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CROATIA

Statement by H.E. Mr. Nenad Porges Minister of Economy

(Speaking as an Observer)

Allow me this opportunity to thank the Government of the United States of America and the City of Seattle for hosting this Conference.

I should also like to extend our appreciation to the Director-General and to the Secretariat of the WTO for their efforts in preparing this Conference.

At the outset of the new millennium, we have gathered here to assess the benefits that trade liberalization has brought to the world's economies and to address new initiatives aimed at further increasing global trade and economic growth.

There are no doubts that the multilateral rule-based trading system has in the past years and decades contributed to widespread economic development, growth, employment, stability and increased welfare. The WTO system has proved to be the most effective mechanism for economic integration of world economies through progressive liberalization and the elimination of trade barriers, including market access, which has significantly contributed to the enhanced competitiveness, and export capacities of many countries. The objectives reflected in the WTO basic principles, such as non-discrimination, fair and equitable treatment and transparency, have been to a large extent translated into a working agenda that enables the benefits of trade liberalization to be extended as widely as possible.

This is why the majority of countries in transition, developing countries and the least-developed countries are seeking to join this system as soon as possible. Active participation in the WTO shall only give positive impetus to the reform processes undertaken by these countries and their increased integration shall only contribute to the universality of the WTO itself.

However, on the verge of the new round of multilateral trading negotiations, we are facing a situation where it is unclear, how these countries shall actively participate in this ongoing as well as forthcoming process. They are told that they can participate in the new Millennium Round, but at the same time some of them are prevented from joining the Organization, notwithstanding the fact that they have proved the full compliance with WTO rules and disciplines and provided significant market access concessions.

Unfortunately, Croatia has been one of these countries. After six years of exhausting and comprehensive negotiations, and after bringing all of its legislation and implementation practice in compliance with the WTO rules, principles and disciplines, which has been recognized by Working

Party Members, Croatia has through no fault of its own, been prevented from concluding its WTO accession process.

Croatia has now, for almost half a year, been faced with a situation where it must choose between two different concepts of audiovisual services that could not be reconciled even during the Uruguay Round and are, by their very nature, so conflicting that in accepting one the other is naturally repudiated. Namely, the concept of accepting audiovisual services commitments, driven by commercial interests, is confronted with the other concept of taking certain exemptions based on the preservation of cultural tradition.

We have been asked to give our consent and agree to concepts that can only be regarded as WTO plus commitments which go beyond what the majority of current WTO Members had been obliged to adopt. Even so, Croatia tried to find middle ground that would accommodate commercial and cultural concerns, but hitherto, no solution acceptable to Croatia's negotiating partners has been reached.

This has put Croatia and a number of other European acceding countries in a hostage position. After many rounds of formal and informal multilateral and bilateral negotiations within Croatia's accession process, this bitter situation has prompted us to draw at least three conclusions:

- In order to avoid possible impediments and delays of the accession processes, WTO Members should refrain from requiring acceding countries to undertake commitments and concessions, that are not based on, or required by, existing WTO Agreements and other principles agreed by and valid for all WTO Members.
- In order to establish a fair and equitable accession framework, there should be no discrimination regarding the scope of commitments and concessions required from acceding countries, regardless of their size, trade leverage, geographic position, political affiliation or other specific criteria. However, due account should be taken of the position and needs of the least-developed countries.
- Adequate rules, procedures and mechanisms should be prepared and accepted by WTO Members in order to prevent unjustified delays in accession processes.

At this point in time, we can only express our disappointment by the fact that the seriousness of the accession problems has not been recognized by WTO Members. Members have failed to address the issue of precisely regulating and thus accelerating accession processes in a comprehensive and meaningful way in documents to be adopted by the Third Ministerial Conference. Statements of political support are very important, but they have no effect if they are not translated into concrete actions.

Does the present situation mean that WTO Members have decided not to pursue the objective of making the WTO system truly universal in scope and coverage? Does this mean that they have overlooked the importance of finding modalities for the effective participation of the economies in transition, developing countries and least-developed countries in the world trading system? Does this mean that WTO Members can live with the fact that no new European country shall become a WTO Member due to the conflicting and unresolved "WTO plus" issue of audio-visual services? Croatia would like to believe that the only answer to those questions is NO.

We still hope that WTO Members shall recognize the serious danger imposed to the credibility of the Organization due to the blockade of new accessions that is not based on any WTO

agreed rules and principles. Therefore, Croatia appeals to the whole WTO community to reconsider the conclusions and lessons learned from accession processes. I am confident that if more attention is paid to accessions, it shall result in adequate action even during this Ministerial Conference. The aim of the action should be accommodating concerns and resisting attempts to misuse accession processes by linking them with some otherwise unresolved WTO issues pertaining to the next round of global trade negotiations to be launched in Seattle. Croatia strongly believes that only such a step could bring the WTO much closer to its goal of becoming a universal and comprehensive trade organization.
