THE WORLD TRADE ORGANIZATION
Issues and Prospects: Developing Country Views

Remarks by Mr. Peter K. Nyikuli
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at the Conference on

FREE TRADE AREA OF THE AMERICAS, THE WTO AND NEW FARM LEGISLATION:
Responding to Opportunities and Challenges

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Mr. Chairman,
Ladies and Gentlemen,

I would like to start by thanking the organizers of this conference (the S-287 Southern Region Research Committee) for this opportunity to interact with you on this very important and current issue dealing with agriculture and the WTO. I wish especially to thank the Center for North American Studies at the Texas A & M University, and particularly Dr. C. Parr Rosson and Ms. Jennifer Simpson for their patience with me in answering me and sending to me e-mails several times on the same subject at my request.

This is my first visit to San Antonio and I am delighted to be here; I look forward to seeing some of the countryside and agricultural activities in this beautiful part of the great state of Texas before returning to Washington.

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[1] This is not an official government paper nor an official position of Kenya or of any developing country. Rather, it is a summary of facts as researched by the author and observations based on his experience. Any errors or misinterpretations are therefore solely of the author.

Ladies and Gentlemen,

Before I make any comments on Developing Country views on the WTO, it appears to me that I need to start with an explanation of the platform from which I speak:

I am stationed in Washington where I represent my country, Kenya, in developing cordial trade and investment relations between the United States and her. Kenya and the US currently enjoy good relation especially under the African Growth and Opportunity Act (AGOA) which has opened up unprecedented market access of our products to the US on duty free and quota free basis. AGOA has already since its enactment stimulated creation of over 20,000 jobs in Kenya and export growth of over 100 per cent in textiles and apparel. AGOA is a practical example of developed and developing country partnership in development and a good pointer to the way forward.

I think that I represent the view of many developing countries when I say the current US administration (just like the last) pro trade policies especially toward Africa are encouraging and provide a lot of promise.

Turning to the subject that I was requested to make a few remarks on, I must say that it is by no means an easy task. Not only are developing countries (147) so diverse in their economies; we also we have had no opportunity to consult and crystallize these views with regard to this conference. Secondly, the world we are living in today is transforming and evolving everyday. Today’s developments may be tomorrow’s history.

May you forgive me therefore, if I miss out to articulate the latest which the experts among you will be aware of. May you, allow me to use the example of my own country, Kenya, as a representative of developing country views.

Mr. Chairman,

Kenya highly upholds and supports the role of the WTO in implementing the new world trade order and ensuring trade lead global development. Towards this end, Kenya has actively participated in WTO meetings and other fora. Indeed, my own Minister for Trade and Industry, Hon. Nicholas Biwott has taken close interest and provided commendable leadership in finding common ground for developed and developing countries in the WTO. Kenya was therefore gratified with the success of the Doha Ministerial Conference last November.

Kenya's proposals for WTO negotiations on Agriculture are embodied in WTO Document G/AG/NG/W/136 of 12 March 2001, presented to the Committee on Agriculture Special Session. In this paper, several factors which are typical of Kenya but which are also true of many developing countries are discussed in detail. I would like to highlight some of them.

Market Access

In the Uruguay round, Kenya bound all its agricultural tariff lines at 100 per cent. Since 1995, Kenya has consistently applied tariffs at rates substantially below bound rates. The simple average applied tariff for all agricultural products are currently below 20 per cent.

In contrast to Kenya's substantial progressive reductions in support and protection, exports from Kenya continue to face high and complex tariff barriers and tariff escalation. Exports to developed countries have also been faced with arbitrary imposition of sanitary and phytosanitary measures.

Domestic Support and Export Competition Policies

In the area of domestic support and export competition policies, Kenya, as many other developing countries, exceeded the level of liberalization as almost all had been eliminated or brought down to within the *de minimis* level under the structural adjustment programme prior to the Uruguay round conclusion.

Subsidized exports have in many instances displaced developing countries exports thereby affecting small scale farmers whose governments have no resources to compete against the treasuries of developed countries.

Kenya is of the view that the 'much touted' comparative advantage argument has not worked in the global agricultural market.

Special and Differential Treatment

The preamble and Article 15 of the Agreement on Agriculture provides for special and differential (S & D) treatment for developing countries.
Kenya is of the view that current S & D measures require to strike a balance between its crucial development objectives (such as food security and rural poverty alleviation) and multi lateral market liberalization. There is need for fundamental reconceptualization of what should constitute the S & D provisions.

Food Security

It is the view of Kenya and several other developing countries that an agrarian country with financial constraints due to debt problems, developing balance of payment difficulties and adverse terms of trade rely as much as possible on domestic food production for its domestic food needs. There is therefore need to address this need as part of the continuation of the reform process.

Net Food – Importing Developing Countries

There is recognition that this group of countries would face short to medium term problems due to agricultural reform process. Indeed this concern is espoused in the Marrakesh Ministerial Decisions on measures concerning the Positive Negative Effects of the Reform Programme of Least Developed and Net Food Importing Countries. It is the view of many that the continuation of the reform process should be accompanied with commensurate and effective measures in favor of the NFIDCs.

Development Agenda and Capacity Building

In conclusion, I wish to point out that the general feeling as the international community emerged from the Uruguay round discussions was that developing countries did not meaningfully participate in the discussions and therefore their views and concerns were not sufficiently considered. It is in this realization that developing countries approached both the Seattle and Doha Ministerial meetings.

Indeed, statistics bear witness that despite the numerous forums and initiatives that have been held, trade is still skewed against many developing countries, particularly in Africa, which contributed to less than 1 per cent of global trade in 2000.

The need for capacity building in developing countries in order to enable them to fully take opportunities resulting from globalization can therefore not be overemphasized.

The fact that the Doha Ministerial agreed to a development agenda is a positive development for developing countries. This ushers in the need to closely monitor implementation of various agreed commitments within the scope of WTO negotiations.

Thank you for your attention. I will be happy to respond to the questions that you may have.

Thank you again.