

Free and Fair Trade is a Prerequisite for Integration

In what was his last official public speaking engagement before his death, Dr. Cheddi Jagan, on February 13, 1997, addressed the Sixth Meeting of the Free Trade Area of the Americas Working Group on Smaller Economies. Following is the full text of the address delivered at the Pegasus Hotel, Georgetown, Guyana.

On behalf of the Government and people of Guyana, I extend to you a warm welcome to our country, and wish you every success in your deliberations during this Sixth Meeting of the FTAA Working Group on Smaller Economies.

I do hope that, in spite of your busy schedule you will take the opportunity to have a glimpse of our small but beautiful country and enjoy the traditional Guyanese hospitality.

Permit me to pay tribute to the outstanding work which has been accomplished so far by the Working Group on Smaller Economies. We are indebted to Ambassador Richard Bernal of Jamaica for his dedicated, astute and efficient chairmanship.

I am convinced that with continued hard work by this Group, the growth and development of the Smaller Economies can only redound to the benefit of the entire hemisphere.

Mr. Chairman, Distinguished Delegates, like the other Small Economies in the hemisphere, Guyana is grappling with the cosmic trends of globalisation and trade liberalization. At the same time we are making every effort to adjust in a rapidly changing economic and political process to avoid marginaliation.

As I see it, given current global trends, there is no alternative but to combine our human and other resources as we seek to achieve a friction-free harmonious and collectively beneficial Free Trade Area, that will be characterized by the removal of tariff and non-tariff barriers. As I have said on more than one occasion, as regards the Smaller Economies, we either swim together or sink together in the rising tide of free trade and the sea levels.

Mr. Chairman, I am on record at various fora, as having expressed serious concern about the plights of Smaller Economies, not only in our Hemisphere, but in the entire global system. Many of our countries are experiencing onerous debt problems, grinding poverty, high unemployment and increasing social disintegration. Our countries are seeking debt relief from commercial creditors and other multilateral financial institutions in order to advance the development process for the benefit of our peoples.

A definite solution must be found for the Third World's crushing external debt problem. It has now reached unmanageable levels. Its net

present value is more than 200 per cent of annual exports. In Latin America and the Caribbean, with 181 million out of 441 million people living below the poverty line in the mire of destitution, how can human development take place when, despite onerous debt payments, the stock of debt grows. Between 1981 and 1990 the region's foreign debt payments were US\$503 billion, of which interest was US\$313 billion. "At the same time, the region's consolidated external debt rose from US\$297 billion in 1981 to US\$428 billion in 1990. The mechanism whereby the more you pay the more you owe is perverse and must be stopped," noted the 1992 UNICEF publication *Children of the Americas*.

The present mechanism whereby "the more you pay, the more you owe" is in need of urgent review. It is some consolation that the IMF and World Bank leaders are now recognizing the need for urgent solutions to these problems. The IMF seems willing now to sell part of its gold reserves to assist poorer countries with their debt problems, an idea which was mooted many years ago but is still being opposed by some members of the G7 nations. Debt relief in the form of debt cancellation, grants, soft loans and rescheduling is urgent, if the developing countries are to eradicate poverty, protect the environment, play their meaningful role in expanding world trade and help end stagnation and recession in the industrially-developed countries. Debt relief must be seen as an investment not only in the development of poor countries but also in the security of the rich nations.

Because of the debt trap, we are unable to urgently address and find solutions to help alleviate the suffering of the working people and to provide them with the basic needs for their survival. I have never been associated with "Prophets of Doom." Rather, I have always been and will always be a supreme optimist. I must say, however, that given recent and current social and political upheavals in several countries in our hemisphere, I am convinced that time is running out. We have to move quickly to solve the mounting social and economic problems occurring in our countries.

At the Summit of the Americas Meeting in Miami in December 1994, I reiterated the urgent need for a New Global Human Order within the framework of a "New Agenda for Development." I expressed the view that while we embrace the practice of good governance and participatory democracy in the hemisphere, there is also a need to give full attention to the gaps between the rich and the poor, the techno-skilled and the techno-unskilled, and between the North and the South.

In this regard, given existing social and economic realities in our hemisphere, as manifested in the wide disparities between and among us, it is only logical that there should be special and preferential treatment for the less fortunate, in order to facilitate their active and productive participation in the integration process and to increase their levels of development. Free and fair trade is a basic prerequisite for any successful integration of the Americas.

As we move inexorably towards the establishment of a hemispheric free trade area, it is becoming increasingly evident that a special facility should be created to help the weaker economies play a real partnership role in such a collective endeavour. My rationale for calling for the establishment of such a facility is to be found in the fact that there are in our hemisphere larger economies which obviously stand to benefit more than those that can be described as Smaller Economies.

