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## MALAWI

Statement by the Honourable Dr Martin Kansichi  
Minister of Trade and Private Sector Development

I wish to join all those who have taken the floor before me in thanking the Government of Hong Kong, China for hosting this important event, and for the excellent arrangements and not forgetting the kind and gracious hospitality of the people of Hong Kong, China. May I also take this opportunity to congratulate you, Chairman, on your election to lead the deliberations, which I trust will be fruitful.

Malawi joins others in warmly welcoming the new Members, the Royal Kingdom of Saudi Arabia and Tonga to the World Trade Organization (WTO).

My country strongly believes that the role of the World Trade Organization (WTO) is to bring about a fair and equitable multilateral trading system. The decisions of the WTO must therefore, reflect the views of all its Members. Priority must be given to the development issues as the majority of its Members are developing and least developed countries.

As you will all recall, world leaders in 2000 committed themselves at the Millennium Summit in New York to the Millennium Development Goals (MDGs), which set out to halve poverty by the year 2015. In this regard, Malawi and other least developed countries (LDCs) that depend on agriculture, face the prospects of deepening poverty unless all forms of government subsidies, direct support for exports, domestic support for agricultural production and indirect support for non-production and other interventions are removed by developed countries. My country believes that in order for us to achieve the MDGs, the WTO must play its rightful role as a catalyst for using trade to reduce poverty by providing a level playing field where LDCs and developing countries can meaningfully participate in the multilateral trading system.

Malawi is disappointed with the slow progress of the WTO negotiations, particularly in key areas such as agriculture, the cotton initiative, development issues and trade in services (Mode 4). There is need to intensify and expedite the negotiations and to undertake a serious consensus building effort to ensure success of the Doha Development Round.

The negotiations in agriculture, non-agriculture market access (NAMA), trade in services, trade facilitation and development issues, must take into account the structural weaknesses, including lack of financial, human and institutional weaknesses capacities of LDCs. The developed Members of the WTO should be committed to the full implementation of paragraphs 42 and 43 of the Doha Ministerial Declaration whereby Members agreed to "continue to make positive efforts designed to ensure that developing countries and especially the least developed, secure a share in the growth of world trade commensurate with the needs of their economic development".

Malawi, just like other preference dependent countries faces challenges arising from preference erosion as a result of the multilateral reduction of tariffs in agriculture and NAMA. The estimate by the International Monetary Fund (IMF) shows that Malawi would incur losses in export values around 6.6 per cent as a result of a 40 per cent cut in preference margins. This process, if not managed properly, would result in severe economic shocks to single commodity dependent economies such as Malawi.

As you will all recall, paragraph 10 of the NAMA Framework of the July Package recognizes the need to enhance the integration of LDCs into the multilateral trading system and support the diversification of their production and export base. It calls upon developed country participants and other participants who so decide, to grant on an autonomous basis duty-free and quota-free market access for non-agricultural products originating from LDCs. Malawi requests that this should be accompanied by simplified rules of origin. It is our belief that low tariffs alone, without accompanying simplified and realistic rules of origin would not be adequate to allow LDCs such as Malawi to benefit from NAMA.

An LDC friendly agreement on NAMA must not be simply a license for developed countries to dump their industrial products in developing countries but should be a blueprint for the industrialization and diversification of LDC economies such as Malawi.

In relation to services, Malawi believes that for services liberalization to be successful, it is necessary to establish a sound regulatory framework that is supportive of services activities while also retaining the right to regulate, and to introduce new regulations on the supply of services in order to meet national policy objectives. This touches upon the issue of allowing WTO Members, especially those from LDCs, adequate policy space to enable them to pursue appropriate policies. While Malawi is committed to a continuation of the liberalization of its services sector, it will require a significant increase in technical assistance to assess the potential impact and possible benefits of liberalizing the sectors such as transportation, tourism, and professional services.

On the issue of trade facilitation, the WTO must operationalize the flexibilities agreed in the Modalities for Negotiations on Trade Facilitation which stipulates that LDC members will only be required to undertake commitments to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities.

The WTO should also ensure adequate financial and technical assistance and capacity-building including support for infrastructure development of LDCs.

Malawi's land-lockedness needs must be addressed to ensure freedom of transit so as to mitigate the high cost of transport.

Malawi welcomes the substantially enhanced Integrated Framework (IF), and the Joint Integrated Technical Assistance Programme (JITAP) and Aid for Trade initiatives which are aimed at assisting LDCs to enhance their trade opportunities, develop supply capacities for increased exports, and effectively integrating LDCs into the global economy. Financial assistance to these two programmes should therefore be increased. Malawi also welcomes bilateral technical assistance provided by its cooperating partners in the area of trade and poverty reduction.

However, it is the view of Malawi that Aid for Trade needs to be clearly defined, that is, it is our expectation that Aid for Trade should be additional funding and not recycled funds and that it should have no strings or conditionalities attached. This initiative should be used to further develop and strengthen trade-related infrastructure development.

Malawi wishes to applaud the European Union's recent announcement of the doubling of trade-related aid and the Japanese Government's new pronouncement of a new US\$10 billion

"Development Initiative" to assist developing countries which would include a commitment to provide duty- and quota-free market access into Japan of essentially all products originating from LDCs. Malawi urges these two development partners to fully implement these commitments into actions.

While welcoming the G8 Gleneagles debt relief initiative and the cancellation of debt for some LDC members, Malawi would like to be included in the next round of multilateral debt relief. Fast tracking debt relief for Malawi as early as the next G8 summit will free up the encumbered resources of Malawi and other LDCs thereby helping them to address the supply-side constraints which impede trade and social development.

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