

ECOSOC

24<sup>th</sup> April 2006

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Mr. President, Mr. Secretary-General, Excellencies, ladies and gentlemen,

Pascal Lamy – WTO's Director-General – describes these next few months as "the moment of truth" for the Doha Round. This is no exaggeration. We are just over a year away from the expiration of Trade Promotion Authority in the US, four and a half years after the Round was launched, and well past the original deadline set for its completion. If we are unable to bring the negotiations to a successful conclusion this year, the chances of a global trade deal on the scale envisaged by the Doha Round will be impossible for the foreseeable future.

I do not need to remind you of the costs of failure. Developing countries would lose a once in a generation opportunity to open world markets for their exports and to redress imbalances in global trade relations. The smallest and poorest economies would lose the leverage of the multilateral trading system against the increasingly strong pressure of bilateralism and regionalism. Both developing and developed countries would suffer from a weakened WTO.

The biggest loser, however, would be the multilateral trading system itself. With its broader membership, expanded rules, and binding dispute system, the WTO is increasingly pivotal to international economic relations. But this means that the costs of failure are also higher. If the Doha negotiations stumble – after so much energy and hope invested in them – doubts may grow about the future of multilateralism in trade.

We have little time, and a lot of work. In agriculture, we need to agree on numbers for slashing trade-distorting subsidies and a package of equivalent ambition on market access. We need to agree on the numbers to cut substantially but fairly tariffs on industrial products. In services, where developing countries have now become increasingly important players and which are an ever-increasing part of economies, we also need a big push. We need to arrive, as near as possible, to draft negotiated texts in areas such as anti-dumping and subsidies. Finally, on measures to cut down red tape at the border, trade facilitation in our jargon, the good progress achieved needs consolidation.

In all of these areas we need to keep development at the very centre of the agenda. It will be the benchmark of the success of this Round. By the end of 2006, substantial results must be in sight in each particular area of negotiations, if their sum is to deliver on the promise of the Doha Development Agenda.

A crucial part of the development equation is Aid for Trade. Its rationale is straightforward. Many developing countries have been unable to benefit from the market opening that WTO has achieved, because they lack the necessary trade-related capacity and infrastructure – and this had made some reluctant to consider further liberalization. Aid for Trade is not a substitute for a successful Doha Round – let us be clear – but it is increasingly seen as a necessary and valuable complement.

Because trade is a complex economic activity, there are many different kinds of Aid for Trade. There is technical assistance – helping countries gain knowledge of trade opportunities and how to access them. There is institution capacity building – strengthening customs authorities, tax systems, and product testing, to lower the cost of trading. There are infrastructure improvements – building

the roads, ports, and telecommunications networks that are increasingly essential to linking exports to global markets. Then there is adjustment assistance – helping with any transition costs associated with tariff reductions, preference erosion, or declining terms of trade.

But the complexity of the details should not blind us to the basic objective. Aid for Trade is about helping developing countries to build the tools they need to benefit from more open world markets. It is about better harnessing trade as an engine of growth and development.

This is new territory for the WTO. For decades, we viewed our role narrowly – in terms of trade negotiations and rule making. This changed with the Coherence Mandate – one result of the Uruguay Round – which recognizes the WTO's responsibility for promoting "coherence in global economic policy making".

Aid for Trade is the first real test of this mandate – and a clear example of how the WTO has a growing stake in other global policy arenas besides trade. But it is also an area where the WTO can neither deliver nor implement outcomes. The WTO is neither a financial nor a development agency. Its core mandate is – and will – remain setting up fair trade rules.

The solution will only come from working with others – with the Bank, the Fund, UN agencies, and regional development banks at the international level; and with trade, development and finance ministries at the national level – because it is in national capitals that policy coherence must begin. Aid for Trade presents all of our institutions with the major opportunity – and the challenge – of translating our promise of greater cooperation and coherence into concrete actions and meaningful results. It is an opportunity to translate last

year's collective commitment to the Paris Principles on Aid Effectiveness into concrete action.

This Committee – the UN's main forum for economic and social cooperation – embodies the idea of coherence in global policy. Your *raison d'être* is to look at the “big picture”. In the last twelve months, the international community has taken major steps towards debt relief and increasing aid. But there is a missing piece of the development puzzle – an essential third pillar – and that is trade opening. Without it, our other efforts risk running into the sand.

I urge you – in the strongest possible terms – to throw your full and active support, not only behind Aid for Trade, but behind the Doha Round more broadly. The chance for millions of people to escape from poverty and live a decent life depends on it.