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CUBA

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The WTO should include among its new themes the Global Economic Crisis. What to do?

This was how President Fidel Castro concluded his speech at the 50th anniversary of the Multilateral Trading System in 1998. At the time it was predicted, that crisis may have seemed either highly improbable or a long way off in the future. By the time of the contemptible terrorist attacks in New York and Washington on September 11, however, it was already a real and irrefutable fact.

Even before that date, the world economy was facing the threat of a generalized recession, influenced by the slowdown in the rate of growth of the world's principal economy. The economic crisis could become much more profound in the new circumstances of political tension and military actions in which we are living today.

The consequences will be unimaginable for everyone, rich and poor, but for the underdeveloped countries in particular, the price will be unpayable.

What will happen to the majority of our economies that depend on revenues from the export of basic commodities, whose prices, already low, will continue to drop as a result of the decrease in global economic activity?

What will we do with the millions of workers who will be left unemployed when the worldwide trade contraction leads to the closing of thousands of companies or a reduction of commercial activities, especially since they will be joining the tens of millions of workers around the world who are already without jobs or any other means of living?

What will happen with investments, which had already been predicted to drop by 40 per cent even before the terrorists acts and the war that have cast a shadow over the world?

How will we counteract the decrease in private capital flows, which totaled 336 billion dollars in 1996 and are now predicted to drop to 106 billion?

How can anyone speak of the benefits of trade liberalization when the underdeveloped countries share of the trade in goods remains at the same levels today as in the 1980s, a mere 30 per cent?

How can the Third World emerge from the crisis when it is obliged to devote 20 per cent of the income it receives from the export of goods and services to payments on the external debt, which, far from being cancelled, continues to grow exponentially, and constitutes the most powerful instrument of Third World dependence on the developed countries?

The situation of the world economy cannot be more serious and alarming.

Over the last few years Cuba has repeatedly warned about the irrationality, injustices and imbalances of the world economic order, which is characterized by a neo-liberal globalization that is causing an increased lack of governance in the globe and sending thousands of its inhabitants to even greater marginalization.

For those who are not blinded by greed or insensitive due to the benefits obtained, it is evident that such a load of savage exploitation cannot but bring about a vast global economic crisis.

The world is rushing into a spiral of uncertainty that is now reinforced by panic in light of the economic crisis that has already reached the three great centres of economic power.

For the underdeveloped countries, the effects are being and will be the worst. Global recession tends to further depress the prices of their export products, reduce the already scanty credits and investments, increase the external debt and step up overwhelming social problems.

It is in these circumstances that we are attending this Ministerial Conference, which proposes to confront the acute problems currently facing the world through the launching of a new round of negotiations.

For Cuba, the launching of a new and comprehensive process of trade negotiations, which includes issues that are not viable for the developing countries, is not justified from a political and technical point of view. Moreover, it goes beyond the capacity of the majority of States to confront, fully and effectively, the different issues faced by the Organization. First, it is essential to repair the damage already done to the Third World.

Neither do we agree with the procedures used because, in spite of the evident dissatisfaction of the great majority of the Members of the Organization with the draft Ministerial Declaration, the texts on the implementation issues and on the Declaration regarding the use of the TRIPS Agreement for public health have been sent to this Conference for their consideration without taking into account the opinions and interests contained in recent statements issued by the Group of 77, the African Group and the group of the Least Developed Countries (LDCs).

On the other hand, we do not favour the beginning of negotiations in the areas of trade and investment, trade and competition policies, trade and environment and transparency in government procurement because a greater process of study and analysis of them is required. Others, like labour standards, are totally foreign to this Organization.

The situation described - in addition to the uncertain political conditions in which we live, where unipolarity and the imposition of economic coercive measures have become stronger and the full implementation of the International Law principles is increasingly threatened - should lead us to a profound analysis and to outline a global strategy that allows the world to move forward.

Third World countries must strengthen our unity and solidarity around the defense of our rights and interests, our economies, our hopes of development for all. The industrialized countries must understand that without the development of today's underdeveloped countries, the very well-being of the former will be jeopardized in the short or the medium-term. The time has come for all of us to work together to avoid a catastrophe that is coming upon us and whose consequences cannot be predicted.

Following are the arguments that back up our consideration as well as some measures that, from our viewpoint, may deal with these problems.

International efforts to promote actions aimed at alleviating the problems affecting the underdeveloped countries, and particularly the least advanced, have not only been insufficient, but they have also failed to fulfill their objectives. The poverty, hunger, illness and illiteracy accumulated over the course of centuries continue to persist.

At the same time, many of the objectives for which this Organization was created have not been fulfilled; it has also failed to contribute to modifying the alarming realities that are but palely reflected in economic and social statistics on the countries of the Third World.

The expectations aroused by the creation of the WTO have not been met to the same degree for all countries. In terms of the decisive contribution it was meant to make to strengthening the world economy and to fostering greater growth in trade, investments, employment and income throughout the world.

Although the greatest growth in world trade in over a decade was registered in the year 2000, the positive impact of that growth on the underdeveloped countries was concentrated on a very few. Over the last five years, for example, the countries of Latin America and the Caribbean and of Africa accounted for only 5 per cent and 2 per cent, respectively, of the total value of worldwide merchandise exports. This problem is particularly acute for the least developed countries, which represented only 0.5 per cent of world trade in 1999.

