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PAPUA NEW GUINEA

Statement by the Honourable Paul Tiensten
Minister for Trade and Industry

Thank you for giving me this opportunity to address this Conference. But before I do so, I want to firstly express my delegation's sincere gratitude to the Government and people of the Special and Administrative Region of Hong Kong, China for their warm welcome and hospitality - *xie xie ni*.

Many of us from smaller States have come here with a great hope that our concerns and interests will be considered and addressed by those developed and more advanced developing states who are in a position to help – help us to overcome our specific development challenges - help us to steer our economies towards greater prosperity - and help us to integrate more fully into the global economy.

We have heard the so-called "prophesies of doom" and the concerns of those who fear that small economies such as mine will be forever marginalized in world trade. But I am here in Hong Kong because it is my conviction that this Conference can set a clear and concise mandate to fulfil the Doha Development Agenda.

I am in full support of my fellow Ministers who have stressed that development must be at the core of these negotiations. Failing to recognize this will deny poorer, smaller and more vulnerable developing countries such as mine the hope of a better future that is achievable through the multilateral trading system.

Let me say a few words about the small, vulnerable economies' work programme, which my country supports and remains fully committed to. For small and vulnerable economies to achieve fuller integration, their specific needs must be fully addressed.

Agriculture is the "backbone" of our economies and supports the livelihood of millions of our people. In my country living off the land is a way of life; it is the main source of our food, income, employment, and a major source of foreign exchange. The figures indicate that it accounts for 40 per cent of Papua New Guinea's GDP, 25 per cent of foreign exchange earnings and provides the livelihood for over 80 per cent of the population. I believe that it is similar in other small and vulnerable developing countries.

It is from this standpoint that we approach the question of market access for agriculture products. We must not be required to make tariff reduction commitments that are incompatible with our economic status and development needs. Designation and treatment of appropriate special products that reflect the specific circumstances in our markets is an important means to achieve this goal.

The fact is that liberalization will reduce and eventually eliminate the benefits that we derive from preferential schemes. Because of the importance of exports under these arrangements to the economic well-being of our small and vulnerable economies, we must be given sufficient time and opportunity to transform and become more competitive. More advanced developing countries should join with our developed trading partners to recognize and accommodate the needs of the least developed countries and the small, vulnerable economies in the agriculture sector. Developing countries in a position to do so should offer us tariff- and quota-free access to their markets.

National policies to support the agricultural sector are legitimate but absolutely should not be at the expense of the people of small, vulnerable developing economies as has historically been the case. Because of our particular challenges in producing for and reaching export markets, governments of small vulnerable States such as my own need to be able to work within our means to assist agriculture producers with appropriate mechanisms of support. The same arguments apply to domestic support for development in other sectors such as fisheries, and small- and medium-size enterprises.

Export subsidies in developed countries continue to distort trade in agricultural products. Such unfair trade practices contribute to the problem of falling prices for non-oil commodity exports and impact negatively on the livelihoods of our people. It is paramount that the developed countries eliminate their export subsidies within the shortest period of time, and at the same time related issues to do with state trading enterprises, export credits and food aid are adequately addressed.

In the NAMA negotiations, my country is committed to the proposal made under the small vulnerable economies work programme which calls for special consideration of our small size, small market share, and particular vulnerabilities. Whilst we support the liberalization process, it must be at a pace that can be sustained by our economies.

I would like to reiterate that the practice of developed countries to apply low tariffs on raw commodities but higher tariff rates on intermediate or final products hinders the efforts of developing countries to add more value to their production and is contrary to realization of development objectives.

I would also like to stress that, as with agriculture, any NAMA package must adequately reflect the serious consequences of preference erosion on small and vulnerable economies.

Formal improvements in market access mean little to us unless the problems currently experienced by our producers in satisfying sanitary and phytosanitary standards and overcoming other technical barriers to trade are addressed. These are such a serious hindrance to the development of our export industries that technical and financial assistance to build our capacities is a pre-requisite for greater, meaningful participation in the global trading system.

Indeed, without addressing capacity issues directly, it will be difficult to implement WTO obligations and rules and many States will simply not be able to gain fully from the benefits associated with trade liberalization. It is not enough that countries such as my own are accorded greater flexibilities and leniencies, we aspire to be empowered to be active members of the multilateral trading regime.

To illustrate my point, I refer to the acknowledgement made in the inaugural statement of Director-General Mr Lamy that the incidence of anti-dumping cases pursued through the WTO has been on the increase. It is important on the one hand to prevent the abuse of over-stringent applications of anti-dumping measures, and it is important on the other to prevent the exploitation of other countries' inability to effectively implement the rules. For the system to be fair, the capacity of all WTO Members to make use of clear and transparent rules must be equivalent.

Papua New Guinea welcomes the recent decision to adopt the waiver as a permanent amendment to the TRIPS Agreement in order to facilitate import of generic medicines. Given that PNG has the highest number of HIV/AIDS cases in the South Pacific and virtually no drug manufacturing capacity, I would like to emphasize the urgent need for positive action to make the system work for us.

In light of all that I have said, the Aid for Trade initiative by the developed countries is welcomed. In order to realize the aims and ambitions of the Doha Development Agenda, technical and financial assistance to implement the WTO agreements must be complemented by assistance to overcome supply side-constraints to produce and trade more. Even at this early stage we should be mindful of the fact that the modalities for implementation of an integrated trade framework are crucially important. There must not only be sufficient funds but furthermore the delivery mechanism must be effective, transparent and ambitious enough to tackle the real needs of recipient countries on development issues including infrastructure, human resources and technology transfer.

Finally, it is my great pleasure to join my colleagues in congratulating Saudi Arabia and Tonga for becoming the 149 and 150 members of the WTO family. We welcome you wholeheartedly.
