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Tenth session
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INTERACTIVE DEBATE

Keynote speaker: Mr. Mike Moore

Summary

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I. Keynote statement

Mr. Moore brought a message of support and solidarity from a WTO, which, he said, is back on track. He mentioned that at the first General Council meeting on 7–8 February important positive decisions had been taken and participants had shown a renewed determination to work together to make the rules-based trading system work for all its Members, large and small, rich and poor.

He pointed out that the new division in the world is between inclusion and marginalization – between those who are inside and those who are outside the modern, global economy, both within and among countries.

UNCTAD X provides a good opportunity to recall that freedom of trade, economic diversification, investment and development of human resources are among the key elements that distinguish truly “developing” countries from “underdeveloped” or “underdeveloping” countries. Trade policy must, therefore, play its role as part of a wider scenario, which would ensure that such policy reflects development objectives in a realistic and coherent way. This is why development-related issues are at the forefront of the WTO’s new work programme. The negotiations in agriculture and services are of vital importance to the economic future of countries at all levels of development.

It is crucial for most developing countries that the issues of improved market access and competition from richer countries' agricultural subsidies be addressed, in order to help them develop their present structure of trade and diversify production. Similarly, open markets ensure more sources of supply, and therefore better food security than highly protected food markets.

The development and diversification of trade in services can likewise bring considerable gains to developing countries. Most WTO Members recognize that further liberalization of trade in services is not a classical North-South issue. Rather, that it is one which must build on the remarkable progress made in the services sector by many developing countries, and offers vast opportunities.

Liberal, coherent and more stable policy conditions in services – and the attendant mobilization of private capital and expertise – are a precondition for efficiency-enhancing reforms in main infrastructural sectors such as telecommunications, finance, insurance, and transport. Reforms in these areas are likely to produce economy-wide benefits and, in particular, will help to promote those industries in which the countries concerned are genuinely competitive and can become better integrated into international markets.

Outside these mandated negotiations, there are the four priority areas to which WTO Members have agreed at the General Council. First, there is a package of measures to assist the least developed countries (LDCs). LDCs' problems are best addressed through an integrated response by all donors and international agencies. Another priority is to improve and regularize the funding of the WTO's technical cooperation activities, and to develop cooperation with other international agencies, including UNCTAD, on technical assistance. Thirdly, there is the question of expiring transition periods in some WTO agreements, which is the most immediate aspect of the complex implementation-related issues. These wider issues must be addressed in a concrete and positive way. They include concerns ranging from difficulties faced by some developing countries in implementing Uruguay Round commitments to the argument that some of these agreements, or the way in which they are applied, are inherently disadvantageous to developing countries. Here, a constructive approach is possible that combines immediate action with the establishment of a mechanism to review implementation issues.

Lastly there is the issue of the WTO's internal procedures for consultation and decision-making. This became a high-profile issue before and at Seattle, where a number of developing countries, especially smaller ones, felt excluded or marginalized. In particular, the consensus principle, which is at the heart of the WTO system – and which is a fundamental democratic guarantee – must be upheld.

The world can no longer afford a North-South division or a trading system based on confrontation rather than cooperation. The new stronger voice of developing countries in the WTO reflects the fact of a growing membership, where all the most recent are either developing or transition economies. It also reflects a growing awareness among developing countries, even the very smallest, of the importance of the trading

system to their development prospects and the need for them to have a say in its evolution.

The WTO agreements clearly proved their value over the last three years in the midst of economic turmoil. They ensured that markets remained open, and that the economic difficulties of some nations were not amplified by an upswing in protectionism by their trading partners. However, keeping markets open is not enough. If developing countries are to grow out of poverty, barriers to their exports must be removed. This makes sense not only for developing countries, but also, crucially, for the richer countries. It makes no sense to spend on enhanced debt relief, if at the same time, the ability of poorer countries to achieve debt sustainability is impeded by a lack of access for their exports. Nor does it make sense to devote aid money to education and infrastructure if the products generated by these investments cannot be marketed. The challenge is to use trade, investment and other tools to promote economic growth, social development, poverty alleviation and productive investment in a way that can make a difference to the lives of the people living in poverty.

The relationship between UNCTAD and WTO is central to the trade and development question – it should be a model and a basis for wider and more productive cooperation among all international economic institutions for the benefit of the people we all exist to serve. The joint expertise of UNCTAD and the WTO could be used for developing applied research to trade and development issues, such as services, trade, commodities and manufactures. There is also need for closer cooperation between WTO and UNCTAD and other organizations on policy development and advice, to ensure a really positive agenda that can help developing countries and their peoples to become fully integrated in the world economy. Coherence among the international organizations must be a bottom-up process that concerns every aspect of our common endeavours.

Ensuing discussion

A number of questions raised during the debate dealt with the chances of reconvening the WTO Ministerial Conference and confidence-building in this regard; the reform of the WTO in relation to its decision-making procedures, transparency and inclusiveness; the difficulties related to the implementation of Uruguay Round agreements; meaningful market access for LDCs; and universality of the WTO.

Discussions stressed the need to lift one billion people out of poverty, taking into account the commitments of the United Nations conferences of the 1990s. It was felt that UNCTAD X should address the changes required in trade and investment in order to meet this challenge. Some found that a new round of trade negotiations should be a development round that brings real benefits to all developing countries and that opposition to a new round is against the interests of poor people and of developing countries. The big economic blocs that dominated GATT negotiations since 1948 realize that developing countries have to be included in a new round, and assured substantial gains. Some observed that Seattle had failed not as a result of a North-South divide but due to North-North disagreement.

