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ST. KITTS AND NEVIS

Statement by the Honourable Terence Sam Condor, Deputy Prime Minister and Minister of Trade and Industry

1. My country is the smallest in this hemisphere – among the smallest in the world. We have altogether in our twin island state 45,000 people and we occupy together 118 square miles of land. In the orthodox league tables of poverty, we fail to qualify as a least developed country – not because we are not but because the measurement of poverty is blind to reality. In the real tables of human security we are both poor and vulnerable – and we are one among many such small economies in the developing world. In the language of boxing we would be in the featherweight class. In the WTO, however, and here in Seattle, we are expected not only to contend with the world's heavyweight economies but also to be proud of that suicidal fate as an expression of our 'equality'.
2. The WTO it is said is a Member driven organization, designed to serve the needs of all Members. The WTO Agreements, however, have only served to further marginalize many small and vulnerable economies. The built-in reviews were intended to assess the extent to which these agreements are achieving their objectives. We must therefore seize the moment and fashion improvements that will right the existing imbalances. We are not here simply to seek cosmetic gains (it is much too expensive for us so to do) but meaningful participation and integration of small states into the global economy.
3. The imbalances of which I speak relate to, *inter alia*,
 - (a) The requirement that small states implement trade liberalizing commitments without sufficient sensitivity to human resource, technology, infrastructure and financial capacity constraints. Recognition needs to be given to the fiscal uncertainty caused by trade liberalization on small states where import taxes account for a significant percentage of governments revenue. In the case of my country over 45 per cent of current revenues. This is compounded by the high cost of accessing funds and denial of special and differential treatment in the WTO and other international institutions based on GNP per capita criterion;
 - (b) Declining commodity prices for traditional exports and the loss or erosion of preferential arrangements for major exports in the markets in developed countries while at the same time liberalizing our markets to increasing imports from the developed countries; and
 - (c) The use of tariffs and non-tariff barriers to restrict access to markets for non-traditional agricultural products.

4. Mr President unless sufficiently sensitive rules for small economies are incorporated into WTO Agreements small vulnerable island states such as St. Kitts and Nevis will not benefit from the trade liberalization process. The disadvantages of small size, limited resource base, vulnerability and environmentally fragile economy need to be recognized.

5. Small economies must be allowed a special place. Without a place that is special to them, they will occupy no place at all – simply exposure to global forces that for whom success is to sweep all before them. In the FTAA Ministerial Meeting last October the formal Declaration to which the US, Canada, Mexico and Brazil – not only small countries – were a party, included the following:

"We reiterate that in designing the FTAA we shall take into account differences in the levels of development and size of economies in our Hemisphere, to create opportunities for the full participation of the smaller economies and to increase their level of development. We recognize the broad differences in the levels of development and size of the economies in our Hemisphere, and we remain cognizant of those differences in our negotiations so as to ensure that they receive the treatment that they require to ensure the full participation of all the countries in the construction and benefits of the FTAA. In order to comply with this, we instruct the TNC to begin immediately to examine the ways in which these differences could be treated in the negotiations, taking into account the treatment to them in other fora, and provide continuing guidance to Negotiating Groups and report to us at our next meeting".

6. Even as I speak we are again picking up the pieces after a major hurricane. Just over one year ago Hurricane George caused hundreds of millions of dollars in damage to the economy of St. Kitts and Nevis. When most of that damage was repaired we were hit by hurricane Lenny which severely damaged homes, roads and coastal infrastructure. Once again we will have to incur similar expenditure to effect extensive repair and renovation of infrastructure, limiting the country's ability to provide resources for the investment necessary for export growth. For example Port Zante, a major infrastructure facility and an important plant in the economic development programme has had to be replaced twice in a period of sixteen months at a cost of \$100 million dollars. Such is the vulnerability of small island states that the effect of one disaster can cost a country as much as one year GDP.

7. A regime of special and differential measures should include (a) continuation of preferential arrangements; (b) permit developed and more advanced developing countries to extend duty free treatment on a non-reciprocal basis to LDCs and vulnerable small economies; (c) take account of the special interest of small economies in agreements such as Technical Barriers to Trade, Anti-Dumping, Subsidies and Safeguard Agreements; (d) require lower levels of commitments by small economies, most notably with respect to tariff bindings given the significant revenue implications; (e) allow greater flexibility in transition periods for implementation of WTO Agreements given the cost and loss of revenue; (f) greater coherence in the process, including, the removal of the GNP per capita criterion for determining eligibility to concessionary funds, soft loans and grants by small vulnerable island states; and (g) provide improved technical co-operation and assistance for capacity building.

8. It is my belief that acceptance of the above measures by the WTO is essential to ensure some space for small economies and arrest their marginalization in the multilateral trading system.

9. Now is not the time to overload the WTO's agenda with new issues. Small economies are already faced with the difficulties of implementation which are proving to be costly and complex and expectations from the Uruguay Round still have not been met. These circumstances predicate that small states must first ensure that the present difficulties are addressed. Energies and efforts should be spent on a process of review, repair and reform. The development dimension must be an integral part of any future negotiations.

10. Much has been said about the necessity of a permanent representative in Geneva. While we agree that permanent representation is fundamental to ensure better participation in WTO affairs, the constraints should be obvious. The countries without permanent missions are all developing countries, principally LDCs and small economies. All of us would have wished to be in Geneva to participate in the pre-Seattle negotiating process. It is evident that much is decided before Seattle and Members without a presence are not a part of these decisions. This causes an immediate and built-in inequity.

11. The major constraint to permanent representation is financial. Missions are costly to maintain. Geneva is expensive. It is a difficult decision to make to choose between permanent representation and the fundamental requirement to provide for the basic needs of food, health care, poverty alleviation of one's people and this at a time when membership and implementation seem to be leading to loss of revenue for many of us.

12. I strongly urge greater flexibility for and sensitivity to the constraints of small economies. It is in this regard that we welcome proposals such as that to erect an international House in Geneva for countries with fragile economies and financial constraints.

13. The WTO cannot encourage full participation and yet divorce itself from the dilemma of small states with respect to participation and inclusion.

14. St. Kitts and Nevis has chosen to be a member of this world trading body because we believe in a rules based trading system. I believe that there could be advantages and benefits from membership.

15. The upcoming negotiations present us with the opportunity to begin to translate words into action.
