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# REPUBLIC OF SURINAME

## STATEMENT

BY

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MINISTER OF TRADE AND INDUSTRY

AT THE OCCASION OF THE UNITED NATIONS CONFERENCE ON  
TRADE AND DEVELOPMENT AT ITS TWELFTH SESSION  
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Honorable President of the United Nations Conference on Trade and  
Development at its 12<sup>th</sup> session,  
Honorable Excellencies Heads of State,  
Your Excellencies Colleagues Ministers,  
Honorable Secretary General of the United Nations Conference on Trade  
and Development  
Distinguished delegates,  
Ladies and Gentlemen,

On behalf of the Government of the Republic of Suriname and my  
delegation, I would like to thank the government and people of the Republic  
of Ghana for their initiative of hosting the 12<sup>th</sup> session of the UNCTAD and  
for their warm hospitality and welcome.

I must say that I am very honored to speak to you before this very important  
United Nations Conference on Trade and Development, where at this  
moment the world is at a crucial point of finding modalities on how to  
address the impact of the international price developments of basic  
commodities as a result of globalization.

Mr. Chairman,

We are currently very concerned with the course of Globalization, which accompanied by trade liberalization, has resulted in a shift of policy focus both nationally and internationally.

It was believed that resisting the forces of globalization would result in the marginalization of countries as they would therefore not reap the benefits the process might bring. The process of trade liberalization also inhabits the same way of thinking, with the idea that if countries do not open up to the market forces they would be left behind or would isolate themselves.

Globalization and trade liberalization are two powerful trends which seem to have created a diversion from national policy objectives. Instead of turning our attention to reducing poverty, providing for better healthcare, better education, infrastructure and social wealth, are consuming too much time, money and energy on liberalizing and opening up of markets.

With that in mind, I specifically want to ask your attention for the explosive increase of Regional Trade Agreements. This seems to take place universally. This phenomenon gained enormous momentum since the end of the Uruguay Round in 1994. The Republic of Suriname has not been excluded from this process. Recently, the Caribbean Region (CARIFORUM) initiated a full Economic Partnership Agreement with the EU, just in order to enable the small countries of the Region to barely grab hold on to the preferential trade arrangement, which are eroding steadily.

In order to achieve that reciprocal trade agreement between partners of highly unequal levels of development takes the poorer partners closer to the level of the richer one, adequate resources must be transferred to them in

order to allow them to build up their productive capacity infrastructure, human capital, enterprise plants, equipment and technology. In the absence of this, existing inequalities are likely to be enhanced by the process of trade liberalization, since the economically more advanced partners are in a much better position to take advantage of the opportunities.

Mr. Chairman,

Where developing countries once were very reluctant towards the liberalization of WTO-plus areas, namely services, competition, public procurement, and investment, the same countries are now very much willing to incorporate them in Regional Trade schemes. This is also the case for the Economic Partnership Agreement which as I have already mentioned, the CARIFORUM and the EU recently signed. I have no answer to the question why WTO-plus issues were taken up in the Agreement. Maybe that UNCTAD can provide us with views of this increasing deviation from the MFN principle that is so characteristic for the WTO system.

This then brings me to another set of concerns which need serious attention. As the processes of globalization and liberalization are taking place, there seems to be a negative correlation with poverty. There is a strong support for the idea that trade liberalization will benefit the poor. Trade liberalization tends to reduce consumer prices as competition increases. In developing countries it may be expected that opening of the market will increase the relative wage of low-skilled workers.

On the other hand, trade liberalization might also worsen the unequal distribution of income, for example by adoption of skill-biased technical change in response to increased foreign competition. If trade liberalization worsens the inequality of income distribution and the fragile industrial base

of developing countries, then it is quite possible that it is not a good tool for reducing poverty. Thus, opening up the economy for trade does neither guarantee growth, nor poverty reduction. Some industries in Suriname face declining market shares and therefore need to lay off workers. This causes an increase of income poverty as there is no adequate social safety net in the country.

I also need to stress the issue of reduction of tariffs and thus the reduction of government revenues. Due to trade liberalization, it was thought that governments would make up for the loss of income from tariffs by larger returns from the new increased business activity.

Yet, we see a different development. It seems that small developing countries tend to introduce taxes in other sectors of the economy in order to regain the loss of tariff revenues. The taxes have a poverty increasing effect since more people will be taxed directly, and see a decline in their purchasing power.

It is quite clear that Globalization and Trade liberalization have enormous potential and that they could create new wealth. Both trends have also increased the disparity between nations and it seems that with the upcoming global economic crisis it will all be put to the test. There seems to be a global trend that the costs of living are rising dramatically. The increase of the price of food is a cause for serious concern for the Governments in the Caribbean Region.

The rising costs for food could diminish the ground we gained on poverty. UNCTAD should help us to develop policies that approach these issues in a holistic manner, and identify the linkages between trade liberalization, good governance and good economic and social policies and

the rising costs for living. It is thus clear that the current world economic conditions are a serious setback on the efforts to combat poverty.

Suriname believes that without the creation of adequately productive and full employment in a country, it will be impossible to effectively alleviate poverty and foster sustainable economic growth. Private investment is therefore essential.

In this fast changing global environment we as a developing country are in need to strengthen our productive capacities through partnerships and new modalities of cooperation in order to sustain our social economic development in an effective and efficient manner.

In conclusion, Suriname believes that it is important to enhance the private sector's awareness of ongoing trade negotiations and regional liberalization efforts. This is to increase their involvement in current and future trade negotiations and ensure that the outcomes incorporate the interests and needs of the private sector. As such they can increase their ability to respond to and take advantage of the liberalization and globalization processes.

Mr. Chairman,

I would therefore like to call upon UNCTAD to help us in developing a holistic approach aimed at promoting policy coherence in development and finance under trade policy schemes. The debate on trade liberalization and poverty is still an unsettled issue due to the lack of adequate tools to quantify trade policy stances on poverty. Maybe UNCTAD can provide us with new ways to calculate the effects.

I thank you!