



**"WTO DOHA ROUND: A CONTRIBUTION TO A FREER, FAIRER AND  
MORE SECURE TRADING SYSTEM"**

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Good afternoon. I am pleased to be with all of you today, to share with you my views as to where we are in the on-going WTO negotiations, and where the WTO stands on the international scenery of globalization. And as WTO is very much about transparency, I will be happy to participate in the debate with the other panellists.

So what is happening exactly in the Doha Round of trade negotiations or to be more precise, why are things stalled?

Last July, after consulting with WTO member governments, I proposed to suspend the negotiations temporarily to allow for a period of "time-out". Negotiations jammed on agriculture as you may have read in the press. Why can agriculture, which represents less than 8 % of world trade, keep the entire Doha Round agenda off track? Because food production remains a very sensitive sector for both rich and poor countries. And since the current Round is one of development and since more than 70% of the world poor live in rural areas, there is no way the negotiations can succeed if the existing agriculture bias against developing countries is not properly addressed. I proposed to suspend the negotiations because the main WTO developed countries did not seem to be able to offer reduction in subsidies and tariffs that could satisfy developing countries, and because some developing countries' insistence that undefined flexibilities be maintained in their favour was unacceptable to some developed and developing countries.

Before we can go back to the negotiating table with real expectations of success, the major players who have the leadership role in this Round must each take a decisive step forward. When they do, they must bring with them the extra flexibility in their negotiating positions that will allow us to close the gap on the very substantial trade agreement that is now clearly within our reach.

Concluding this Round is understandably difficult. It is the most ambitious attempt that governments have made to open trade multilaterally – because of its scope, not only in the hard core of agriculture, and because of the number of countries that are negotiating and that will share in the results. The Uruguay Round wrote the modern rule-book for the trading system, and the Doha Round is using it to open trade and lock-in reforms on an unprecedented scale.

That puts the lie to anyone who claims this Round is not worth fighting for. The stakes are high. Large cuts in merchandise tariffs which would impact more remaining high tariffs than existing low tariffs, slashing domestic farm subsidies and eliminating trade-distorting export subsidies will produce a very significant advance in trade flows beyond the

results of the Uruguay Round. Along with the other parts of the trade negotiations, notably in services, we could create a freer, fairer and more secure global economy for all to compete in.

I firmly believe that this result can be achieved. Negotiating positions are not that far apart in technical and economic terms. But closing the gaps is proving to be a complex political deal for the WTO's member governments to put together, at the national level and with their negotiating partners. The last mile is the most politically difficult one.

One reason for that is the context in which this Round is taking place. Public opinion has become considerably more anxious about the effects of globalization. Economic success, which globalization has so conspicuously promoted in many parts of the world, is measured by more than higher rates of aggregate income growth. But people are also concerned about who shares in that growth and how.

Naturally, these feelings are strongest at the national level where the impact of globalisation on economic life is most visible. Wound up with this, today, are anxieties that opening up borders brings with it loss of national identity and security. We must acknowledge, too, that the public is holding their governments to account for the expectations that globalisation has raised on a much wider scale – that an increasingly wealthy and prosperous world should be making faster progress towards broadly-based economic development, reducing poverty, particularly in its most extreme forms, and achieving international social and environmental goals.

The political management of trade opening and of the Doha Round has had to cope with these shifts in sentiment to a more critical view of globalisation. The public is demanding more from the WTO as the central pillar of modern global economic governance, and looking to this Round to deliver on that.

Dealing with domestic concerns is at the top of the list for most political leaders, particularly dealing with the impact of trade expansion on economic and social fabrics. That issue is not new to the management of trade negotiations, but this time it is particularly challenging. The Doha Round is levering out the most stubborn remnants of longstanding trade restrictive and distorting policies where resistance to change is strongest – especially farm support policies whether through high subsidies or through high tariff protection.

Substantial change is needed, and although governments have already had five years since the Doha Round was launched to prepare public opinion for change of that magnitude,

it seems clear that more political heavy-lifting is still needed to complete the job, particularly, but not only, in Europe and North America.

Added to that is the need to satisfy domestic public opinion that adjustment is being shared fairly by other major players in the Round. We have seen concerns about outsourcing labour-intensive services debated in that context on both sides of the Atlantic during the course of these negotiations. The issue of global trade imbalances has also been taken up in similar terms.

