

2008 HIGH-LEVEL SEGMENT OF ECOSOC

High-Level Policy Dialogue with the international financial and trade  
institutions on current developments in the world economy

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Speaking Points for

WTO Deputy Director General

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Excellencies, Ladies and Gentlemen

It is a pleasure for me to be here today and to have been given this opportunity to brief you on where we stand on the Doha Round and how we intend to proceed in the coming weeks.

I am aware that global attention has been increasingly focussed on the Doha negotiations; attention that has only become more acute in recent months not only because of the economic slowdown in many countries but also because of the rise of food prices and the accompanying inflationary pressures that this has generated. The Doha Round cannot provide immediate solutions to many of these problems, but there is no doubt that a successful conclusion of the Round can, along with other measures, create the necessary impetus to put us back on the path of economic growth.

The Round, as you are all aware, was launched nearly seven years ago. Development issues were, and remain, central to the agenda. The promise to address the concerns of developing countries, which constitute more than two-thirds of the membership of the WTO, has to be fulfilled. Last year, in my address to the ECOSOC, I had given a frank assessment of where we stood and what more was required to be done. I am happy to inform you that since then a lot of progress has been made; progress which has been captured in the two revisions of the draft modalities in Agriculture and NAMA that have since been issued by the respective Chairs.

There is a great deal on the table already. The agreement to eliminate all forms of export subsidies by 2013, with a substantial part to be reduced by 2010, is in line with the key demands of developing countries since the launch of the Round. The removal of this artificial form of competition will enhance the ability of developing and least-developed countries to compete in a fairer and market-oriented agricultural trading system. In addition, developing countries will stand to gain from important

cuts in domestic subsidies as Members have already agreed that developed countries will undertake deeper cuts than developing countries. The Doha Round also aims to strengthen and develop new disciplines for other forms of export support such as export credits, food aid and state trading enterprises — issues that were not fully covered during the previous trade rounds.

Similarly, in NAMA Members are working towards cutting tariffs according to a methodology, where there will be deeper cuts on higher tariffs. Using this formula, developed countries will apply the tariff cuts on a line-by-line basis, with no exceptions, while appropriate flexibilities would be available for developing Members. This will generate new business opportunities, both in developed and in developing countries — hence providing a huge potential for increased and more diverse South-South trade.

But differences remain; differences which will have to be bridged and the progress sealed by adopting modalities in these two areas. It is in this context that the Director General has announced his intention to call Ministers for a meeting in Geneva in the week starting 21 July. The objectives of this Ministerial meeting are clear — agree on modalities for cuts in trade distorting support in Agriculture, and for cuts in tariffs in both Agriculture and industrial goods, so as to pave the way for concluding the Round by the end of the year

However, calling a Ministerial level meeting with Members still grappling with some key issues, is not without its own risks. But the risk of not calling the Ministers is even greater. The economic and political conundrum is churning. If things seem difficult today, they are only going to get more difficult tomorrow. There is therefore no option but to further intensify the negotiations over the coming days so that we can increase the chances of success. Every possible attempt has to be made to push Members limits of flexibility and political will and strive for the adoption of modalities in Agriculture and NAMA by the end of next month.

However, to do this, Members will have to close the gaps in the identified 'hotspots' in the next three weeks. In Agriculture, the Members need to further intensify their efforts to narrow down the differences on outstanding issues such as the final permissible limits of domestic support; the treatment of sensitive products for developed countries; the flexibilities to be afforded to developing countries as part of the proposed special products and special safeguard measures; the problems associated with erosion of long standing preferences; the treatment of cotton and tropical products, to name a few.

Similarly in industrial goods, there are a number of difficult issues which have to be addressed. These include the levels of tariff cuts to be implemented by developed and developing countries; the period of implementation; the flexibilities to be given; the problems related to non-tariff barriers; and the implementation of the decision to provide them duty free and quota free market access.

These are all difficult issues no doubt, but yet doable, provided Members are ready to show the necessary political will. The urgency of concluding the Doha Round today is more acute than at any point in the last seven years. Not concluding the Round could have very serious implications for development and for investment in developing countries, especially for the achievement of the MDGs in many developing countries.

In this period of increased financial uncertainty, the rules-based trading system of the WTO provides a hugely important source of economic stability for governments, for business and for consumers. In the current circumstances, counting on the WTO and on concluding the Doha Round is the nearest available message of confidence we can send. A successful conclusion of the Round will also have important implications in another critical area, namely the high commodity prices. In order to cope with rising food prices, supply must adjust to demand and the transmission belt from supply to demand is trade, and therefore, trade, whether

domestically or globally has to become more efficient and free of distortions. Through greater and fairer competition, international trade can help lower food prices. But all of this presupposes that the trade-distorting agriculture subsidies that have given an unfair advantage to rich world farmers will be tackled. It also presupposes reducing import tariffs for agricultural products. Both these are a central part of the Doha Round.

There is no doubt that we have entered the end game. Time is running out. The moment of truth is very much upon us. As many have said in Geneva this is literally the last roll of the dice. However, what we have to ensure is that before the dice is cast, it has been sufficiently loaded in favour of a successful conclusion. The price of failure is too high to even contemplate. Both developed countries as well as the larger developing countries have to look beyond mercantilist gains. More importantly they have to resist domestic protectionist pressures. Only then we will be able to collectively achieve what we set out to do seven years ago – to rebalance the multilateral trading system in favour of development and poverty reduction – something that only a successful conclusion of the Doha Round can do. I thank you for your attention, ladies and gentlemen.

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