Future trade in sugar with the European Union (EU) is now of critical concern to Guyana, in light of the multiple and growing challenges to the EU sugar regime.

The EU proposed reform of the current sugar regime would significantly affect Guyana’s export of sugar to that market. Guyana currently enjoys preferential access to the EU market. If the proposal is approved by the EU Parliament and becomes effective from July 2005, the current intervention price for sugar will be cut by 37%. This would result in a US$90 million cut in annual revenue for the CARICOM region, and US$20 million in the first year, increasing up to US$37 million by 2007, for Guyana.

This significant loss in revenue will have disastrous effects on employment, foreign exchange earnings and the contribution of sugar to the Gross Domestic Product (GDP). The sustainability of investment in the sugar industry, as part of Guyana’s efforts to become more competitive and integrated in the world economy, now comes into serious question.

Further, implementation of the EU sugar reforms will result in severe dislocations in societies that are heavily dependent on the sugar industry.

At an ACP meeting held in Mauritius, in July, the Hon. Clement J. Rohee, Minister of Foreign Trade & International Cooperation warned that “Europe’s decision could be very devastating for us.” He added that “the European Union cannot be insensitive to the sugar industry, which we do not see as an industry but as a way of life in our respective countries.”

(Continued on Page 6)
CUT IN THE INTERVENTION PRICE FOR RICE BY THE EUROPEAN UNION

The European Union (EU) proposal to reduce the intervention price for rice by 50%, and at the same time increase direct aid to its farmers, contradicts the EU’s commitment to support the integration of the ACP economies into the world economy, and the promotion of regional integration and development. The process of liberalization could lead to a deterioration of the relative competitive position of ACP states, which could threaten their development efforts.

Rice exports (especially to the EU) are a key foreign exchange earner for Guyana. The rice sector contributes significantly to employment, the GDP, and the social and political stability of communities across Guyana that are heavily dependent on this industry.

While Guyana stands to benefit from a Euro 11.6 million development fund that would be geared towards improving the competitiveness of the CARIFORUM rice industry, the cut in the intervention price for rice threatens the sustainability of the rice industry.

Guyana called on CARICOM at the recent 17th meeting of the Council for Trade and Economic Development (COTED) for marketing support in order to make the project a success.

This call was made in light of the practice by some CARICOM states to source highly subsidized rice from extra regional sources, although regional suppliers could meet their requirements. The continued practice of importing from extra-regional sources is likely to erode the true benefits of the project and the sustainability of the CARICOM rice industry.

THE EVERYTHING BUT ARMS (EBA) INITIATIVE AND SUGAR

The 79th Meeting of the ACP Council of Ministers, in Gaborone, Botswana, discussed the trade in sugar with the EU, and particularly the challenge posed by the Everything But Arms (EBA) Initiative, under which the least developed countries are allowed duty-free access to the EU market for sugar.

The CARICOM region is making representation to seek to “share the burden” of the loss of Special Preferential Sugar quotas as a result of the EBA initiative, rather than a system where ‘you take from the poor and give to the poorest’.
GUYANA’S NATIONAL TRADE CAPACITY BUILDING STRATEGY
- From the Desk of the NACEN Coordinator

Background

Guyana’s Trade Capacity Building Strategy (TCBS) has been prepared largely in response to the mandate of the Trade Ministers for the development of the Hemispheric Cooperation Programme (HCP) under the Free Trade Area of the Americas (FTAA). The preparation of the TCBS was coordinated by the Ministry of Foreign Trade and International Cooperation, with technical and financial support of the United States Agency for International Development (USAID).

The document is informed by the model provided for in the Consultative Group on Smaller Economies (CGSE) Guidelines For Drafting National And/Or Regional Strategies to Strengthen Trade Related Capacities of FTAA Countries (FTAA.sme/11 of 30 January 2003). In identifying Guyana’s priorities for action, a careful attempt has been made to ensure policy coherence with respect to the country’s participation in the regional integration arrangements in the Caribbean Community (CARICOM), as well as, with other trade-related projects already being implemented at the national level.

The document emphasizes the fact that trade is of critical importance to Guyana, more so than many other countries in the world including, by comparison, other CARICOM members.

The agriculture sector, which is dominated by the production of rice and sugar, for example, is critical to Guyana’s economy and represents approximately 30% of GDP. Guyana’s sugar and rice industries, which are export-oriented, contribute immensely to Guyana’s socio-economic development. These (two) industries contribute 27.5% to overall GDP, with sugar accounting for 20.4% and rice 7.1%. The sugar industry employs approximately 25,000 people (or about 10% of Guyana’s labour force) with rice accounting for an additional 7%.

With such heavy reliance on trade in agricultural commodities for foreign exchange earnings, Guyana has been tremendously affected, in recent years, by deterioration in the terms of trade, due to a declining trend in commodity prices. The Government of Guyana is taking steps to enhance the competitiveness of major industries and substantial investment is currently being provided (with the assistance of the international community) to modernize the sugar, rice and fisheries sectors, and to expand production in the non-traditional sectors.

Building Trade Capacity

For Guyana, the development of its NTCBS represents a continuation of efforts to overcome the human resource constraints to undertake trade reforms. It is the product of surveys conducted with several segments of Guyana’s policy community.

In an effort to enhance and rationalize the flow of technical assistance from international organizations and other partners, the trade-related institutions of Guyana cooperated with civil society and the donor community to identify and prioritize needs in this field.

The general and specific capacity building needs that are documented in the Strategy, group Guyana’s key and critical needs into the three principal areas which the FTAA Trade Ministers themselves pronounced upon for the HCP: negotiating capacity, implementation capacity, and adjustment capacity.
Negotiating Capacity

Guyana has taken important steps over the past decade, and particularly in the context of the ongoing negotiations in the WTO and the FTAA, to address its capacity to participate in the external negotiations.

First, at the institutional level appropriate structures and mechanisms have been established to facilitate inter-agency coordination and consultation, including at the levels of the public-private sectors; and second, at the personnel level, in terms of technical training of officials in both the public and private sectors.

In the document, these issues are addressed in Chapter I – Institutional Framework for Trade Policies and Trade Negotiations – and detailed in Part II – Strengthening Trade-Related Capacities.

Implementation Capacity

The Government of Guyana continues to make the necessary efforts to meet its multilateral obligations. However, these initiatives are often hampered by the shortage of skilled and experienced technical personnel and the acute shortage of financial resources.

Guyana is a good example of how the best efforts of a small economy to meet its international trade obligations, and continue on the path of economic liberalization could easily be undermined or stultified by the lack of resources in both the governmental and non-governmental sectors. For example, in the WTO, Guyana’s non-resident status limits its ability to monitor and participate fully in negotiations and related activities conducted under the auspices of the WTO. While it would be ideal for Guyana to establish a mission, that is presently unaffordable.

Guyana’s commitments to ongoing trade reforms and multilateral trade disciplines are discussed in Chapter 2 – Trade Agreements and Trade Negotiations – of the National Trade Capacity Building Strategy.

Adjustment Capacity

Because of the inter-related nature of actions and events, implementation of post-negotiation matters may actually commence during the negotiation stage. As such, the adjustment needs of Guyana for effective integration into the global and hemispheric economy cannot be isolated or separated totally from the negotiation and implementation phases. Many of the points raised by Guyana’s public and private institutions in this area concerned issues that were also raised in the sections dealing with either horizontal or sector-specific matters.

The adjustment or adaptation capacity needs are addressed in Chapter 5 – Assessment of General and Specific Needs for Adaptation to the New Integration Framework – of the National Trade Capacity Building Strategy.

Importantly, however, the adjustment phase would require efforts that go beyond the predominance of technical assistance that seem to constitute the Hemispheric Cooperation Programme. The matter of financial assistance and the establishment of appropriate funding mechanisms must be realized if the smaller economies, like Guyana and the rest of CARICOM, are to successfully adapt to the hemispheric integration process, and effectively implement the FTAA Agreement. This is critical if Guyana is to successfully embrace the impending changes and manage the asymmetries and disparities as a result of its small size and low level of development in the FTAA.

