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SOUTH AFRICA

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Chairperson, Honourable Ministers, Excellencies, distinguished delegates.

On behalf of South Africa we thank the Government and people of Qatar for hosting the 4th WTO Ministerial Conference and we thank them for their warm hospitality in difficult times.

We meet at a critical juncture for the global economy and the world trade system. We are witnessing the beginning of a global economic downturn whose impact will be felt most severely by the weakest of our Members that could generate uncertainty, political and social instability, as well as growing protectionist pressures. This threatens to undermine all our efforts and progress made in pursuing development through meaningful integration into the global economy.

In this Plenary of the Ministerial Conference some 142 people, or more will speak. Each Member State will have a chance to state its views. However, the complexities of the issues that are now before a Ministerial Conference make five minutes too short a time to deal with real substance. Our economic interconnectedness is now so intense that it cannot be dealt with in a series of speeches.

We are underestimating the extent to which we are a global economy. We do this despite the fact that recent events have shown this with appalling violence and the loss of innocent young lives. We still want to live in a world where we could manage our global economic relations with a conference every few years. It will not work again.

Our interconnectivity is now so great that we need to ensure that there is an ongoing process of governing our trade and investment relations. We will have to find new ways of doing things.

The challenge facing this Conference is that we have to have the wisdom to introduce the new processes out of the shell of the old. The text that we are working with is a good start. It is not the old style where we haggled over brackets. It attempts to define the balance that would be in the best interests of the world economy as we move forward. The specific details, where the multiplicity of our varied interests and needs will be addressed, will have to come in the next few years as the architectural plan is translated into the commercial law and interaction that will govern our global economy.

Of course our agreed text at the end cannot be so vague as to give no direction – the structural features must be defined. On the other hand if we start building the detail now we will not finish and the Conference will fail. The costs of failure are much higher than many of us imagine.

Let me return to the reality of our interconnectedness in the global economy. What does this really mean for the work we will be so intensely involved in over the next three days?

What it means is that the realities of the political economy in all regions and economies in the world are a reality for all of us. The realities and the underlying changes in the global economy will impact on all economies and cannot be avoided because we managed to keep them out of a document at a Ministerial Conference.

I want to focus on three dimensions that inform South Africa's strategic approach to the WTO and this Conference.

The first is the disparity between those countries that are economically developed and those that are not. The majority of the world's population live in the latter category. If this continues for the next three to four decades the overall social, economic and health stability of our global economy will most surely be at risk. To prevent this we have to have a sense of crisis and urgency.

The first task at hand is to begin a process of rebalancing some rules inherited from past negotiations that clearly prejudice the interests of developing countries. There must be a genuine commitment to address outstanding implementation issues.

In a similar way, we must demonstrate, in this Conference, a commitment to review the TRIPS Agreement with a view to ensuring that it serves public policy objectives that go beyond narrow commercial and trade interests. This is not simply a developing country concern. For a relatively small price this Organization will gain increased legitimacy in the eyes of our people and many critics.

The excess protection and absorption of scarce resources in agriculture in the "North" has the consequence of the underdevelopment of this massive sector in the "South". Redress is fundamental to a development agenda. If we do this redress the results will lead to a development agenda. If we do this redress the results will lead to a rise in the standards of living in all economies. Surely it is better for the "North" to maintain reasonable growth through supplying rising disposable income arising from agriculture and agro-industry in the "South" rather than to try and pump prime stagnant and high cost industries.

The configuration of industrial tariffs has the effect of protecting industries in the "North" that are resource, energy and labour intensive. These are all areas where the industrialization of the "South" has moved the competitive advantage to them. This prevents growth in the global economy, as it is a misallocation of resources.

This problem must not be confused with the problem of high tariffs in the developing countries. The latter has more to do with recent political economy of the post-colonial period. The change in policy in the most successful trading economies in the developing world shows the direction that we are all going.

