

REMARKS BY AMB KWOK FOOK SENG, PERMANENT REPRESENTATIVE OF SINGAPORE TO THE WTO, FORMER CHAIR OF THE COMMITTEE ON TRADE AND DEVELOPMENT IN SPECIAL SESSION, SECOND GENEVA DIALOGUE ON POST-2015 SUSTAINABLE DEVELOPMENT AGENDA: THE ROAD FROM BALI, 4 APRIL 2014

I want to thank Secretary-General Kituyi for his personal thought leadership in this matter, and in seeking out a diversity of views through this brainstorming panel discussion held under Chatham House rules. Having handed over my Chair of the Development negotiations at the WTO recently, I am 'unencumbered' to offer, in my personal capacity, some observations which I sincerely hope will help delegations make better informed decisions.

There is immense detail on post-2015 process at the UN, seen in the 19 focus areas which are compiled in pages and pages by the Open Working Group in New York, all of which have shown strong inter-linkages with each other. I see a parallel in these two processes: At the UN, the UNSG and Member States have to distil this wealth of aspirations, all pertinent, all relevant, into eight one-sentence goals which can grab public attention and provide support to public policy decisions post-2015. At the WTO, we have to redouble efforts to reframe all the aspirations and objectives of the DDA (which is 44 pages when printed with Annexes), all of which is again pertinent and relevant, into a legally binding agreement to guide global trade into the rest of this millennium.

I will not try to decide who has the easier task, but I cite this to show what you must already be thinking: that we need to prioritise if we are to succeed in distilling all this material into something meaningful. We have ask ourselves: What is more urgently needed? What will make a greater impact?

Are we clear on what are primary and what are secondary objectives? Are we able to sequence properly so that the correct enabling effect is produced? For us to finish both these exercises, it will not be what we each want, but what the world needs most that should prevail.

Against this backdrop, I was asked to elaborate on the post-Bali DDA negotiating areas where synergies are most needed with the UN's post-2015 agenda, and also where the two outcomes will complement, not contradict each other. Those in the audience who expected to here DG Roberto Azevêdo or myself speak about what kind of development deliverables can be agreed on in the post-Bali work programme will be disappointed this morning. As you know, WTO Members are only at the beginning of a very complex conversation on how to conclude the remainder of the DDA, and it would be impossible to attempt at this stage of the journey to even state what can be delivered because of the interwoven relationship to the rest of the pillars under negotiation.

What is more meaningful, is for me to give you my personal view on where there synergies are with the UN's goal setting for post-2015, and I say this recognising that this Sustainable Development Goals (SDG) process at the UN is also going through many iterations. The key is how both sides should not contradict, given the binding nature of the agreements being negotiated across the street at the WTO. Identifying the synergy will be easy, but we do have to make a conscious effort for the SDGs not to contradict the work at the WTO.

The potential for synergy is very high because many of the fundamentals have not changed over the years. The Millennium Development Goals and the traditional discourse at the Second Committee in New York have correctly recognised for years that trade is a powerful enabler. If facilitated properly, trade is the engine which brings investments, growth, jobs for youth, and better standards of living. This role for trade, even though not at the spotlight, was in the background supporting the MDGs. Indeed, it should continue to underpin and support the post-2015 SDG goals, but it is up to Member States to determine what prominence to give it. The OWG recognised this, labelling it as part of the ‘cross-cutting’ dynamics. I prefer to frame them as an underpinning foundation, upon which the other SDGs can and should be delivered.

Whatever public policy choices we make, governments cannot finance ‘growth’ and ‘development’ from the national budget; it can but provide the best possible environment for the private sector to play this role. As others noted this morning, trade is not an end in itself; it is the means to an end, and that end is sustainable development. This is the synergistic part we must not forget, especially when the negotiations get heated; and this reminder is valuable to parties at both ends of the negotiating spectrum.

So what does such synergy translate into for the SDGs and WTO trade agreements? It comes back to putting in place the enabling trading environment: rule of law, predictability of transactions, protection of property rights, including intellectual property, etc. We know all this, but it bears repeating in light of the synergy with trade negotiations, so that we never lose sight of the bigger picture.

However, this view can sometimes be hampered by the perception that trade liberalisation is a bad word. That liberalisation serves only the interests of some and not all. This perception stems from the fact that not everyone has the same positive experience of liberalisation and globalisation. That is a fact. Results are uneven. Why? Because markets are fickle and they respond to different factors at different points in time. What works for one country may not work for an immediate neighbour. None of us can dictate consumer behaviour.

When results are uneven, then there is a role for Special and Differential Treatment (SDT), and we need to unpack this concept in some detail. Fundamentally, suffice that we must remember that trade is the enabler which fuels development, and I would encourage us to think continually of **how to enhance the flows of this enabler**, ie. how to enhance the flow of trade.

If this concept resonates with you, then I suggest that with any multilateral trade agreement, we need to seek the ground-rules for a level playing field, to reduce impediments to trade, and provide predictability and dispute resolution when problems arise for traders. Again, this is conventional wisdom and nothing new, but bears repeating.

