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PACIFIC ISLANDS FORUM

Statement Circulated by Mr. W. Noel Levi, CBE
Secretary General

(As an Observer)

1. I am indeed honoured to issue this statement to this august gathering of the Fourth WTO Ministerial Conference, on behalf of the Pacific Islands Forum, whose members are the Governments of Australia, Cook Islands, Federated States of Micronesia, Fiji Islands, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.
2. The WTO Agreements, since their coming into force in January 1995, have had far-reaching effects on the global economy and on all countries irrespective of their size, location or whether they are WTO Members. These impacts will certainly intensify with continuing trade liberalization brought about by WTO rules.
3. Not so long ago, in December 1999, we gathered in Seattle in an attempt to launch a new round of trade negotiations that would have seen further progress in the reform of the multilateral trading system. However, Seattle was unsuccessful for reasons that are well known to all of us, in particular the wide divergences not only amongst developed and developing countries but also amongst both developed and developing countries on key issues that ranged from agriculture, to implementation and to new issues.
4. In the preparations for this Conference, open-ended consultations and negotiations have been undertaken in Geneva to bridge the divergent interests of Members on the mandated negotiating areas of the built-in agenda as well as the implementation and new issues. We recognize the improvements that have been made in the procedures and would like to thank those responsible, especially the Director-General Mr Mike Moore, a fellow Pacific Islander. However, WTO Members without representation in Geneva have, of course, still not been able to participate in a meaningful way in the preparations for this Conference and it is therefore inevitable that their views are not fully reflected in the draft declaration that has been prepared.
5. Two years since Seattle we now gather in Doha, to decide whether we have sufficient resolve to move the multilateral trading system forward, by adopting the future work programme set out in the draft Ministerial Declaration. This is the culmination of consultations amongst WTO Members over the past two years, which would launch a new round of negotiations. If we are to move forward, all Members will have to make compromises on their positions and the Conference will have to ensure that the future work programme reflects a balanced outcome for all countries - whether big or small, rich or poor.
6. The Pacific Island countries support in principle the launching of a new round in Doha provided that their interests are effectively accommodated. They have drawn a number of meaningful

lessons from their experience in the WTO and from the Seattle Conference, which for most of Pacific Island countries was a first experience.

7. First, a balanced outcome can only be reached if we start by dealing with the issues on our current agenda and by correcting imbalances in the existing rules and practices of the WTO. The granting of the Cotonou waiver is one of the top priorities of the Pacific Island countries, which needs to be dealt with before the addition of new items to the agenda is considered. Like many other countries they also consider that implementation issues which stem from the complexity and range of WTO rules that are inappropriate for small developing economies need to be dealt with on a priority basis.

8. Second, limited understanding of the WTO rules limits the Pacific Island countries' ability to seize the opportunities that a more liberalized multilateral system brings. Human resource constraints exist at both policy and technical levels and in negotiating skills. The region needs technical assistance and capacity building to overcome these difficulties.

9. Third, as already mentioned the Pacific Island countries are amongst the 36 WTO Members and Observers that largely remain voiceless in the WTO because they are not represented in Geneva owing to resource constraints. Consequently, this has not been without cost to them. They are unable to follow the discussions that take place in WTO and to report to capitals, still less to participate actively and to articulate their views and thereby to influence WTO policies and rules that will affect profoundly.

10. Over the centuries, the history of "obligation without representation" has been an unhappy one - and the present situation is clearly not consistent with the fundamental democratic ideals proclaimed by the WTO. A recent Commonwealth Secretariat study clearly confirmed that non-resident WTO Members, many of whom are small developing economies, need assistance to establish some form of representation in Geneva. Most of our Members are too small to be able to open a mission of their own in Geneva. This has been recognized by our trade ministers and by our leaders.

11. We recognize the financial and practical benefits of working together with other small economies. We have therefore recently put forward a specific proposal, which would, at minimum cost, allow 20 governments of developing and least-developed countries to be represented in Geneva and to build their capacity to deal with the rights and obligations of WTO membership. This would be a first step for us on which we would hope to build in the future. We take this opportunity to ask the international trading community to give us the assistance that we need to realize this project. A positive answer at this Conference would be of real benefit to our countries and to the international community. The WTO will only be a truly democratic institution when it ensures that all Members are represented in Geneva and in the WTO process.

