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Statement by the Honourable Iddi Simba, MP Minister for Industry and Commerce

*(Speaking on behalf of the Southern African
Development Community (SADC)¹)*

I am standing here on behalf of the Southern African Development Community (SADC). May I express our gratitude to the Government and people of the United States of America, and the people of Seattle, for hosting us at this Third WTO Ministerial Conference. It is our hope that this Conference will give us greater opportunity for more meaningful interaction and negotiations leading to a mutually beneficial outcome.

This is without doubt an historic occasion. As we come to the end of the 20th Century, we, the Members of the WTO, have come to take stock of where we have been, what we have done and what we are going to do. Since the coming into force of the Uruguay Round Agreements SADC Members have been significantly beset by problems arising from the implementation of these agreements. Indeed the Geneva Ministerial Declaration duly recognized the marginalization of the least-developed countries and certain small economies. These, along with land-locked, small island states and other developing countries make up most of the SADC membership.

Problems of implementation are varied and include the view that the benefits of the outcome of the Uruguay Round Negotiations have not been distributed equitably among countries. It is also evident that, in some cases, the agreements that emerged from those negotiations contain several imbalances and ambiguities. In our view, these deficiencies would need to be redressed to consolidate the multilateral trading system and ensure that its integrity is enhanced.

The effective implementation of WTO commitments by SADC countries continues to be hampered by the lack of adequate financial, institutional, technological and technical capacities, a situation that will be exacerbated by our participation in new negotiations. We therefore call for renewed commitment to technical cooperation, through adequate provision of resources in the regular budget of the WTO and other core agencies according to their mandates. We further emphasize the need for improved coordination in the delivery of this assistance as an urgent requirement to facilitate effective participation on our part.

In our view, the central challenge of the new negotiations is to ensure that issues of development are addressed decisively. Meeting this challenge will serve to strengthen the multilateral trading system, enhance its legitimacy and create a sustainable basis for a new round of global economic growth from which all WTO Members can benefit. The Third WTO Conference represents

¹ SADC Member States are Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

the opportunity to place the development objective at the centre of new negotiations. At the same time the inadequate capacity of developing countries to effectively participate in broad-based negotiations should be taken into account.

How does SADC see development being addressed in the new negotiations? The development perspectives should first and foremost achieve the objectives spelt out in the Preamble to the Marrakesh Agreement and should enable the world's people to share fully and equitably in the achievements of the multilateral trading system.

This will bring, in our view, a sustained rise in the income of developing countries and would offer real prospects for economic growth and poverty eradication in the next millennium. Sufficient attention should be devoted to ensuring degrees of flexibility to accommodate constraints faced by the developing countries.

We share the concern that the principles of special and differential treatment, which are enshrined in the WTO Agreements are not further eroded. The rationale for special and differential treatment remains valid in so far as it is designed to assist developing countries and, in particular, least developed countries and small economies to overcome inherent handicaps which prevent them from deriving meaningful benefits from their participation in the multilateral trading system. In this light, special and differential treatment should be firmly established in the new negotiations, operationalized and made contractual. Best endeavour provisions will not do.

Preferences are an important contribution to the trade development of SADC Member States. In this context, SADC Members have noted that the upcoming WTO negotiations will coincide with the ongoing negotiations of the Lomé Convention. SADC countries, as part of the ACP Group of countries, would ensure that their negotiating objectives are not only pro-active but coherent and mutually supportive. Particular attention should be devoted to the sequencing of the negotiations; the provision of a sufficiently long time to cater for new developments including the implementation of the SADC Trade Protocol; the building up of necessary human and financial capacities, as well as addressing supply side constraints together with the improvement of financial and commodity instruments under the Convention. For SADC Member States, the non-reciprocal preferences provided for in the current arrangement are valuable and would need, at a minimum, to be preserved in any new arrangement.

We, therefore, strongly urge WTO Members to consider favourably and urgently a request for the renewal of the WTO waiver for the Lomé Convention in order to provide a secure and predictable basis for the continuation of the ACP/EU trade relationship beyond February 2000 when the current waiver expires.

Processes of regional integration and development in the SADC region form our collective approach to the multilateral trading system. SADC Members are diverse and at varying stages of development. Yet despite this diversity of membership, progress has been made in our negotiations for the establishment of a SADC Free-Trade Area and we expect this to be operational by January 2000. The SADC Trade Protocol will deepen ongoing processes of economic integration and development in our region. This will create the necessary prerequisites to counter marginalization, improve our competitiveness and promote our integration into the globalizing world economy in a sustainable, beneficial and equitable manner.

