

## PRESS RELEASE

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### **WTO membership and trade liberalisation fosters prosperity, stability and peace, says Director-General at WTO Ministerial Trade Conference for Central and South East Europe**

The WTO Secretariat in conjunction with the Government of Croatia has, for the first time organized a *WTO Ministerial Trade Conference for Central and South East Europe* in Zagreb, Croatia.

The Conference was opened today by WTO Director-General Mr. Mike Moore and will run until 12 June 2002.

"This Conference is overdue," said Mr. Moore. "Several countries from this region have been WTO Members for some time. Others have either recently joined the WTO or are in the process of joining. Their concerns and interests differ from country to country but there are also areas of significant commonality. In all cases, there is much that could and needs to be done to assist their further integration into the multilateral trading system. Greater integration will be beneficial for the system and for all Members."

"WTO membership and trade liberalisation can help foster prosperity, stability and peace. Trade liberalisation creates jobs and growth, and people who profit from trading with each other develop and build stability. WTO membership, or the prospect of it, can help lock in liberal economic reforms and a commitment to the rule of law. WTO's dispute settlement system provides a vital safety valve for countries to settle their trade disputes without recourse to force. Thus, trade liberalisation, commitment to the rule of law and the peaceful settlement of disputes through a multilateral forum such as the WTO are all ingredients for building a climate of stability. I am glad that transition economies are playing a positive and constructive role in the multilateral trading system," Mr. Moore said.

Mr. Moore urged all key stakeholders, multilateral agencies, regional banks and bodies, as well as bilateral donors, to play their part in assisting countries of the region to further integrate into the trading system and prepare for Doha Development Agenda negotiations.

The Conference provides Ministers from the region with a unique opportunity to consider critical issues relating to their countries' participation in the multilateral trading system. Over the next two days, participants will be discussing some of the most critical issues facing the multilateral trading system: technical cooperation; accession; issues emerging from Doha; regionalism; and challenges and opportunities for trade and investment.

Ministers and high-level officials from 18 countries, Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Estonia, Former Yugoslav Republic of Macedonia, Federal Republic of Yugoslavia, Latvia, Lithuania, Moldova, Poland, Romania, Slovak Republic,

Slovenia and Turkey are scheduled to participate. Also invited are representatives from the following multilateral agencies, regional banks and bodies, non-governmental organisations and bilateral donors: the United States and the Commission of the European Union, the diplomatic corps, representatives from the World Bank, International Monetary Fund (IMF), International Trade Centre, the European Bank for Reconstruction and Development (EBRD), International Chamber of Commerce, Organisation for Economic Cooperation and Development (OECD), Organisation for Security and Cooperation in Europe (OSCE), United Nations Economic Commission for Europe (UNECE), United Nations Development Programme (UNDP), Stability Pact, Overseas Private Investment Corporation (OPIC), Black Sea Economic Cooperation (BSEC), United Nations Conference on Trade and Development (UNCTAD), the Joint Vienna Institute, Friedrich Ebert Stiftung, Soros Foundation and World Economic Forum.

*Full text of Mr. Moore  
statement is attached*

Opening remarks

Speech by Mike Moore

Director-General of the World Trade Organization

WTO Ministerial Trade Conference  
for Central and South East Europe

Zagreb, Croatia

11-12 June 2002

It is my great pleasure to open this *WTO Ministerial Trade Conference for Central and South East Europe*. My sincere gratitude goes to the Government of Croatia for hosting this important event. This Conference is an opportunity for Member and non-Member countries, and participating agencies, to exchange information and share ideas on how we can work together for the advancement of the region. It will help us to learn directly from you how we can better assist your countries to participate successfully in the multilateral trading system. It will also help us to identify ways to support your countries' preparations for, and participation in, the current WTO negotiating process.

Over the next two days, we will be discussing some of the most critical issues facing the multilateral trading system: technical cooperation; accession; new issues emerging from Doha; regionalism; and challenges and opportunities for trade and investment. Never before has the WTO Secretariat organised a high-level Conference of this kind in Central and South East Europe. This Conference is a start and we will do more. Several countries from this region have been WTO Members for some time. Others have either only recently joined the WTO or are still in the process of joining. Your concerns and interests differ from country to country but there are also areas of significant commonality. In all cases, there is much that could and needs to be done to assist countries to further integrate into the multilateral trading system. This will be beneficial for the system and for all Members.

Creating a successful market economy in transition economies is a daunting challenge. But it can be done. WTO membership and trade liberalisation can help to foster prosperity, stability and peace. Trade liberalisation creates jobs and growth, and people who profit from trading with each other develop and build stability and understanding. WTO membership, or the prospect of it, can help lock in liberal economic reforms and a commitment to the rule of law. WTO's dispute settlement system provides a vital safety valve for countries to settle their trade disputes without recourse to force. Thus, trade liberalisation, commitment to the rule of law and the peaceful settlement of disputes through a multilateral forum such as the WTO are all ingredients for building a climate of stability. I am glad that transition economies are playing a positive and constructive role in the multilateral trading system.

To further your countries' integration into the multilateral trading system, we need all key stakeholders to play their part. This is why the WTO is here. It is for this reason too that I have made it an important point to involve multilateral agencies, regional banks and bodies, as well as bilateral donors, in the programme. I encourage representatives from these organisations to participate actively in the dialogue. For many countries, keeping up the momentum for domestic legislative and economic reforms, both before and after joining the WTO, will require considerable efforts to develop human and institutional capacity and expertise.

