

ORAL ANSWER TO QUESTION

SUGAR, TEXTILE AND TUNA SECTORS - COMMONWEALTH/AFRICAN UNION - ACP/G90 MEETINGS

The Leader of the Opposition (Mr P. Bérenger) (*By Private Notice*) asked the Minister of Foreign Affairs, International Trade and Co-operation whether in regard to -

- (a) the vital interest of our sugar, textile and tuna sectors;
- (b) the EU decision on sugar;
- (c) the recent Commonwealth, African Union and ACP/G90 Meetings;
- (d) the forthcoming WTO Hong Kong Meeting,

he will -

- (i) give the ACP/G90 assessment of Mr Lamy's draft Hong Kong Ministerial Declaration;
- (ii) comment on, in regard to sugar, textile and tuna -
 - (a) the EU proposals as at now, and
 - (b) the Commonwealth stand, and
- (iii) say what new EU decisions can be expected on sugar.

The Minister of Agro Industry & Fisheries (Dr. A. Boolell): Mr Speaker, Sir, the Minister of Foreign Affairs, International Trade and Cooperation being away on mission, I will, with your permission, Sir, reply to this question. Let me thank the Leader of the Opposition for raising issues of national interest.

Mr Speaker, Sir, Government is fully conscious that sugar, textile and tuna constitute fundamental pillars of our economy. Since assumption of office, this Government has shown its firm determination to promote and safeguard all our vital interests, including in these three sectors in all regional and international fora, not least in the World Trade Organisation and, of course, on all bilateral fronts. Our discussions today with the Minister of Agriculture and Fisheries of France is in the same vein.

Such an approach has been at the centre stage of our foreign policy. Our economic policy has guided our stance in trade negotiations.

With regard to the World Trade Organisation, in particular, Mauritius has been active in ensuring that our key interests are fully taken into account. We are not prepared to accept an unfair deal at the Ministerial Conference in Hong Kong, especially for small, vulnerable economies, net food importing developing countries and preference dependent economies.

The outcome of the 6th World Trade Organisation Ministerial Conference will be critical in determining the fate of the Doha Development Round, which is expected to be concluded by the end of year 2006.

Given the wide divergences among the major players, there is now a collective assessment that the full modalities of the liberalisation process would not be completed by Hong Kong. This has resulted in the recalibration and the scaling down of the expectations of the 6th World Trade Organisation Ministerial Conference.

Whatever be the outcome of the Hong Kong Ministerial Conference, Mauritius in concert with other like-minded partners, has consistently been working to ensure that our core development concerns remain at the centre of the Doha Development Round. Our interests in the vital sugar, textile and tuna sectors are fully taken on board in the modalities of liberalisation, which have yet to be agreed.

Mauritius believes in a rule-based multilateral trading system and is constructively engaged in the negotiations to ensure the success of the Doha Development Round. However, for an acceptable outcome in Hong Kong and beyond Hong Kong, it is imperative that the negotiations yield a balanced, fair and equitable global trading system which can be fully owned by all members, more particularly by small, weak and vulnerable economies like Mauritius. It is, therefore, vital that at the end of the process we obtain a win-win situation. In this context, our overall objectives are to -

- (i) defend our national interest;
- (ii) ensure policy space and flexibility for our defensive interests to protect our domestic industries;
- (iii) ascertain that the modalities address our export interests by protecting our preferential margins;

- (iv) ascertain that obligations to be undertaken by Mauritius are proportional and commensurate with our level of development and the size of our economy;
- (v) ask for a development programme within the World Trade Organisation and in other international institutions to meet our adjustment costs and to build supply-side capacities, and
- (vi) ensure that the development dimension is duly reflected in accordance with the Doha mandate and the July Framework Agreement 2004.

In order to enhance our negotiating leverage, Mauritius has been able to crystallise its key concerns in the common stand developed at CHOGM, African Union Trade Ministerial Meeting in Arusha, and ACP/G-90 Trade Ministers' Meetings held in Brussels. The positions adopted by the African Union Trade Ministers in Arusha have been subsumed in the ACP/G90 declaration. I will lay the following documents for the benefit of the hon. Members, the Valetta Statement, the Arusha Development benchmark for the 6th World Trade Organisation Ministerial Conference in Hong Kong. I will forward the ACP/G-90 Declaration to the Library of the National Assembly shortly.

In all these meetings, Mauritius has been able to articulate its concerns about the erosion of preferences and the likely negative consequences on our economy. The issue of preferences is intricately linked with our export of sugar, textiles and tuna. We have been consistent in our demand that the development and trade challenges faced by small vulnerable economies, especially those that traditionally depend on preferential market access arrangements, must be fully addressed. We have also underscored that urgent and concerted action must be taken to provide phased adjustment, and transitional measures, to safeguard our interests.

