

# WORLD TRADE ORGANIZATION

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## SRI LANKA

### Statement Circulated by the Honourable Sanoresh Ravinora Karunanayake Minister of Commerce and Consumer Affairs

At the outset let me express my profound appreciation to the Government of Mexico for making splendid arrangements for hosting this Fifth WTO Ministerial Conference in Cancún and making our stay a comfortable and pleasant one.

I am also pleased to convey the good wishes from the Prime Minister, the Government and the people of Sri Lanka, who have high expectations of a successful Conference.

Today, in Sri Lanka we are fully engaged in trying to end a twenty year civil conflict that has stunted economic growth and left too many of our people in poverty. What does this have to do with our work here in Cancún? In Sri Lanka we see examples every day of the inextricable linkages between peace and economic performance and because of this, we are committed like never before to successfully implementing fundamental economic reforms. Trade reform lies at the centre of these efforts. Sri Lanka is a relatively small poor country and unless our people can effectively gain access to world markets, we cannot succeed in our efforts to improve economic welfare and it will be difficult to bring a lasting peace. Success here is indeed crucial. We cannot afford to leave Cancún without success.

We are meeting here in Cancún to take stock of progress in the negotiations, provide necessary political guidance, and take decisions as necessary on Doha Development Agenda (DDA). We launched the Doha Round of trade negotiations with the conviction that successful conclusion of the Round would generate benefits to all WTO Members from increased market opportunities. We were also convinced that the DDA would send a powerful signal of the international community's determination to tackle poverty to ensure that the benefits of globalization are more widely spread; we also placed the needs and interests of the developing countries at the heart of our work programme.

In 2002 the annual growth in world trade was barely 2 per cent, compared to an average of 7 per cent in the 1990s. The decisions we make in Cancun to achieve ambitious objectives to increase market access and strengthen the rule based trading system will no doubt give a boost to the world economy. It is also pertinent to mention that the World Bank has estimated that eliminating all barriers to trade in goods as envisaged in the Doha Round, would generate an

the needs of their economic development. To realize these ambitious objectives we made commitments in Doha to:

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- (a) reduce trade barriers to agriculture and substantial improvements in market access;
  - (b) provide greater market access to non-agriculture products;
  - (c) liberalize service sectors;
  - (d) put in place a balanced set of rules;
  - (e) make special and differential treatment more effective and precise and addressing implementation issues; and
  - (f) find an expeditious solution to implementation issue on TRIPS and public health for WTO Members with insufficient manufacturing capacity in pharmaceutical sector.

We are indeed pleased that after a long and complicated consultation process of nearly two years we have been able to find a solution to the Doha decision on TRIPS and public health. This historical decision has already sent a powerful signal to the world community that the world trading system is capable of providing solutions for highly sensitive humanitarian issues of this nature. The decision introduces a system that ensures access to affordable medicine for millions of people in developing countries.

At this mid-term review, here in Cancún, we must take decisions and give political guidance to realize these objectives. As the Managing Director of the IMF stated recently addressing the WTO, the Cancún Ministerial Conference must be the occasion to match rhetoric with action.

I have listened to many of my colleagues these last several days and I know that they share a strong commitment to succeed here. It is clear that much creativity and great courage will be required to reconcile the many different positions expressed here. However, I believe it is also clear that if the DDA is to become a truly development round, we must all strive for ambitious and comprehensive progress in all key areas: agriculture, manufactured goods and services. Liberalizing trade for only a few products or a single area will not be sufficient. Yes, achieving ambitious and comprehensive progress will require us all to take major steps - perhaps more than many of us might wish. But, we cannot permit our work here to fail.

## **Agriculture**

The agricultural negotiations and the resultant market access is the single most important

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Like many developing countries, we will require the flexibility to designate special products and the establishment of a special safeguard mechanism (SSM) for developing countries. This will be important to countries like Sri Lanka, with low bound tariffs.

### **Non-agricultural market access**

Non-agricultural market access negotiations are also a central element to achieve increased market access opportunities and to realize the ambition of the Doha Mandate. It is widely acknowledged that the proliferation of discriminatory preferential trading arrangements have increasingly marginalized countries like Sri Lanka and put them in a disadvantaged position in international markets. Therefore, tariff reductions on an MFN basis would mitigate the negative effects and provide a more level playing field for countries such as Sri Lanka. We recognize that reduction and simplification of tariff structures would contribute to the expansion of exports, as import duties are in fact tax on exports. The overall objective of negotiations should be to make

Providing greater market access under Mode 4 will be a win-win situation for both developed and developing countries.

**Singapore Issues**

Let me now turn to the Singapore Issues viz Trade and Investment, Competition,

### **Small economies**

Under the Doha Work Programme, among other developmental issues, identifying trade-related problems of small economies and to frame responses to such problems remains important to us. We believe the work that will continue in the Committee on Trade and Development will lead to meaningful recommendations being made to the Sixth Ministerial Session.

### **E-commerce**

On e-commerce, Sri Lanka recognizes enormous benefits that could accrue to developing countries from e-commerce as we ourselves have initiated a number of programmes in this area. We therefore support continuing the work programme on e-commerce, and re-affirm on the need to bridge the digital divide to gain from vast