I and my staff are here to learn and to work with you to identify opportunities for providing assistance in partnership with other agencies. Over the next two days, I will be seeking your guidance and wisdom. With that in mind, may I invite you to keep in focus, as we discuss various issues, the following sorts of questions :

- What are your countries' needs *vis-à-vis* WTO's current and future work programme ?
- How can we help you to address these needs ?
- Where are the gaps ?
- What more do we need to do, in partnership with multilateral and regional agencies and banks, and donors, to help fill in these gaps ?

Answers to these questions will help us to find and fix gaps as we make progress on the Doha Development Agenda. Discovering problems next year will be too late.

To assist us in our discussions over the next two days, let me touch on some key aspects of the current WTO work programme. At the Doha Ministerial Conference held last November, Members set an ambitious deadline of 1 January 2005 for the completion of the current round of trade negotiations. It is not a great deal of time, but Members have been approaching their work with urgency and responsibility. We have made excellent progress on matters of process:

- The Trade Negotiations Committee is established
- The structure of the negotiations is determined
- Chairs of the negotiating bodies are in place
- Work programmes of most of the bodies are finalised.
- Members have agreed to hold the Fifth Ministerial Conference in Cancun, Mexico from 10 to 14 September 2003.

We have made equally good progress in other areas: Members have fully supported our efforts on technical assistance; the Secretariat has refocused priorities on the Doha Development Agenda; and we have also run successful initiatives to engage more fully with civil society, including a public symposium held last month with over 700 participants.

Many commentators suggested it would take many months, perhaps years, for these decisions to be taken. That was the experience after the Uruguay launch. However, our progress this time has been encouragingly swift, so far. I believe we can conclude the round within the three-year timeframe agreed by Ministers. But we must move the negotiations up a gear.

For the most part, the setting-up phase is over. Already deadlines are looming. We have just 16 months until the Ministerial in Cancun. After that we have little more than a year to bring the Round to completion.

I think we have made as good a start as could have been hoped for. But our timeframes give no room for complacency. Nor should we mistake progress on procedure for progress on substance. We will be discussing in greater detail this afternoon some of the issues emerging from Doha and the challenges ahead. From my Doha experience, I can tell you it is vital that we keep Ministers fully informed and engaged in our work. Your guidance, wisdom and flexibility will be needed at all points in the negotiations. It is then up to the trade negotiators of WTO Members to work with commitment and flexibility to realise the enormous benefits offered by the multilateral trading system.

The process of domestic reform that accompanies further integration into the multilateral trading system will have wide-ranging economic, political and social implications for economies in transition. Changes of this kind require vision, courage and determination. They also require the building of consensus among domestic interest groups to sustain the changes, notwithstanding inevitable difficulties. The benefits of being in the WTO need to be communicated effectively to secure the support of key sectors of society. Businesspeople, for example, need to be much more involved in our work and much more vocal in their support for the trading system.

Why is the WTO and trade liberalisation so vital to prosperity and stability? What are the arguments that will convince and rally our respective constituencies? There is no need to dwell on these thoughts in such distinguished and experienced company, but I will give some examples of what's at stake:

- In economic terms, cutting barriers to trade in agriculture, manufacturing and services by a third would boost the world economy by US\$613 billion. That's like adding an economy the size of Canada to the world economy.
- Abolishing all trade barriers could boost global income by \$US2.8 trillion and lift 320 million people out of poverty by 2015.
- In development terms, the elimination of all tariff and non-tariff barriers could result in gains for developing countries in the order of \$182 billion in the services sector, \$162 billion in manufactures and \$32 billion in agriculture.
- OECD agricultural subsidies in dollar terms are two-thirds of Africa's total GDP. Abolishing these subsidies would return three times all the ODA put together to developing countries. Kofi Annan wants \$10 billion to fight Aids; that is just 12 days subsidies.

Our task – yours and mine - is to present these arguments to the public and seek the additional horsepower that their support can give to our trade negotiations. If these do not convince, we have an array of additional arguments:

- All seven of the UN Millennium Development goals – in health, education, poverty, etc – would require US \$54 billion annually, - just one third the estimate of developing country gains from trade liberalisation.
- Let me share one example from a book I read recently. Mongolians and Norwegians both paid the US about \$23 million in tariffs last year. But Mongolia exported \$143 million and Norway \$5.2 billion, or 40 times as much. In effect, Mongolians paid 16 cents to sell the US a dollar's worth of sweaters and suits, while the Norwegians paid half a cent for every dollar's worth of gourmet smoke salmon, jet engine parts and North Sea crude.
- For those concerned about the environment, studies suggest there are significant ecological benefits from removing fish subsidies.

Of course, countries need not wait until the conclusion of the Doha Development Round to commence reforms or liberalise trade. For instance, trade facilitation, according to APEC and UNCTAD studies, will generate huge returns. Market access opportunities do not help if trucks are held up at borders for days due to bureaucratic delays. Domestic red-tape and bad governance, wherever it occurs, in developed and developing countries or economies in transition, is costly and corrosive.

The Doha Development Agenda will define international trading relations for the first part of this new century. We need to ensure that all countries have the opportunity to benefit from the Doha Development Agenda and to help shape the future of the multilateral trading system. Our Conference today marks yet another important stage in the integration of countries of this region into the multilateral trading system. Beyond these few opening remarks, I welcome the opportunity to explore with you specific challenges and opportunities faced by your countries in the four working sessions in front of us.

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