

**KEYNOTE STATEMENT BY HON. KWAMENA BARTELS, M.P.  
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PRESIDENT'S SPECIAL INITIATIVES OF GHANA AT THE  
INTERNATIONAL SYMPOSIUM ON FAIR TRADE AND  
POVERTY REDUCTION HELD IN BERN, SWITZERLAND ON  
31<sup>ST</sup> AUGUST 2005.**

Chairperson,

Distinguished Guests,

Excellencies,

Ladies and Gentlemen,

Permit me, Chairperson, to first of all convey to His Excellency, the State Secretary of Economic Affairs, the sincere appreciation of the Government of Ghana for the kind opportunity we have been offered, to participate in this symposium. Let me also convey through His Excellency, to the Government of Switzerland, my own gratitude for the wonderful Swiss hospitality that has been extended to me and for the opportunity afforded me, to participate in the innovative segment of this event, which has been called a "Fair Trade Fair".

In my view, Chairperson, the Fair and this symposium present a rare opportunity, to share ideas and make our humble contribution to the on-going international debate, about a suitable and effective global economic development paradigm. A very important aspect of that debate, has focused on the role of international trade in economic growth and development, its role in poverty reduction and indeed in social transformation.

From that perspective, the important role of international trade in all development paradigms, has been amply acknowledged. What is becoming difficult and elusive is a definition of the mechanisms and ground rules, that will

permit all players, both developed and developing, to maximize the acknowledged contribution of international trade, to their respective economic development objectives.

Indeed, since the end of the Second World War, the construction of an international trading system as a tool for reconstruction, growth, and development, has taken center stage in the global economic relations agenda, together with the issues of international financing for development. Thus the establishment of the Bretton Woods institutions after the War, was immediately followed by the conclusion of the General Agreement on Tariffs and Trade (GATT), a forerunner to the present day World Trade Organization (WTO).

Chairperson,

Distinguished Ladies and Gentlemen,

As we proceed on the road to the Sixth Ministerial Session of the World Trade Organization in December 2005 in Hong Kong, China, and well over half a century since the establishment of the GATT, the formulation of global trade rules that meet all the aspirations of all nations has remained an intractable, difficult and tedious undertaking. That the situation has persisted for so long, in spite of the numerous so-called rounds of global trade negotiations and their ministerial sessions, is the main challenge, to our generation.

Chairperson,

Our responses to that challenge, to be effective, must address comprehensively and realistically, the issue of equity and fairness of the rules of the international trading system, rather than focusing only on the often touted potential gains from trade liberalizing rules. If the question then is fairness and equity to who or for whom, and if poverty eradication is the goal of global economic

development processes, then Chairperson, the obvious answer is, fairness and equity for the poor, the weak, the underdeveloped and the marginalized.

Unfortunately while we mount fora like this symposium, and while Trade Diplomats wrangle over processes and some substance in and civil society groups embark on protests and demonstrations and academics write, the imbalances in the rules of the trading system and poverty in Africa remain a reality.

I probably cannot capture this situation of unfair rules more accurately, than the Rt. Hon. Claire Short, former U.K. Secretary of State for International Development, when she declared in the run-up to the Cancun WTO Ministerial Conference, in 2003, and I quote: **"If that famous man from Mars came down to earth and looked objectively at our trade rules, he would soon conclude, that they are designed to keep poor countries poor."**

Chairperson,

Part of the great moral challenge of our generation, is therefore to re-enforce the faith of all in the multilateral trading system, by ensuring that trade liberalization, the prescribed drug for poverty reduction, economic growth and development is not perceived as a killer drug, because of an over-dose of skewed rules and sophisticated protective measures against the trade interests of the weak and economically vulnerable, in Africa and elsewhere.

In so doing, we must constantly be reminded that **in economic terms, there are two worlds - the world of the haves and that of the have-nots.** Any one in doubt of this reality, may not fail to be impressed, indeed depressed, by the following sampled, snapshots of official statistics:-

- **From one-tenth of world population a decade ago, Africa now accounts for one- third of the world's people, who live on less than one dollar a day.**
- **The vast majority of these poor people are dependent on agriculture for their livelihood, are malnourished and have minimal access to health care and to education.**
- In Africa, 33 out of 53 countries are classified, according to United Nations criteria, as Least Developed Countries (LDCs).
- While the major developed countries have a Gross Domestic Product (GDP) per capita of 25.00 U.S. dollars, the poorest in Africa, have as little as 100 U.S. dollars. Ghana, with the rapid improvements in the economy, has currently, a GDP of US\$600.00.
- According to the 2004 UNCTAD Trade and Development Report,

In 2003, while the world GDP growth rose generally, that of sub-Saharan Africa remained sluggish with a growth of about 2.5% even in an environment of a rise in non-petroleum commodity prices.

