 2002. “It is also recognized that newly acceded LDCs are facing tremendous challenges in implementing their WTO commitments and reform programmes and, therefore; adequate technical and financial assistance should be provided to them in order to fulfil their work in this regard”.

16. We call on WTO members to refrain from raising non-trade issues in relation to acceding countries. Furthermore, as per the General Council decision quoted above, WTO members should exercise restraint in seeking concessions and commitments on trade in goods and services from acceding LDCs and should not assume commitments and obligations that go beyond what the current WTO LDCs had undertaken. We invite UNCTAD, in collaboration with the WTO Subcommittee on LDCs, to review the accession process, including the implementation of the LDC Accession Guidelines in addition to strengthening technical assistance to acceding LDCs.

17. We are concerned by policies of developed countries, especially on agriculture, which are adversely affecting the role and contribution of our agricultural sector to our socio-economic progress. We reiterate our call that the ongoing Doha Round of multilateral trade negotiations should take urgent action on agricultural subsidies in industrialized countries and resolve, as expeditiously as possible, the problems arising from such subsidies, which are undermining the trade performance and competitiveness of our countries in international markets.

18. Since development is the heart of the Doha Round of trade negotiations, we reiterate that in order to integrate LDCs in the multilateral trading system, the interests and difficulties of LDCs, as the most vulnerable group in the United Nations community, should be taken on board. In this regard, we urge the international community to address the issues mentioned in the Maseru Declaration of LDC Trade Ministers of February 2008.

19. We express our solidarity with the cotton-producing countries of Africa, especially LDCs. We urge developed country members to eliminate trade-distorting

support and export subsidies to cotton and cotton by-products and grant duty-free and quota-free market access to cotton imports from LDCs, as well as enhancing the development assistance aspects of cotton along with other development partners.

20. The socio-economic difficulties faced by LDCs that are facing or emerging from political unrest, civil strife or protracted armed conflicts are enormous. National, regional and international efforts to make and build lasting peace in countries in such special situations should be an integral part of an overall conflict resolution mechanism, including efforts to address the root causes of political instability and conflicts. We urge our development partners to enhance their assistance for peace-building and for rehabilitation, reconstruction and rebuilding economic infrastructure in these countries, and for their smooth transition from relief to development.

21. We welcome the graduation of a number of LDCs to developing country status as a concrete sign of economic progress within our group. We recognize that graduation brings with it many significant challenges and opportunities. The challenges need to be effectively addressed in order for progress in graduating countries to be broad based, long lasting and sustainable. We therefore urge the international community to put in place a smooth transition strategy for countries graduating from LDC status. UNCTAD should also continue to play a lead role, through its policy research and analysis, impact assessments, technical cooperation and capacity-building activities, in supporting countries that have recently graduated and those in the transition phase for graduation.

22. We recognize the increasing linkages between trade, development and climate change and welcome the adoption of the Bali Plan of Action for a long-term cooperative framework to address mitigation, adaptation, finance and technology transfers. In this regard, we urge the developed countries to commit to deeper cuts in emission of greenhouse gases. We also call for urgent and concrete international actions to immediately assist the small island and low-lying coastal States which are already experiencing the impact of climate change

23. We also recognize that global warming and climate change can severely hamper the lives and livelihoods of millions of poor living in the least developed countries, especially in the small islands and low-lying coastal States. We urge developed countries to increase financial and technological support for adaptation to climate change and facilitate transfer of eco-friendly technologies for sustainable development of our countries. We also urge UNCTAD to mainstream, both in its work and in the work of the intergovernmental machinery, environment and climate change as cross-cutting issues of importance to the development of our countries.

24. The current high and volatile energy prices have had an adverse impact, particularly on the economies of non-oil-exporting and net-food-importing LDCs, as reflected in high import bills, inter alia for their food imports, that impose major burdens on many of our countries. Concerted efforts should be made by major oil-exporting and oil-importing countries to stabilize the energy market.

25. We are particularly concerned by soaring food prices, against the backdrop of global financial crisis and economic slowdown, which have adverse socio-economic consequences that could in turn trigger major political crises in our countries. In this regard, we welcome a "new deal" to tackle the international food crisis which was endorsed by the IMF-World Bank spring meeting of finance and development ministers held in Washington on 13-14 April 2008. We urge donor countries and creditor institutions to provide additional aid to our countries in order to enhance domestic agricultural production and build infrastructure, including distribution and storage systems, and to remove policy distortions such as subsidies that discourage food production and barriers to trade.

