



# PRESS RELEASE



UN OFFICE OF THE HIGH REPRESENTATIVE FOR THE LEAST DEVELOPED COUNTRIES,  
LANDLOCKED DEVELOPING COUNTRIES AND SMALL ISLAND DEVELOPING STATES

## **UN ENVOY SAYS SOUTH ASIAN TRADE PACT IS A BOON FOR LEAST DEVELOPED COUNTRIES**

**New York, 3 January 2006:** The United Nations envoy for the world's vulnerable countries, Anwarul K. Chowdhury, has hailed the entry into force of the South Asian Free Trade Area (SAFTA) agreement as a boon to the region's four Least Developed Countries – Bangladesh, Bhutan, Maldives and Nepal.

SAFTA, which became operational on 1 January 2006, is an agreement between members of the South Asian Association for Regional Cooperation, who also include India, Pakistan and Sri Lanka.

“SAFTA’s recognition of the special needs of LDCs as deserving preferential treatment is an outstanding example of the role regional trade arrangements can play in assisting weaker countries to overcome their vulnerabilities and reap the full benefits of economic integration,” he said. “The agreement will boost the exports of the four LDCs, reinforcing their poverty reduction efforts and propelling them to sustainable development.”

The agreement requires member countries to reduce their tariffs on products from the four LDCs to between zero and five percent within three years, compared to a time-frame of seven years for the other members. It calls upon the member countries to give technical support to the four LDCs to expand their trade with other SAFTA countries. The agreement also urges other SAFTA members

to take direct trade measures, such as concluding long and medium-term contracts that enhance sustainable exports from the four LDCs.

“The implementation of this package of measures will not only boost the exports of the four LDCs, both within and outside SAFTA, but it will also create employment and improve incomes, which will ultimately have a positive impact on poverty reduction,” said Chowdhury, the UN High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.

By some estimates, trade among SAARC members will grow from about \$ 6 billion to about \$ 14 billion per annum within just two years of SAFTA’s implementation.

The SAFTA agreement also allows the four LDCs five years more than the other members to bring down their custom duties to between zero and five percent, and calls for the establishment of a mechanism to compensate the LDCs for loss of revenue resulting from the lowering of their custom duties.

SAFTA’s entry into force follows the Sixth World Trade Organisation Ministerial Conference in Hong Kong last month where WTO members agreed to give LDCs preferential treatment, including binding duty free and quota free access to the markets of developed countries and support to boost their export capacity.

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