To illustrate briefly, the following are some of the needs which have been identified in the TCBS. Ideally the specific actions should commence in advance of the stated phase or early during the phase.

Preparing for Negotiations (Immediate/ Short Term)

(i) Training in Trade Policy and Negotiations

Guyana’s negotiators require ongoing training both in the substance of trade policy and in the conduct of negotiations, especially steps that are preparatory to actual talks with partners. This
training must be done on an inter-agency basis, with input from academia and the private sector, so as to encourage teamwork in actual negotiations.

(ii) Fiscal Impact Assessment

Taxes on trade, including those collected on imports and exports, as well as, consumption taxes, account for more than one-third of Government revenue. Given Guyana’s high level of dependence on customs revenue, close coordination between fiscal and trade authorities is imperative.

There is the need for detailed studies and analyses of the impact of tariff reduction/elimination on the national revenues; assistance in restructuring revenue structures to accommodate reductions in income as a result of the integration/liberalization process; and the need for assistance in providing an adjustment facility for sectors in the economy which will be dislocated as a consequence of trade liberalization.

Implementing Commitments (Medium Term)

(i) Customs Training

The most acute need in the customs area is training in the GATT Valuation Agreement, as required by the Customs and Trade Administration. Guyana enacted the GATT/WTO Customs Valuation Agreement with effect from January 1, 1991, and operationalized the system in 1993. Although the procedures laid out in the Agreement are followed, training is needed to ensure consistency with obligations and to deal with problems arising from a widespread practice of under-invoicing by importers. Training would also be welcomed in other areas of the Customs and Trade Administration’s responsibilities, such as risk assessment and selectivity; investigation on intellectual property; e-commerce; subsidies and anti-dumping; publications and public awareness.

(ii) Agriculture (SPS): Risk Assessment

The Plant Health Unit of the Ministry of Agriculture is currently reviewing draft legislation from the Food and Agriculture Organization (FAO) on SPS documentation. The same unit has been implementing some of the FAO International Standards for Phytosanitary Measures (ISPMS) in areas such as farm certification, export certification, pest risk analysis, surveys, and surveillance.

Required: qualified and trained personnel in Entomology and Pathology, identification of pests and diseases, risk pest analysis, as well as, training in Risk Pest Management.

Adjusting to Integration (Long Term)

(i) Development of a National Export Strategy

The development of a national export strategy has been identified as an important aspect of the adjustment phase. In fact, the development and implementation of a national export strategy to complement the investment code is seen as one of the more critical adjustment programmes to support activities such as: business development, export promotion, environmental impact assessment, and labour market programmes.

The principal focus of Guyana’s trade policymaking institutions at present is on the preparation for the negotiations themselves. A national export strategy would be the logical next step in aiding the transition of Guyana to a more integrated trading system. The development of such a strategy will require close cooperation between the public and private sectors, as well as, inter-ministerial collaboration.

(ii) Reform of the Tax Base

Reform of the tax base is necessary. As noted before, Guyana is unusually dependent upon taxes on trade – including import tariffs and consumption taxes on imports – as a significant source of Government revenue. One likely consequence of FTAA and WTO negotiations is...
THE EUROPEAN UNION PROPOSED REFORM OF THE SUGAR REGIME

While the EU producers will benefit from annual decoupled payment up to Euros 1.350 million, no consideration has been given to the ACP positions previously communicated to the EU Commission, nor any measures proposed to address the costs related to adjustments that would be necessary as a consequence of the reform of the current sugar regime.

At their summit in Grenada, in July, regional Heads of Government in a statement noted that “while under the proposals EU sugar producers would be compensated for 60% of the price reduction, ACP producers would receive no such support.” They emphasised that “the assistance proposed for ACP producers through the European Development Fund (EDF) is totally inadequate as this would only be a short-term measure.”

On the issue of compensation, Minister Rohee is of the view that this should be addressed “holistically“. He said that “we don’t want, in terms of compensation, any one-off payment. This compensation should be directed at research and development of the sugar industry in our respective countries, which we in fact have already initiated in terms of reforms.”

These matters will be further discussed at a regional roundtable meeting, which is being organized by the Caribbean Regional Negotiating Machinery (CRNM), in collaboration with the Caribbean Development Bank (CDB) and the international donor community. The meeting is expected to be convened in the Caribbean during the third quarter of 2004, with the objective of targeting the assistance of the donor community to provide the financial and technical resources to meet the trade capacity needs of the CARICOM Member States.

CHALLENGE TO THE EU SUGAR REGIME BY AUSTRALIA, BRAZIL AND THAILAND AT THE WORLD TRADE ORGANIZATION

The challenge to the EU sugar regime by Australia, Brazil and Thailand places additional pressure on the EU to reform the sugar regime. The second substantive meeting of the parties was held in May 2004. The decision of the Panel is unpredictable and is expected in the near future.

The Footnote to the EU Schedule of Commitment to the WTO remains the core issue under contention. The Canadian Dairy case at the WTO continues to set the precedent for this challenge.

Guyana, as a Third Party in the challenge, is closely monitoring the Panel proceedings. The Sugar Association of the Caribbean (SAC) has retained legal services and is also closely monitoring developments on this matter.

The option of an appeal of the decision is left to the parties concerned, and any appeal will have to be in keeping with the strict timelines once the decision is out.
The ACP Council of Ministers meeting in Gaborone, Botswana in May, 2004, discussed the progress made since the launch of Phase II negotiations in September 2003, for the ACP-EU Economic Partnership Agreement (EPA). Ministers in their deliberations reiterated that EPAs should be an instrument for development and facilitate the integration of the ACP into the world economy.

Since the launch in September 2003, a number of geographical groupings in the ACP have launched regional negotiations. The Caribbean region (CARIFORUM) launched Phase II negotiations in April 2004, in Kingston, Jamaica. The launch preceded the first meeting between CARIFORUM and the EU on the region’s negotiating structure and roadmap for the negotiations. The Caribbean Regional Negotiating Machinery (CRNM), the region’s Expert Group, and other officials held discussions, with a view to finalizing the region’s negotiating guidelines for Phase II.

Discussions are continuing at the ACP Committee of Ambassadors level and the ACP/EC level on the outstanding issues of common interest in Phase I of the negotiations. These include financial support, in addition to the European Development Fund (EDF) resources, the treatment of commodity protocols, rules of origin, adjustment costs and trade-related issues. Outstanding Phase I issues will be negotiated simultaneously with Phase II issues.

The major concern of the ACP is its trade with the EU in rice, sugar, banana and cotton. The new WTO compatible trading arrangements, i.e., EPAs, are expected to address supply side constraints and integrate the economies of the ACP into the global economy.

**ECONOMIC PARTNERSHIP AGREEMENTS WITH THE EUROPEAN UNION**

**BILATERAL INVESTMENT TREATIES AS A TOOL FOR ATTRACTING FOREIGN DIRECT INVESTMENT**

**Introduction**

Foreign Direct Investment (FDI) is an important vehicle for economic development. FDI is investment by nationals and companies into the economy of a country other than their own (foreign country). The investment can take many forms, including the setting up of manufacturing plants, logging companies, banks, hotels, plantations and other agricultural concerns. The investments can be 100% foreign-owned or owned in conjunction with locals, in which case it is known as a Joint Venture.

According to the website of the United Nations Conference on Trade and Development (UNCTAD), FDI has the potential to generate employment, raise productivity, transfer skills and technology, enhance exports and contribute to a country’s long term economic development. FDI also acts as a medium for the transfer of resources such as capital, and managerial skills, which can contribute to the local economy and assist with the integration of a country into the international production and distribution networks.

For these reasons, countries at all levels of development (developed, developing and least developed) seek ways to attract FDI to their countries in order to bolster development efforts. The United States of America or Japan, for example, seeks FDI as much as Guyana or any other developing country.

