

STATEMENT BY SRI LANKA

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STATEMENT TO BE DELIVERED BY
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MINISTER OF TRADE, COMMERCE & CONSUMER AFFAIRS OF
SRI LANKA
AT 6.00 P.M. ON TUESDAY, 15TH JUNE 2004 AT GENERAL
DEBATE AT UNCTAD XI, SAO PAULO, BRAZIL

Mr. Chairman,
Distinguished Delegates,
Ladies and Gentlemen,

At the outset let me express my profound gratitude and sincere thanks for the people and the Government of Brazil for the warm hospitality extended to me and my delegation making our stay in this beautiful city of Sao Paulo a comfortable one. My delegation is pleased that this important event is being held in a historic region where a number of world renowned and eminent economists have originated from including Dr. Paul Prebisch - the founder father of UNCTAD and Mr. Rubens Ricupero, Secretary-General of UNCTAD.

Sri Lanka is a pioneer member of UNCTAD, Dr. Gamani Corea a top retired Sri Lankan economist steered the UNCTAD as Secretary-General during 1974 to 1984. The goals of UNCTAD are as relevant today as they ever were during his time.

Ladies and Gentlemen,

First let me covey the greetings and good wishes to the UNCTAD XI conference from Her Excellency Chandrika Bandaranaike Kumaratunghe, the President of Sri Lanka. A new government was formed just two months ago in Sri Lanka and we are fully committed to the on-going peace process and finding a solution to the long-standing ethnic issue in the country.

Moreover, we are committed to a market economy with a human face and making advantage of our geographical

location in the Indian Ocean to make the country a regional hub, in particular, in services.

We will continue to pursue the goals of multilateral trade expansion. At the same time, we are of the view that trade liberalization is not the panacea in addressing our socio-economic and development problems. We believe that private sector should play a pivotal role to gear and sustain our economy at a competitive level. Nonetheless, Government has to intervene (where necessary) to strike a balance between efficiency in allocation of resources and meeting the societal needs and reducing social disparities.

This is because in all developing countries particularly in small economies, market failures, imperfect markets and incomplete markets are more pervasive.

It will be a serious policy mistake to leave all developmental issues to be resolved by market forces alone. We believe

that the degree of intervention needed varies depending on the level of development of different countries.

Mr. Chairman,

There have been encouraging movements at the WTO after a temporary set back in Cancun towards making a deal in key areas of trade negotiations related to the Doha Development Agenda. The world economic recovery is also underway with the rebound of international trade.

Apart from identifying concrete actions to ensure the durability of this recovery, we should also ensure that the benefits are shared equitably in a manner that contributes to achieving the millennium development goals to which international community has made a strong commitment.

Let me now turn to the draft negotiated text, which is before us.

My delegation believes that the draft will provide guidance for the work of the organization in the next four years along with Bangkok Plan of Action. It is our profound hope and sincere expectation that the outstanding issues will be resolved through the spirit of understanding and accommodating each other's concerns to make UNCTAD XI a roaring success.

Our thoughts with respect to some of the key issues addressed in the text are as follows:-

As regards the role and contribution of UNCTAD, it has made creditable achievements by the establishment of the 65P, the GSTP and the Integrated Commodity Programme. UNCTAD should continue to play a more proactive role in safeguarding the interests of developing countries.

Mr. Chairman,

With regard to the overarching theme of this Conference, we believe that it is rightly focused on the policy coherence

issue, which called for a greater multilateral coordination between national and international processes. Globalization remains potentially powerful and a dynamic force for growth and development providing new opportunities. However, the key concern being raised today is that "Has globalization lived up to its promise and benefited poor and vulnerable economies?

Mr. Chairman,

During the preparatory process in Geneva, there have been long drawn negotiations, brain-storming sessions and exchange of ideas on the concept of policy space but the positions are yet poles apart. We believe that in the wake of proliferations of international trade and investment agreements developing countries require a greater deal of flexibility to address their development needs.

Last but not least, Mr. Chairman, Sri Lanka attaches great importance for finding long term solution to the external

debt problems of the developing countries. The gravity of the debt sustainability issue of middle low income countries is not very different from that of countries qualified under the HIPC initiatives. Innovative financing mechanisms should be explored and implemented on a priority basis to redeem the middle low income countries out of the debt trap.

To conclude, Mr. Chairman, the multilateral system including the Doha Development Agenda is at cross roads. The whole set of Millennium Development Goals adopted at the 2000 UN Millennium Summit are at a stake if we do not make real assessment of globalization in concrete terms.

I thank you.