

REPUBLIC OF TANZANIA

Statement by Hon. Jakaya M. Kikwete (MP) Minister for Foreign Affairs and International Cooperation

at the International Conference on Financing for Development

**Monterrey, Mexico
March 21, 2002**

Your Excellency Vicente Fox, President of Mexico. Your Excellency Kofi Annan, Secretary-General of the United Nations. Your Excellencies, Heads of State and Government. Your Excellencies Heads of Delegations Distinguished delegates Ladies and Gentlemen,

Mr. President.

It is an honour and privilege for me to take this opportunity to add Tanzania's voice in congratulating you and other members of the Bureau upon your election to preside over this important Conference. I am confident that you will guide our work to fruitful conclusion. In the same vein, allow me to express my sincere appreciation for the good work done by the two Co-chairmen and the Bureau of the Preparatory Committee. Their tireless efforts have made this Conference possible. I am optimistic that the outcome of this Conference will commensurately reward their hard work and dedication.

I would also like to express my appreciation to the Government and the people of Mexico for hosting this Conference and for putting at our disposal such excellent facilities. This affords us a serene atmosphere for successful deliberations. My delegation and I, are deeply touched by warm hospitality being accorded to us since we set foot onto this great country.

Mr. President,

My President H.E. Benjamin Mkapa very much regrets that he could not attend this important Conference because of unavoidable reasons but sends his best wishes. He trusts that his colleagues and members of the United Nations, family gathered here will live up to the expectations of millions of people who remain victims of poverty and deprivation.

Mr. President,

We have come to Monterrey with hopes and expectations that this Conference will provide an opportunity to further the cause of getting comprehensive resolutions to the complex development questions facing mankind today. In particular this Conference is expected to give practical answers to issues related to the eradication of poverty. It is quite opportune indeed, that this Conference demanded by the Group of 77 two decades ago, is being held two years after the Millennium Summit of 2000 at which world leaders agreed on the Millennium Declaration which made poverty eradication the central focus for our development efforts in the new century. The Millennium Declaration spelt out clearly in the Millennium Development Goals (MDGs) that abject poverty will have been eradicated by 50% by 2015. This generated hopes to those countries and peoples who are victims of poverty. This meeting, dedicated to finding the means to implement the MDGs raises our expectations to even greater heights!

ights. We sincerely hope that we will not be let down either by the conclusions or later by the conclusions not being implemented..

Mr. President,

The implementation of MDGs will require substantial new and additional resources from both domestic and external sources. The World Bank estimates that 30 billion US dollars will be required annually for a period of thirty years to meet this goal. The United Nations estimates that some 50 billion US dollars will be required annually up to 2015, of which 10 billion US dollars will be spent on stemming and reversing the surge of HIV/AIDS.

This may appear not to be a small task but I believe it not an impossible one. Fortunately this is a world has tremendous wealth especially in the developed countries of the North. What is 50 billion US dollars to the European Union countries which spend 1 billion US dollars a day on agricultural subsidies which they can do without. That money alone is equivalent to seven years budget of financing the Millennium Development Goals. If one were to combine that with the huge surpluses in the US, Japan and other non-EU developed countries the resource requirement to implement the MDGs should not be a headache. Perhaps what is required now is greater political will and commitment. Recent decisions taken by the European Union and H.E. President George W. Bush of the United States are steps in the right direction and are welcome indeed. My delegation came to Monterrey with high expectations that this Conference come will up with a clear message of hope that the implementation of the Millennium Goals is doable. Also that there are concrete plans of action and proper follow-up mechanism is put in place.

Mr. President,

Sustainable debt financing on the part of the developing countries is an important element for mobilizing resources for public and private investment. We greatly appreciate the steps taken by the international community to resolve the problem of unsustainable debt of the highly indebted poor countries in the framework of enhanced HIPC Initiative. This initiative is expected to provide broader, faster and deeper debt relief and is premised on the assumption that once an HIPC country reaches 'completion point, its debt becomes sustainable. This assumption, however, raises a number of issues which need to be considered:

At completion point, the debt relief delivered is only that of the Multilateral Financial Institutions and the Paris Club creditors. Non-Paris Club creditors, including commercial creditors are not providing relief as assumed in the debt sustainability analysis.