In order for a country to successfully attract FDI a number of elements must be in place, which would in effect contribute to the creation of an environment that is conducive to investment. Such an environment should include attractive markets, adequate infrastructure and sufficiently trained manpower. Other elements include a stable political environment, respect for the rule of law and a functioning judicial and law enforcement system.

With the right investment climate in place, the conclusion of bilateral investment treaties (BITs) serves as a leverage tool in drawing investors from a particular country, as it gives assurance to the investor from that country that his investment will be safe and protected in the host country.
**What are BITs?**

BITs are agreements which are entered into by countries in order to reciprocally promote and protect investments by nationals of the other country in their territory. Typically, a BIT has two state contracting parties as signatories.

The BITs impose certain obligations on the contracting parties with respect to the treatment of foreign investment and they create dispute settlement mechanisms to enforce those obligations. The BITs serve two purposes. For the country whose nationals and companies want to invest in the other country (the home country), they ensure protection for the investments made, while for the other country (the host country), they serve as a means of attracting the FDI.

However, it should be noted that signing of a BIT does not necessarily translate into a flood of investments as the BIT does not impose an obligation on the parties to take concrete steps to encourage their nationals and companies to invest in the other country.

The objectives for attracting foreign direct investment, through use of BITs, are achieved through the following:

- Facilitating and encouraging the entry of FDI in the host country by nationals and companies of the home country;
- Guaranteeing the foreign investor high standards of treatment including, most favoured nation and national treatment and fair and equitable treatment;
- Providing legal protection under international law;
- Laying down standards for the transfer of funds;
- Guaranteeing certain rights and protection in the event of a nationalization or expropriation by the host country;
- Guaranteeing access to international means of dispute settlement in the event that an investment dispute occurs;
- Protecting intellectual property as a form of FDI, which is important to investors in high technology and service areas.

The existence of a BIT with clear, simple and enforceable rules to protect foreign investors, increases investor confidence and improves the investment climate in the country concerned. Over the past two decades, more than 1,800 BITs have been signed worldwide.

**Contents of a BIT**

BITs are broadly similar in nature, and generally contain the same provisions covering similar issues. A typical BIT has provisions for the title, the preamble, definition of terms, entry into force, duration, termination and amendment, admission of investment and general standards of treatment.

**FDI, BITs and Guyana**

One of the policies of the Government of Guyana is the encouragement of investment in the priority sectors of the economy (processed foods, minerals and energy, wood products, information and communications technology, manufacturing, etc.). This is with a view to ensuring sustainable development of the country. The Government has been encouraging investment by both local and foreign investors by ensuring that the investment climate is conducive and attractive.

In order to further encourage FDI, the Government has been pursuing the conclusion of BITs with those countries whose nationals and companies show a keen interest to invest in Guyana. To this end, Guyana has concluded BITs with the United Kingdom, Germany, Cuba, and China. The BIT with China was the latest to be concluded and it was signed in March 2003. At present, negotiations are in progress with at least five other countries for the conclusion of BITs.

**Further Resources**

The BITs which Guyana has signed are available on the website of the Ministry of Foreign Trade and International Cooperation at [http://www.moftic.gy.gov](http://www.moftic.gy.gov). In addition, UNCTAD maintains a compilation of some 1,800 BITs, including the four which Guyana has entered into. These can be accessed on its website at [http://www.unctad.org](http://www.unctad.org).
CUBA

Pursuant to the convening of the Twenty-Second Session of the Guyana/Cuba Joint Commission in Georgetown, Guyana, the Ministry of Foreign Trade and International Cooperation is intensifying its efforts to accelerate the implementation of projects agreed on.

On April 29, 2004 a Memorandum of Understanding on Trade between the Republic of Guyana and the Republic of Cuba was concluded between the Minister of Foreign Trade and International Cooperation, Honourable Clement J. Rohee and His Excellency Jose Inclan Embade, Cuban Ambassador to Guyana. This agreement is aimed at promoting collaboration between the private sectors of both countries.

INDIA

Guyana-India Joint Commission

Consultations for the convening of the Fourth Session of the Guyana/India Joint Commission are continuing. It is expected that the Joint Commission meeting will be convened by the end of 2004.

During the Third Session of the Guyana/India Joint Commission, a proposal was made for the provision of five solar photovoltaic water pump systems.

Further to the signing of a Memorandum of Understanding (MOU) on November 6, 2003, to facilitate the supply of five solar photovoltaic water pump systems, a Guyanese official has been trained for the installation and maintenance of the water pump systems, in May 2004. The pumps arrived in Guyana in July 2004. A date for the commissioning and formal handing over of the water pumps is to be determined.

COLOMBIA

Guyana/Colombia Programme of Technical and Economic Cooperation Proposed Review Meeting

The Government of Guyana, through the Ministry of Foreign Trade and International Cooperation, is currently in consultation with Bogotá, Colombia, with a view to ascertaining possible dates to convene a Joint Review Meeting by the end of 2004. The meeting's principle focus will be to discuss several pipeline projects that have been in abeyance, as well as, formulating new areas of cooperation.

CHINA

TCDC Training Courses

Two officials from the Ministry of Education were selected to participate in the 2004 Technical Cooperation among Developing Countries (TCDC) training courses, in China.

The Exchange of Notes for the participation of these officials was signed on June 24, 2004, by the Hon. Henry Jeffery, Minister of Education and His Excellency Song Tao, Ambassador of the People's Republic of China to Guyana.

The courses are Computer Applied Technology and Computer Software Technology. The training of these officials will serve to enhance application of Computer Science technology to Guyana's education sector.

In addition to the training, the Chinese Government will also undertake the travel expenses of the officials to and from their destination, stop-over allowance, boarding and lodging, local transportation, and pocket allowance.

This offer is yet another indication of the friendly relations which exist between Guyana and the People's Republic of China, and serves to further intensify the bonds of friendship and cooperation between our two countries.
Bamboo Craft Project


To date, a total of thirty-one individuals have benefited from the bamboo craft training. The first and second batches of trainees graduated on February 11, 2004 and June 11, 2004, respectively. At present, twenty-two persons are undergoing training in bamboo craft.

The Ministry of Foreign Trade and International Cooperation has requested the extension of the project by twelve months, upon completion of the current programme. The Ministry has also requested the services of a Bamboo Cultivation and Harvesting Expert.

These requests are currently engaging the attention of the relevant authorities in China.

Visit of the Chinese Survey Team

In June 2004, a Chinese Survey Team visited Guyana with the aim of establishing a scheme design for broadcasting CCTV 9 programmes in Guyana, and to finalize the design contract with officials from the National Communications Network (NCN).

The team paid a courtesy call on Mr. John Isaacs, Permanent Secretary, Ministry of Foreign Trade and International Cooperation, and held extensive discussions with officials from NCN.

JAPAN


The Ministry of Foreign Trade and International Cooperation held consultations with Mr. Shigemaro Aoki, Project Identification Expert, Regional Development Planning, Japan International Cooperation Agency, to outline the procedures for requesting assistance under this initiative. Several other Ministries also participated.

Cabinet is expected to rank the project proposals in order of national priority, before official submission to the Japanese Embassy in Caracas.

Further, the Government of Guyana was invited to participate in training courses organized by the Government of Japan, during 2005.

Training Course

Two officials from the Ministry of Health were selected by the Japanese Government to participate in the training course ‘Hospital Waste Management’. This course will run from July 29 - August 21, 2004, in Japan.

The Government of Japan has also invited Guyana to participate in a number of additional training courses. The Public Service Ministry is currently pursuing this initiative.

MALAYSIA

A number of individuals have been selected to participate in training courses in Malaysia. The nominations have been communicated to the relevant authorities in Malaysia and the Ministry is presently awaiting a response.

The Public Service Ministry is currently pursuing another invitation from the Government of Malaysia for Guyana’s participation in additional training courses.

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ORGANISATION OF AMERICAN STATES (OAS)

Scholarships

The Government of Guyana has selected ten candidates to participate in the OAS Placed Scholarships for Graduate Studies for 2005. This information was conveyed to the local OAS Office.

