

SPECIAL ADDRESS BY MR. PASCAL LAMY, DIRECTOR GENERAL, WTO ON “WTO AND DOHA NEGOTIATIONS: WHAT IS AT STAKE, WHERE DO WE STAND AND THE WAY FORWARD”

September 3, 2009, FICCI, New Delhi

Distinguished Guests, Ladies and Gentlemen,

Thank you for playing host to me today at the start of the last quarter of 2009 which will certainly put the system of global cooperation to the test.

We are living in worrying times. We are witnessing the first truly global economic crisis ever, its effects spanning all countries, North and South, rich and poor. We are witnessing pandemics such as the N1H1 virus which threaten to paralyze our societies. We are witnessing floods and drought and food scarcity in many parts of our planet. In sum, we are witnessing a host of global challenges which are testing the capacity of the international system to address them.

What started as a financial crisis, fuelled by a lack of sufficient regulation in this field, has turned into the worst economic crisis in generations and the first global crisis in the history of mankind. A crisis which threatens to undo the economic development achieved by many countries and to erode people's faith in an open international trading system.

Rather than being a cause of the crisis, trade has been another casualty, given the simultaneous reduction in aggregate demand across all major world economies. WTO economists have foreseen a decline this year of nearly 10 per cent in volume terms, its worst result since the end of the Second World War.

The contraction has been made sharper with the drying up of trade finance, which oils the wheels of international trade. Further, the fall in aggregate demand has affected global supply chains which, in turn, have magnified the contraction in trade.

Add to this that some countries have increased tariffs, instituted new non-tariff measures, and initiated more anti-dumping actions. Some of the measures that have been introduced to stimulate economies contain provisions that favour domestic goods and services at the expense of imports. True, most of these measures are allowed under WTO rules. True, also, that none of them has triggered so far a tit-for-tat chain retaliation. But there is no denying the fact that they have had some trade chilling effect.

As you know the WTO has been carefully monitoring trade policy developments. We have seen an increase in restrictive trade measures since the onset of the crisis. So there is no room for complacency. While I do not think we are in a situation where we need to cry wolf, we need to remain vigilant and ensure that WTO members remain open with one another.

And the economic crisis has rapidly become a global jobs crisis. The International Labour Organisation tells us that unemployment is rising, social pain is increasing with the loss of thousands of jobs which had been created over the past several years, threatening to unwind unprecedented social progress and development in many poor countries.

The recently published Indian Foreign Trade Policy indicates that nearly 14 million jobs were generated in India directly or indirectly through the significant increase in trade that this country during the last five years. Trade has provided an engine for growth and for employment.

And the current crisis is also having an impact on India. The contraction of demand has had an impact on Indian exports of textiles, garments, gems, jewellery and leather goods, all of which are labour intensive. The crisis has also taken a toll on Indian exports of services which represent highly paid jobs.

It is therefore no surprise that the Foreign Trade Policy lists as a priority to seek market access for Indian exports, a host of measures to simplify and facilitate exports as well as measures to enhance the competitiveness of Indian products in foreign markets.

India is not alone. Countries in this and other regions are also implementing measures in this direction. And what better way to do this than in a concerted, multilateral manner in the WTO Doha Development Round?

Whether it is about generating market access for goods and services through the reduction of obstacles to trade, or leveling the playing field in trade distorting subsidies, or providing predictability and transparency to trade, or facilitating trade, the most efficient means to achieve these goals today remains the multilateral Doha Development Round.

Today and tomorrow a group of WTO Ministers will have the opportunity to map out how they intend to bring the Doha Round to closure in 2010. The setting of the meeting in Delhi is propitious to quote an Indian proverb which says, "life is not a continuum of pleasant choices, but of inevitable problems that call for strength, determination and hard work". I hope these words, to which I would add the adjective "collective", inspire Ministers so that Delhi can be the beginning of the endgame of the Doha Round.

But as I said at the beginning of my intervention today, this is not the only challenge facing the global community today. Improving global financial governance will be put to the test at the upcoming G20 Leaders' Summit in Pittsburgh at the end of the month. Whether it is about better regulation of financial instruments, institutions or markets, improvement of accounting standards or reform of global financial institutions, these tasks will require concerted collective action.

Later in the year the F AO will host a World Summit to agree key actions to tackle food security. Here again the problem is multifaceted and global. We need to boost investment in agriculture. We need to improve our capacity to respond to food crises. We also need to ensure that developing countries have a fair chance of competing in world commodity markets by reducing trade distorting subsidies, as would be the case with the conclusion of the Doha Round.

Delivering a deal on climate change is another daunting challenge facing the international community this year. Mitigating global warming and adapting to its consequences will require major economic investment and, above all, unequivocal determination on the part of policy-makers. With a challenge of this magnitude, multilateral cooperation is crucial, and a successful conclusion to the ongoing global negotiations on climate change would be the first step towards achieving sustainable development for future generations.

Here again, go-it-alone measures, even though intelligently crafted, will not achieve the desired results. Relying on trade measures to fix global environmental problems will not work. I am of the firm conviction that the relationship between international trade - and indeed the WTO - and climate change, would be best defined as a follow up to a consensual international accord on climate change that successfully embraces all major polluters.

In other words, unless and until a truly global consensus emerges on how best to tackle the issue of climate change, WTO Members will continue to hold different views on what the multilateral trading system can and must do on this subject. It is only an international consensus that can take them forward. And this must now be the focus of the environmental negotiators as they march towards Copenhagen.

It is clear that the global community is facing daunting tasks. But it is also true that the system of global governance is evolving. We are seeing the emergence of new world leaders. Not that they are new. Many of them have a millenary history. But there is a realisation today that global solutions will require giving these new leaders not only a voice but also a say at the table.

The G20, as imperfect as it may be, is certainly a much more legitimate forum than the G8. And it may be that the discussions take longer and that the views are more divergent, but this is a better reflection of today's geopolitical realities.

A new triangle of global governance is emerging and I strongly believe that we need to strengthen it. I have called this a "triangle of coherence".

On one side of the triangle lies the G20, providing global political leadership and policy direction.

On another side lie member-driven international organisations providing expertise and specialized inputs whether rules, policies or programmes, such as the WTO.

The G20 is not a decision - making forum. But it is clear that decision-making in the respective international organizations will be faster if there is political impulse emerging from the G20. The third side of the triangle is the G-192, the United Nations, providing a universal forum for accountability.

In the longer term, we should have both the G20 and the international agencies reporting to the "parliament" of the United Nations. This would constitute a potent mix of leadership, inclusiveness and action to ensure coherent and effective global governance.

I am often asked if I am "optimistic" or "pessimistic" about the future. I always reply that I am "activistic". I believe the international community cannot afford to fail to meet these challenges. World leaders cannot afford to fail the people who have elected them. With leadership, with courage and a clear determination to strengthen the multilateral system, there ain't no mountain high enough.

I thank you for your attention.