The fact that a few states in our hemisphere, developed and developing, are producing similar products utilizing processes and technology, which are decades apart, is a reality that should be taken into consideration. This does not augur well for fair competition and, moreover, confirms to the dictum that there should be equality among equals and proportionality among unequals.

In this regard, we should take a leaf from the European and South-East Asian experiences. In the EEC mega-bloc, the leaders were more perceptive and understood the inherent problems in liberalizing trade between countries of varying levels of economic and social development. The integration of Europe provides for the free movement, not only of capital, services and goods, but also of people. For the lesser developed countries, like Greece, Spain, Portugal and Ireland, a special Development Fund has been established to raise per capita income to at least the level of seventy-five percent of the Community's average income. Under NAFTA, there is no such provision even though the disparities in development and income levels are far wider in the Western Hemisphere than in Western Europe.

In the Far East APE integration movement, agreed to at the same time as NAFTA, a realistic differential time-frame for the attainment of free trade has been instituted, 10 years for the more developed countries and 20 years for the lesser developed countries.

Mr. Chairman, Distinguished Delegates, you are aware that Guyana has been promoting the concept of the Regional Development Fund, now called the Regional Integration Fund. In June 1995, consultations were held in Georgetown and recommendations were unanimously adopted, calling for further consultations on the proposal with the Working Group on Smaller Economies itself, the Caribbean Community and other hemispheric organizations.

The response to this initiative is most encouraging. Studies done by the Organization of American States, the Inter-American Development Bank, the Latin American Economic System, the Economic Commission for Latin American and the Caribbean, and the Caribbean Development Bank were basically supportive of special measures to assist the Smaller Economies within the context of the Free Trade Area of the Americas. In many respects, many of the conclusions arrived at in these studies coincided with the thrust of the proposal for a Regional Integration Fund.

As part of the preparations for the Fifth Meeting of this Working Group, which took place in Caracas, Guyana hosted a second round of

consultations on the Regional Integration Fund proposal. These consultations benefited from the full support of the Caribbean Community Secretariat, SELA and ECLAC and several countries of this hemisphere. Indeed, Bolivia and Honduras have formulated proposals which are not dissimilar from the RIF proposal.

Subsequent to the Caracas Meeting, the Government of Guyana in collaboration with the Caribbean Community Secretariat, prepared a consolidated working paper on the subject which I understand, is a key Working Document of this Sixth Session of the Working Group on Smaller Economies.

As witnessed by the Second Hemispheric Trade Ministerial Meeting, which was held in Cartagena, Colombia, in March 1996, and the Caribbean Community/Central America Foreign Ministers Meeting which was held in San Jose, Costa Rica in December last year, it is also my understanding that there is an emerging hemispheric consensus on the necessity for the establishment of the Fund.

I hope too that a consensus will emerge on the burdensome foreign debt, which inhibits the development of our countries. They should not have to make debt payments exceeding ten per cent of export income. Also, that the APEC time frame should be adopted for the FTAA.

The Government of Canada has expressed its willingness to discuss the RIF as a Caricom Initiative with other interested parties. I look forward to the Government of the United States giving the Proposal the support it deserves.

Mr. Chairman, I am convinced that arising from your deliberations in Georgetown, concrete and positive recommendations will emerge as regards the objectives, financing and management of the Fund.

This will ensure that, as we move from the Second Trade Vice-Ministers' Meeting later this month in Brazil, to the Third Trade Ministerial Meeting in May, also to be held in Brazil, there would be tangible progress with regard to support for the establishment of a Regional Integration Fund, and consequently placing the proposal firmly in the mainstream of the process leading up to the realization of the FTAA.

Let me add that of immediate need to our Smaller Economies is the provision of technical assistance to facilitate, during this preparatory process, our countries' greater participation in the FTAA and the eleven specialized Working Groups and the actual negotiating process.

Mr. Chairman, Distinguished Delegates, Ministers of Government, Ladies and Gentlemen, it pleases me to know that Guyana is playing host to this Sixth Meeting of the FTAA Working Group on Smaller Economies.

It gives me great satisfaction to know that Guyana is making a modest contribution to laying the basis for free and fair trade practices in this hemisphere.

I am also proud of the fact that Guyana is making a modest

contribution to the process leading up to the negotiations of the FTAA. I am convinced that, as long as we view this process, not only as a partnership, but as the forging of our collective destiny aimed at serving the interests of our people, we can together, create in this hemisphere the world's most important and vibrant free trade area.

I thank you.

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