Foreign Direct Investment which remained the major source of Foreign financing in developing countries, declined from \$112 billion in 2002 to \$102.5 billion in 2003. **For Africa, it slumped from an exceptional peak of \$24 billion in 2001, to about \$12 billion in 2002.**

**Out of a total inflow of \$560 billion of FDI globally in 2003, the Group of 20 LDCs, the overwhelming majority of which are in Africa, received just \$7 billion.**

From the Agriculture and Trade Policy Sources (IATP) the following statistics speak eloquently:

A comparison effect of the 1996 Farm Bill between 1990 – 1996 and 1997 – 2003 shows the following increases in dumping levels:

Commodity	1990-1996	1997-2003
	%	%
Wheat	2.7	3.7
Soybean	2	11.8
Maize	6.8	19.2
Cotton	29.4	48.4
Rice	13.5	19.2

**B. The effect of U.S. subsidies on economies of developing countries:**

US-based global food companies products were sold well below the cost of production.

2003 Commodity	Export price, average below cost of production
Wheat	28%
Soybean	10%
Corn	10%
Cotton	47%
Rice	26%

**C. Comparison between U.S. AID Received by Poor Countries and loss of Export Savings as a result of U.S. subsidies.**

Country (2002)	U.S. Aid Received	Loss of Export Earnings
Burkina Faso	\$10 million	\$13.7 million
Chad	\$ 5.7 million	\$13.7 million

Togo	\$0.4 million	\$ 7.4 million
Mali (2001)	\$37.7 million	\$43 million

Lost export revenue due to U.S. cotton subsidies in 2002 amounted between 21 % and 33% of total debt-service payment for Burkina Faso, Benin, Chad and Mali.

This clearly affirms and confirms the fact that developing countries need **TRADE BUT NOT AID!**

Also from World Bank sources, it is estimated that:

- Trade protectionism in the developed world, costs developing countries almost twice the amount spent on aid.
- Countries of the Organization for Economic Cooperation and Development (OECD) spend a total of over \$350 billion per annum to support their agricultural sector which is about six times that spent on international aid.
- **In Africa alone, one child dies from malnutrition and preventable poverty-related diseases like dysentery and malaria every three seconds!**
- **In 2003 alone, 2.3 million people died of AIDS in Africa.**
- **While the average European cow receives \$2.20 a day in subsidies, 2.8 billion people in the developing world live on less than \$2.00 a day. In other words, Chairperson, for half of the world's population, the brutal reality is that, you are better off as an European cow.**

Chairperson,

It cannot be denied that various international initiatives including the Washington consensus, the Monterrey consensus, the Johannesburg Declaration on Sustainable Development, the Millennium Development Goals, the recent Blair



Commission Report and the Doha Development Agenda of the WTO may all be well-meaning responses aimed at stimulating the rapid economic recovery and growth of the poor countries. The limited progress and missed targets of these initiatives, should request of us to re-examine the strategies and a re-dedication of our commitment to global poverty reduction.

Chairperson,

The current round of world Trade Negotiations at the WTO should serve as a critical plank of such a new focus and our renewed commitment, to the millennium development goals.

In launching this round of trade negotiation in Doha, Qatar in 2001, Trade Ministers from all the Organization's 146 member states, re-affirmed the critical role of international trade in economic development in their Ministerial Declaration. For the eloquence of the language, I wish with your kind permission, Chairperson, to quote paragraph 2 of that Declaration that states:

**"International trade can play a major role in economic development and the alleviation of poverty. We recognize the need for all our peoples to benefit from the increased opportunities and welfare gains that the multilateral trading system generates. The majority of WTO members are developing countries. We seek to place their needs and interests at the heart of the work programme adopted in this Declaration. We shall continue to make positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth of world trade, commensurate with the needs of their economic development. In this context, enhanced market access, balanced rules and well targeted, sustainably-financed technical assistance and capacity-building programme have important roles to play".** Unquote.

Chairperson,

Ladies and Gentlemen,

Whatever happened or is happening to this eloquent testimony and declared commitments to Trade Ministers of the WTO, is all common knowledge. There has been a dismal failure to translate rhetoric into action, because nothing since 2001 has yet occurred, that could be described as concrete testimony to that commitment in Doha.

