

WORLD TRADE ORGANIZATION

WT/MIN(01)/ST/66
11 November 2001

(01-5761)

MINISTERIAL CONFERENCE
Fourth Session
Doha, 9 - 13 November 2001

Original: English

MAURITIUS

Statement by the Honourable Jaya Krishna Cuttaree
Minister of Industry and International Trade
on Behalf of Small Vulnerable Developing
Economies, Including Small Island Developing
States (SIDS)¹

It gives me great pleasure as the representative of Mauritius to make this statement on behalf of the above countries. Each of these Governments will be making their own national statements. This statement therefore is a reflection of the common challenges and objectives confronting these Governments and a call for action to address their concerns.

We, the Ministers representing small vulnerable developing economies, including SIDS, at the Doha Ministerial Conference of the WTO, express our support for a fair and balanced rules-based multilateral trading system which promotes the development of countries within the rule of law in international trade relations. We recognize that the system must evolve and adapt to changing situations and to meet the needs of all its Members, including SIDS.

At the second WTO Ministerial Conference in Geneva (1998) Ministers recognized the growing marginalization of small economies and called for urgent measures to address this. So far the multilateral trading system has not responded to the needs of these economies.

The vulnerability of these economies, many of which are small islands, arises from a combination of circumstances, particularly the smallness of their markets and resource base, their openness to international trade, physical isolation, geographic dispersion, and lack of economies of scale.

Small vulnerable developing economies, including SIDS, share many of the problems of other developing countries but have unique problems of their own. The WTO and its Members must recognize, through specific provisions, the particular concerns and the unique circumstances confronting these countries in the process of integration into the multilateral trading system.

These economies have evolved on the basis of reliance on trade in a very narrow range of goods and services. These include commodities exported under special preferential arrangements that take account of their inherent disadvantages. Despite their limited options, these countries have undertaken sustained efforts at structural adjustment, export diversification and enhanced international competitiveness. We have striven to move away from such monoculture exports to diversify into

¹ Antigua and Barbuda, Barbados, Belize, Comoros, Dominica, Fiji Islands, Grenada, Guyana, Jamaica, Madagascar, Mauritius, Papua New Guinea, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Samoa, Seychelles, Solomon Islands, Trinidad and Tobago, Tonga, Vanuatu.

export-oriented manufacturing through the use of fiscal incentives and to develop tourism and other services.

The rules of the multilateral trading system and some policies of developed countries have created a combination of circumstances that have negated much of these efforts and threatened the very viability of the economic base of these countries and the political and social stability of their societies. The erosion of trade preferences, the OECD harmful tax initiative and the rules of the Agreement on Subsidies and Countervailing Measures together jeopardize the future of these countries in critical areas such as agriculture, manufacturing and services.

These economies have limited capacity to adjust in response to these challenges. Their inherent disadvantages include small production units, limited scale of production, high unit cost of both procurement and infrastructure.

We require more investment, both domestic and foreign direct investment as well as development financing, in order to take advantage of export opportunities. Even where some of these small vulnerable developing economies have already implemented best international practices to attract foreign direct investment, the results have been disappointing as the international financial markets assign them a higher risk factor because of their inherent characteristics.

Developed countries maintain special measures to fully integrate their own disadvantaged regions and firms into their own development process and to enable them to compete in the global market place. Similarly, within the context of a globalized economy, small vulnerable developing economies require special support measures to overcome their disadvantages and to stimulate and attract investment.

The problems confronting these economies are compounded by their inability to participate actively in the multifaceted WTO processes and to implement and administer WTO agreements effectively. These small countries have very limited capacity in capitals to formulate and administer trade policy. Most of them either have no mission in Geneva or have very small ones. These countries are therefore unable to participate effectively in the rule-making process and securing market access concessions. They do not have the capacity to promote and defend their interests in the WTO in accordance with their national policy objectives.

The present multilateral trading system does not respond to their specific development needs. It imposes binding obligations on Members, irrespective of their size and their particular circumstances.

Small vulnerable developing economies, in particular SIDS, have not derived the anticipated benefits from the Uruguay Round. Their experience brings into question some of the underlying principles on which the present multilateral system is based.

We endorse the Ministerial Statement of the Africa, Caribbean and Pacific (ACP) Group and call upon WTO Members to take action on the issues and concerns raised in that statement.

We reiterate the crucial role of trade preferences in the promotion of the development of these economies.

The multilateral trading system must now take account of the particular problems of small developing countries, and the peculiar circumstances of the SIDS. The WTO Members must take the following decisions at Doha:

- Agree to the establishment of a work programme under the auspices of General Council, to examine issues relating to the trade of small vulnerable developing

economies and to make concrete recommendations for adoption before the end of 2002.

- Granting of a waiver for the Cotonou Agreement.
- Granting an extension until 2018 to small economies in order to preserve their fiscal incentives to export-oriented firms and to complete their ongoing efforts to diversify exports.
- Predictable and secure funding for substantially increased technical assistance to build institutional capacity and to enhance their representation to WTO.
- A reform of the decision-making process in the WTO to ensure transparency and democratic procedures.
- Translation of existing special and differential treatment provisions into specific and binding measures and the formulation of additional measures that meet the specific needs of these countries.
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