Interviews are expected to commence shortly. The interviewing panel will consist of officials from the OAS, the Ministry of Foreign Trade and International Cooperation, and Public Service Ministry.

Project Proposals

The Inter-American Agency for Cooperation and Development of the OAS, invited the Government of Guyana to submit five project concepts for the OAS/FEMCIDI Programming process that addresses issues on the National Agenda.

In this regard, the following four project concepts were submitted in keeping with the stipulated deadline and guidelines established by the OAS, and were ranked in order of priority:

i. Guyana/OAS Programme for Crime Prevention, Public Safety and Security;
ii. Building capacity in the Education Sector in Guyana for sustainable human development enhancing the quality and scope of teacher education at the University of Guyana;
iii. A New Economy through Higher and Continuing Education Development;
iv. A Strategy for the Professional Preparation of Instructors/Teachers for Delivery of the Primary Level Enhanced Spanish Curriculum Developed in 2002 (Phase I) and 2003(Phase II), for CARICOM Countries with funds from the OAS.

Training Courses

The OAS has invited Guyana to participate in a number of training courses. The Public Service Ministry is currently pursuing this initiative.

COMMONWEALTH SECRETARIAT

Arising out of the visit of Ms. Françoise Chapman, Chief Planning Officer of the Commonwealth Secretariat, in February 2004, the following project proposals were submitted to the Commonwealth Secretariat for assistance:

i. The assignment of a Legal Draftsman – Ministry of Legal Affairs;
ii. The convening of a workshop on Organic Agriculture – University of Guyana;
iii. The assignment of a Monitor and Evaluation Specialist – Ministry of Agriculture.

To date, the Commonwealth Secretariat has only agreed to provide assistance for the provision of a Legal Draftsman. A list of candidates has been submitted to the Ministry of Legal Affairs for their consideration and selection.
**VOLUNTARY SERVICE OVERSEAS (VSO)**

The agreement between the VSO and the Government of Guyana expired on May 18, 2004. Consultations have commenced with VSO to evaluate the current MOU, and to engage in preliminary discussions on a proposed Country Strategic Plan (CSP) for 2004-2008.

The proposed CSP for 2004-2008 targets three programme areas: **disability, education, and secure livelihoods**. The identified programmes are in keeping with Guyana’s National agenda.

**ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN (ECLAC)**

The Ministry of Foreign Trade and International Cooperation, in collaboration with ECLAC, convened a workshop on the **Project Life Cycle**.

The workshop was geared at equipping personnel with the skills in formulating project proposals to meet the requirements and guidelines of the international donor community. Among the agencies that participated were the Ministries of Health, Foreign Affairs, Amerindian Affairs, Agriculture, Finance, Tourism, Industry and Commerce, Home Affairs; the Office of the President and the University of Guyana.

The workshop is the first step in the formulation of a Strategic Plan for International Cooperation.
Mr Chairman,
Honourable Ministers,
Distinguished Guests,
Ladies and Gentlemen,

I wish to publicly put on record my sincere appreciation for the invitation of the G20 to address you at this dinner. I personally would like to thank Minister Celso Amorim, and through him the rest of the Group for this initiative. It falls within the history of collaboration that started in Cancun where bonds were struck and the foundation laid for cooperation between the G20 and G90.

My address to this meeting comes in the wake of Minister’s Amorim address to the G90 meeting in Georgetown, Guyana. It is also part of the pattern of inter-group dialogue which both our groups have worked for since Cancun, and which is an essential component for any success in the Doha Round.

Today we all recognize the importance of having a July Framework Agreement and we are assiduously working to achieve it. Our interest in that framework is no less than that of the G20. I therefore particularly welcome this invitation and regard it as part of a pattern in the G20 that attaches great importance to dialogue and outreach.

The G20 efforts for the resumption of the talks after Cancun have been well recognized. The G90 welcomed those initiatives of G20, and tonight, I would personally like to pay tribute to Minister Amorim for his dedication and personal commitment to getting these negotiations back on track. Without his hard work, I am not sure we would be at this juncture today.

The G-20 Ministerial Meeting in Brasilia on 11 and 12 December 2003 to coordinate positions on how to proceed with agricultural negotiations and to achieve progress in the Doha Round was a milestone in this respect and can be largely attributed to his vision and faith in the multilateral system.

In this connection as well, the G20 outreach to the rest of the developing world needs to be underlined. It is useful to recall the hand that was stretched out to G90 members after Cancun leading some G90 members to join in solidarity with the cause of the G20.

As a group of developing countries, the G20 is indeed diverse. There are G20 countries that have common characteristics with G90 members and some of them are also part of the G90 group. G20 has landlocked, small, least developed and commodity dependent developing countries. This is a reality that we must deal with as we frame proposals to take into account the interest of all our members.

I recognize there are indeed common areas that the G90 Group and the G-20 share, such as:

? the elimination of practices that distort agricultural trade and production;
? the search for substantial improvement in market access;
? the importance of taking account of rural development, food security and/or livelihood security needs;
? the economic, social and political importance of cotton for a large number of African countries.

Recently, there have been converging trends between the two groups as seen in the new G20 proposals, such as:

? SDT in Agriculture has, no doubt, gained more prominence in the G20 proposals in the concepts of Special Products (SP) and a Special Safeguard Mechanism (SSM);

? Special concessions extended to LDCs, such as under GSTP, exemption from tariff reduction commitments, duty-free and quota-free market access for all products, and capacity building to remove supply constraints of least-developed Members;

? The need to address preference erosion has also not gone unnoticed.

Mr Chairman, as we go beyond the present convergence to deal with other issues, we start from the premise that on the basis of capacity to contribute there are costs and
benefits that must be shared on a proportionate basis by all developing countries, including least developed countries. This notion of proportionality based on size and levels of development must guide us to some meaningful differentiation in terms of the costs and benefits accruing to all developing members.

Let me state upfront that the pack has to be reshuffled to deal with inequalities stemming from the growth of a more complex world over the last three or four decades but there is room for all in any new dispensation along these lines.

The Uruguay Round did not deal with many of these issues. Many of us were either not present, or even if we were present, we did not participate effectively. Let me recall the observation of the Egyptian WTO delegate who in 1999 observed that historically S&D was incorporated in the WTO in an ad hoc manner and without reference to any underlying consensus on trade needs of the various categories of developing countries. It was addressed separately in each negotiating group without an underlying conceptual framework. There was no overall consensus as to the trade measures required by developing countries as essential elements of their development programmes.

The challenge facing developing countries therefore since the Marrakesh Agreement is how to adapt the concept of S&D to the realities of globalization and liberalization. It is not surprising that since the Uruguay Round various categories of developing countries have emerged. Alongside the traditional concept of developing countries and LDCs, we have seen landlocked/transit economies, developing agricultural importing countries, small vulnerable developing countries, commodity dependent countries, large developing agricultural producers, etc. In negotiations, developing country groupings as the G20, G33 and G90 have also all emerged to deal with the complex nature of development and trade needs.

In the case of G90 countries, they undertook commitments in the Uruguay Round in good faith. They are yet to realize any significant benefits, bearing in mind that as major preference-receiving countries before the Uruguay round, they relatively had the most to lose from further liberalization in their major export markets.

Furthermore, the situation has been made worse since matters of critical interest to them have not progressed in this development round. In this climate, additional commitments in the Doha Round will certainly further hurt the people of these countries and this surely is not the objective of the multilateral system.

We can no longer therefore turn a blind eye to these developments. We have on all sides to see how we can best respond both in terms of process and outcome, and we have to start with some new perspective of meaningful differentiation as our Egyptian colleague perceived it in 1999.

The onus is therefore on all parties to be forward-looking and in this respect G90 members have urged members to give serious consideration to the new proposals which have shown some flexibility and forward movement as regards small, weak and poor developing countries.

