

**Speech by the
Honourable Minister of Trade and Industry of South Africa,
Mandisi Mpahlwa
at the
Africa Regional Workshop on WTO Negotiations
Cape Town, 31 August 2005**

Thank you Chairperson and Good Afternoon to everyone.

I would, first of all want to extend a warm welcome to all of you to Cape Town, and to South Africa, with a special welcome to our visitors from abroad.

It is appropriate that we congratulate the organisers of this workshop – the Commonwealth Secretariat and TRALAC – for taking the initiative to arrange this important interaction on what is undoubtedly the most significant trade policy issue confronting the international community at this stage: That is, preparations in the WTO negotiating process as we move towards the 6th Ministerial Conference in Hong Kong in December 2005.

Let me also express my gratitude to the organizers for inviting me to address this gathering.

We have looked at the agenda of this meeting and are encouraged that a great deal of the focus of discussion will be around developmental concerns particularly of African countries and LDCs. It is indeed vital that African countries seriously deepen their consideration of their interests in advance of the Hong Kong meeting. This workshop should make a positive contribution to that objective.

In thinking about the Hong Kong meeting it is useful to locate the discussion in the broader context of important other developments and events on the international agenda. Here I am talking about the upcoming Summit at the United Nations that will assess progress in meeting the Millennium Development Goals, and the recent G8 meeting in Gleneagles where issues of development were discussed in some detail, with particular emphasis on the Doha Agenda.

What has been highlighted is that progress in the Doha Round is seen as a vital dimension of broader efforts to effectively manage globalisation in a manner that aims to create a fairer international economic order, and one that promotes the development in the developing world so as to ensure the entire system is both sustainable and legitimate.

Against this background, allow me to make some remarks outlining South Africa's approach to the WTO negotiations.

Strategic Considerations

South Africa is a strong proponent of multilateralism. This is a basic and fundamental principle of our foreign policy. It is likewise a central element of our foreign economic strategy and our trade policy. In our view, multilateralism is the critical inter-governmental policy response to globalisation and the growing interdependence of national economies.

South Africa has, with other developing countries, actively pursued a policy of working to reform multilateral institutions to ensure that developing countries are able to play a more decisive role in defining priorities for effective global economic governance. In our assessment, the marginalisation of many countries, particularly those in Africa, and the question of coherence in global economic policy-making between the IMF, the World Bank, and the WTO, constitute key challenges confronting the international community. Elements of this understanding shape our approach to the the WTO. It is clear that in our globalising world economy, the WTO has moved to the centre stage in an evolving system of global economic governance, and is vital to our prospects for engaging in international trade. The WTO offers an opportunity for developing countries to address the development concerns in a decisive manner, in the current Doha round of negotiations

Unlike the IMF and World Bank where decisions are taken on the basis of voting rights that are based on economic power, the WTO – at least in theory – offers all countries an equal vote. The point is that the WTO the opportunity for developing countries to address the development concerns in a decisive manner, particularly in the current Doha round of negotiations

Key Elements of South Africa's approach to the WTO

WTO rules are extensive and increasingly intrusive on domestic policy-making. We need to take an active part in shaping evolution of rules in a manner that supports our development and integration into the global economy.

The importance of the rules based system in the WTO is it enhances:

- security in access to global and national markets;
- predictability in trade relations;
- non-discrimination;
- transparency; and
- reduces - does not eliminate - scope for unilateral action by the economically powerful nations.

This is – of course – only part of the picture. We acknowledge the reality that existing rules, by and large, reflect more the interests and concerns of the powerful players in the system - that is, the industrial countries. In almost all the agreements one can find imbalances, inequities and deficiencies that prejudice the trade and development interests of developing countries.

South Africa's support for launch of negotiations at Doha based on assessment that without negotiations we would remain locked in to existing rules that are prejudicial to

developing country interests. We are convinced that negotiations open up the possibility to ensure that issues of development are addressed in a decisive manner.

In our view, development not adjunct to the main business of the global economy but an essential impetus for sustained global economic growth. Further, the key to sustained global economic growth lies in unlocking the growth and development potential of developing countries. But in order to achieve this potential, developing countries must pursue industrialization in sectors where they possess comparative advantage.

The July Package

Progress in the Doha Round may be described as stop-start. Progress has been slow, it has stalled at times, but there have also been moments of important advance. Following the failure to achieve concrete outcomes at Cancun, WTO Members undertook a range of efforts to put the negotiations back on track.

The decision adopted by WTO Members in the General Council in the early hours of Sunday morning, 1 August 2004 - the so-called July Package - signalled a significant advance in the negotiating process in several respects.

First, the July Package represents agreement on what had been unsuccessfully sought in Cancun. Second, in providing a framework for ongoing negotiations, the July Package ensures the process of negotiations is continued on a more focussed agenda. Third, while it is clear the original deadline (December 2004) will not be met, the negotiating process will continue without compromising the Doha ambition, mandate and objectives.

Objectives for 6th WTO Ministerial Conference

Despite the achievement of the July Package, the Package only marked agreement on a framework, leaving difficult decisions to further negotiations. While negotiations will likely go on well into 2006, along with the others WTO Members we believe it will be necessary to secure an agreement on “modalities” by the 6th Ministerial Meeting in Hong Kong.

These modalities will establish the shape of the final agreement and place us in a position to finalise an agreement in 2006. Achieving agreed modalities by Hong Kong will be difficult, but developing countries recognise their interests are best served if the development objectives set in Doha are translated into reality as soon as possible. So long as negotiations are unfinished, developing countries remain locked in a system that prejudices their trade and development interests.

Process Leading to the 6th WTO Ministerial Conference

Although the July GC meeting fell short of achieving a “first approximation”, there is still a general sense that this work is still “doable” by Hong Kong. I believe the WTO Director General, Dr Supachai, has accurately assessed the state of play in the

negotiations in his report, as Chair of the TNC, to the General Council in July this year. That report also outlines, again - in my view - accurately, the key outstanding decisions that need to be taken when the negotiations re-start in September if we are to make Hong Kong a success.

We anticipate a heavy negotiating process in the period leading to Hong Kong that will unfold on three tracks: i) Ministerial engagement; ii) Senior officials meetings; iii) and the ongoing negotiations in Geneva which constitute the backbone of the process.

I would not seek to summarise the Director General's Report. I think this meeting would do well to consider the DG's report in detail. Nevertheless, let me make the following point: taking into account the need for an overall balance in the negotiating outcome as well as the underlying principle of the single undertaking, in our view, the key to unlocking the process is – and has always been - achieving agriculture.

Early decisions in market access and domestic support by the major players in the agricultural negotiations is likely to unblock negotiations in NAMA and other dimensions of the agenda. A final comment: African countries need to prepare their detailed negotiating positions in a manner that is technically and politically defensible. This is challenge for the continent given the range of constraints we confront. I do believe these constraints can be overcome when government policy makers are offered opportunities to interact with experts in such fora as these. On this note, I wish you a fruitful engagement on the WTO negotiations.