SADC Members call for a fundamental rethinking of the structure and challenges facing the world economy as we launch new multilateral trade negotiations. In this perspective, a key objective for SADC is that developed countries should also undergo far-reaching structural adjustment in their economies. Such restructuring requires reducing a range of protective and support measures to inefficient "grandfather" industries and sectors in developed economies, thereby allowing the

relocation of production and investment to developing countries, including the SADC region, which possess comparative advantages in these areas.

Such structural adjustment would boost production and trade in SADC and other developing countries, promote industrialization and development, enhance both South-South and South-North trade, and provide an impetus to new global economic growth. Agreements, rules and disciplines that emerge from the new negotiations should be designed to level the playing field by enhancing certainty, consistency and transparency in the system. They should *inter alia*:

- (i) Support efforts for building our productive capacities and strengthening our supply capabilities;
- (ii) provide flexibility in the use of appropriate policy instruments to enhance the process of growth and structural transformation of our economies;
- (iii) improve market access for products of export interest to us;
- (iv) advance our regional integration objectives; and
- (v) define more clearly the terms and conditions of special and differential treatment.

In respect of the mandated negotiations, SADC Members acknowledge the vital importance of the Agricultural and Services Sectors to their economic growth and development. Despite the wide diversity of agricultural systems amongst its Members, the development of the agricultural sector in SADC countries is crucial to our trade growth, employment creation, social cohesion and environmental protection. In this light, the ongoing reform and liberalization of international agriculture trade must lead to improved access to world markets for all SADC agricultural exports (primary and processed). This should be achieved through:

- (i) The elimination of tariff escalation and tariff peaks;
- (ii) increased tariff quotas which preserve and enhance the access rights of SADC countries under the commodity protocols of, or appended to, the Lomé Convention;
- (iii) reductions in domestic support in the developed countries;
- (iv) the elimination of export subsidies, which displace agricultural exports of SADC countries or impact negatively on their domestic production; and
- (v) the obligation to formulate disciplines on export credits.

At the same time, SADC recognizes the importance of addressing the vital issues of, *inter alia*, food security and the development of rural economies taking into account inherent constraints of diversification for developing countries. Further, the specificities of small economies including land-locked island states should be given due attention and accommodated in new negotiations on agriculture.

SADC countries remain deeply concerned at the marginalization of LDCs in the World economy. In seeking to reverse this trend, SADC countries believe a Decision should be taken at this Conference whereby developed countries extend bound, duty free and quota free treatment to all products originating from LDCs. Developed countries should also make the necessary financial commitments to enable the effective implementation of the integrated initiative in favour of LDCs.

In addition, a decision should be taken to translate the Ministerial Decision on the possible negative effects of the reform programme on LDCs and net food importing developing countries into concrete measures.

Progressive liberalisation of trade in services should respect both the existing architecture of GATS and the flexibility provided to developing countries under Article XIX, including the principle for granting credit for autonomous liberalization since previous negotiations as provided for in this Article. Article IV of GATS, should be strengthened and made fully operational.

SADC fully endorses the proposals put forward by the African Group in Geneva with regard to future work in the area of Intellectual Property. In particular, we would support a decision to extend the moratorium on the application of the non-violation provision under Article 64.3 of the TRIPS Agreement, which expires 1 January 2000, until Members agree by consensus that sufficient experience has been gained with the application of the Agreement.

The new rules of international trade need to be geared towards solving the problems facing our people. For example, malaria kills 1.1 million people every year world-wide, and 90 per cent of these deaths occur in Sub-Saharan Africa, mostly amongst the poor. One of the most cost-effective ways of reducing malaria infections and deaths is by making insecticide treated nets widely available in malarious countries. At present the availability and use of insecticide treated nets for malaria prevention is low, only about three per cent of families in malaria endemic areas are using treated nets. Despite such nets being exceptionally effective means to prevent children and mothers dying from malaria, export taxes and tariff regimes in many countries render these nets prohibitively expensive. Essentially, most tax and tariff authorities continue to treat insecticide treated nets as textiles, instead of classifying them as pharmaceutical materials. From our point of view as developing nations, tariffs and taxes on such products and raw materials should be waived. By taking such people-centred concerns into account, the rules-based multilateral trading system will secure its legitimacy.

As we prepare to launch new negotiations in the WTO, we need to fully embrace our shared and differential responsibility for global economic development. New trade negotiations should improve and build upon our rules-based trading system so that we are in a better position to manage the consequences of our globalizing world economy and enable all participants to share the benefits. The negotiations on which we embark must have these objectives at its centre.
