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DOMINICA

Statement by the Honourable Norris M. Charles, Minister of Foreign Affairs, Trade and Marketing

When I addressed the Singapore Ministerial Conference three years ago I called for the formal recognition in the WTO of the special problems facing small vulnerable states because I feared that without such recognition it would be impossible for most small states to be fully integrated into the multilateral trading system. Since then, my fears have been confirmed both by the generally poor performance of small states under WTO arrangements and in a very authoritative report by the World Bank and Commonwealth Secretariat on the issue of smallness and vulnerability.

The World Bank/Commonwealth Secretariat Report highlighted the following characteristics, which made small states different from other developing countries. They are usually island or landlocked small states sometimes located far from major markets. These states are susceptible to natural disasters, which can devastate entire economies in a matter of hours. As an example, just two weeks ago, the coastlines of my country and other Eastern Caribbean states were devastated by Hurricane Lenny. In Dominica houses, crops and roads were destroyed by very high sea surges, strong winds and heavy rainfall. The rehabilitation cost is estimated at about US\$75 million. We are once again required to rebuild a substantial part of our economy.

Because of their narrow resource base and small domestic market, small states have limited potential for diversification. These states also rely heavily on external trade and foreign investment for economic viability. Added to that are the dimensions of volatile incomes, problems of access to capital and high poverty rates.

The report further shows that these characteristics give a clear indication of the challenges small states face in improving their development prospects and in adjusting to liberalization and globalization. Many of these states are at the crossroads. The reality is that their trade preferences are eroding, official flows are declining, while historical ties with former partners in development are fading.

This only serves to emphasize the point that small vulnerable states need special arrangements in WTO. The concern expressed in Geneva on the marginalization of certain small economies and the recognition of the urgent need to address this issue needs to be translated into concrete action by the WTO. I say this against the background of the banana case where the insensitive application of WTO rules can well result in economic catastrophe of a number of small states totally dependent on the export of this one commodity.

We are here in Seattle to strengthen the multilateral trading system, but in doing so we must take into account our different levels of economic development. It is an unlevel playing field, where the rules seem to favour the strong and pay little attention to the special needs of the weak. The WTO should not be concerned only with free trade but also with fair trade. It should be concerned about

people not only profits at any cost. It must pay as much attention to the spirit as to the letter of its rules. This is why we call for "renew, repair and reform".

We will not have accomplished what was intended when we wrote the preamble to the WTO Agreement if least developed and vulnerable countries fail to benefit from the multilateral trading system. It should be the responsibility of the entire WTO membership but particularly the stronger among us to ensure that the system is not too heavily loaded against those least able to bear the burden.

It is important to recognize that the special and differential treatment provisions are not an end in themselves. They are meant to facilitate the transition of developing and least developed countries into the multilateral trading system.

Special and Differential Treatment should go beyond simply granting longer implementation periods and technical cooperation initiatives. They should allow developing countries sufficient elbow room to put the necessary policies in place to improve the supply capabilities of their economies. In certain cases these policies may even appear to be counter to the direction of the WTO in the short term, but they may also be the only answer for long-term sustainability and should be accommodated. I am referring in particular to measures such as the continuation of preferential arrangements which are so critical for the development of small states. The Lomé Convention between the European Union and the African, Caribbean and Pacific group of states is an excellent example of development cooperation, a major component of which is preferential trade. The EU and the ACP are currently negotiating a successor arrangement to the Lomé Convention. It is our expectation that all members of the WTO will give their full support for a waiver for the successor agreement to the Lomé Convention when the request is made.

After five years Dominica has not come close to fully meeting its WTO obligations. This is not for lack of effort. We have tried. But we are deficient in our implementation capability. In this regard we propose a significant strengthening of the technical assistance provisions of the WTO both to improve our implementation capacity and to help in our general economic development efforts.

The Government of Dominica is also concerned about the plight of workers. We support workers' organizations' calls for a better life for working people. We must ensure that the WTO achieves its noble goals of increased living standards, raising employment and achieving sustainable growth for every one in the world. But we are of the view that the ILO should continue to play the lead role in the promotion of labour standards.

We welcome the recent admission of the new Members to the WTO and look forward to the accession of Taiwan and other countries in the future.
