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PANAMA

Statement by H.E. Mr. Joaquín Jacome Minister for Commerce and Industry

In September 1997, Panama became a Member of the World Trade Organization with a firm belief in the many benefits that membership of the multilateral trading system would bring.

At the beginning of the negotiations on accession Panama had one of the most protected economies in the region with higher than average tariffs.

As a precondition for membership we were required to dispense with the benefit of certain periods of transition, to which we were entitled as a developing country.

Following his accession process, Panama rapidly introduced a series of radical reforms through various laws that brought about fundamental changes in the economic structure of the country and which had social repercussions in sectors such as agriculture and industry.

However, such effects had been foreseen and Panama had taken the difficult decision to face up to those consequences, since it was expected that the benefits it would receive would outweigh its sacrifices.

One of the many benefits that we could mention was access to previously unimagined markets, protected according to the principle of non-discrimination and in the absence of trade barriers that were unnecessary or unjustified.

As a developing country we feel bound to express the great disappointment that Panama, like other Members, has experienced in finding that the actual situation was very different.

We believe that one very relevant example of this is the banana dispute.

As is widely recognized, some Member countries of the WTO have chosen to ignore their obligations, not only towards Paraguay but towards the other countries that retain a firm belief in the multilateral system.

Nine arbitration rulings have been delivered in a period of four years condemning the discrimination and the barriers imposed on bananas from Latin America; or 11, if we count the years under the GATT since 1993.

Despite these rulings and innumerable consultations, there has been no response from those countries to resolve the issue.

We are deeply concerned by this situation, since it reflects a failure of the dispute settlement mechanism. However, none of the reforms proposed would resolve problems such as those perpetuated in the banana dispute.

This failure to respect basic commitments has sent a signal to the international community that legal certainty, considered to be one of the pillars of the system, must be strengthened.

If the Members of the WTO, particularly the developing countries, cannot rely on clear rules governing trade, then we have lost sight of the ideal held by the acceding countries, namely the integral development of their economies and, consequently, an improvement in the living conditions of their people.

However, despite these drawbacks we should like to state that Panama reaffirms its commitment to the multilateral trading system as a means of achieving growth and development.

Our country considers that, when the forthcoming negotiations are launched, there must be a frank dialogue on the following aspects of world trade:

- With regard to trade in **services**, we are in favour of a wide-ranging debate that does not exclude any sector or mode of supply, together with an in-depth examination of important sectors such as financial services and maritime transport.
- In the case of **investment**, we support the establishment of a multilateral framework of rules on foreign direct investment, with a view to helping to establish a stable and predictable environment for investment worldwide.
- With regard to **agriculture**, we are in favour of reducing the disparities arising from domestic subsidies, as well as those caused by export subsidies. In this context, we think it necessary to consider special and differential treatment for developing countries and to put that into effect through concrete measures.
- As far as **textiles** are concerned, we think it advisable to review the commitments assumed in that Agreement, providing greater access for the developing countries.
- We support the expansion of the WTO's basic **technical assistance** budget, so that we can participate more effectively in the new negotiations.
- Panama would view favourably the establishment of a **working group** to examine issues relating to the **implementation** of the Uruguay Round Agreements.

Other measures that have been proposed at this Third Ministerial Conference carry the risk of reducing the comparative advantages of the developing countries. They include environment and labour issues.

We feel bound to state that Panama is committed to environmental protection since almost a third of our territory is covered by nature reserves protected under our environmental legislation.

We also respect the internationally recognized core labour standards and regard the International Labour Organization as the competent organization to deal with this matter.

Finally, we should like to reaffirm the position taken in the Singapore Declaration on these matters.

We should like to conclude by saying that the negotiations to be initiated at this Ministerial Conference should seek to advance the ideals of development, so that all the Members have the opportunity to enjoy the advantages that can be derived from belonging to the multilateral trading system.