26. In this context, we propose that the United Nations Secretary-General establish a new mechanism to address the grave food crisis in many LDCs. We feel strongly that a high-powered panel comprising eminent persons should be formed immediately to address this issue. The panel must seek to reduce market failures and improve coordination between cereal-importing and cereal-exporting countries to reduce and stabilize world food prices. The panel should address long-term food security issues, including the issues of agricultural productivity, land utilization and biofuels, and submit its findings and recommendations to the United Nations Secretary-General in three months' time. The Secretary-General may convene an international meeting to deliberate on the recommendations and take appropriate policy actions.

27. We also request UNCTAD to enhance its expertise on South–South cooperation so as to enable LDCs to genuinely benefit from best practices and experiences that have been successfully implemented on food security and food in other developing countries.

28. Private domestic and foreign direct investments have become essential components of development finance for LDCs. However, despite the adoption by our governments of national policies and measures aimed at creating a favourable investment climate, the share of LDCs in total inflows of FDI as a whole remains extremely low (less than one per cent of global FDI flows). Moreover, FDI flows have continued to be concentrated in only a few countries and a few sectors. We reiterate our call to our development partners to adopt home-country policies and measures to promote and enhance flows of foreign direct investment and the transfer of technology to our countries.

29. We recognize the important role, for a number of our countries, of remittances from nationals living and working abroad, as additional resources that contribute to narrowing the resources gap needed for our development purposes. There is a greater need for coordinated efforts by the international community, especially between migrant-sending and migrant-receiving countries, to promote channels, mechanisms and international policies to reduce the transaction costs and placement costs in temporary labour migration that hamper the use and flows of remittances as a source of development financing in our countries.

30. 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 and to make a substantive contribution to the fourth United Nations Conference on LDCs, to be convened towards the end of the present decade as per resolution 62/203 of the General Assembly.

31. While expressing our deep appreciation to UNCTAD for its long-standing support to our countries, we remain concerned by the modest level of resources available to this Organization to advance the cause of LDCs and other disadvantaged groups of countries. In this regard, we welcome the report of the Secretary-General of the United Nations “on improving institutional effectiveness and efficient delivery of the mandates” of the development-related activities of the United Nations. We call for adequate allocation of resources for the work of UNCTAD, as the principal United Nations agency for trade and development, especially in advancing the cause of LDCs in these areas.

32. We recognize the role of the UNCTAD-LDC Trust Fund as an important vehicle for initiating, designing and implementing technical cooperation and capacity-building activities in our countries. While expressing our gratitude to those

donors that have been making financial contributions to the Fund, we invite other donors that have not done so to take similar measures as urgently as possible. There is a pressing need for regular replenishment of the Fund on a more predictable and secure basis so as to finance multi-year, multi-sector projects in our countries.

33. We express our deep appreciation to the Secretary-General of UNCTAD for his continued efforts and personal commitment to advance the trade and development interests of our countries. While welcoming the measures he has already taken so far in consolidating the work of UNCTAD in favour of our countries, we encourage him to take further steps to strengthen the Division for Africa LDCs and Special Programme by allocating adequate human and financial resources in order to enable it to discharge fully its duties and responsibilities.

34. We are particularly grateful to the Secretary-General for his special role in mobilizing extrabudgetary resources to support our countries' participation in UNCTAD XII, including through undertaking a comprehensive assessment of our countries' trade and development challenges, needs and priorities. We are also thankful to UNCTAD for having convened an expert meeting of LDCs in Arusha (Tanzania) in preparation for the Conference. We welcome the outcome of that meeting as an important contribution to our collective engagement for the success of the Conference.

35. We invite UNCTAD, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, and relevant United Nations agencies and other international organizations to continue to enhance their cooperation in support of our countries in their development efforts.

36. We express our sincere appreciation and gratitude to the people and Government of Ghana for their warm hospitality and for the excellent arrangements made for the organization of UNCTAD XII. We would also like to express our appreciation to our development partners for making available financial resources to assist the participation of our countries in the Conference.

37. Finally, we reiterate the commitment of the LDC group to make UNCTAD XII a success. We hope that UNCTAD XII will come out with a work programme for the next four years that will have a development focus with particular attention to LDCs in its three pillars, namely, intergovernmental consensus-building, research and policy analysis and technical cooperation.