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NICARAGUA

Statement by H.E. Dr. Edgard Antonio Guerra Duarte
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On behalf of the Government of Nicaragua and President Arnoldo Aleman Lacayo, I would like to thank the Emirate of Qatar and its authorities for the generosity and hospitality that they have shown since our arrival in this beautiful country.

I would like to welcome the new Members of the World Trade Organization. We are particularly pleased to have among us the delegations of the People's Republic of China and of Chinese Taipei. The former, with a market of more than 1,000 million inhabitants, and a markedly growing economy, is destined to be an important partner in the international market. The latter, Chinese Taipei occupies a special place in Nicaragua's foreign relations owing to the links of friendship and cooperation that bind the two countries. Moreover, it sets an example in the area of trade liberalization and economic development. The WTO, as the overseer and guarantor of the proper functioning of world trade could therefore hardly have kept these two important partners at bay.

All of us participating here today have the obligation to work together to ensure the success of this Fourth Ministerial Meeting. The terrorist attacks of 11 September have resulted in one of the gloomiest economic situations of the past decades. In Latin America and Central America, in particular, the events have had a serious impact on the tourist industry, the volume of shipments has decreased and the cost of exports and capital has increased. Meanwhile, the price of raw materials, which still make up the majority of our exports, has fallen by 26 per cent with respect to 1997.

In this connection, we are particularly gratified by the observation made by the multilateral financial institutions that the slow growth of world trade and the weakening of financial flows have hampered the development of the least-industrialized countries, and we are encouraged by their appeal to place trade "at the service of the poor".

The consensus needed to launch a new round will be reached on condition that the interests of the developing countries are placed at the centre of the negotiations and the industrialized countries are ready to do more to reduce trade barriers and contribute to economic recovery. To achieve real and sustainable development and reduce poverty, the foreign debt must be forgiven and trade and investment must grow. We are aware that these goals will require an effort at the domestic level involving all sectors. This effort will be frustrated, however, if foreign markets fail to react and if it does not encounter a coherent response from the international community.

Since 1990, Nicaragua has made progress in opening up its trade and developing a regulatory framework consistent with international rules. All of this has taken place against a backdrop of deepening democracy. The elections which just took place were described as the best example of citizen participation and political maturity. The next government will be called upon to launch an

ambitious national plan and a poverty reduction strategy approved by the multilateral agencies with a view to ensuring the welfare of all Nicaraguans. We appreciate the support expressed by the G-8, the GRULAC countries and other industrialized countries for the financing of the HIPC initiative. This will enable a country that devotes more than 40 per cent of its export revenue to servicing the foreign debt, which currently totals US\$6,600 million for a per capita income of US\$420 and exports in the first half of this year of only US\$332 million, to progress towards sustainable development.

We stress once again that Nicaragua gives priority to trade as a driving force for development. As a country that mainly exports agricultural products, we hope that the negotiations will substantially improve market access for those products. We support the substantial reduction of tariffs and the elimination of tariff peaks. The arrangements and procedures adopted during the Uruguay Round prevented Nicaragua from obtaining fair market access within the tariff quotas opened for products such as sugar, meat, groundnuts and dairy products, which represent a considerable share of our exportable supply. We trust that our trading partners will be ready and willing to revert to this issue during the initial stage of negotiations, and that we will be able to benefit fairly and equitably from the increase in quotas.

We support the total elimination of export subsidies and the substantial reduction of domestic support. It is a source of deep concern that the commitments made during the Uruguay Round have been undermined by direct support and similar programmes which continue to affect our products, both in the markets of the countries applying the subsidies and in third markets. We urge the developed countries to refrain, during the negotiations, from developing and implementing programmes which increase the levels of domestic support, including non-actionable support.

Nicaragua, together with the other developing countries, has submitted proposals on this issue, covering, *inter alia*, the creation of a development box, special and differential treatment, and rural development. We hope that they will be favourably received in the course of the negotiations.

We are satisfied with the progress achieved in the services area. We are encouraged by the guidelines and procedures for the negotiations, in particular by the priority given to the developing countries and the decision not to exclude, *a priori*, any sector or mode of supply. We would like the services negotiations as well as the negotiations on agriculture to form part of the whole. However, since we are dealing with negotiations which have their own mandate and have already achieved progress, a reasonable time-frame will have to be provided for their completion. In the case of agriculture, the liberalization process agreed upon at Punta del Este will have to be pursued during the negotiations.

Nicaragua has come here in a spirit of openness and flexibility because it would like to see the meeting succeed. However, our flexibility is directly contingent on our receiving satisfactory responses to the issues of implementation and special and differential treatment. Although it has been recognized as a cornerstone of the multilateral trading system, special and differential treatment has been neither effective nor binding. Consequently, it is important to review existing provisions with a view to reinforcing them and making them more precise, effective and operative. During the negotiations of this round, which has been described as the development round, special and differential treatment must be the common thread of each one of the agreements if we are to achieve fair and equitable trade.

In this connection, we are encouraged by the initiatives aimed at improving the integration of the least-developed countries in the multilateral trading system.

In many ways, Nicaragua and other members of the HIPC initiative suffer from the same deficiencies as the LDCs. Added to this socio-economic situation is the high level of indebtedness which has enabled Nicaragua to be included in the HIPC initiative. It is extremely urgent for the WTO to find viable means of working together with the other multilateral agencies towards correcting

existing asymmetries. We support the establishment of a work programme to examine issues relating to the trade of small economies, a programme which could focus in particular on highly indebted, low-income small economies.

Let me conclude by repeating that favourable integration of small economies like Nicaragua into a freer, fairer and more equitable world trade depends on the success of this meeting.
