

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Trade Negotiations Committee  
Meeting at Ministerial Level  
Montreal (Canada), December 1988

KENYA

Statement by Mr. K.K. Arap Sego  
Minister of Commerce

On behalf of the delegation of Kenya, I extend to you our sincerest congratulations on your assumption of the chairmanship to preside over the Ministerial Trade Negotiating Committee.

I should also like to express my delegation's appreciation to the Prime Minister of Canada for his thought-provoking remarks at the opening session of this meeting, which together with the atmosphere of warm hospitality and excellent arrangements provided by the Canadian Government and people, will contribute substantially to assuring the success of this meeting.

May I also take this opportunity to express our gratitude to the Director-General and his staff for their tireless support of these negotiations.

It is now two years since the negotiations got underway. In the meantime, the overall performance of the world economy has somewhat improved although we cannot rule out the persistent imbalances which still pose a threat to its stability and predictability.

The world output and volume of trade continue to expand, this year's growth rates being estimated at 3 per cent for world output and 5 per cent for volume of trade. While the overall performance of the world economy may be a reason for optimism for the major trading countries, in the sub-Saharan Africa, we continue to be faced with a precarious economic situation characterized by, among other factors, an overwhelming external debt burden, declining prices of our key exports, critical balance-of-payments problems, etc. etc., which hinder growth and development of our economies.

It is not my intention to make an assessment of the progress made so far in the different negotiating areas. However, I would like to comment briefly on various subjects which are pertinent to our interests especially from the point of view of our development aspirations and which we feel this meeting should establish a common perception of in view of their importance to smaller trading countries like Kenya.

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The principle of Special and Differential Treatment for developing countries though enshrined in the General Agreement and in the Punta del Este Declaration, has been a subject of increasing attack in all the areas of negotiations.

From our point of view, this principle remains valid. We do not think that it encourages protectionism on our part. While seeking reaffirmation of this principle in the negotiations, it should be recognized that we have been engaged in a process of liberalizing our trade régime through adjustment programmes adopted by our Government. Though this process may not be in the context of the Uruguay Round, the effect on our trade régime nevertheless contributes to the fulfilment of the overall objectives of the Round.

Kenya like many developing countries is basically an agricultural country. The agricultural sector not only supports a vast majority of our population but also plays the leading rôle in our economic growth and development. However, the current practices in production and trade in agricultural products have resulted in more than equitable share of inefficient producers in our markets and it poses a threat to our domestic production. We believe this situation must be reversed and this calls for concrete measures being taken by those responsible for the current state of affairs. Such measures should be designed to improve market access for our exports and to liberalize trade in agriculture to improve our growth prospects.

Likewise in the area of tropical products my delegation believes that there appears to be wide agreement on the need for an early implementation of the results. A number of countries have put on the table concrete offers to this end, and for which we are grateful. However, we believe that more could be achieved in terms of improvement of market access conditions while ensuring that special needs and situations as well as existing preferential arrangements in our favour are taken into account.

With regards to services there can be little doubt that the debate over the treatment of trade in services has been one of the major determinants of the shape of the Uruguay Round.

The principal proponents of extensive services negotiations have been the developed countries, who have been conscious that the rise in the contribution of services to both their domestic economies, especially in terms of employment, and their trade performance has been taking place at the same time that they have experienced an apparent erosion of their competitive edge in manufactures. They are therefore looking to service trade and particularly high technology "new services" to provide the future growth of their exports.

However, the dynamism in the service sector which has contributed to the improvement of competitiveness in exports of goods and a source of value added in the developed market economy countries, has not been

apparent in the developing countries due to inadequately developed human capital and infrastructures. Developing countries therefore have to import an ever-increasing amount of services, especially knowledge and capital intensive services, which in many cases exacerbate balance of payments disequilibria and debt-servicing burdens.

It is against this background that Kenya, a low-income developing country, approaches the ongoing negotiations to establish a multilateral framework of principles and rules for trade in services.

The negotiating mandate on Trade in Services was the product of difficult and protracted negotiations. There can, of course, be no disputing that the manner in which the two parts of the declaration were adopted clearly reflected the fact that Ministers well understood both the underlying principles behind national positions and the need for a compromise solution to enable the Round to be launched. Thus, Punta del Este reflects not only the complexity of the issues involved, but also a delicate balance of interests and concerns. As far as my country is concerned, any multilateral framework for trade in services would clearly need to draw its parameters, rules and principles from this declaration. To this end, the way the concept of "development" is treated in an eventual framework on trade in services is crucial. For my delegation "promoting economic growth of all trading partners and in particular the development of developing countries" is the fundamental objective of these negotiations. The framework being negotiated should also respect the policy objectives and national laws and regulations on services.

Given the above, it would seem that for a successful framework, the agreement must reflect relations of international trade in services especially the inequalities of negotiating partners; the agreement must be of binding obligations and mutual benefits to a very broad range of countries; the agreement must have a significant impact on trade in order to maximize its beneficial effects on the world economy, and should also be operational which means that it cannot take the form simply of a political declaration of intent.

The discussions which have taken place in Geneva are yet to come to grips with certain basic elements. The task of in-depth examination of the potential and limits of the existing arrangements and disciplines in different service sectors is still incomplete. The modalities to ensure the objective of development of developing countries are still to be worked out. These gaps have to be addressed before carrying out further work on the question of concepts, principles and rules.

Kenya, therefore, sees the Montreal meeting as important in terms of its ability to achieve a breakthrough in a number of important sectorial issues. In doing so, the meeting needs to incorporate the recognition of importance which developing countries play in the multilateral trading system in the Round, and indeed in the world economy as a whole. To my delegation, Montreal is a chance for Ministers again to demonstrate the

capacity to look at the broader picture, rather than simply at the details and thus to reinject some real momentum into the Round and ensure that the interests of developing countries and their development, largely neglected in previous rounds, are at last going to be addressed.

Most developing countries have demonstrated their commitment to multilateralism through their participation in the Uruguay Round; it remains to be seen whether the major developed countries can demonstrate a similar commitment, which goes beyond their individual areas of interest. The manner in which negotiations proceed after Montreal will be seen as the litmus test for the multilateral system for it has implications which go far beyond the trade field.

To sum up, in order to ensure the successful outcome of negotiations, it will be necessary to remove the existing imbalances in the negotiating process, take due account of the concerns and interests of developing countries and ensure effective application of the principle of differential and more favourable treatment. Along with this, there must be a renewal of support for the carefully-crafted balance within the Uruguay Declaration. Thus, to the Kenya delegation, a Uruguay Round without the "Spirit of Punta" is a contradiction in terms.