

WORLD TRADE ORGANIZATION

WT/MIN(99)/ST/146
2 December 1999

(99-5348)

MINISTERIAL CONFERENCE
Third Session
Seattle, 30 November - 3 December 1999

Original: English

LITHUANIA

Statement by H.E. Mr. Algimantas Rimkunas Vice Minister of Foreign Affairs

(Speaking as an Observer)

On behalf of the Government of the Republic of Lithuania and our delegation let me welcome all the honourable participants of this very exceptional Ministerial Conference. It is important to notice that the WTO will start its new millennium here, in Seattle, where the guidelines of the fundamental future developments and perspectives for the Organization will be planned. Understanding the exceptionality and importance of this Ministerial Conference, I would like to express our sincere gratitude to the organizers of the Conference and for giving me the possibility to participate in such an authoritative international forum, moreover, to speak to such a distinguished audience.

Importance of international trade in 21st century

At the present time, on the threshold of the new millennium, the global trade system is of high importance for every nation. The creation of the World Trade Organization has brought into existence a substantially improved legal process for a more dynamic economic environment through the creation of a more open and predictable international trading system. Fair, transparent and effective discussions on trade, dispute settlement are the advantages and possibilities that the WTO allows. I firmly believe that every system brings stability and predictability and I think everybody acknowledges that the WTO brings stability in international global trade. Moreover, it gives a possibility and a framework for every country, in spite of its size of population, political regime or political system, economic capacity to negotiate for the best of its interests, to settle disputes, finally, to say that some actions by other countries are not fair, are injurious for one's economy. We believe that the WTO should and would proceed in strengthening these principles in the next millennium as well. The idea of all member countries to have equal possibilities to negotiate with partner-countries in the international trading system is highly appreciable and necessary to develop and, for sure, to implement.

In the Uruguay Round Declaration on the Contribution of the WTO to Achieving Greater Coherence in Global Economic Policy-Making, Ministers recognized that coherence between the structural, macroeconomic, trade and financial aspects of the economic policy-making increases the effectiveness of these policies. The academics, officials, experts observing the current international economy and the development of the countries conclude that there obviously exists a direct link between the well-being of the country and its involvement in international trade. And Lithuania here is not an exception.

Lithuania's strive for economic stability

Let me start by saying that Lithuania always had an objective of becoming an open, civilized and job-creating economy, predictable and attractive partner. Therefore, our country sought to introduce an adequate economic system and to halt the decline in output that prevailed after the dissolution of the Soviet Union. All this required the structural reforms, the establishment of the legal framework, needed for the transition to a market economy. The Lithuanian Government did its best in creating a modern market-commercial regime: a legal framework for private ownership and entrepreneurial activity was introduced, the privatization of small, medium as well as large scale enterprises such as energy, communication and transport services was launched and successfully implemented. Furthermore, Lithuania paid great attention to foreign investments, seeing it as a necessary precondition for the further development possibilities of the Lithuanian economy.

These efforts of the Lithuanian policy-makers were addressed to make the Lithuanian economy growing and predictable, to make the transition period to the Lithuanian citizens as much as possible easy. Therefore, it was broadly understood that not only internal reforms, but also the international trade and trade liberalization as well, are important for further successful development of the Lithuanian economy.

Benefits of being a WTO Member

The membership in the WTO was and is the main objective of the Lithuanian foreign economic policy. Reading the continuous statements made by the WTO Director-General, Mr. Mike Moore, and recollecting the views expressed by his predecessors, we conclude and firmly believe that the WTO is a public international forum. Seeing the WTO as a solid, honest and the highest level forum for dispute settlements and negotiations, the Lithuanian Government considers it as the most proper support and an opportunity to follow and implement its objectives of the economic policy, to get the best output for Lithuania's national economy. Therefore, it is no wonder why WTO membership is viewed as a necessary prerequisite for the successful further and closer cooperation in the world. Moreover, the wider the acceptance of the trading rules the stronger the Organization.

Lithuania's negotiations for WTO membership

Understanding the possible future benefits of WTO membership, Lithuania started already a long-lasting and full of compromises negotiation process. It is definitely natural and obvious that membership in the WTO involves not only rights but also obligations. Lithuania understands that an applicant country should fulfil necessary minimum requirements for the membership that Lithuania at least already implemented. However, the negotiation process has shown that even the "minimum requirements" were implemented, the WTO Members demand to "pay an entry fee" making new higher requirements for membership. The position of the Lithuanian Government is clear, definite and, to my mind, rational – not to take more obligations than it is possible to implement, without making huge negative impacts on our economy.

Our pre-accession work always went in parallel with implementing the most significant structural economic reforms. The Republic of Lithuania made a series of commitments that were the preconditions for WTO membership. Herewith, I can mention only the most significant ones such as Lithuania's commitments to implement all multilateral agreements without any transition periods, moreover, our country already joined the Information Technology Agreement, considerably reduced the number of tariffs and non-tariff barriers, expanded the liberalization of trade in services and passed all required legislation. The Lithuanian Government, attaching the greatest importance to the completion of our accession negotiations and obtaining the status of full membership have made these, to our mind, evident and very significant steps. However, as I have already mentioned, the accession process did not end yet. It is still ongoing and ongoing due to agriculture issues.