12. Fourth, the lack of transparency and democratic decision-making process was one of the region's greatest disappointment when it did attend the meeting in Seattle, as many small developing states were excluded from key negotiating meetings but were expected to accept their outcomes. This not only denies them their right to participate in decisions on trade policies that will affect them but is unacceptable given that the WTO compared to the GATT now has a stronger legally binding dispute settlement mechanism. Whilst on the issue of dispute settlement, most Pacific Island countries will not be able to take advantage of this given its complexity and the high costs involved. Whilst the recent opening of the Advisory Centre for Law will to some extent assist developing countries, the small developing economies like the least-developed countries will not be able to afford such legal assistance.

13. Fifth, improved technical assistance, capacity building, representation and internal transparency are essential but not sufficient to deal with problems of small economies because they

are means to an end and not an end in itself. The substantive provisions of the WTO must therefore take the interests of all of its Members into account, including its smallest Members. WTO Agreements only require consultations with countries, which can claim principal supplying interests, or substantial supplying interests when negotiating or re-negotiating trade concessions. Consequently, many small WTO Members would legally be excluded from consultations and negotiations because they are very small producers not having a significant share of world trade in any of the few products they export. However, one or two of these products could constitute over half of their exports and any adverse changes to WTO rules without adequate compensation could have seriously detrimental effects on their future export performance. Changes must be made to existing rules such as these to engage small economies in negotiations of rules that affect their trade interests.

14. Sixth, WTO rules must be supportive of the development efforts of Members, particularly the small and vulnerable Members in their attempt to adjust to the rapidly changing global, trade environment I alluded earlier on to the need to have a genuine level playing field, and that special and differential treatment provisions must be implemented by Members if these are to effectively address the development disparity between the rich and poor nations. WTO rules and procedures for example must be fair to everyone and not used to victimize those too weak to defend themselves. The area of WTO accession, is one in which current practice is grossly unfair to small developing countries and LDCs. Existing rules permit WTO Members to demand as many concessions as they see fit, leaving acceding countries defenceless and forced to take on commitments often far beyond their means - while unable to demand the same of existing Members. In addition to these heavy commitments, accession procedures, which include working party meetings in Geneva, are cruelly expensive. The case of Vanuatu, which is one of our LDC members that has been negotiating its accession for almost six years is not only a clear example, but a clear deterrent for other countries in the Pacific region. Simple and accelerated accession rules are needed to help small developing countries and LDCs regain confidence in the multilateral rules.

15. While still on the issue of rules, the Pacific Island countries along with many developing countries would like to see the development of multilateral rules to protect indigenous intellectual property rights or the traditional knowledge of indigenous communities. This is in recognition of their great diversity and wealth of knowledge that has in recent years been the target of mainly multinational companies in search of new products and processes. We are assisting our Member countries develop and adopt model law on traditional knowledge protection but this is insufficient in dealing with investors outside the region. This is one area in which the multilateral system could greatly assist small countries with limited natural resources provide a fair system for investors to gain legitimate access to traditional knowledge while duly compensating traditional owners.

16. Finally, the negotiations need to be based on the principles that have governed previous multilateral trade negotiations, in particular reciprocity, and less than full reciprocity for developing countries and least-developed countries. The Pacific Island countries must be able to determine their own contribution to the objectives of the negotiations.

17. The Pacific region, made up of small isolated economies is rightly concerned about the impact of globalization. Smallness may indeed be beautiful in some cases and isolation can be blissful if you are on a retreat from the hectic pace of modern living. But for us in the Pacific, our smallness and isolation do constitute a fundamental development constraint, a kind of comparative disadvantage, which, when added to our exposure to natural disasters and external shocks, can make for a very precarious existence and very vulnerable to globalization. Globalization provides many opportunities for development but it also has many downsides. While we need the understanding and the help of the international community, the challenge for us in the region is to undertake the necessary adjustment measures that will enable us to take advantage of opportunities that a more liberalized global market offers.

18. We will therefore continue to advocate for recognition of the fact that nations have differing circumstances and that some are more vulnerable than others. If we are to have a genuine level playing field, the multilateral system must accord special and differential treatment to the smaller and the weaker of its members. Some form of helping hand, while maybe distorting to the so-called free market, is essential if we are to deliver the benefits to our communities, and if small nations such as ours are to have an even chance of surviving in this highly competitive global arena of international trade and investment.

