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JAMAICA

Statement by the Honourable Seymour Mullings Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade

We come to Seattle with a sense of disappointment.

We have had to confront the reality that for small developing countries the WTO experience has represented a large difference between what was hoped for and what has been actually achieved. When we met in Geneva last year we celebrated the 50th Anniversary of a world trading system governed by multilateral rules and disciplines. We had high hopes then and made important commitments to formulate an agenda for the WTO which would take the multilateral trading system into a new century. Here in Seattle, we had hoped that this agenda would reflect the lessons of the past; recognizing that our collective future, our collective success, rests on cooperation and creatively building on an understanding of the differing interests and economic realities of our diverse Membership.

The latest Annual Report published by the WTO, points out that small economies and the least-developed countries **potentially** stand to benefit the most from trade liberalization. It also states that there is no evidence of a **systemic** marginalization of developing countries. We acknowledge the theoretical soundness of the first proposition and challenge the second.

Let me briefly highlight what has been the experience of Jamaica, a small, open economy committed to the process of economic liberalization.

Jamaica, a heavily trade-dependent country, in which imports and exports of goods and services account for over 100 per cent of gross domestic product, **has** seen increases in total trade. These increases however, have been primarily the results of an expansion in the level of imports which more than doubled between 1988 and 1998. Exports grew by only 49 per cent. Imports during the 1990s have expanded by 66 per cent, while exports grew by only 42 per cent. Imports into Jamaica are now **twice** the level of exports with the fastest growing component being consumer goods which have more than doubled between 1994 and 1998. Since 1990, Jamaica has continually registered a trade deficit which has grown by 25 per cent between 1995 and 1997.

I cite these figures in order to illustrate that the potential benefits from trade liberalization, as identified by the WTO Secretariat, have yet to be realized by my country, and indeed by many others. Recent studies indicate that this experience is not unique to Jamaica. Trade deficits in many developing countries have widened during the 1990s. Rapid liberalization has led to a surge in imports, but has not contributed to growth in exports. Many of our countries have yet to realize the gains from the Uruguay Round. Instead, most benefits have gone to the more developed economies, thereby aggravating existing inequalities in the world economy and hindering the effective integration of many countries into the multilateral trading system. Deep concern over marginalization, which many of us signalled at our Conference last year, continues.

We stress, therefore, that trade liberalization must be progressive and carefully managed. Failure to do so leads to serious dislocation for local industry, reduced income levels for workers in import-competing industries, balance-of-payments difficulties and eventually, a lack of domestic support for further liberalization at the regional and multilateral levels. Governments, such as mine, must have flexibility to introduce and maintain appropriate initiatives for inward investment and diversification.

This is why Jamaica, together with its Caribbean Community partners and other small economies, have proposed that this Conference agree to establish a work programme to address the problems of small economies.

If the WTO is to prove itself representative, inclusive and sensitive to the legitimate concerns of all its Members, this proposal must be adopted.

In making this proposal, we are not seeking to divide developing countries or to divert assistance from the most needy among us. We would, however, wish the international community to recognize that small economies have special needs which constrain their full and effective integration into the multilateral trading system. I must emphasize that the impact of multilateral trade rules on small economies is, in a fundamental sense, disproportionate because of the very high trade to GDP ratio, characteristic of many small developing countries.

We have presented certain claims and technical arguments which can be translated into concrete measures. Structural features such as a high degree of economic specialization, income volatility, the absence of economies of scale and limited institutional capacity are some important elements which must be addressed. Our vulnerability to natural disasters, which has been clearly demonstrated yet again by the damage wreaked on a number of Caribbean economies a fortnight ago, will have to be taken into account.

My Government therefore joins those who insist that the WTO address the development dimension. The WTO and the Agreements it administers, must reflect the concerns of developing countries which represent the majority of its Membership. What would therefore constitute a practical and appropriate response to these concerns?

First, there must be a review of the existing Agreements and Decisions, with particular emphasis on the effective implementation of special and differential provisions in those Agreements.

Secondly, the Organization must recognize that preferential arrangements between developed and developing countries are important mechanisms for facilitating phased integration into the multilateral trading system.

Thirdly, there must be strengthened efforts to provide appropriate technical and financial assistance to developing countries, as they seek to implement their WTO obligations.

In the months leading up to the Conference, we were encouraged by statements which suggested that many influential Members were sensitive to these concerns. It was even proposed that a new round of trade negotiations should be called the "Development Round". Yet, in the preparatory process in Geneva, this sensitivity to the concerns of developing countries appears to have greatly diminished.

We cannot agree to a programme of future work which may be beyond our present capacity to cope. We are not convinced that given the experience of the Uruguay Round a new comprehensive round at this stage will yield benefits for countries such as ours.

As is the case in many countries throughout the world, concern is being expressed by many in Jamaica about the benefits to be derived from Membership in the WTO. There is a perception that the WTO represents the interests of only some countries who reap all the benefits. It is vital that we, as government representatives, ensure that decisions taken in Seattle provide clear evidence that this Organization can in fact, bring benefits to all, particularly to those in many parts of the developing world. This is the only basis on which institutional legitimacy can be built and sustained.

This leads me to the issue of transparency on which a great deal of emphasis has been placed by some Members. While we can agree with the fact that there is a need for greater transparency in the WTO, we must be careful that in addressing this issue, we do not forget to examine the internal procedures of the Organization itself. Members must ensure that negotiations at all times are conducted in a non-exclusionary manner. Negotiations must be organized in such a way to enable the participation of all those who have legitimate interests in the issues under discussion. The WTO cannot afford to retain the image of the "GATT", which for many years operated as a club to which only a few were privileged to be invited. Our internal procedures must take account of the increased Membership of the Organization.

In concluding, Jamaica joins others in calling for the WTO to focus on development concerns in order to integrate all developing countries into the multilateral trading system.

We would therefore wish to see in another round:

- The mandated negotiations on agriculture and services;
- the mandated reviews built in to existing Agreements;
- the establishment of an implementation review mechanism which would complete its work in one year and would address in particular, identified imbalances in existing Agreements.

We would wish to see here in Seattle immediate decisions on implementation issues where consensus is possible, agreement on establishing a work programme on smaller economies and recognition of the need to continue preferential trading arrangements between developed and developing countries.

The achievement of these goals will represent a successful outcome to the Third WTO Ministerial Conference. These would be important confidence-building measures for countries such as my own as we consider the scope and content of further negotiations.

May I take this opportunity to thank the Government of the United States of America and the City of Seattle for hosting this meeting.