Exclusion of domestic debt and contingent liabilities in the debt sustainability analysis is a concern of the HIPCs, because of its implications for fiscal resources available for financing poverty reduction. We encourage donors to provide financial assistance, to the extent possible through grants. In this connection we have taken keen interest in the United States proposal to "stop-the-debt" for the poorest countries. We eagerly look forward to gaining more understanding of the proposal.

Mr. President.

Tanzania like many other countries does recognize the role and importance of trade in promoting faster economic growth and development of nations. However, in the case of Least Developed Countries, the key issue in trade development is the need to address supply side constraints. The market access opportunities for LDCs can only be effective if LDCs are assisted to build their capacities to produce tradable goods of higher value and acceptable quality at competitive cost. Certainly I do not foresee a prosperous, modern, poverty-free and debt-

sustaining Sub-Saharan Africa surviving on exports of raw cashew nuts, coffee, tea, cotton, cocoa, while importing everything else in the form of industrial goods from abroad, using the foreign exchange earned from primary exports.

Assisting-, LDCs in this regard is in line with the Programme of Action adopted in Brussels and as reiterated at the WTO Ministerial Meeting in Doha in November 2001. It is therefore in order that the Monterrey Conference adds its voice on the need to assist LDCs to build their capacities to fully utilize their potential. In this respect Tanzania welcomes assistance from our cooperating partners in the development of physical infrastructure to open up the potential in the agricultural sector; to assist in value addition especially in agro-processing and manufacturing in general and to provide technical assistance and training through the Integrated Framework for Trade Development. Such assistance is crucial if we are to be fully integrated in the Multilateral Trading System. Mr. President,

Despite measures to grant tax and quota-free access to European and American markets exports from developing countries face trade barriers because of subsidies exercised by developed countries and other non-tariff barriers such as use of environmental issues by the same. Subsidies for agricultural products pose an impossible challenge in our attempts to export farm produce to European markets. And, yet it is in this area where we have comparative advantages if given an opportunity for fair competition. We look forward to the day when this hurdle will be removed.

Globalization can only be an opportunity to all nations of the world if developing countries are given a fair chance, within the rules based on multilateral trading system, to enhance their production capacities and to have predictable access for their products and services. A scenario which developing countries are required to open up their markets without meaningful access opportunities into the markets of developed countries, inevitably leads to de-industrialization in developing countries. This has debilitating consequences in terms of growth, employment and the whole fight against poverty.

Mr. President,

The role of Foreign Direct Investment as an important instrument for implementing the MDGs cannot be over emphasized. Low levels of flows of FDIs to the developing countries is not justifiable and if left to continue the poverty situation in our countries will not change. We expect this Conference to play a catalytic role in encouraging increased flows. The majority of countries have carried out political, social and economic reforms. A climate for investment is conducive and returns are good. We appeal to Governments of developed countries to take a more proactive role in encouraging their private sector to direct more investments to developing countries. The media also has an important role to play in this regard. The Western media for example, could give a place to the numerous positive things happening in Africa instead of always portraying it as a continent of conflicts and diseases. I believe this could pay dividends in terms of increased investments, trade and tourism.

Mr. President,

In conclusion, my delegation considers the Monterrey Conference as so critical to our common future that we cannot afford to fail. This Conference represents a new dawn in the new millennium. My delegation expects to see demonstrable commitment on the part of developed countries to increase resources for the fight against poverty. We also expect that those of us from developing countries will make strong commitments to do our best to increase domestic resource mobilization, uphold the principle of rule of law and good governance, intensify

the fight against corruption and put in place conducive environment to improve effectiveness of aid and attract investments.

I believe we will succeed.

"It can be done play your part"

I thank you.