G90 and G20 countries continue to take separate routes on the tariff reduction formula. In the eyes of the G90, the negotiating experience so far would suggest that the G90 countries do not have the capacity to significantly cut agricultural and industrial tariffs. No amount of negotiation of small tariff formula adaptations under special and differential treatment has so far been able to provide the level of comfort for these countries.

In Cancun these countries argued for a category of Special Products (SP), a Special Safeguard Mechanism (SSM), different tariff formulas, various categories of exemptions and a Uruguay Round formula to try to insulate themselves from further tariff reduction. The harsh reality is that whatever the proposed formula and whatever alternative coefficients and tariff categories proposed for the G90 countries, they have all so far failed to respond to their development needs. Tariffs are generally the only means of defending agriculture and industry in G90 countries. In market access, they need not just transitional periods but the flexibility to use existing bound tariffs to protect the livelihoods of their small farmers and small enterprises, to secure state revenue, take care of food security and promote rural development.

Contingency protection measures as anti-dumping and countervailing duties are too costly and are rarely used by these countries. They also do not use the current emergency safeguard as this is an administrative nightmare which requires compensation in some cases and can subject them to litigation for possible lack of
In addition, these countries cannot have much comfort in the current state of proposals for Special Products (SP) and a Special Safeguard Mechanism (SSM). The scope and mechanisms of these concepts are still to be worked out and much skepticism remains as to whether these concepts can be operationalized to give adequate protection, and particularly take care of the interests of small farmers and food security.

The stark conclusion, therefore, is that the WTO is yet to assure the G90 Group of operational and effective S&D treatment in agriculture. An open mind requires that a special flexibility should be granted to G90 countries which recognize that further reduction commitments for G90 members in agriculture are very difficult to support.

It must also be clear that any extension of S&D benefits to a wider group does not imply that existing concerns of developing countries on outstanding SDT and Implementation Issues will be sidestepped as a result. On the contrary, the remaining 60 SDT proposals should be examined with dispatch. The recent EU proposal to provide G90 countries with an exemption of reduction commitments has been labelled by some countries as a ‘Round for Free’. But this is not an apt description if the huge asymmetry of capacity to contribute to liberalization is taken into account. Furthermore, G90 countries are being called upon to significantly bind their tariffs and negotiate Trade Facilitation.

There is also pressure on them to open up their services markets to industries from developed countries and some countries are even suggesting already that they can possibly agree to some exemption from tariff liberalization in return for more services offers from G90 countries. In any case, exemption from reduction commitments in agriculture would not be a burden on the system as the total value of trade of these countries is marginal to global trade.

Some non-G90 developing countries see the European initiative as another attempt to separate the G90 from their natural allies in the developing world in an effort to further EU interests. The fact however, is that the G90 countries have been calling for some meaningful SDT differentiation to deal with special development needs. There is some recognition in the EU proposal that at the systemic level, SDT requires some new form of differentiation to be operational and effective.

Some countries have also been concerned with the implications of the EU initiative for SDT granted in the Uruguay Round. It is clear that SDT would have to be re-worked but this could be done at a later post-framework stage. At any rate, outstanding SDT proposals have to be tackled. The proposals adopted so far fall short of the goal of Doha to make SDT more effective and operational.

We all believe that if the Doha Round turns out to be successful, it will promote growth in world trade and a more positive integration of developing countries in the multilateral trading system. With this perspective in mind, the G90 Ministerial Representatives responsible for trade, meeting in Georgetown, Guyana, recently on the 3rd and 4th June, 2004, examined the state of progress in the negotiations in the World Trade Organisation with a view to identifying common elements for a G90 platform as a contribution to the G90 Ministerial Meeting scheduled in Mauritius on 15-16 July 2004.

The G90 is therefore moving towards a common negotiating platform. Like G-20, G-90 countries have substantially contributed to making the WTO process more inclusive. They recognize the importance of the General Council meeting scheduled for 27-28 July 2004 in taking the DDA process forward and they are committed to making a positive contribution. They are also prepared to continue to play an important role in extending cooperation with other groups.

In closing, Mr Chairman, let me note that the G90 is in fact a movement. As we gather momentum, others will no doubt seek to strike common cause with us especially if they conclude that history is on our side. I say this because already there is reference to a wider G90 that may include LDCs, small economies, landlocked developing countries, and commodity dependent countries that are particularly weak and vulnerable. The Group may have to face this eventuality at some point in time. We would cross that bridge when we come to it.

For the moment, our immediate task is set our eyes on the existing window of opportunity that we must not miss. The basis of our unity is there for us to go forward and seek a common understanding and possibly a common front to ensure that the Framework Agreement and later the modalities for these agreements would
respond to our needs. We need to be creative and rely on more dialogue between our two groups.

This is needed particularly in the promotion of the GSTP as an instrument for boosting south-south trade. I am confident that G90 countries could benefit from participation in the GSTP and the launching of a new round of such negotiations.

Mr Chairman, I have tried to give you some idea of where the G90 is heading and to assure you that the G90 is open to dialogue and cooperation. As we approach the July General Council, I look forward to new initiatives that would strengthen our unity and allow us to obtain balanced framework agreements. I am confident that you share the same vision and so I look forward to your cooperation in the days and months ahead.

G90 MINI-MINISTERIAL MEETING

OPENING REMARKS BY THE MINISTER OF FOREIGN TRADE & INTERNATIONAL COOPERATION, HON. CLEMENT J. ROHEE, GEORGETOWN, GUYANA, JUNE 3-4, 2004

H. E. President Bharrat Jagdeo,
Hon. Prime Minister,
Colleague Cabinet Members,
Colleague G90 Ministers,
Overseas Delegates and Guests,
Members of the Diplomatic Corps
Secretary-General of the African, Caribbean and Pacific Group,
Secretary-General of CARICOM,
Representatives of Regional Organizations,
Representatives of International NGOs and Inter-governmental Organizations,
Members of the Media,
Ladies and Gentlemen,

It is with a special feeling of delight that I welcome overseas delegations and guests to this meeting. I am indeed pleased that you responded positively and that you judged the situation to be serious enough to warrant your presence at this historic gathering.

You would no doubt recall the birth of the G90 at Cancun around the ACP, the African Union and the LDCs. The objective of this Alliance was to ensure that the development goals of the Doha Declaration are met. The G90 countries were the ones that fought for the Doha Declaration in 2001 and as such, we have a historic duty to make sure that we achieve success in this Round. This therefore is the historic responsibility to which you have responded, and that is why I reiterate my appreciation of your commitment to being here today.

The G90 functioned effectively in Cancun by coordinating positions, issuing statements and reacting promptly to proposals from the Chair. In spite of immense pressure, the fabric of the Group could not be broken at Cancun.

The G90 Group was able to effectively get its message across, and this has given the Group a profile and made it a force to be reckoned with. In preparing for this meeting, we drew on the four Ministerial Statements made on the 12th September 2003 in Cancun on Agriculture, NAMA, Singapore Issues, and Development Issues. These statements are still relevant today and contain in a fundamental sense the founding principles of the Group. Largely due to these principles, we have been able to show and maintain our solidarity since Cancun.

Today the G90 has gained even further recognition from other groups and is called upon to be a valid interlocutor in inter-group negotiations. Its constituent
members namely the ACP Group, the LDC Group, and the African Union continue to carry forward G90 positions that are complimentary, and which can only add to the strength of the umbrella group.

These activities strengthen the motive for this meeting which brings together the principal constituents of the G90.

The main purpose of this Mini-G90 Ministerial is to deal with elements of a possible Framework Agreement that are now being discussed with a view to adoption by the end of July 2004. We have to strategically position ourselves to influence that outcome.

Time is not on our side since, for the WTO General Council to deliberate on a framework text on the 27th July 2004, a draft text must be ready and distributed by the end of June 2004 for comments. Moreover, amendments must be ready by the middle of June to allow a revised text to be circulated that would respect the necessary mandated timeframe for such a text to be discussed on July 27th, 2004.