It was felt that developing countries perceive WTO negatively for several reasons. These countries undertake commitments (including in new areas) without first examining whether the political, social and economic conditions can sustain such commitments. Furthermore, WTO rules have been framed with industrialized countries' interests in mind and in consonance with their legal systems. Many traditional development policy instruments, which were used by developed and advanced developing countries, are now inconsistent with WTO rules. There is a genuine feeling that some of the WTO disciplines run counter to the development interests of developing countries and that adjustments should be made to the Uruguay Round agreements to ensure that they serve these interests rather than impede them. This includes addressing implementation concerns.

Several suggestions for confidence-building measures were made. WTO procedures should be more inclusive, transparent and effective, to achieve the greatest good for the greatest number. The initiative to grant duty free and quota free access for all LDC products to developed country markets should be implemented. Richer countries need to face up to the difficulties of developing countries, both in terms of market access, e.g. for textiles and clothing, and in operationalizing special and differential treatment. WTO and UNCTAD should provide assistance in this regard. Developed countries should show restraint in resorting to dispute-settlement procedures or they should grant waivers when dealing with transitional periods and other implementation difficulties. Finally, they must develop a flexible and positive response to the demands of developing countries to issues relating to textiles, agriculture, anti-dumping and implementation. If the next trade round fails to bring improved opportunities, history and the global economy will move on and the poor will lose out, perhaps permanently.

It was emphasized that developing countries need massive investment, especially in infrastructure, in order to create the conditions for poverty reduction and economic growth. This investment can only be obtained from the private sector. Developing countries cannot rely on ODA and their own resources as these are dwarfed by private capital flows. Concern was expressed about the uneven spread of international investment. It was also pointed out that the public sector has to set the right conditions, including those for attracting and regulating investment, such as a stable, predictable and reliable environment, reliable infrastructure, institutions and legal systems, which in turn stimulate domestic investment.

Some delegates supported a comprehensive new round that should include issues related to investment, competition and public procurement. In this context, it was considered important to achieve a sensible investment agreement. In addition, competition policy is a prerequisite for ensuring that the benefits of investment reach the poor. The need for competition rules in WTO, which could also serve as a weapon against corruption, including in public procurement, was also highlighted.

It was pointed out that the above-mentioned issues require solutions before a new round can be launched. The mood is still to resist a comprehensive new round although it

will bring gains. UNCTAD X can build a new consensus amongst developing countries to demand new fairer and more pro-poor trade and investment rules.

Many participants stressed their support for a rules-based multilateral trading system which will protect the interests of all Members on the basis of an equitable set of rules, irrespective of whether a member is powerful or not. It was felt that the WTO is a highly intrusive organization with enforceable disciplines, such as subsidies, non-discriminatory treatment to foreign suppliers of services, and intellectual property rights, that were hitherto treated as being within the domestic policy-making domain. Appeals were also made to the Director General of the WTO to undertake steps to find meaningful solutions to the inequities and imbalances existing in various agreements by discouraging attempts to overload the WTO agenda.

The continuous attempts to broaden the agenda of the WTO (by including, for example, investment, competition and non-trade issues such as labour standards) ignore the difficulties of developing countries in implementing the Uruguay Round. The WTO agenda appears to be driven more by the interests of multinational corporations than by equity considerations (for example, the TRIPs Agreement has gone too far in favour of private profits). Therefore a balance must be struck between rights and obligations, including the imposition of disciplines on multinational corporations. Some delegates believed that the WTO has become increasingly legalistic in its approach as evidenced by its dispute settlement mechanism. Others, however, cited examples of small countries which have gained from the rules-based system through satisfactory outcomes of dispute-settlement procedures. Market access measures for LDCs should be announced well in advance of the Third United Nations Conference on LDCs in 2001. In addition, the Integrated Framework for strengthening LDCs' trade-related capacities needs to be reinvigorated by the six core agencies in order to ensure that the comprehensive new plan of action is implemented. It was agreed that globalization can only work with adequate safety nets.

It was also pointed out that the WTO lacks universality, with 50 countries still outside its system, and that an exclusive organization cannot lead to inclusive globalization. Accession should not be obstructed for political reasons and no conditions should be imposed on applicants beyond those required of Members.

Finally, it was suggested that the synergy of cooperation between WTO and UNCTAD should be strengthened to create a new developmental architecture. Capacity-building would be required to tackle implementation problems arising from the technical complexity of trade agreements. UNCTAD's programmes in this area and their complementarity with WTO are acknowledged. UNCTAD should serve as a think tank and coordinate research and analysis on policy coherence and technical assistance to ensure a better integration of developing countries into the world economy.

In his reply, Mr. Moore expressed his gratitude for the financial support received from the Netherlands, Germany and the United Kingdom for WTO's technical assistance programmes. He urged member countries to show more flexibility, especially with

regard to issues related to labour, agriculture, anti-dumping, investment, competition, and tariff-peaks. He highlighted the importance of confidence-building, both between developed and developing countries, as well as among the developed countries and he acknowledged the importance of the Integrated Framework for least developed countries. On the matter of WTO reform, he emphasized the need to maintain the principle of consensus in the WTO's decision-making process. He suggested that UNCTAD X could serve as an example for future WTO meetings, both technically (e.g. its use of modern technology) as well as substantively in terms of its confidence- and consensus-building nature. Finally, Mr. Moore stressed that the WTO is a member-driven organization. Reform, changes in membership and the agenda of a new round of trade negotiations must to be agreed by consensus.