

UN General Assembly Informal Review  
Monterrey Consensus, Chapter III - Trade  
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I want to thank the Co-Chairs for their invitation to present NGO statements.

The American Council for Voluntary International Action, or InterAction as it is commonly referred to, has 165 members and is the largest alliance of U.S. based international development and humanitarian NGOs. Our members operate in every developing country in the world. We work to overcome poverty, exclusion, and suffering by advancing social justice and basic dignity for all.

Paragraph 26 in the opening of Chapter III of the Monterrey Consensus reads, in part: “A universal, rule-based, open, non-discriminatory and equitable multilateral trading system (let me repeat: **an equitable multilateral trading system**), as well as meaningful trade liberalization, can substantially stimulate development worldwide, benefiting countries in all stages of development.” But have we developed an equitable trading system? Based on the presentations and discussion during the past two days it is clear that many countries as well as NGOs do not believe the WTO has developed such a system. It does not treat developing countries fairly. Rather the WTO, World Bank and IMF operate under a modified golden rule: those who own the gold make the rules!

The World Trade Organization was established to sustain and enhance multilateral trade relations and to promote fair and effective trade policies. However powerful countries and their economic interests have dominated the WTO and the agreements negotiated under its auspices. Not by coincidence, these powerful countries are also the dominant players at the World Bank and the International Monetary Fund. They have been the primary drivers of trade liberalization.

Joseph Stiglitz, winner of the **Nobel Prize in Economic** in 2001 and former **Chief Economist and Senior Vice President at the World Bank** points out in *Fair Trade for All*, that many countries have been very successful in **not following** the orthodox free trade prescriptions. He lists many countries including Thailand, Indonesia, and Malaysia as examples. Stiglitz contends that **not one** successful developing country has pursued a purely free market approach to development and that none of today’s rich countries simply opened them selves to foreign trade.

Some of today’s wealthy countries were colonial powers that obviously had the opposite strategy during their industrialization. It is useful to recall that colonial powers fought to gain total control over trading partners, today’s developing countries, which prevented **any outside** competition. This ensured guaranteed access to markets and raw materials.

The World Bank's and the IMF's requirements of trade liberalization when negotiating loans and grants significantly and inappropriately limit the policy options available to developing countries as they consider the appropriate rate and method of opening their markets. The negotiating space of developing countries needs to allow for individualized policies appropriate for and owned by each country. This requires that countries are aware of and able to choose from a range of policy options for their trade liberalization process.

The OECD also utilizes the World Bank's Country Policy and Institutional Assessment to evaluate a country's lending worthiness. This assessment, inappropriately, emphasizes a country's "trade openness" as a criterion of good policies and good governance. To be faithful to its principle of country ownership highlighted in its aid effectiveness agenda, the OECD needs to drop this assessment.

If we really want "A universal, rule-based, open non-discriminatory and equitable multilateral trading system ... that can substantially stimulate development worldwide, benefiting countries in all stages of development" then developing countries must be able to exert influence over their economies and not be forced to open their markets without the pre-requisites that the rich countries were able to enjoy prior to trade liberalization. This would allow for a more equitable trading system.

Thank you for the opportunity to speak.