

**Statement By Ambassador Munir Akram, Permanent Representative of Pakistan to the United Nations, at the Second Committee on Agenda Item 84 (A): Trade and Development,**

**Mr. Chairman,**

The Pakistan delegation would like to convey our sincere appreciation to the Secretary-General for the excellent report on "International Trade & Development" in document A/57/376 which successfully captures the current state of play in the Doha International trade negotiations. We also wish to thank the Secretary General of the United Nations Conference on Trade and Development (UNCTAD), Mr. Rubens Ricupero, for the Reports of the Trade and Development Board.

2. We associate ourselves with the statement made by Venezuela on behalf of the Group of 77 and China.

**Mr. Chairman,**

3. Trade is a powerful instrument of development. But, trade – even if it is free and fair – is also a competitive game. The developing countries are, by definition, not equal players. To be able to benefit from external trade, these weaker players must be provided a "handicap" viz-a-viz the developed countries.

4. Instead, the international trading system handicaps the handicapped. It discriminates against developing countries in several ways. At the time of the creation of the Bretton Woods Institutions, the proposal of Lord Keynes for a commodity price stabilization mechanism, was not accepted. Over the last 55 years, commodity prices have registered a secular and significant decline in absolute terms and relative to industrial goods. This is the most important reason for the decline in the terms of trade and export earnings of the majority of developing countries. Also, the two sectors in which the developing countries were most competitive – agriculture and textiles – were excluded for 50 years from the fair trade discipline of GATT. And, even as tariffs on industrial goods were slashed, exports from developing countries faced, and continue to face, discriminatory tariff peaks and tariff escalations, shutting them out of the largest markets, preventing processing and indiscriminate and perpetuating their role as raw material and commodity producers.

5. This legacy of inequity was further exacerbated by the Uruguay Round agreements:

- The agriculture agreement confirmed inequality, allowing the developed countries to maintain their price support & subsidies and high tariffs, while restraining developing countries to 10% de minimis levels of support;

- The removal of the MFA quota restraints on the textiles exports of developing countries was prolonged for 10 more years and escape mechanisms built into the agreement to defer real liberalization to the end of the phase out period;

- The TRIPS and TRIMS agreements incorporated obligations for which most developing countries were totally unprepared and in effect kicked away the ladders by which today's advanced countries attained their present levels of development;

- In the newly-introduced sector of trade in services, liberalization was agreed mainly in areas of interest to the developed countries, such as financial services, rather than in the movement of "natural persons" i.e. people seeking jobs at lower wages.

6. The manner in which the Uruguay Round agreements have been implemented – or rather not implemented – has further accentuated the asymmetric nature of the benefits of trade liberalization for the developed and the developing countries. Textiles quotas have not yet been lifted. The \$300 billion in trade earnings that was supposed to accrue to the exporting countries remains a chimera. When quotas fully go in 2005 we fear that “other means” will be found by the restraining countries to halt these exports of the developing world. The S&D provisions of WTO agreements have remained expressions of ‘good intent’ only. The implementation of the new agreements – TRIPS & TRIMS – has proved difficult for developing countries. And, the Dispute Settlement System, the ‘jewel in the crown’ of the WTO, even if can offer expensive justice to the developing countries, cannot provide compensation for the damage which their trade suffers due to the frequently high-handed and illegal means used by the developed ‘partners’ to arrest or disrupt their exports.

7. At the Doha Ministerial, despite the commitment to place the needs and interests of the developing countries “at the heart of the Work Programme”, the provisions of the Declaration mostly reflected the objectives of the major trading partners – industrial tariffs, investment, competition policy, environment, trade facilitation. Priority areas for developing countries: implementation, agriculture, tariff peaks and escalation, anti-dumping, and S&D, were not satisfactorily addressed, much less resolved. The references, at the conclusion of the Conference to the “Doha Development Agenda” were therefore somewhat ironical.

8. Pakistan is glad that the new Director-General of the WTO, Dr. Supachai, has identified the development-related goals in the Doha work – programme in fairly specific terms. The ‘development’ goals include the following:

One, to address and resolve the 50 remaining proposals relating to implementation of WTO agreements were left outstanding despite the persistent efforts of many WTO members before Doha and at Doha. Unfortunately, there is no evidence of a renewed commitment to address and resolving these issues even now.

Two, critical proposals, for growth of textiles quotas, remain unresolved despite the expiry of the 1st July deadline set out in the Doha Declaration;

Three, the removal of the inequity in agriculture including approval of the Development Box as proposed by the developing countries;

Four, operationalization of the S&D provisions in existing agreements, and incorporation of such provisions in new agreements, including adoption of a Framework Agreement for S&D. This will be a litmus test for the professed commitments to development;

Five, the earliest elimination of tariff peaks and tariff escalations which discriminate against the developing countries;

Six, action to arrest and better regulate the proliferation of anti-dumping actions especially against the low-income and least developed countries;

Seven, review and, if necessary, revision of the TRIPS & TRIMS Agreements, to induct the developmental dimension in their provisions;

Eight, elaboration of mutually supportive synergies between trade and debt & finance and trade & transfer of technology, in the two new Working Groups.

**Mr. Chairman,**

9. Until satisfactory progress is made in fulfilling this “Doha Development Agenda”, the developing countries should not be expected to accept further and new obligations in areas of

interest to the industrial countries – such as investment, competition policy, trade facilitation and government procurement.

10. Some powerful trading partners say that weaker players must make the concessions in the WTO negotiations since the former have the choice to conclude bilateral and regional free-trade agreements outside the WTO with consenting partners on their own terms. This is insufficient reason to create or perpetuate inequality and discrimination against the developing countries in the international trading system. For any system of relationship to survive, it must be based not only on power but also principle. Ultimately, it is the major players themselves who need a rules based international trading system since, in its absence, they are more likely than others to revive their past 'beggar-thy-neighbour' policies.

11. A commitment to the MTC also implies that the pursuit of regional and bilateral trade agreements will not constitute the preferred approach of WTO member States. You cannot "run with the hares and hunt with the hounds". Several developing countries, with sizeable populations, especially in South Asia, are being progressively excluded from the regional free trade access being established in various parts of the world. This will impact negatively on both their economic growth and social standards, besides eroding the MTS under the WTO.

**Mr. Chairman,**

12. The Doha negotiations must also reverse the threat from the "new protectionism" – the use of environment & social conditionalities including labour standards – to restrain the exports of development countries. Such protectionism, which is being practiced informally, and at times officially, is contrary to WTO agreements and obligations. It must be eliminated. Also, all attempts to legitimize such conditionalities by inserting them into WTO Agreements and decisions should be vigorously opposed.

13. Progress in the Doha work programme, so far, is unimpressive. If significant advances are not registered by next year's Ministerial Conference in Mexico, specially on the priority developmental issues, there is a danger that this mid-term Conference would end-up sending a somber message of impasse. This could further accelerate the negative trends already apparent in the world economy. It could transform the current economic slow down into a real recession. It is the interest of all countries – rich and poor – to avoid this. The responsibility for reversing the recent trends falls most heavily and rightly on the major industrialized countries. They must bridge the gap between rhetoric and reality. They must not only revive economic growth, they must also reverse their recent protectionist actions – such as higher agricultural support and tariffs in major industrial sectors – and send the clear signal that they are prepared to participate in the cost as well as the benefits of the global trade liberalization which they so vocally advocate but so frequently violate.

**I thank you**