The important question when we start to unpack trade and development, especially in the notion of special and differential treatment, is this: Can we seek to direct trade flows, or channel it in favour of any one party? I have observed this dichotomy to be at the operational heart of the SDT debate, even though it is not often considered with enough clarity. Opinions certainly vary, as every side prefers its own narrative. Hence this is the area where we must take care for the SDGs to **complement, and not contradict** the effort to conclude the DDA. Thus far, all the listings under Focus Area 8 on “Economic Growth”

and the other areas mentioned by DG Azevêdo do not appear contradictory to what we are hoping to achieve at the WTO right now.

In operation however, sometimes these aspirations for development via trade, lead to demands for the multilateral trading system to assume a responsibility to 'distribute' trade and/or its benefits. In some cases, this has been expressed as a demand for WTO agreements to "solve poverty" and address income inequalities.

These aspirations on their own cannot be faulted. They are noble and correct objectives which must be pursued. Yet we need to question: will any sovereign government allow a WTO agreement to dictate how they should distribute economic benefits domestically? Put another way, is not the solution to income inequalities, the redistribution of economic and social resources at the national level, a responsibility of nationally-elected governments and not the function of international trade agreements? This is where I often see ideological beliefs and a strong divergence of views. This is where we have to be most careful, not to let meaningful and correct aspirations, distort or hamper progress on a multilateral trade agreement.

When we say that the DDA is a "Development Round", we mean that want the WTO to mainstream development concerns into our daily work. I do not think however, that we mean to turn the WTO into the UNDP, for example, and charge it with the responsibility for driving national development via the legally binding agreements it negotiates. So here, it pays to **unpack and clarify** two of the many roles of the WTO:

i) First, there is an **institutional role**, that of the WTO as a Secretariat, working with sister institutions like UNCTAD, ITC, World Bank, Regional Development Banks, etc. to help members make the most of trade agreements for their own developmental needs. Even with existing WTO agreements, special and differential provisions exist through which we can enhance the enabling effect of trade. This is part of the WTO's regular work (implementing existing agreements), which members have tended not to prioritise because we are preoccupied with the negotiations. We should be able to pay equal attention to both.

ii) Second, there is the negotiating arm – where agreements are made to provide a rules-based, level playing field which are the means to ensure that trade is sustainable and sustained. Here, within the agreements, we usually build in space (or flexibilities) to help those who need assistance to honour their commitment to those rules and obligations. This was what we did with Section II of the Trade Facilitation Agreement in Bali.

So to be clear, the objectives of development can and are met in trade agreements via the accepted practice of SDT. In addition, within the framework of existing agreements developed countries give LDCs and developing countries preferential access through certain national schemes and development programmes. Members then they notify these to the WTO. This has the effect of encouraging and building trade through preferential access, and does not seek to channel or direct trade to any preferred parties. Broadly speaking, WTO Members support this kind of affirmative action. This approach does not cause problems for the fundamental objective to enhance trade flows.

There is some bad news looking ahead. Things are going to get more complex. Why? Because the next generation of trade agreements have to tackle not only market access and tariff cuts (many economies have unilaterally cut tariffs independent of the DDA negotiations), but also **rules and disciplines**. The latter because we need policy coherence at a global level, and to limit the proliferation of non-tariff barriers. Craig VanGrasstek will tell us later on this panel why policy coherence at the national level is important; but because national policies all have external implications, coherence at the international level is equally important.

Here, the negotiations will be tough. We have seen parties use the argument of development, SDT, or flexibilities to defend a right to implement trade distortive practices at a national level. While such national practices are sovereign, some (not all) of such policies produce **externalities** for other economies, doing injury to traders. It is often the smaller economies, and the smaller companies which suffer most injury. As we update trade rules, there is some urgency for additional disciplines so that businesses have clarity, and so that trade as an enabler for growth does not unwittingly come up against unintended barriers.

Our traditional approach has been to lay down common rules, and then give special consideration to the weaker economies in honouring those rules. In other words, we first agree to make the rules which are good for the system, then exempt those deserving of exemption. It would be another ballgame altogether, if we want to design different rules for different members, and not common rules, applied in a judiciously differentiated manner.

This will be the one area the SDGs, in their aspirational articulations have to avoid contradicting the efforts in Geneva, which are towards the preservation and pursuit of the fundamental value in a transparent, predictable, rules-based multilateral trading system.

In closing, is there a place for SDT in the post-Bali agenda? Yes absolutely. It has an important place. How will such SDT provisions look? I cannot tell you until WTO Members start tackling some of these difficult questions I have flagged. Put another way, we cannot *a priori* determine what exceptions or flexibilities there will be, before we know what the required commitments are in any prospective agreement.

Without doubt, it will be a difficult conversation. But Bali proved that we are capable of having difficult conversations with a mature attitude. My encouragement to friends involved both processes is to keep an open mind to the various options that lay before us. SDT can evolve with the times, and members are sincerely prepared to consider them where they are warranted. What will help is to have clear and meaningful SDGs which can secure public buy-in, which in turn translates into support for governments to take the difficult decisions they need to take if they are to produce a meaningful result which is good for the system.

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