Access to the markets of the developed countries is becoming ever more limited for products from the underdeveloped countries. Initiatives like "Everything But Arms" will not improve access to the European Union market if they are not accompanied by preferences with regard to technical and sanitary standards, and by the transfer of financial resources to transform the productive base of the Third World countries included in this initiative.

A full 94 per cent of the people in the world facing death as a result of AIDS live in Africa, Asia and Latin America and the Caribbean.

We have yet to see any concrete results in obtaining the 10 billion dollars requested by the UN - sponsored World Aids Conference; nor do our countries have any possibility of acquiring the medications they need under accessible terms and at accessible prices. Could we not then ask what purpose has been served by the Agreement on Trade-Related Aspects of Intellectual Property Rights, when it has merely protected and reinforced the developed countries' monopoly over 97 per cent of patents?

The results of other agreements adopted at the Uruguay Round have similarly failed to live up to expectations. Agricultural subsidies, far from decreasing, have in fact been stepped up in developed countries; the program for the integration of textiles did not translate into increased access to markets for our countries' exports.

If the negative effects left for the Third World after the conclusion of the Uruguay Round have still not been satisfactorily resolved, even in the context of what is considered a limited mandate; if there has been absolutely no solution for the problems of implementation identified by the underdeveloped world before the Seattle Conference; if close to 60 per cent of the proposals made have not even been negotiated, then what reason is there to think that the solution lies in launching a new round of trade negotiations with the goal of broadening the negotiation agenda? What would be done to compensate the impact on the underdeveloped countries of the inclusion of new commitments in multilateral agreements on investment, competition policy, government procurement and trade facilitation?

Contrary to the belief that has been spread in recent months, the future and credibility of this Organization are not tied to the launching of a new round of negotiations. Such an action would in

fact convert it into a forum that is increasingly unjust and indifferent to the needs and concerns of its poorest Members.

Its credibility lies, in fact, in its capacity to forge a multilateral trading system that responds adequately and effectively to the problems of the majority of its Members, not merely to the interests of a small few, as well as guaranteeing the genuine involvement of the underdeveloped countries in all stages of decision-making processes within the Organization.

Furthermore, the passive stance adopted by the WTO up until now with regard to unilateral measures adopted by some of its more powerful Members against underdeveloped countries, for the purpose of achieving political objectives, also serves to tarnish the credibility of this multilateral trading forum.

If, in spite of these concerns, which are shared by many countries, the decision is made to launch a new round of trade negotiations as a result of the pressure exerted on the Member States to this end, those negotiations would necessarily have to be limited to trade issues and not include others that are far from achieving universal consensus.

The economic war waged by the world's leading power against my country for over 40 years, the extraterritorial nature of which has been amply confirmed, hinders us from acquiring everything from food and medicines to the computer software used to develop electronic commerce. This war includes legislative measures like Section 211 of the 1998 Omnibus Consolidated Appropriations Act, which violates the TRIPS Agreement with implications both for Cuba and for any other country interested in marketing Cuban products.

The economic, commercial and financial blockade imposed by the United States against Cuba is totally incompatible with the objectives of the Organization and the principles that should govern a fair, open, equitable and non-discriminatory international trading system.

Once more we reaffirm the urgency and importance of adjusting the rules of the WTO, incorporating asymmetrical rules that facilitate greater participation by the underdeveloped countries in world trade, resolving the problems of implementation, adopting the proposed Ministerial decision on TRIPS and access to medicines, and implementing the provisions on special and differential treatment.

In view of the grave economic crisis looming over the world, and particularly over the underdeveloped countries, now made more acute by a war that will only benefit the military industrial complex, we cannot continue postponing the adoption of a group of radical measures that are truly the only possible way to avoid the consequences of a profound global economic recession.

Among the most pressing and long-awaited decisions that must be confronted once and for all, with a strategic and comprehensive vision, is the total cancellation of the official bilateral and multilateral debt of all underdeveloped countries; the cancellation of the private debts of countries with a per capita GDP of less than 2000 dollars, and a 50 per cent reduction for countries with a per capita GDP between 2000 and 6000 dollars; and the establishment of a fund to provide debtor countries with compensation for the profound economic and social imbalances resulting from the policies they have been forced to implement to manage their debts. The resources for such a fund could be obtained, for example, from the 350 billion dollars that the OECD member countries spend annually on agricultural subsidies; this amount, however, would still be insufficient.

The real dichotomy between a financial world that is increasingly globalized, sophisticated and dynamic, and the lack of institutions capable of responding with similar swiftness to the growing demands imposed by the unjust, unequal order in which we live, is more than enough reason to stop

preventing the establishment of a new, just and democratic international monetary and financial system.

Until this inevitable change occurs, we must demand the streamlining of financing mechanisms on the part of international financial institutions; the elimination of conditionality that asphyxiates receptor countries and limits their sovereignty; the expansion of the use of special drawing rights; the prioritization of complying with unfulfilled commitments regarding Official Development Aid (ODA), with differential treatment for such assistance; and the institution of measures to regulate exchange markets, in order to curb unbridled speculative activity.

On the other hand, if we truly want to confront the substantive issues of the moment, this Conference should determine that the principle of special and differential treatment, in particular for small economies, have a legally binding nature in all WTO Agreements.

Cuba is convinced that the kind of decisions proposed above will not only contribute to mitigating the effects of the crisis, but also to relaunching the world economy and world trade by fully developing the enormous potential of the countries of the Third World.