Mr Speaker, Sir, with regard to part (i), as the House may be aware, the Director General, Mr Pascal Lamy of the World Trade Organisation issued a draft ministerial text, the latest version, which is dated 01 December 2005, in preparation for the 6th Ministerial Conference in Hong Kong. Mr Lamy has made it clear that the draft does not represent agreement overall, is without prejudice to any delegation's position on any issue. Moreover, he has indicated that the draft contains elements that are either fully agreed to by members, or have a high degree of convergence. In other areas the text reflects a lower level of convergence. Consequently, the text as presented is not a uniform one, in view of the varying degrees of progress achieved in the negotiations on certain key issues. It is also a matter of concern, that

progress on those elements of negotiations, that are of particular interest to the ACP/G-90, has been low. This low progress relates in particular to the development dimension including a special and differential treatment as well as on agriculture, preferences erosion and special safeguard mechanisms.

The first draft Ministerial Declaration was discussed in the Heads of Delegation Meeting held on Monday 28 November 2005 and Trade Negotiations Committee Meeting of 30 November 2005, when the Chairs of the various negotiating bodies formally introduced their reports drafted on their own responsibility. The major contentious issue was these highly contested reports by the various Chairmen of the negotiating bodies have been annexed to Mr Lamy's draft Hong Kong Ministerial Declaration. The Director-General, in his interventions to the Trade Negotiating Committee yesterday indicated that there has been a call from various members to have a text for Hong Kong which contains elements of convergence. Hence, Mr Lamy said that, guided by the principle of consensus, members would collectively try to improve on the quality of the text on the table and would try to issue a revised text, capturing the elements of convergence as soon as possible.

While the ACP/G-90 agree to use the text as a basis for further negotiations, they have clearly indicated that the text does not reflect their aspirations on the development dimension.

The ACP/G-90 have also raised a question of legal nature namely whether the Lamy text should have as annexes reports which are not owned by the members, but merely reflect the Chairs' assessment. Many ACP/G-90 countries have also expressed strong reservations on some aspects of the annexed reports. On NAMA, Non Agricultural Market Access, for example, many G-90 members have expressed strong reservations on the Swiss formula.

It is against this background that the ACP/G-90 have elaborated their own comprehensive common positions on all aspects of the negotiations which include Agriculture, Non Agricultural Market Access, Development Issues, TRIPS, Trade Facilitation, Services, World Trade Organisation rules, Dispute Settlement Understanding, Coherence in Policy Making for Trade and Accession. I have to emphasize here that on questions of vital interest to the ACP/G-90, such as the erosion of preferences, the declaration goes as far as stating that they will not be party to any decision unless the erosion of preferences is effectively addressed. It is also the first time that the ACP/G-90 have come up with a World Trade Organisation negotiating position specifically on sugar, which basically draws from the Kisumu

Action Plan, promoting the sustainable development of the ACP sugar sector. This relates to minimal tariff cuts, classifying sugar as a sensitive product, longer implementation period and the application of special safeguard clause to sugar, amongst others.

The ACP group has also adopted a document on the elements of the strategy for the ACP group for and after the 6th World Trade Organisation Ministerial Conference in Hong Kong which includes sugar under agriculture, textiles and tuna under NAMA. All attempts to include sugar under tropical products will be strongly resisted by us.

As regards part (ii) of the question, my colleague, the hon. Minister of Foreign Affairs, International Trade and Cooperation and myself did indicate the implications of the EU proposal on sugar, tuna and textiles in response to PNQs dated 08.11.2005 and 15.11.2005. To recap, let me state that the EU proposal to reduce tariffs at the higher end by 60% would have adverse implications for Mauritius, in terms of price cut while the proposal to use a Swiss formula with a coefficient of ten would drastically reduce tariffs by an average of 60%, thereby eroding our preferential margin by the same percentage and exposing our exports to stiff competition from low cost suppliers, such as Brazil, China, Thailand and India.

I have to add, however, that the EU has since then come up with a proposal for a development package in Hong Kong in which it calls for World Trade Organisation members to adopt a package on special and differential treatment, agree on a strong aid for trade package, which it considers as key element to help strengthen the capacity of developing countries to trade. It calls for the intensification of work on the erosion of preferences, especially for the ACP.

The EU is proposing both the adoption of a longer transition period for tariff reductions on products affected by preference erosion, as well as strengthening the supply side capacity of preference beneficiary countries. We consider this to be a move in the right direction.