It is a matter of urgency therefore that:

? We begin the preparation of a common G90 Platform to influence the Framework discussions;

? We send a signal to Geneva that at least a representative cross-section of the G90 meeting in Georgetown has positions for the Framework Agreement;

? We start a process of building a consensus to facilitate the G90 meeting in Mauritius.

Ladies and Gentlemen, the current move to inter-group negotiations in the WTO can only be successful from a G90 standpoint if constituent members of the Group meet regularly and respond to a situation that is evolving quickly. The G90 must put itself in a position to react to the Lamy/Fischler Letter, decisions of the Paris Ministerial, the recently publicized G20 Proposal.

As was the case in Cancun, a common set of proposals based on developments since Cancun needs to be elaborated. They should cover the major issues of Agriculture, Market Access, Development Issues, the Singapore Issues and Cotton.

Following consultations, I have taken the initiative to circulate a platform draft along these lines to facilitate our deliberations. In this regard account was taken of the need for the process to move forward and to see from a G90 perspective what room for flexibility existed without jeopardizing core G90 proposals.

Colleagues, this is merely an initial Draft and is certainly not cast in stone. It seeks to present a range of options before us from which we can choose. Since it was drafted two months ago there have been fresh developments in light of the Dakar Declaration, the Kigali Consensus and Declaration, the Lamy/Fischler Letter and the G20 Proposal which resulted in the expansion in the range of options. These will be taken into account as we deliberate today and tomorrow.

In terms of follow-up, we are no doubt committed to taking forward our positions and to win support for them in upcoming meetings involving the G90 and G90 constituent groupings. I have in mind the ACP Summit in Mozambique, the Eastern and Southern African Community (COMESA) Summit in Uganda, UNCTAD XI in Brazil, and the G90 Ministerial meeting in Mauritius. All these meetings will be canvassed with the aim of garnering maximum support for our positions culminating with the WTO General Council meeting in July which is our main target.

In closing, Mr. Chairman, let me note that the G90 is in fact a movement. As we gather momentum, others will no doubt seek to strike common cause with us especially if they conclude that history is on our side. I say this because already there is reference to a wider G90 that may include LDCs, small economies, landlocked developing countries, and commodity dependent countries that are particularly weak and vulnerable. The Group may have to face this eventuality at some point in time. We would cross that bridge when we come to it.

For the moment, our immediate task is to set our eyes on producing at this meeting a Consensus Statement and a Declaration which we can communicate to the WTO to give some indication of our positions in the build-up to the July General Council.

Let me therefore wish you well in your deliberations, and emphasize that all efforts have been made to make your work and stay as pleasant and comfortable as possible.

I thank you. ?
Mr. Chairman,

I wish at the outset to publicly thank you and through you, the WTO as an institution for this invitation. I am pleased to note that in keeping with the WTO’s stated policy of inclusion the voice of a small country has been added. The opportunity is appreciated whether it will be heard or not, which of course, is another matter that does not depend solely on the strength of my voice.

Mr. Chairman, the challenge that I will be addressing today focuses on the issue of Multilateralism. I am referring to a multilateralism that is so often tainted as the growth of mega-trading blocs dominated by large developed countries. It inevitably serves to discriminate against those countries that are not in a position to negotiate the type of preferential access that they need to survive and which inevitably become marginalized in a world where power overrides rules and fair play. For many developing countries therefore, multilateralism equals discrimination which in turn equals marginalization. It is perhaps the most serious challenge facing us all today in our collective quest for ordered global development.

As a representative of small Caribbean developing countries I am very concerned with trends that will subject rules to the dictates of power with the end result being that the poor and weak will be the natural losers. This vision is indeed scary as it means that these countries will be forced to accept rules not in conformity with their development and which in many instances serve to hinder such development. This we already see with some of the extreme demands for labour and environmental standards. Many developing countries believe their development agenda in the WTO is being bypassed in favour of rules that would benefit the rich and the powerful. Many indeed question why should Singapore issues of investment, competition policy, trade facilitation and government procurement be given priority over the Doha development issues.

The WTO is in the throes of this debate with some of our members becoming fatalistic and subscribing to the view that there is little the WTO can do to circumscribe the growth of the power of the rich particularly when this is being accumulated at the expense of the less powerful and the less developed. These are the “so called realists” who see the underlying matrix of world power as heavily skewed and cast against genuine multilateralism.

I however, do not share this view in its absolute sense. One very positive aspect of Cancun, is that it opened our eyes to alternatives to global development. The G20 in collaboration with the G90 emerged as a voice to be heard. Their capacity for unity was certainly underestimated, but this development—this capacity for unity—threw up in my view a world pregnant with new possibilities for poor developing countries and for the future of multilateralism.

For developing countries, Cancun represented another chapter in their struggle to support the multilateral trading system through their active participation in it as equal partners. Their positions before, during, and after Cancun reflect their long-standing vision and affirmation of what global trade multilateralism should be in order to promote development, rather than a simple acquiescence to an extension of existing multilateral trading relations and conditions that hamper such development.

Developing countries continue to be strong supporters of the imperative for a strong multilateral trading system, one in which rules are applied fairly and equitably, in which all participants have an equal voice, and in which the costs and benefits are equitably shared. The multilateralism in which the rules of the game were determined, and the benefits received equitably, by only a few players, mainly the developed countries, should now be on the wane. Indeed we must ensure that it becomes an historical anecdote to this misshaped and unfashioned global development order with a vibrant WTO at its apex.

The WTO now needs to recognize that a new “multilateralism” is necessary for the legitimacy of the
global trading system - one in which more and more developing countries can assert with confidence their common interests, work with each other, and speak with united voices within the WTO in pursuit of their common development objectives, and one in which the contributions by all players - both developed and developing - are given weight and importance commensurate with their impact on achieving global development goals.

The fundamental issue currently facing the WTO therefore, really comes down to whether multilateralism can effectively temper the negative effects of power politics, and in so doing, adequately accommodate the poor and the weak in a new dispensation?

I believe it can. I do not interpret the failures in Seattle or the setbacks in Cancun as a reflection of lost hope in multilateralism. On the contrary, I believe that we are witnessing the emergence of a new multilateralism albeit with birth pangs, and it is in this sense I speak of a multilateralism at crossroads today. The challenge of successfully integrating the developing countries into the multilateral system is without doubt very demanding and fraught with risks. Controlling unfettered unilateralism, and in so doing promoting new multilateral rules is at the heart of this challenge.

The “multilateralism” of the past, with only one package or set of economic policy prescriptions for the global trading system consistent with the Washington Consensus, has not managed for the most part to lift most developing countries’ economic status. What such “multilateralism” has done has been to widen the wealth gap between developed and most developing countries, and contributed to a continuing decline in the long-term development prospects of the latter.

The “multilateralism” of the future, the one that developing countries believe in and strongly support, should be one in which the WTO helps create an enabling environment in which developing countries will be able to flexibly assess and adopt various policy models, approaches, and policy mixes in support of their development goals. It is one in which the policy space of developing countries to adopt and implement policies for the management of their economies and the increase in the standards of living of their peoples is preserved and maintained.

Mr. Chairman, the scenario that is generally offered is a world dominated by three large blocks. An East Asian trade block revolving around China will most likely emerge more rapidly, taking its place alongside US-led and EU-led blocks. These three mega-blocks will all be interlinked by a plethora of cross-regional, bilateral and plurilateral Free Trade Agreements (FTAs). One can just imagine the discriminating and protectionist tendencies that such a world would secrete.

I dread therefore, to contemplate the implications of a WTO-failure for the world. As a region comprising largely small economies heavily dependent on trade and
investment from the rest of the world, the Caribbean has a long-term stake in a WTO that delivers stability and predictability to freer trade. FTAs are simply not enough.

Small economies including many small island developing countries (SIDS) would have difficulty surviving in a world of bilateralism. Like many LDCs, they also cannot meet the full obligations being demanded of them in this current round.