What this means therefore is that negotiations in industrial tariffs cannot be conducted on the old mercantilist principles but should be seen as part of facilitating a new global arrangement of production that will – like the structural change in agriculture – benefit the global growth process.

The second dimension that I want to deal with is how quickly we should place the new issues on the agenda? Our starting-point in South Africa is that these are not issues that can be avoided. We will have to address them. What is at issue is why, how and when they have to be addressed.

If the motive for addressing them is that it supports the economic advantage of the demanders then the right response for the rest is to resist the demand. This is the suspicion that exists at present.

If however, these are matters where it is unavoidable that they will have to fall under some form of governance regime then it makes little sense to delay, as the problem will only get worse with delay.

However, this is not a well-understood reality at the moment and the way in which the demands came onto the table only caused problems. The uneven development of our economies and their integration into the world economy further exacerbates the suspicion and the lack of awareness of the problems we face.

This points to how we introduce these issues and the text on the issues of investment, competition and environment has captured the most sensible way in which we can commence this task. If we all have the patience to carry out the envisage process our rate of progress at a later date will be far greater.

We can all agree that there are linkages between trade, development and environment.

However, the linkages are complex, the implications of negotiating rules in this area are not fully understood and, in many ways, the issues that arise go beyond the WTO's competence. Hence, we require time for deeper reflection and dialogue on these issues and their implication for the trading system.

We will have an opportunity for locating this dialogue in the border conceptual framework of "sustainable development" at the World Summit on Sustainable Development that South Africa will host next year. For South Africa, the Conference should be an occasion for going beyond the review of the implementation of Agenda 21 to address issues of global inequality and high levels of poverty.

These new matters have to be integrated into our work programme in a manner that allows all to participate in a meaningful way. An unwise insertion of these matters into the work programme will be counterproductive.

The third area is that which relates to the compact the trading and investment system has with the active organizations of civil society.

At present the WTO is seen by a wide variety of social groups as the embodiment of the evils of globalization. This has led, in turn, to a diffuse response to the inherent challenges facing the WTO by the political leaders of the world. The result is to merely strengthen scepticism and frustration.

The first is to bridge the gulf between those social critics that are amenable to reasoned argument and the undoubted potential of the WTO to progressively provide rules and regulations for sustainable trade and development.

Globalization is impacting on all economies. It is causing structural change in all economies – developed and developing. The massive wealth inequalities, both between and within the world's economies, result in the impact of these structural pressures being experienced very differently.

The civil societies in the developed and the developing world are reacting to different pressures but coming to similar, largely inaccurate, conclusions about the WTO.

The high standards of living, the heightened levels of social awareness and the availability of information in the developed economies have meant that the civil society has been alerted to real threats to the environment that could result from rapid and integrated global economic growth. Since the WTO regulates trade and investment it is seen as the means that greedy governments and

manipulative commercial interests use to insulate this reckless growth from legitimate social sanction and monitoring.

When it is then argued, inaccurately, that the production and trade in the developing economies is predicated on exploitative labour systems then it is possible for a wide collation of social forces to come together.

There is no doubt that child labour occurs in many developed and developing economies and this has to be addressed. However, it is not the structural reason for the increasing competitiveness of the developing economies. In some cases, significant cases, this competitiveness is developing very fast. It is a prelude to a profound change in the location of the global economies production capacity.

A dialogue is needed on this interplay between labour and social standards and the world trade system. A similar dialogue is need between the trade system and the financial system. We should not fear dialogue. However, if these matters are seen as pretext for protection then the real merits of issues will be lost as we revert to the beggar my neighbour mercantilist age. Wisdom and farsightedness are needed.

The misperception has been generated that there is an inherent incompatibility between the WTO agreements and just social causes like sustainable development, the environment, rural life and labour standards.

We need to start the work of building a new compact with our citizens. The WTO needs to exist for many decades to come and it needs to do so with the support of all.

Let us reflect on these matters and make sure that we succeed. A failure will be a statement about the ability of the global economy to govern itself for the benefit of all our citizens.
