

**WORLD TRADE
ORGANIZATION**

WT/MIN(01)/ST/7
10 November 2001

(01-5653)

MINISTERIAL CONFERENCE
Fourth Session
Doha, 9 - 13 November 2001

What it means is that the realities of the political economy in all regions and economies in the world are a reality for all of us. The realities and the underlying changes in the global economy will impact on all economies and cannot be avoided because we managed to keep them out of a document at a Ministerial Conference.

I want to focus on three dimensions that inform South Africa's strategic approach to the WTO and this Conference.

The first is the disparity between those countries that are economically developed and those that are not. The majority of the world's population live in the latter category. If this continues for the next three to four decades the overall social, economic and health stability of our global economy will most surely be at risk. To prevent this we have to have a sense of crisis and urgency.

The first task at hand is to begin a process of rebalancing some rules inherited from past negotiations that clearly prejudice the interests of developing countries. There must be a genuine commitment to address outstanding implementation issues.

In a similar way, we must demonstrate, in this Conference, a commitment to review the TRIPS Agreement with a view to ensuring that it serves public policy objectives that go beyond narrow commercial and trade interests. This is not simply a developing country concern. For a relatively small price this Organization will gain increased legitimacy in the eyes of our people and many critics.

The excess protection and absorption of scarce resources in agriculture in the "North" has the consequence of the underdevelopment of this massive sector in the "South". Redress is fundamental to a development agenda. If we do this redress the results will lead to a development agenda. If we do this redress the results will lead to a rise in the standards of living in all economies. Surely it is better for the "North" to maintain reasonable growth through supplying rising disposable income arising from agriculture and agro-industry in the "South" rather than to try and pump prime stagnant and high cost industries.

The configuration of industrial tariffs has the effect of protecting industries in the "North" that are resource, energy and labour intensive. These are all areas where the industrialization of the "South" has moved the competitive advantage to them. This prevents growth in the global economy, as it is a misallocation of resources.

This problem must not be confused with the problem of high tariffs in the developing countries. The latter has more to do with recent political economy of the post-colonial period. The change in policy in the most successful trading economies in the developing world shows the direction that we are all going.

What this means therefore is that negotiations in industrial tariffs cannot be conducted on the old mercantilist principles but should be seen as part of facilitating a new global arrangement of production that will – like the structural change in agriculture – benefit the global growth process.

The second dimension that I want to deal with is how quickly we should place the new issues on the agenda? Our starting-point in South Africa is that these are not issues that can be avoided. We will have to address them. What is at issue is why, how and when they have to be addressed.

If the motive for addressing them is that it supports the economic advantage of the demanders then the right response for the rest is to resist the demand. This is the suspicion that exists at present.

If however, these are matters where it is unavoidable that they will have to fall under some

manipulative commercial interests use to insulate this reckless growth from legitimate social sanction and monitoring.

When it is then argued, inaccurately, that the production and trade in the developing economies is predicated on exploitative labour systems then it is possible for a wide collation of social forces to come together.

There is no doubt that child labour occurs in many developed and developing economies and this has to be addressed. However, it is not the structural reason for the increasing competitiveness of the developing economies. In some cases, significant cases, this competitiveness is developing very fast. It is a prelude to a profound change in the location of the global economies production capacity.

A dialogue is needed on this interplay between labour and social standards and the world trade system. A similar dialogue is need between the trade system and the financial system. We should not fear dialogue. However, if these matters are seen as pretext for protection then the real merits of issues will be lost as we revert to the beggar my neighbour mercantilist age. Wisdom and farsightedness are needed.

The misperception has been generated that there is an inherent incompatibility between the WTO agreements and just social causes like sustainable development, the environment, rural life and labour standards.

We need to start the work of building a new compact with our citizens. The WTO needs to exist for many decades to come and it needs to do so with the support of all.

Let us reflect on these matters and make sure that we succeed. A failure will be a statement about the ability of the global economy to govern itself for the benefit of all our citizens.