The Doha Development Agenda is crucial for bolstering international economic growth, and assisting developing countries to integrate into the global economy. So it is important that we succeed, and this is why all countries have worked hard for a substantive resumption of WTO talks and are pushing hard for progress on the outstanding issues.

But all of these efforts still do not guarantee that Doha would produce significant gains especially for the developing countries that did not benefit proportionately from the results of the Uruguay round. A fair amount of work is still needed to ensure that the right overall balance is struck in market access and S&D issues in agriculture, industrial tariff negotiations, services and global rule-making.

The WTO, Mr. Chairman cannot continue to have residual importance, for its days as a vehicle for trade liberalization will be surely numbered. Regional and bilateral trade policy agendas must therefore be placed under a well-functioning multilateral rules-based trading system.

There is also a challenge for wider global governance. We cannot exclusively focus on the WTO in view of the linkages that exist. Imbalances between developed and developing countries in the system can only be treated if the broader picture is examined in an integrated manner.

Currently, there is some effort to do this especially for the least developed. The problem however, is more widespread since with the strong possibility of further preference erosion and declining terms of trade a large number of small, weak and vulnerable developing countries have also been put at risk. The system needs to be more creative in dealing with their plight and special needs. It must address the interlinkages that exist, for instance between trade, finance, debt, technology transfer and development questions.

These deficiencies have contributed to undermining both the effectiveness and the legitimacy of many of these institutions. The major Bretton Woods players have now to accept this development challenge and offer these small vulnerable countries a package that will provide the security for them to move forward.

A significant amount of work is needed to strengthen and rebalance the various pillars of global governance and to promote coherence between them. Citizens must be made to perceive these global institutions as working in the interests of developing countries and NGOs must be given their right place in the role of these institutions. It is evident therefore, that the future of the WTO depends largely also on what happens in these other areas of global governance.

Cancun was not a failure, as some may call it. Rather, it marked another step in the increasing maturity of the multilateral trading system and its hopeful evolution in the future into a viable and sustainable system that will provide equitable and much needed developmental benefits for poorer participants through increased participation in rule-making, increased trade benefits, and the preservation of policy space.

Over the long haul, Cancun can therefore be seen as a defining moment. It has clarified the options that face us and has added urgency and importance to a more relevant trade agenda. It has also presented an opportunity for policymakers to identify a more feasible and balanced set of negotiating modalities and outcomes.

Finally, in that strange dialectical way, Cancun has allowed many of us to remain optimistic that the multilateral system can deliver in the medium to long term. We have no alternative.

I thank you, Ladies and Gentlemen.
Salutations!

Reflecting on the theme for this workshop, I feel obliged to pose the question, what is trade liberalization?

Trade Liberalization implies the need to free up trade assuming it is either being held prisoner, or in protective custody by the authorities concerned.

This brings me to the twin question, who is preventing free trade and who wants free trade? Before answering these questions let us first define what we mean by free trade.

Free trade by definition implies the free exchange of goods and services without a duty levied on goods entering a country and/or new customs area.

And, are there advantages in free trade? This depends on who has what is called a comparative advantage, that is, the capacity to produce a good or service at a lower price than a producer in another country.

Take for example, CARICOM, a Customs Union which is a form of economic integration in which Members not only eliminate trade barriers internally, but also establish a Common Trade Regime, including a Common External Tariff (CET) with respect to non-Members or extra regional sources of a good or service.

Now, within CARICOM, Guyana has the natural resources but it does not yet have the national industrial capacity like say, Trinidad and Tobago, to transform these natural resources into large and sustainable volumes of goods for export.

Trinidad and Tobago, on the other hand, does not have as many natural resources as Guyana, yet it has the capacity to produce and export goods at cheaper prices than any other country in the region - why? Because it has cheap and reliable energy - an attractive incentive for investors.

Moreover, Trinidad & Tobago uses the CET suspension mechanism effectively and more than any other Member State to facilitate the importation of foreign inputs, usually on the list of products ineligible for duty free exemption, to transform a good into a regional product thus making it tradable, free of duty within CARICOM.

Now, I have made the point time and again that this was not the purpose for which the CET was established. As a matter of fact, the CET was established to protect and to encourage production of a good which is not produced in the Region, either in sufficient quantities or according to the rigid specifications required by the manufacturer. But this is not happening! On the contrary, what we find is the abuse of the CET suspension mechanism by a few CARICOM Member States, much to the detriment of regional industries and the spirit of the Single Market and Economy.

The CET was established to help Member States pursue their national and regional development strategies in a number of ways. For instance, to provide protection against subsidized products originating from outside the Region. The argument of producing a level playing field is often put forward for the elimination of tariffs, but with some countries applying huge subsidies to their producers and others without the means to do so, how level a field does zero tariffs produce?

With the size and scale of subsidy assistance provided by industrialized countries for their agricultural products a static compensatory level of tariff protection should be automatically afforded producers in the CARICOM Region. In terms of the dynamic effects of continued use of subsidies by developed countries and the other causes of declining world commodity prices, a continuous re-examination of the level of tariff protection within CARICOM should be undertaken with a view that the CET can move both upwards, as well as downwards!

Take rice, for example, statistics show that over 33% of total imports (both intra and extra-regional) into
CARICOM are from the United States. With over 50% of the income received by US rice producers coming from subsidies, it is fair to assume that without such assistance, US rice would not be competitively entering the region. Subsidies in the US alone are preventing the expansion in domestic rice production by 50% in this product alone. The story is similar as regards other agricultural products from the Region.

This is but one example of the many challenges to Free Trade in our own backyard.

In addition, the establishment by some CARICOM Member States of non-tariff barriers, meaning all restraints on the import of goods other than tariffs, such as quantitative restrictions, technical standards, import licensing systems, pre-shipment inspection and certain investment measures, contribute significantly to undermining the integrity and unity of our common market.

We in CARICOM, in fact in the Caribbean, as we confront and seek to grapple with these challenges both in our own region and the world at large, are faced at the same time with the peculiar situation where we are currently engaged in five theatres of external negotiations, namely; at the multilateral level where the Doha Development Agenda is being negotiated at the WTO; at the hemispheric level where we are engaged in the negotiations to establish a Free Trade Area of the Americas; at the Trans-Atlantic level we are engaged in negotiations with the European Union for the creation of an Economic Partnership Agreement (EPA), at the Regional level we are engaged in negotiations for the creation of a Single Market and Economy and finally, at the bilateral level we are engaged in negotiations with Canada and Venezuela with a view to settling Free Trade Agreements with these countries. At the same time, we are exploring the possibilities of engaging Brazil and Mercosul in similar free trade arrangements.

I should mention that we in CARICOM have already concluded Free Trade arrangements with Colombia, Costa Rica, the Dominican Republic and Cuba, suffice it to say that these agreements are asymmetrical in nature, meaning that they do not provide the same proportion of tariff liberalization and product coverage by the contracting parties.

These are some concrete examples to demonstrate that CARICOM is an active player and promoter of trade liberalization, but liberalization that acts as engines of growth and human development.

This workshop is both timely and relevant, and its Organizers and Sponsors must be congratulated.

In today's world, all the countries of the Caribbean region, whether large or small, are facing the same challenges. We all need to promote trade and encourage investments to our countries. The challenge is this must be done within the context of an increasingly globalized and competitive world. Indeed, we are all seeking to safeguard and increase our access to extra-regional markets.

At the global level we are all struggling to establish terms and conditions that will not only serve to promote and to regulate free trade but safeguard the right of our countries to fair trade.

In this regard, we will continue to press for Special and Differential Treatment for Smaller Economies at the World Trade Organization (WTO).

The notion that all are gainers and none are losers with free trade has been proven simplistic. At the same time, it is relatively true that economic growth and prosperity can accrue from free trade but a country must have the capacity to take advantage of opportunities, and to advance their economic and trade interests.

Take Guyana, for example, we account for only a minuscule part of world trade. However, a significant fall in prices of our export commodities, or a demand to rapidly reduce our import duties, can have major economic and social repercussions on our economy.

