



STATEMENT BY

**THE HON. BILLIE A. MILLER
DEPUTY PRIME MINISTER & MINISTER OF FOREIGN
AFFAIRS AND FOREIGN TRADE OF BARBADOS**

ON THE OCCASION OF BARBADOS' WTO TRADE
POLICY REVIEW

GENEVA, SWITZERLAND

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BARBADOS TRADE POLICY REVIEW
STATEMENT BY HON. BILLIE A. MILLER, DEPUTY PRIME
MINISTER AND MINISTER OF FOREIGN TRADE & FOREIGN
AFFAIRS

Madame Chairperson, Excellencies, Members of the Trade Policy Review Body, Ladies and Gentlemen:

THEME 1: ECONOMIC AND INSTITUTIONAL ENVIRONMENT

The discussion on our first day confirms the difficulties that a small economy like Barbados faces in seeking to integrate into the newly emerging global economic system. It has also confirmed the need for countries like ours to be conscious of the necessity to even more closely manage their economic development process. In doing so, it is sometimes necessary to take measures that may be deemed by the international community to be incompatible with the dictates of the multilateral trading system. This is why the review of Barbados has highlighted certain areas in which we are seemingly out of step, but the reality is that because of our small size, lack of economic power and limited range of policy options, we are forced to struggle for our very survival.

In this highly constrained situation, we have sought within CARICOM to strengthen our capacity to interface with the rest of the world and to facilitate our integration into the new international economic order. To some, this process may appear to be somewhat slow, to others it may seem superfluous in view of the changes that are taking place in the world economy. Nevertheless, we believe that this strategy will afford us time to build on our regional capacity and give us greater confidence to engage

our partners. Time is not on our side. Negotiations are underway in the WTO and may well lead to additional obligations; the FTAA is evolving and the ACP/EU New Partnership Agreement is imminent. The challenges we face, given these realities, mean that invariably we are forced to deploy our limited resources in ways that will undermine our potential to negotiate effectively. This fortifies my earlier point, that it is incumbent on the international community to assist us in confronting these challenges.

We do not wish to be presented with impossible hurdles as a reward for having been relatively successful in overcoming past hurdles and balancing difficult and competing objectives. Indeed, it is the experience of our past efforts that allows us to recognise the need for special and differential treatment in the present circumstances.

We are a small economy with circumscribed choices. It is expected that we would run government deficits from time to time. We recognise that in an environment of global economic downturn it will be a challenge to Barbados to contain its fiscal deficit because, as a government, we will be called upon to take up some of the slack created by the slowdown in private sector activity. Our record shows that we have been successful in keeping such deficits within manageable limits.

THEME 2: TRADE POLICIES BY MEASURE

Madame Chairperson, the nature of our trade and related policies will of necessity be a reflection of our peculiar economic circumstances. The setting of adequate tariff levels which may appear to be high must be viewed in the context of diseconomies of scale and resulting high unit

costs, among other things. If we are to survive, we have to provide a measure of insulation for our fledgling industries. The record will show that since the early 90's we have embarked on a deliberate programme of trade liberalisation but the painful reality is that we are occasionally distracted by external developments over which, as you know, we have little or no control. Only recently, we have had to interrupt our programme to deal with the devastating effects of September 11. This forced us to introduce our National Emergency Economic and Financial Programme which, I am pleased to report, has now been brought to an end.

Further, our inability to move at a pace that some members of the international community consider normal explains, in part, why we have not been able to fully meet all of our time-bound WTO obligations. A case in point is the re-drafting of our anti-dumping and subsidies legislation and we welcome the WTO Secretariat's acceptance of our request for technical assistance in this area.

THEME 3: SECTORAL POLICIES

The viability of the Barbados economy relies on the positive performance of agriculture, manufacturing, tourism and other services. The Government has always sought to introduce policies that would stimulate these sectors. Barbados is a Net Food Importing Developing Country which imports over 70 per cent of the value of food consumed domestically. Food security is therefore of paramount concern to the Government. Despite the fact that our agricultural sector is small, it is nonetheless critical to the stability and viability of the Barbados economy, in respect of employment and foreign exchange earnings.

Tariffs remain the principal legitimate tool at the Government's disposal to avert the destruction of the agricultural sector. We do not have the array of tools available to our developed partners.

It is the Government's responsibility to ensure that an appropriate balance is struck between competing interests within the economy. Such trade-offs are evident in our policies for the agriculture and tourism sectors. Madame Chairperson, please be assured that the Government is acutely aware of the potential impact of its trade policies on the tourism sector, the major sector of our economy. We have in the past, and we will take measures, as we deem necessary, to mitigate any possible negative effects.

This is a brief overview of our responses to the questions which have been posed. We have sought to provide full responses in writing to the questions submitted to us, with the exception of two, which require further research at capital. We hope that the responses are found to be satisfactory. In the unlikely event that they are not, we are quite willing to supplement them.