The proposal, however, could be further improved, especially in terms of tariff modulation, which involves both at the level of tariff cut, as well as the transition period. We shall work together with the EU on this proposal for a development package.

As regards part (ii) (b), this House will recall that the hon. Prime Minister, in his statement at our last sitting, stressed the fact that the trade issue was pervasive throughout the Commonwealth Heads of Government Members in Malta and given high prominence in the deliberations of the

Summit. The hon. Prime Minister informed the House that Mauritius together with the Caribbean leaders had insisted that in addition to the usual final communiqué, a separate statement specifically on the trade agenda should be issued to reflect the serious concerns of many Member States, including Mauritius, over the reform of the sugar regime, and its impact on ACP sugar protocol countries and in view of the forthcoming Hong Kong World Trade Organisation Ministerial Conference.

As the House is aware, the Commonwealth is a heterogeneous group comprising both developed and developing countries. The former category consists of countries like Canada and Australia, which belong to the Cairns Group on Agriculture, and three Member States of the EU (UK, Cyprus and Malta) which have a common negotiating position in the World Trade Organisation throughout the European Commission. And the developing countries comprise advanced developing countries such as India and Malaysia, which belong to the G20, and 32 small States out of the 53, with populations of less than 1.5 million. These small States range in size from micro-states such as St Kitts and Nevis, Nauru, Tuvalu with less than 50,000 inhabitants each, to countries like Seychelles, Gambia and Mauritius. One can imagine how this heterogeneous group with its wide diversity of interests can take a harmonised position.

In this respect, it must be pointed out that an underlying complication in the current World Trade Organisation negotiations is the wide disparity between levels of development of developing countries and thus their conflicting aspirations within World Trade Organisation. Yet, the Heads of Government leaders have toiled to produce in Valetta a strong and balanced separate statement on a world trade known as the Valetta Statement.

The Valetta Statement calls on all developed countries to demonstrate the political courage and will, to give more than they receive in this Round, particularly in the negotiations on agriculture and market access. In the Statement, the Commonwealth leaders have resolved to pursue actively a strongly development-oriented Round, including balanced agreements on Non-Agricultural Market Access, services, rules, trade facilitation and implementation issues.

More importantly, Commonwealth leaders are concerned about the consequences of the development and trade challenges faced by vulnerable States, including small States, especially those traditionally dependent on preferential market arrangements. The Valetta Statement calls for an urgent and concerted action to provide phased adjustment and other transitional measures to safeguard the interests of these States, and also financial support to assist them in repositioning their economies to take advantage of new growth opportunities.

Finally, the Statement also recognises the adverse implications of the EU's recent announcement of reform to its sugar regime for a number of more vulnerable Commonwealth countries in terms of its impact on employment, import and export earnings.

It urges the EU to provide transitional financial arrangements in which there is symmetry between compensation provided to these Commonwealth sugar producers on the one hand and EU producers on the other. It also urges the EU to take into account that vulnerable States are less capable of adjustment in the envisaged reform timetable, and that compensation should be delivered in an efficient and timely fashion.

Both in Geneva and Hong Kong Commonwealth States will certainly be guided by the principles enunciated in the Valetta Statement.

With regard to part (iii), as the House is aware, the position of Mauritius is to ensure that the least harm is caused to both our export and domestic markets. In this regard, we have been calling, *inter alia*, for a tariff reduction formula which is moderate, more precisely a linear approach with maximum flexibility, measures to address preference erosion in line with paragraph 44 of July 2004 of the Framework Agreement and for sugar to be classified by the EU as a sensitive product and a need to ensuring that the TRQ expansion is as minimal as possible and not to the detriment of the Sugar Protocol quantities. We have also been calling for the maintenance of the Special Safeguard Clause which is a crucial additional defensive instrument to protect our export interest in the EU.

We will therefore continue to press the EU to classify sugar as a sensitive product and to seek the maintenance of the Special Safeguard Clause in agriculture. Our approach in this regard will be bilateral, through the African Union, the ACP and G-90 groupings as well as the G-10 and G-33.

As I stated in my statement at the last sitting of the Assembly Mauritius will pursue its efforts for obtaining a good package of accompanying measures commensurate with the requirements for adjusting to the new situation.

Mr Bérenger: Mr Speaker, Sir, I had put the question to the hon. Minister of Foreign Affairs because I had been informed yesterday by the Ministry that the hon. Minister would be back this morning. Obviously, some of the points that I will raise will have to be replied to by the Minister when he is back. Before I put my question, Sir, can I request the hon.