Ironically, while Guyana has a marginal role to play in world trade, the latter has a major impact on Guyana and obviously, a far larger impact than it would have on any industrialized country.

But the buck does not stop there. A fundamental and overarching prerequisite to gain the necessary economic growth and prosperity flowing from free trade is political stability. Without political stability a country is bound to experience tremendous difficulties.

I have often wondered whether those who do not put country first ever thought about the incalculable damage their actions would cause in the short, medium and long term, regarding the prospects of attracting badly needed foreign investments. Bearing in mind that such
investments are critical if we are to expand the enterprise and productive capacity of our countries to facilitate increased exports, earn more foreign exchange and, above all, create more jobs.

That alone is the raison d'être why small vulnerable economies with so many global challenges can ill afford political instability.

Incidentally, it has been suggested in some quarters that CARICOM Governments “seem irrevocably committed to membership in the FTAA....” The real question is what is the alternative?

Actually, there may be other options available to us but irrespective of the option our strategy must be quite straight-forward: we have to fight the battle on two fronts. First, on the domestic front by putting our houses in order and, second, on the international front, by getting what suits us best at the negotiating table. In essence, what we want is not only free trade but fair trade.

Speaking on behalf of the Caribbean Community at the Summit of the Americas in Quebec, Canada, in April 2001, the Prime Minister of Barbados put it this way:

“In treading a similar path, though faced with less disparities, the European Community saw the need and the wisdom to create special financial and other mechanisms to harmoniously and beneficially integrate its poorer societies fully into its Community. Nothing less is required if we are to build a successful Community of the Americas.”

For us in the Caribbean, the way forward is clear and it is obvious that the path is not going to be easy, what is important is that we have started the journey. We have to do our utmost to ensure that we get our arrangements right because history will not allow us to pass this way again.

This is one of the many challenges we, as a Caribbean Community, have to grapple with.

It is apposite to recall that our CARICOM regional integration model took elements of the Latin American Free Trade Area (LAFTA), the Central American Common Market (CACM), the European Free Trade Area, and the European Economic Community (ECC).

But what is important to note is the fact that regional trade between CARICOM States remains very small (in net value added terms probably not more than 5-6 percent of the total trade) and it is hardly increasing. However, trade with other parts of the world has increased at a significantly faster pace.

If the Region's productive sector is to assume a position of influence in the global economy, CARICOM's industries must seek to match both the productivity and the competitiveness of the extra-regional productive sectors. Let's face it, in a competitive international environment; there is simply no other way. At the same time, if we are to compete effectively, it is not too late for the region to undertake a fundamental re-assessment of its productive sector with a view to determining its comparative strengths and weaknesses. Such an assessment may result, for example, in agreement on the need to locate new industries on the basis of territorial specialization which may offer significant comparative advantage.

Guyana is a case in point where agro-industry, as well as, down-stream forest originating manufacturing and other natural resource-based industries, can be assigned.

As we work to overcome these challenges we need to bear in mind the fact that a major problem faced by countries such as ours, is that while we may be able to control the pace by which we liberalize our trade, we cannot in reality determine how fast our exports will grow.

The point is that export performance partly depends on the prices of the existing exported products, and also on having or developing the infrastructure, human and enterprise capacity for new exports. There is also the key question of market access. The fact is that the developed countries still maintain high tariff and non-tariff barriers in sectors such as textiles and manufactured products, not to mention the hefty subsidies being doled out to the agricultural sector. That is yet another major battle that has to be fought and is being fought.

In closing, I would like to refer to the address to the nation by the President of the Republic of Guyana, H.E. Mr. Bharrat Jagdeo, on the occasion of the 37th Anniversary of Guyana's Independence:
While the globalization process seeks to remove trade barriers, regrettably global politics focuses on defending narrow national interests, instead of safeguarding collective concerns and promoting the imperatives of interdependence. Recently, because of war and the fight against international terrorism, several of the pressing issues affecting developing countries have been placed on the backburner of the agenda of international organizations.

“Globalization is moving rapidly and in its wake it is leaving a dismantled trade and economic infrastructure to which we have been accustomed for decades.

“The replacement proposals tabled by the major trading blocs within the various theatres of negotiations still do not answer the concerns of developing countries. Let me reiterate: we are not against free trade. What we are pursuing at the national and CARICOM levels are trading arrangements that would not push us further into the margins of development, but arrangements that would recognize our peculiarities and provide transitional support.”

Best wishes for a successful Workshop!

Thank you.

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GROUND-BREAKING CEREMONY FOR THE CONSTRUCTION OF THE GUYANA INTERNATIONAL CONFERENCE CENTRE

STATEMENT BY THE HON. CLEMENT J. ROHEE, MINISTER OF FOREIGN TRADE & INTERNATIONAL COOPERATION, MAY 28, 2004

H.E. Mr. Bharrat Jagdeo,
President of the Republic of Guyana
Ministerial Colleagues,
His Excellency Ambassador of the
People’s Republic of China, Mr. Song Tao,
Distinguished Representatives of the Chinese Embassy
and the Advance Team,
Members of Staff of the various agencies present,
Special Invitees,
Members of the Media,
Ladies and Gentlemen,

Fourteen months from today, a new symbol of friendship and cooperation between the Government of Guyana and the People’s Republic of China will be standing on this very site where we are gathered today.

I refer to the Guyana International Conference Centre, which in the vision of the Government of Guyana will constitute another landmark in creating a new, modern landscape for Liliendaal and indeed this particular area of Greater Georgetown.

The first steps toward the implementation of this project
began with the signing of the Exchange of Notes between the Government of Guyana and the People’s Republic of China in January 2003. Then, following Cabinet approval, the Design Contract for the International Conference Centre was also signed in January 2003 between the Government of Guyana and the China’s South West Architectural Design and Research Institute.

Later in April this year, the Guyana side and the Foreign Aid Sector of the China Civil Engineering Construction Corporation signed the construction contract paving the way for the commencement of construction of the Conference Centre.

At that time we were assured that actual construction would commence within one month of the conclusion of the contract.

This ground breaking ceremony is testimony to that commitment.

Allow me to provide you with a snap shot of what this project entails. The total site area on which the Conference Centre will be situated is 49,252 square meters; the total building area is 3,619 square meters, it is a two-storied building. It is composed of a square, the main building and a parking area. The road and plaza area is 17,683 square meters; the total parking bay capacity is 180 cars; the number of seats of the conference hall is 372.

During construction, any major modification concerning design criterion and engineering structure, and any major modification on design due to inaccurate data for design provided by the Guyana Side shall be agreed upon through consultations and confirmed in written form. As a result, the contract price and construction period shall be adjusted accordingly based on the variation of quantities of works.

Responsibilities of the Guyana Side include among others:

i. Providing the land for construction of the Project;
ii. Ensuring water supply, power supply, construction of the access road and the bridge to the project site, clearing visible obstacles, etc.

As regards the Chinese side, responsibilities include,

On completion of construction of the Conference Centre, the Guyana side through an acceptance team with members appointed by both sides will check and determine acceptance of the works in accordance with the design requirements. Following completion of the check and acceptance procedures, both sides will sign a Certificate of Check and Acceptance.

The construction of the Conference Centre is being funded through Grant Aid provided by the Chinese Government to the tune of 10 Million Chinese Yuan or US$5M.

I wish to take this opportunity to reiterate that the Governments of Guyana and the People’s Republic of China have traditionally shared very fruitful and friendly bilateral relations over the past three decades in a number of areas in economic, technical and functional cooperation. This ground breaking ceremony will serve as another landmark in the relations between our two countries.
PARTICIPANTS AT THE G90 MINI-MINISTERIAL MEETING, GEORGETOWN, GUYANA JUNE 3-4, 2004
SCENES FROM THE GROUND BREAKING CEREMONY FOR THE CONSTRUCTION OF THE GUYANA INTERNATIONAL CONFERENCE CENTRE, LILIENDAAL, GREATER GEORGETOWN