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SAINT KITTS AND NEVIS

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Let me first extend a warm welcome to all of the new Members of the World Trade Organization and to Cambodia and Nepal whose Membership is to be approved at this Ministerial.

The Government of St. Kitts and Nevis sees this Fifth World Trade Organization Ministerial Conference as an opportunity to address the development focus of the Doha Development Agenda and to honour the commitments made and loudly trumpeted when the Round was launched. Let us grasp the opportunity to fashion appropriate measures to reverse the growing marginalization of small vulnerable island developing economies as the multilateral trading system has not responded to the needs of these economies. We find that of 21 Small Island Developing States, 18 have negative balances of trade and the United Nations Development Programme in a publication titled "*Making Global Trade Work for People*" has documented that some 67 developing countries have suffered loss of market share, contraction of manufacturing capacity and increase in unemployment as a result of the liberalization process. Clearly liberalization is not working for a large number of countries.

This traumatic development is in large part due to the rules of the multilateral trading system which imposes binding obligations on Members - irrespective of their size and special circumstances - and some policies of the developed countries which created a combination of circumstances that have compromised the limited options for structural adjustment available to economies like St. Kitts and Nevis, and threaten the very viability of the economic base, social stability and their sovereignty.

If the liberalization process is to contribute to poverty alleviation and not poverty creation in small economies, their unique characteristics must be recognized and addressed in the WTO. St. Kitts and Nevis, one of the smallest of small economies; with an area of 269 square kilometres approximately 45,000 persons, a Gross Domestic Product of US\$220 million and annual government revenue of less than US\$90 million, does not possess the conditions to encourage economies of scale activities neither do we have the human, administrative institutional and financial resources to implement the WTO Agreements effectively nor to undertake new additional obligations.

We were promised in the Doha Declaration that implementation and related issues were to be given the utmost importance, but to date there has been little progress, and the majority of the issues remain unresolved. Fellow Members let us use this opportunity to seriously and effectively address in a substantive manner, all the outstanding implementation issues before us.

We share with other small economies, serious concerns regarding the possible introduction of the Singapore Issues into the multinational negotiations, as there is no common understanding amongst WTO Members on how these issues should be dealt with. Further to expect small economics such as mine to implement new obligations would simply serve to undermine the credibility of the WTO, as even with the best will in the world; St. Kitts and Nevis does not have the resources to implement new WTO obligations, nor would it make any economic sense for us to divert our limited

resources or development assistance to undertake new obligations the benefits of which are not evident to us. We therefore do not support the commencement of negotiations in these areas.

Small size, exposition to external shocks and limited options continue to constrain our efforts to diversify and structurally adjust the economy. As a single commodity exporter our small export trade in *sugar*, is only possible through special preferential arrangements that exist for the marketing of this commodity. Without long-standing preferences which offset the loss of competitiveness, we would lose most of our export trade, setting back or even reversing our sustainable developing prospects.

For small economies preferences are of incalculable benefit and their impact on global trade is negligible and too small to threaten any countries interest - in fact in the case of St. Kitts and Nevis our percentage of world merchandise export is 0.000007 per cent.

The Caribbean call on WTO Members to provide for the maintenance and security of such preferences through flexible rules and modalities that allow for exemptions based on special development needs.

Another matter of great concern to small economies and the Caribbean is the threat of tariff reductions and the effect on government revenue. Import taxes account for as much as 50 per cent of government revenue in some Caribbean countries. It is therefore critical that high tariff revenue dependent countries be exempted from further tariff reduction to provide them with the flexibility to take the decisions consistent with their development needs.

At Doha Ministers reaffirmed that provisions for special and differential treatment are an integral part of the WTO Agreements and agreed to review these provisions with a view strengthening them and making them more "*precise, effective and operational*".

Regrettably all the deadlines have been missed and no agreement on the eighty-eight (88) proposals presented has been reached. For small vulnerable island developing states, special and differential treatment is at the core of these states participation in the multilateral trading system. The Havana Charter long ago recognized this principle that Member states are not created equal but have different resources and capacities, are at different stages of development with special needs. Our task here is to give practical expression to this principle so that a country like mine with total merchandise exports of US\$44 million would not be expected to undertake the same level of commitment and obligations as a country with exports of US\$770 billion. The constraints of small size are not temporary, so special and differential treatment should not be looked at as exceptions to the general rules, but as an integral part of the multilateral system.

The viability of the global trading system is dependent on an effective mechanism that allows small states to fully benefit from increased international trade - an outcome vital for economic growth, development and poverty alleviation. We must ensure that this Ministerial frame the responses mandated at Doha, which are essential if the small economies are to meaningfully participate in the multilateral trading system.

Fellow Members let us not expand the scope of the WTO to make it cumbersome and unmanageable. Let us remember that the Membership of the WTO will soon be 148 countries and comprises a very diverse group with different resource bases and levels of development. Let us not be distracted by other subject areas, which are really not meant for the WTO, but let us forge ahead and provide the political leadership to negotiate a successful conclusion for all at this Ministerial. Finally let us also put in place the necessary instruments to support the socio-economic development we have been mandated to secure for our people and let us live up to the commitment made in Doha and make this truly a development Round.