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HONDURAS

Statement by Dr. Reginaldo Panting P. Secretary of State for Industry and Trade

On behalf of my country, I should like to thank the Government of the United States of America for hosting this Third Ministerial Conference.

We have come to this Conference with an open mind, in the hope that it will be successful and that we will reach balanced conclusions which can contribute to the welfare and prosperity of our nations.

Now that foreign trade is liberalized in most of the world, the growth of our developing countries absorbs a greater volume of imports than before, and this must be compensated by an increase in our exports, and for these to increase, world demand must grow. Consequently, the strategy of liberalization depends very much on exports, and these in turn depend on greater access to markets for products originating from developing countries.

On the other hand, the imbalances in the world trading system continue, and unbridled competition, above all, between competitors who are not equal, has never brought either growth or prosperity to nations.

For this reason, the time has come to examine the inadequacies in the Uruguay Round Agreements and the problems of implementation, in order to establish an appropriate basis for the next multilateral negotiations which would be known as "the Development Round".

Five years have passed since my country accepted these Agreements, and we have been making enormous efforts to fulfill all the obligations that this implies. However, we consider that it is necessary to find a satisfactory solution to all the concerns which the majority of the developing countries have been facing and expressing with regard to implementation of the Agreements. Here we must attend to the existing imbalances in those Agreements, and extend and make more effective the special and differential treatment provisions, as a means of guaranteeing the latitude of action needed to apply their development policies.

In this regard, one might emphasize the existing imbalances in the Agreement on Subsidies and Countervailing Measures, inasmuch as subsidies used by the developing countries to attract investment, on the one hand, and on the other, to develop certain unfavoured areas, have been included in the prohibited category, while some used by the developed countries are listed as non-prohibited. Likewise, we are convinced that the threshold of US\$1,000 per capita income must be increased, just as the list of developing country Members, contained in Annex VII of that Agreement, must be expanded in order to cover the current Members of the WTO and at the same time those that were Contracting Parties to GATT 1947.

Another issue of concern to my Government is the implementation of the Agreement on Textiles and Clothing. Since the Ministerial Conference in Singapore, my country has been pointing out that the implementation of that Agreement entails a gradual process of liberalization of textile products until final elimination of the quotas maintained by the Multifibre Arrangement.

These liberalization commitments have not materialized, and the resulting implementation during these first five years of the transition period have not fulfilled the expectations of those countries, for which, as is the case with my country, the textiles sector constitutes an important part of the economy.

Another area of concern is the change in the rules of origin, which threaten to reduce access of our exports and to harm our comparative advantages, creating uncertainty, reducing investment expectations and increasing the administrative burden in customs procedures. Accordingly, we urge the developed countries which import textiles to include products of interest to the developing countries in the future stages of integration.

We welcome the initiative to launch negotiations in the agriculture and services sectors. We consider that the interests of the developing countries must be taken into account, and in the agriculture sector, in particular, corrective action must be taken in relation to imbalances such as the continuation of tariff peaks, the selective cutting of tariffs, inadequacies in the provisions on minimum access, *inter alia*, and the special and differential treatment provisions in this sector must be made more effective and operational. We also consider that in future negotiations, provisions must be included for those countries that are victims of natural disasters and to allow the temporary application of domestic aid measures, geared to reactivating domestic production.

We are pleased to see that the General Agreement on Trade in Services will also be the subject of review. Here we would like progressive liberalization of this sector to generate positive results for our economy, and in particular we have focused our expectations on the trade in tourist services, as these are the type of services in which our economy can benefit from low labour costs and in which it could utilize tourism as a means of attracting foreign investment, thereby helping our economy to achieve diversified growth.

We note with interest that negotiations have also been proposed on non-agricultural products, but we consider that the main efforts should focus on the agriculture sector.

Again, in the context of review and negotiations relating to the Agreement on Trade-Related Aspects of Intellectual Property Rights, we would draw countries' attention to ensure that the international registration system and notification of geographic indications covers other products of interest for the developing countries, and in particular we would welcome the inclusion of agricultural and craft products.

We are also especially interested to see the start of work designed to protect the rights of local and indigenous communities so that this Agreement covers the interests of all peoples.

As to the work programme established at the Singapore Ministerial Conference, we think that the educational and exploratory process should continue in the WTO, UNCTAD and in the relevant forums in the spheres of trade and investment, competition, transparency in government procurement and trade facilitation, without prejudice to initiating negotiations in the future.

We recognize the growing importance of electronic commerce, transforming business activity by promoting new forms of commerce, but we think that the study being done in the WTO should continue to determine its definition, scope, repercussions, benefits and legal aspects. We agree to extending the moratorium so as not to impose customs duties on these transactions, but would like this to be reviewed at the Fourth Ministerial Conference.

Honduras is a country which respects human rights and workers' rights, and here we reiterate our position expressed in Singapore and adopted by that Ministerial Conference, which recognized that the ILO is the only body competent to handle the subject of the promotion and application of core labour standards, and therefore we reject any initiative which seeks to discuss this subject in the context of the WTO with the aim of introducing protectionist trade measures against countries which have comparative advantages.

In the same way, we think that the Committee on Trade and the Environment should continue to deliberate on this subject. We think that it is necessary to remove certain trade restrictions and distortions to give better protection to the environment, and we are firmly opposed to laying down environmental standards which operate as obstacles to market access to the detriment of small- and medium-sized enterprises.

We would welcome a review of the standards laid down in the Dispute Settlement Understanding, which constitutes the cornerstone of the functioning and monitoring of the multilateral trade system, so as to plug the large gaps and remedy imbalances in the rights and obligations of Members. There have been a number of dispute settlements, but Honduras has brought only one case of dispute to the WTO, concerning the banana regime of the European Union. My country's experience has been unsatisfactory, as two years have passed since the Dispute Settlement Body (DSB) issued its conclusions and recommendations against the Community regime and the European Union has still not complied. As a developing country Member, Honduras needs the WTO to move promptly and effectively to protect its rights via the effective fulfilment of its decisions, which have a binding character in law on all the Member countries. Accordingly, we appeal to the membership of this Organization to reaffirm these objectives and to reiterate the need for full and proper compliance with DSB decisions in the banana dispute.

We welcome with enthusiasm the setting up of the Advisory Centre on WTO Law. As a founder Member, my country recognizes that this Centre constitutes an important instrument to provide us with requisite assistance to uphold our rights in the WTO.

By way of conclusion, we must not forget that in the preamble to the Marrakesh Agreement establishing the WTO, it is recognized that trade must be used as an instrument for development, raising standards of living and expanding production, taking into account the needs of the Members of this Organization.