19. Notwithstanding the above shortcomings in the multilateral trading rules, the Pacific Islands Forum welcomes the inclusion in the draft Doha Ministerial Declaration of a Work Programme for Small States to be established under the auspices of the General Council. Ministers are encouraged to endorse the proposal as a first step towards practical assistance to help small states overcome imbalances against them within the framework of multilateral rules. Whilst the region will continue to pursue improvements in the multilateral rules, the Pacific Islands Forum have also embarked on measures to assist the region in adjusting to the new competitive global environment.

20. Our region continues to pursue the establishment of strong macroeconomic frameworks as foundations for growth and sustainable development. The main vehicle for this at the regional level is our Forum Economic Action Plan spearheaded by the Forum of Economic Ministers Meeting (FEMM). There have been some notable successes in our economic reform efforts, but there is also a growing realization that we should also be mindful of the peculiarities of small vulnerable countries, a lesson driven home by the Asian financial crisis and by our own crises of confidence in governments in the South Pacific. Thus, the recommitment by the Forum to the principles of good governance and wider stakeholder consultation.

21. One of the cornerstones of the economic framework is the establishment of a regional trade agreement (RTA) in the region in line with the decision of Forum Trade Ministers. The rationale of the RTA is to create a larger regional economy out of the many small and disparate national economies we currently have. The RTA, which will create a large regional market of around 6 million people, is expected to stimulate production capacity and competitiveness resulting from exposing domestic industries to competition within the region. This will in turn facilitate the region's ability to compete in markets outside the region. The RTA also reflects the Forum island countries' desire for a stepping-stone approach to wider liberalization that will facilitate the region's integration into the world economy.

22. In August this year, the Forum Leaders endorsed and signed an RTA namely, the Pacific Island Countries Trade Agreement (DICTA) amongst the 14 island countries of the Forum and a separate agreement allowing for the future negotiations of new trade arrangements with Australia and New Zealand - the two developed partners of the Forum. The latter agreement also provides for financial and technical assistance on trade-related reforms as well as improving trade facilitation measures, which are likely to bring, more immediate benefits to trade in the region. The two agreements have been designed to be both WTO consistent and cognizant of the special needs of small developing island states.

23. Initiatives are also under way, in aviation, communications and shipping to try and address the problems of cost disadvantages in our region. Indeed the Forum of Aviation Ministers will consider an agreement to create a single aviation market in the Forum region. We realize that the world is being increasingly globalized through advancement in information and communications technology (ICT). The advent of ICT could be expected to alleviate some of the adverse impacts of our inherent development constraints. Indeed, new technologies in telecommunications, internet, and direct satellite broadcasting and transmission are providing opportunities for Pacific island countries to overcome development constraints by; reducing barriers of distance, reducing costs, improving the knowledge, skills and general development of our people, and improving service delivery across countries and the Pacific community. As the Forum reaches agreement in the above-mentioned

initiatives, we will see the further deepening of our regional integration and the strengthening of our common endeavors. We look to the WTO Members for lessons and technical assistance particularly in the area of information and communications technology.

24. On the international front, we are promoting the active participation of the Forum Island countries in international fora to ensure that their concerns are understood and to contribute to the formulation of multilateral policies that affect them. Late last year the Forum appointed an adviser to represent the region in Geneva as a first step towards establishing some form of representation for the Pacific Island countries at the WTO although its continuation depends on availability of finance. This year the Forum has also been working closely with other small island states to develop common positions on multilateral issues including the WTO. This resulted in the submission to the WTO in July this year of a small states proposal for consideration in the Doha Ministerial text. Though the Forum did not see the accession of any one of its members to the WTO over the past six years, its WTO-related activities including providing PTO training courses and technical assistance will continue.

25. Regrettably all our efforts to create a stronger foundation for trade and investment in our region and to enhance our representation in multilateral fora will come to naught unless we also address the elements of inequity inherent in our multilateral system. For this to happen there must be genuine recognition in WTO and the OECD countries that the world is an "uneven" playing field where you have the small poor and weak countries as well as big rich and strong ones. The multilateral trade rules must recognize this and promote special and differential treatment for small, poor and vulnerable states if these countries are to have a chance of competing and surviving. Whilst establishing clear and secure trade rules are important, we must not lose sight of the ultimate aim of these rules, that must result in tangible benefits by creating the opportunities for countries to generate wealth and ensure sustainable growth for all countries including the weak, and vulnerable.

26. To conclude, all countries look to this Ministerial Conference to provide a way forward in reviving global trade and global prosperity through the pursuit of multilateral rules that reflects a balanced result for all. I have no doubt that Ministers will fulfil this expectation and restore the confidence of the global economy in the multilateral trading system.