Minister of Agro Industry to liaise with his colleague, because he had promised on 15 November to lay on the Table of the Assembly a number of documents, namely, our NAMA proposals, two documents put in by South Africa and Barbados on 08 November and this has not been done. Perhaps the hon. Minister could be helpful and do the necessary.

Mr Speaker, Sir, I am impressed by the comments that I have just heard, of the ACP/G90 on Mr Lamy's draft Ministerial Declaration. As we know, section 37 relates to Aid for Trade, that is, aid to help the LDCs and other countries that have no capacity to produce and benefit. Can I know whether the way things have moved, we can expect under that Aid for Trade chapter, special efforts for ACP countries and others that will be losing preferences?

Dr. Boolell: I replied and, in fact, this is an issue that was raised, discussed lengthily and will be taken on board. In fact, I stated earlier that this slow progress relates in particular also to the Development Dimension. But the matter was put across very forcefully, including a Special and Differential Treatment.

Mr Bérenger: Sir, in relation to the EU proposals at the WTO as at now, I understand that they can change. I am sure the Minister will have noted comments by Mr Mandelson that if the European Union was to agree to the G20 and US proposals, this would lead to a two-third disappearance in trade between ACP and the European Union. Concerning the Minister's comments in relation to sugar being put amongst the tropical products, can I ask how that relates to our request that sugar be treated as a sensitive product?

Dr. Boolell: Of course, our main opponents in all this are countries from South America. They are the countries which have insisted that sugar should be considered as a tropical product, but, in fact, we have resisted, we have put up a brave fight and we have the support of the European Union on this very issue. Although the list of sensitive products in respect of percentage has been reduced from eight to one, we have the support of the European Union that sugar would be on the list of sensitive products.

Mr Bérenger: We are seeking, rightly so, the European Union's help and assistance in WTO affairs. I was very disturbed and that is why I raised it through a letter to the Permanent Secretary in the absence of the Foreign Secretary which has not even been acknowledged. At the same time that we are looking for European Union's assistance, I was very disturbed that last Wednesday at the UN General Assembly, the African group moved no

action motion to stop a European Union resolution on human rights in Sudan. I asked for information as to how that came along, what was the reason? Was it procedural or did it lead to some serious disagreement? Can the Minister provide information? And, if he cannot, obviously I would request the Ministry and the Minister of Foreign Affairs to provide information on that issue.

Dr. Boolell: I have taken good note of the point raised by the Leader of the Opposition. We'll do the needful and I am sure the reply will be given to him in due time.

Mr Bérenger: As far as the Commonwealth is concerned, I agree with the hon. Minister that the Valetta Statement is very positive, is alright for us, the ACP countries. But I am sure the Minister will have listened to my very good friend, Mr Don McKinnon, Secretary-General of the Commonwealth on television day after day, hour after hour. I am sure he will agree with me that what we heard was more the voice of the Cairns group rather than that of the Commonwealth as a whole. Can I put it across - we are good friends, he is a very nice gentleman - that we should make representations? Can I request that we do the necessary with the ACP/G90, that we approach Mr Don McKinnon so that he, as Secretary-General, does make the right noises in favour of the ACP/G90 countries?

Dr. Boolell: I think the appeal has been made. I agree that it is not only a question of a pat on the back and of being more decent to one another, but I think the point was driven very forcefully, our cause is being helped by the Commonwealth Secretary as to preference erosion and the importance of long standing preferences for ACP countries. Of course, we will enlist the support of G90 countries. This is precisely the reason as to why the Conference was held in Arusha and the matter was incorporated in the ACP/G90 Conference of Trade Ministers which was held recently in Brussels.

Mr Bérenger: The hon. Minister has just made reference to the Arusha African Union Ministerial Meeting that took place on Wednesday 23 November. The hon. Prime Minister was present at the Commonwealth Heads of State and Government Meeting, fair enough! The Minister was present at the ACP/G90 meeting which he chaired, from what I understand. But can I ask the Minister, being given the role that we play, why was there no Minister from Mauritius at the Arusha African Union Meeting on 23 November? I am not criticising the officials, the ambassadors and so on, but Ministers are Ministers. May I ask also whether there has been any SADC Ministerial meeting preparing for Arusha and WTO meetings?

Dr. Boolell: Certainly, there was no harm done. As I stated earlier, the Arusha Declaration has been incorporated in the ACP/G90 Trade Ministerial Conference...

(Interruptions)

I would inform the Leader of the Opposition that our Ambassador who represents the ACP countries in Geneva attended that Conference and all the relevant issues were addressed. In fact, he made forceful statements; Port Louis was briefed and, of course, if the Minister could have attended, he would have done so. But Minister Dulloo chaired a meeting in Brussels on the very issue.