Raising trade restrictions is surely not part of the answer in cases such as these, and I do not think frankly that anyone seriously believes it is. The damage that would create would be unthinkable. More often than not, the real cause of our dissatisfaction with globalization is not trade, but instead failure to accompany trade expansion with other economic policies that will underwrite the beneficial impact of opening up to foreign competition. It is all too easy to allow the blame for lost jobs, economic insecurity and huge trade deficits to be placed, unchallenged, at the door of globalisation and as a result see public support for the Doha Round waning.

It is, of course, naïve to think that coping with trade-related adjustment is not a difficult political task. All of those around the negotiating table face domestic adjustment issues and recognize that time must be provided to resolve them if they are to be managed successfully at the national level. This can be factored into the results of the Round. But to do that, we have to move beyond the question of whether more trade opening will take place at all, and focus on negotiating the details of how it can be equitably shared and when it can be phased in.

In the WTO's most vulnerable member countries – particularly the least-developed countries – adjustment costs along with capacity constraints and supply responses to globalization cannot be left to be taken care of through the national budget or by the private sector alone. We therefore have to build an effective and international response to complement these countries efforts in opening trade. Managing public support for trade expansion in these countries means assisting people to benefit directly from it – training officials, strengthening institutions and building infrastructure that will help businesses grow, provide consumers with cheaper and better quality goods and services, and allow these countries to expand and diversify their trade.

That is why I advocated launching the debate on Aid For Trade also in the WTO agenda as well as substantially increasing the funding of Aid for Trade. This has an

important political role to play to complement the trade negotiations, and additional development assistance can help these countries unlock their full trade and growth potential. Increasing Aid for Trade is not contingent on the Round, but its value and importance will be greatly increased if it is implemented in conjunction with substantial new market access opportunities and new rules that will facilitate their trade.

There is no hidden agenda here. The WTO's role is strictly one of advocacy on this issue, not managing or disbursing aid beyond our traditional activities in trade related technical assistance. We are therefore working closely with the main donors and the existing experts in the field – the Bretton Woods institutions, the regional development banks, UN agencies, and bilateral donors.

The Doha Round must deliver trade and growth with strong development credentials if developing and least-developed countries are to believe that the deal is worth doing. This goes well beyond securing additional Aid for Trade - important though that is - to the heart of the negotiations, on market access in particular.

Countries such as Brazil, China and India have championed the Doha Development Agenda as the signature theme of this Round, and they are playing a central role in deciding how it will be concluded. We saw them succeed in using their influence to eliminate managed trade in textiles and clothing in the Uruguay Round. In the Doha Round their sights are set, above all, on agricultural protectionism. Their leverage is considerable. They represent the regions with the fastest growing economies in the world and they hold one of the most valuable prizes that this Round has to offer – improved access to their markets for goods and services.

I know personally that the political leaders of these countries understand well the role that opening up their economies to global competition is playing in fuelling their own economic success. There is no question of them rolling back that conviction, nor of them standing still where they are today. They each have ambitious, forward-looking programmes of trade opening and domestic economic reforms, and I am convinced that they are prepared to use that to make contributions to concluding the Doha Round that are commensurate with their growing importance in the global economy.

We must not forget that these countries hold strong views on how the global economy must evolve to reflect the fact that economic power and influence in the world has shifted towards developing countries since the end of the Uruguay Round. They believe deeply, as I do, that the Doha Round has the potential to produce a trading system for the future that will

provide better and fairer trade and growth opportunities for developing countries. They also know that the WTO is the best insurance policy against domestic protectionist pressures, which they want to resist.

One of the most valuable results to be had from this Round is the flourishing of South-South trade, so that countries on a lower rung of the development ladder can trade their own way up to higher income levels and living standards. The advanced developing countries have a responsibility not only to champion the cause of the Doha Development Agenda, but also to help make it happen in practice by opening their markets to others who are currently poorer or less advanced economically than they are.

Cutting a multilateral deal to open up markets worldwide is the surest way that all countries can be certain their interests are represented at the negotiating table and given a fair opportunity to share in the benefits of globalisation.

I am convinced that there is no acceptable alternative to completing the Doha Round – for the sake of the boost it will give to international trade and economic growth and to the key role that the WTO needs to continue playing in helping to manage globalisation and economic cooperation on a political level. We all recognize that continued trade opening and integration can produce more economic growth and bring an essential contribution to the realisation of the Millennium Development Goals. The multilateral process is the fairest in terms of its inclusiveness and its potential to deliver a well-balanced result. The WTO is based on the same principles of competitive markets, binding contracts, the rule of law and adequate public policies as those on which the stability and security of many national economies and modern societies have been built.

We must not allow the few straws that now stand between us and the successful conclusion of these trade negotiations to break the proverbial camel's back.

Thank you for your attention.