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HOLY SEE

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(Speaking as an Observer)

1. The Holy See is pleased to participate in the Third Ministerial Conference of the WTO, as it acknowledges the importance of a rules-based Multilateral Trade System (MTS) for the world economy and for the development of each country. As an observer, the Holy See has been following with great interest the ongoing debate on the scope and objectives of the upcoming Millennium Round negotiations, and takes this opportunity to submit some concerns and suggestions on the issues at stake.

2. The initial implementation of the Uruguay Round Agreements has shown significant progress made by developing countries in adopting policies of market liberalization, but poverty and marginalization have not been defeated. Nevertheless, the poorest countries (i.d. those in the UN LDC list and many other poor, small or transition economies), still hoping that trade could be a decisive help in their development, are struggling to adapt to the WTO rules and to the global trading system. The Holy See considers that the MTS will only be accomplished when such countries are able to integrate themselves within the international community, while keeping their ability to promote the human and sustainable development of their citizens.

The positive answer of developing countries to the propositions of the Marrakesh Act and of the Singapore and Geneva Conferences should find a corresponding response from the big economic powers in the promotion of a trade environment that is friendly to development and to the fight against extreme poverty. It is especially striking that the LDCs' share of international trade is still only about half of one per cent, having declined since 1990. Further efforts are needed therefore to ensure that all partners have the opportunity to benefit from open markets and the free flow of goods, services and capital. As Pope John Paul II wrote in the Encyclical Letter *Centesimus Annus*, "The poor ask for the right to share in enjoying material goods and to make good use of their capacity to work, thus creating a world that is more just and prosperous for all. The advancement of the poor constitutes a great opportunity for the moral, cultural and even economic growth of all humanity" (N.28). In his message to the Global Forum for Poverty Eradication, the Director-General of the WTO, Mr. Mike Moore, stated very clearly that "the objective of trade must be the lifting of living standards". The Holy See thus invites negotiators to take into account the needs of developing countries and the difficulties they face in gaining access to international markets.

3. The inability of LDCs and weak economies to take full advantage of the opportunities provided by the existing WTO Agreements includes, among other problems, a shortage of skilled personnel able to tackle the complexity of WTO working structures and rules, the inability to upgrade domestic regulations, weak institutional infrastructure (especially in sophisticated areas, such as intellectual property law), and the high cost of maintaining missions in Geneva. These constraints should be addressed through a substantial increase in the provision of all kinds of assistance (such as

that supplied by the technical cooperation activities of WTO, UNCTAD and ITC) so that the negotiating capacity of these countries may be developed and sustained (Cfr. Pope John Paul II, Encyclical *Centesimus Annus* (1991), N.59).

So far, LDCs and other poor countries have been unable to take advantage of the dispute settlement mechanism because of their lack of financial resources and paucity of legal expertise. Panels could be made more representative, by including experts from developed, developing and least-developed countries. The proposed Legal Advisory Center should be established without further delay, in order to meet the needs of poor countries in terms of securing their rights through the use of the DSU.

Fast-track membership of WTO by those poor, small or transition economies which are not yet members could also be an important part of the efforts of the international community. A clear and simplified procedure could be established for potential members, so that they might be accepted within a year and not be subject to commitments that go beyond those of LDC Members of WTO.

4. The improvement of poor countries legal and managerial expertise will be void if not accompanied by measures designed to promote the substantive participation of their trade in the MTS. These measures should begin with the fulfillment of existing rules in ways that ensure an effective response to the concerns of developing countries. The implementation of the special and differential treatment provisions, while providing such countries with technical, legal and financial assistance, are a step in this direction. Viewed comprehensively, special and differential treatment goes beyond preferential tariffs and transition periods, and addresses key elements of economic growth and development - knowledge, technological skills and Information.

Among the arrangements which will further strengthen the trade position of LDCs and other weak countries, an agreement on obligatory duty-free and quota-free market access for all products originating in LDCs seems still very desirable, despite the difficulties implied in its implementation. The Holy See also hopes that the next negotiating round will meet the main expectations of developing countries, in order to promote development and poverty alleviation and to enable all countries, especially the weakest economies, to reap the full benefits of the MTS.