Mr Bérenger: Government has to be present at all these Ministerial meetings. You can have a team, which you already have, and spread it, Mr Speaker, Sir.

(Interruptions)

Mr Speaker: Order!

Mr Bérenger: Mr Speaker, Sir, I have read a forceful statement by Mr Peter Mandelson, European Union Trade Commissioner. I quote –

‘Acknowledging that there is an imbalance in the fund for the former colonial sugar producers and billions of euros that have been earmarked for European producers hit by the reform’

I believe that reading from what the Prime Minister of New Zealand or Mr Mandelson has said, I think the ACP have managed to really make the European Union realise that this double standard, this way of treating the ACP countries is not acceptable at all. Can I ask the Minister, as far as the accompanying measures are concerned, whether the ACP, as a group, is going to make proposals or whether Mauritius, as a country, has or is going to make proposals and, if yes, in the second case, when?

Dr. Boolell: I will be travelling to Brussels where I will chair an ACP Ministerial Meeting on sugar. Of course, the matter will be raised. May I inform the Leader of the Opposition that we are waiting for the arrival of Commissioner Michel for Government to submit to him our project.

(Interruptions)

All countries have submitted only indicative figures over and above. When they were in Government, they submitted an accelerated Action Plan. We will wait for the outcome of the Ministerial Conference to make the necessary adjustments - *peaufiner* and then we will submit accordingly. There is no problem. In fact, all the Ministers of the EU were informed and we are doing what needs to be done.

Mr Bérenger: Just to clarify the point, Mr Speaker, Sir, in relation to the accompanying measures, there are no ACP, as a group, proposals forthcoming.

Dr. Boolell: There has been no common ACP group which has deponed a common document, because each country has its own specificities. For example, St Kitts and Nevis had to stop its production, and its accompanying measures would be different from ours. Ours is of a different concern. We have highlighted in the road map what are our needs and we have even given figures as to the costs of these needs.

Mr Bérenger: I heard the Minister make reference to the presence in a week's time of the European Union Trade Commissioner, Mr Michel, for development in Mauritius. As the Minister will remember, the outgoing European Union representative in Mauritius, Mr Rey, as a parting shot, made a comment that, for the first year, there would be only forty million - not billion - euros, because the European Union budget has run out; and we know that there is a quarrel on the European Union budget going on right now. Can I ask the Minister whether the ACP countries have taken it up not only with the Commissioners, but also with the European Union Ministers, that there are possibilities to increase the forty million euros, even in the present state of the budget being completed, and that we should not be victims of the ongoing pulling and shoving on the budget for that first year and then the other years, we cannot be the victims of this budget dispute. Therefore, the Commission and the European Union at Government level must see to it that the ACP do get the funds required for accompanying measures.

Dr. Boolell: In fact, I thank the Leader of the Opposition. This has been the constant hue and cry from ACP leaders. Mr Speaker, Sir, when you led the by-partisan parliamentary delegation, in fact, you put that message also across. At the *Assemblée Paritaire*, the issue was raised and we have constantly raised this issue, putting our case across forcefully. In fact, we have used the word 'apocalyptic' to impress upon them as to the gravity and

the urgency and that there should be a prompt disbursement. There should be a quick disbursement. We have moved the process to the highest political level. The Prime Minister, when meeting President Chirac, did raise the matter forcefully and, in fact, indicative figures were submitted to President Chirac and to Commissioner Michel. At every opportunity, we have made it a point to convey the message loud and clear, Mr Speaker, Sir.

Mr Bérenger: This would be my last question, Mr Speaker, Sir. As far as our vital textile interests are concerned, can I put the question through the Minister to the Minister for Foreign Affairs: when will an Ambassador be appointed in Washington? We are now five years since the general election....

(Interruptions)

Well, it seems like it! I hope Government will not be waiting five years to appoint an Ambassador in Washington. Can I request the hon. Minister to bring to the attention of his colleague the need to finalise the appointment of an Ambassador and staff in Washington and that also we need to be kept informed of new developments in relation to textile in Washington?

Dr. Boolell: Mr Speaker, Sir, we are monitoring the situation very closely. It is not a question of *espère, espère, ça va arriver*, but the decision has already been taken; it is forthcoming. Patience is a virtue. The Leader of the Opposition can rest assured that the needful will be done.

Mr Speaker: Time is over, I am sorry.

MOTION

SUSPENSION OF S.O. 10(2)

The Ag. Prime Minister: Mr Speaker, Sir, I move that all the business on today's Order Paper be exempted from the provisions of paragraph (2) of Standing Order 10.

Dr. Boolell rose and seconded.

Question put and agreed to.