The agricultural sector in Lithuania, as well as in many other countries, is very sensitive and rather problematical. Therefore, the reforms in this most socially sensitive sector of economy are going to launch also. However, as far as in the Lithuanian agricultural sector was working about one fifth of the whole population, "shock therapy" reforms and immediate reduction of the Government support for these people would cost economically. Trade liberalization in the agricultural and food products, in order to become a WTO Member, giving up currently used support to the Lithuanian farmers would involve a temporarily slowdown of our agricultural modernization and further economic development. Thereby, Lithuania very positively values the views of the EU Agriculture Council to liberalize trade in agricultural products, but first of all to prevent the national economy from the negative side effects of excessive liberalization.

Lithuania understands that liberalization of trade in agricultural products is a problematic issue in most countries and in parallel acknowledges the necessity to make trade in agricultural products more liberal and globally beneficial. Lithuania is making considerable efforts also and therefore is very much determined to conclude negotiations on the accession in the nearest few months to become a full-fledged member of the WTO and hopes to keep in pace with the WTO trade liberalization guidelines in the next millennium.

It goes without saying that the global significance and importance of the WTO lies in the application by the WTO Member States of the commonly agreed WTO rules and multilateral agreements. However, in our negotiation process we have noticed that some Members started using WTO accession negotiations as a proper opportunity to compel the applicants to make more concessions than it is necessary. Please, remember the particular status of "transition economy". We would like to adapt to the new economic constellation in the world and to rejoin global economic structures. But actually we really need some time to adjust. Most of the WTO Members sometimes forget that to arrive at their present level of "market economy" in the agricultural sector took more than two or three years. Their agricultures have gone through decades of massive subsidization and state assistance for infrastructure, education, research, soil improvement, irrigation, trade support, marketing abroad, etc. Lithuania is on its way to restructuring its agricultural sector seeking to arrive to normally functioning market economy. But it takes time and support from the State. We agree that such support could be trade distorting. But taking into account that many WTO Members themselves, including key players, apply subsidies for their agricultural products, Lithuania understood the application of the agricultural subsidies as being a fairly justified means of the equal competition and the protection of the national economy. Nevertheless, Lithuania is eager to follow the liberalization of trade in agriculture and hopes that the demands for liberal trade will be applied to all WTO Members equally.

"The new style" of accession to the WTO

The recent accessions have supported the idea that the WTO Member States started demanding a WTO membership "entry fee" that prospective members must pay, particularly with respect to the pursuit of "new issues". Already it is not enough to fulfil the fundamental requirements but the applicants, whatever their level of economic development, by the unilateral "requests" of the Member States are asked to fulfil the commitments that exceed those of the most advanced WTO Member States and powerful global economies. As a consequence some accession negotiations have encountered undue delay. It is no surprise then that the WTO negotiations for membership even with small countries with economies more liberal than those of some two-thirds of the present WTO Member States have been lasting for years. We sincerely believe that it is not a real face of the WTO. We hope that in the next millennium the equal application of the WTO rules will be already the WTO principle, giving protection for the countries from unilateral and arbitrary behaviour. We fully understand the concerns of the WTO Members in a manner consistent with their respective needs and concerns at different levels of economic development but we hope that particular interests of the key players are in the interest of the whole WTO, that they follow the general idea of the WTO.

Moreover, we truly believe that the main and basic aim of the WTO is to become a strong and efficient international body, to go on wisely liberalizing international trade.

The hopes on the next WTO Round

The Director-General of the WTO, Mr. Mike Moore, underscored his priorities for the Seattle Ministerial Conference during his first media briefing in Geneva. He has stated that "All eyes are directed now at the Seattle Ministerial – hopes are high. Our goal is very clear, it is better living standards for all our people". Lithuania fully supports and welcomes these statements and hopes that the new agenda of the Millennium Round would give us a possibility to join the WTO.

We hope that the Millennium Round will also show that contributing to the global development is not just a matter of the efforts of the individual countries. We understand that it is rather difficult to moderate the national interests to fit the global well-being but we hope that for the global benefit every State could make the concessions, to negotiate for more liberal trade, but without making a negative impact on the economies of her partners. Lithuania is ready to join the global economic forum – the WTO – and ready to contribute for the best of the further development of the global economy. We also hope the WTO would welcome our membership and future input.

We welcome the ambitious agenda on the new Millennium Round. Lithuania supports the liberalization of trade in services and hopes that the Member States will reach agreement in this quickly expanding sector. Trade liberalization in agricultural products, certainly, is inevitable but we would adhere to the idea expressed by the member countries from Central and Eastern Europe that transition economies should be allowed to introduce or continue to use support measures necessary for the economic transformation of their agriculture. Also, we support the EU statement that agriculture, being a very socially sensitive sector, should be liberalized very rationally without making a negative impact not only on the rural economy but on the landscape and environment as well.

In conclusion, I would like to thank the honourable audience for giving me the possibility to express the views of the representative of the country that was already for a long time in the negotiation process for membership in the WTO.

Finally, I would like to express my full confidence and belief in the WTO to realize its mandate and high priorities fully. I believe that the Millennium Round will give the possibility to the WTO to become a more effective instrument of promotion of the global economic development, that the WTO future strategy will be very important for the successful development of emerging and transitional economies, as well as in their integration within the international trading system and, indeed, the world economy.