5. Liberalization of trade in agriculture, which is of great importance to developing countries that are food and raw material exporters, should not be accompanied by undesirable effects on net food-importing developing countries. The poorest countries should be able to take advantage of any further opening of agricultural markets, while keeping their ability to establish appropriate trade policies to promote their own production. Such a specific legal umbrella in favor of LDCs and NFIDCs should be complemented with all the necessary technical and financial assistance, bilateral and multilateral, to increase local food production and to assure food security.

6. Article 66.2 of the TRIPS agreement was conceived to compensate the constraints imposed by the new intellectual property regime. Its provisions, therefore, need to be implemented in ways that promote the mobilization of science in favor of development. The poorest countries are subject to particular difficulties in terms of weather, soils, agriculture, basic health and tropical diseases which can only be overcome through a constant flow of specific knowledge. The provisions of the TRIPS should not impede rapid and cheap access to the means for production of essential drugs and to other medicines needed to face the main scourges suffered by the poorest countries' populations. Beyond the existing TRIPS, new legal tools which take into account both the due share of essential technology and the reasonable interests of patents and copyright owners will be helpful in overcoming the technological gap. Further scientific and political work should also be undertaken in order to devise

ways of protecting and integrating in the MTS biodiversity, traditional knowledge, folklore and farmers' rights.¹

7. There are some sensitive questions concerning developed countries, as well as middle income and poor countries, such as human rights, labour questions, environmental degradation, biotechnology and health which, notwithstanding their links with trade, will have their full solution beyond the confines of WTO. All of these need to be handled in a spirit of prudence and cooperation, while seeking a broad and long-term consensus on the basics of human sustainable development.

8. Questions of human and labour rights deserve particular attention. The Holy See greatly appreciates the ILO Declaration on Fundamental Principles and Rights at Work, and considers it to be an appropriate response to the challenges presented by the globalized economy. Child labour, organized prostitution, slavery and forced labour, and the proscription of labour unions can never be part of national policy or be defended by a country's right to development (Cfr. Pope John Paul II, Encyclical *Laborem Exercens* (1981), N.17). But, in order to facilitate full compliance with the principles enunciated in the ILO Declaration, rich countries need to avoid any kind of protectionism in the guise of the aforesaid principles.

9. The international debate should acknowledge the Multilateral Environment Agreements in ways that are fair, non-protectionist and able to cope with the most urgent problems of the poorest countries, so as to promote the conditions necessary for authentic human ecology (Cfr. Pope John Paul II, Encyclical *Centesimus Annus* (1991), N.38). The economic cost of international environment management should be borne mainly by the richer countries, in order to avoid imposing on LDCs and weak economies additional burdens and strain.²

10. In addition, the beneficial insertion of LDCs, small, poor and transition economies into the global economy requires an innovative and consistent commitment to relieving the burden of international debt, and to renewing and increasing bilateral and multilateral ODA. This approach goes beyond the competence of WTO, but is necessary for the well-being of the MTS itself.

11. Finally, civil society is increasingly becoming an important player in global governance. The WTO has undertaken a series of initiatives in order to make the work of the Organization more transparent and open towards civil society. However, the WTO has faced a series of constraints in this first phase of dialogue; among others, the lack of adequate personnel, funds and information for systematic contact with civil society groups.

12. Looking towards the future, it will be important for the WTO to build a more systematic; and constructive dialogue with representative civil society groups and to devise mechanisms for permanent accreditation and regular consultation. Sharing the experiences of other international organizations, especially the United Nations system, could also be helpful at this stage. Special efforts should be made to include civic groups from developing countries and ensure a representative spectrum of organizations. NGOs could, for their part, stimulate debate on the issues at stake in the WTO and thus produce a more fruitful exchange at all levels.

¹ Cfr. Convention of Biological Diversity, 5 June 1992.

² Cfr. Rio Declaration on Environment and Development, UNCED, 92. Principle N. 7.