The period from 2001 to 2003 was marked by missed datelines on all the key issues for negotiations coupled with wide divergences in positions and leading to an eventual collapse of negotiations, at the 5<sup>th</sup> Ministerial Conference in Cancun, in September 2003. Some strenuous efforts to revive the talks, finally led to the adoption of some frameworks for the consideration of modalities for the negotiations in July 2004. Unfortunately at a review last month in Geneva, no real headway was made – market access has not been enhanced, rules are still skewed and unbalanced against poor developing countries, sustainably-financed technical assistance and capacity building for developing countries is still a dream! Therefore, the negotiators are now instructed to return to Geneva after the summer, to attempt to do in three months before the December 2005 Hong Kong Ministerial Meeting, what could not be done in three years.

Chairperson,

The multilateral trading system and the commitments made at Doha are clearly at risk. One of the most important items on the global agenda item in the coming months will therefore, be international trade. What happens between



now and December 2005 will be a litmus test of our commitment, to the Doha Development Agenda.

Mr. Chairperson,

Distinguished Ladies and Gentlemen,

This commitment should be devoid of technicalities, self interest and self preservation. I ought to be simple, clear and straight forward. What is required is a faithful answer to the question why Doha was called a Development Round. If it is a development round, then issues of importance to developing countries should be at the top of its agenda.

There are clear examples of issues of priority interest to developing countries.

- The first is market access in particular. In the markets of OECD countries, for exports of interest to developing countries.
- Africa is experiencing a decline in markets for its major export products. Eliminating tariffs for goods produced in Africa, reducing export subsidies and avoiding tariffs escalation that prevents Africa from adding value to its primary products, are the priority.
- In that regard, Agriculture is the key in the Doha Negotiations for Africa. The region is faced with harmful agricultural subsidies, tariff barriers, and non-tariff barriers such as Sanitary and Phytosanitary measures. Subsidies to farmers in industrialized countries are estimated to be worth \$1 billion dollars a day. The U.S. agriculture tariff is 12%, the EU 30% and Japan 50%. These conditions cannot provide Africa the opportunity to be a part of the multilateral trading system and to use trade as a tool for growth and poverty reduction.

The particular case of cotton subsidies is a pathetic example of how subsidies are destroying the African peasant farmers, even where they are very competitive producers. **Thus, instead of trade being a tool for them, it has become a gear for accelerating and escalating their poverty.**

- In the area of industrial tariffs, Africa needs some policy space to be able to even begin to industrialize. Therefore, to be required to reduce tariffs on manufactured imports from the industrialized countries, is to say the least, most unkind, because trade taxes constitute the most important single source of revenue for African countries. Equally, important is the need to provide for the private sector, the expected engine of growth, the requisite space to acquire a fair amount of competitiveness, before they are exposed to the fierce competition in the global market place.
- Let me commend the U.S. Government in this respect with the passage of the Africa Growth and Opportunities Act (AGOA) which gives some development countries tariff-free and quota-free access to over 200 products into the U.S.A.
- The Doha mandate clearly, provides, Special and Differential Treatment for developing countries. This forms an integral part of the entire negotiations, Agriculture, the Trade-Related Aspects of Intellectual Property Rights, in particular the aspect dealing with access to affordable medicines and the outstanding implementation issues arising from the Uruguay Round Agreements that were intended to help integrate-developing countries into the multilateral trading system.
- We in Africa and the developing world hope to ensure that producers receive a fair price, have access to financial and technical assistance and various aspects of trade and production be transparent. We hope to have healthy and safe working conditions without forced nor child labour. We can effectively implement above if the first world provide access to their market.

The tasks to be discharged cannot be left to trade diplomats and negotiators in Geneva, to continue in their business as usual fashion. It is an urgent task that requires enlightened leadership at the highest political levels of the industrialized world's establishment.

It requires the prodding and pushing of global business leaders. Most Multi-national corporations, I am convinced, want developing countries to succeed. They see themselves as partners for growth, development and technology sharing in developing countries. They must therefore assume a lead role in convincing their Governments of their sensible convictions.

The Civil Society and non-governmental actors in both north and south have been most vocal in their protestations over the unfairness of the trading system, its processes and effects on poorer countries. Even if any of their positions are considered extreme by some, the role civil societies continues to play in educating citizens on the issues and their inputs to the debate cannot be discounted.

The partnership of Economic policy makers, the business establishment, civil society and consumers, can and should, ensure that this generation does not disappoint itself and future generations.

I thank you most sincerely for the opportunity and for the attention.