

**STATEMENT OF MR. RUBENS RICUPERO
SECRETARY-GENERAL, UNCTAD
AT THE TENTH SESSION OF THE GENERAL CONFERENCE
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Mr. President, my dear friend Carlos Magariños, Honorable Heads of States of Governments and Ministers, Ladies and Gentlemen. It is not a good moment to have this conference on industrial development in LDCs or in developing countries in general, particularly when we consider that on the one hand we have had for the seventh year in a row a net transfer of financial resources from developing countries to investor countries and on the other hand we saw in Cancún that the international community is not yet ready, perhaps not prepared, not yet willing to deal effectively with trade and development and those are the two parameters for a successful industrialization and development of LDCs. It is not indeed a favourable atmosphere but it is an additional reason for us to be here and to try to find a way of overcoming those problems.

It is for me a personal joy to be here to pay tribute to Carlos for his remarkable job and also to participate in the conference of UNIDO which is for UNCTAD not only a sister, I would almost say a twin sister, if we had been born at the same time. But we were born from the same movement; the movement in the 60s and 70s to place development at the right centre of the international agenda. In our case to deal with trade and development it was the central idea of Don Raúl Prebisch, a great Argentinian as Carlos and a few years later another central idea of Prebisch industrialization as a means for the developing countries to have the goods to trade with was the motivation of UNIDO.

Next year, UNCTAD will have in Brazil its eleventh General Conference to address the problems of how to improve the coherence between development strategies at the national level and the necessary favourable economic external environment and particularly finance and trade - the two points where I tried to say that we are lagging behind. So this is why UNIDO and UNCTAD have to come closer together. We have to find an imaginative way of a mechanism to work together in promoting goals of two aspects.

We are dealing here with the LDCs. You know UNCTAD is in the UN system the focal point to study the economy of the LDCs. The 49 poorest countries, of which 34 are in Africa. And in the introductory paper there are a few questions why LDCs are not growing as they should. Of course I will not try to address all those problems here, but let me just suggest that LDCs are caught in a poverty trap. They have an income which is too low. Right now the per capita income of LDCs is less than 1 dollar. It is 0.96 cents. With this kind of income almost every cent goes for consumption. What we have for savings and investment is less than fifteen cents of a dollar. This is too low to generate investment and to create industrialization and trade. Unfortunately, what are the sources of finance? Debt relief, we are lagging behind. Access to financial markets, those countries have none. Foreign direct investment does not go to countries that are highly indebted. It follows, not precedes, growth. Then what we need is ODA to generate a constructive rhythm of growth and we need trade. But trade and trade negotiations are only one side of the coin, because in order to trade you need to have a supply capacity. You need to have goods and services of a price and quality and here is where UNIDO and UNCTAD come together. We have to build this linkage between trade and negotiations, effective trade and negotiations, not like in Cancún where the international community was not able to deal with agricultural subsidies, with

problems of well-protected products with tariff peaks. We have to deal with those problems, but at the same time to build supply capabilities.

Let me conclude by saying Carlos mentioned very well that we are now on the eve of a major effort to overhaul the United Nations system. Of course, the emphasis is on peace and security, but we should never forget that peace and development are indivisible. If peace is indivisible, as a famous phrase has it, solidarity also must be indivisible. We should be solidarily fighting terrorism or fighting the dissemination of weapons of mass destruction. But at the same time we also have to be solidary in fighting hunger, in fighting AIDS, and here I would like also to pay tribute to my friend Jeffrey Sachs, who has been an eloquent voice, not only for the plight of the poor countries in the world, but also to the central role of infirmity, disease, AIDS in this plight. So we need, above all, never to forget what Pope Paul VI said in the 1960s that development is another name for peace.

Thank you very much.