

## PRESS RELEASE

PRESS/295

21 May 2002

(02-2803)

### **WTO organizes first ever WTO Ministerial Trade Conference for Central Asian and Caucasus Countries**

Future challenges and opportunities for Central Asian and Caucasus countries in integrating into the multilateral trading system will be the focus of discussions at a two day Ministerial-level Trade Conference to take place in Tbilisi, Georgia from 21 to 22 May 2002.

This is the first ever WTO-related Conference at Ministerial-level in the region. The Conference is organised by the WTO and hosted by the Government of Georgia. WTO Director-General, Mr. Mike Moore, will launch the Conference with President of the Republic of Georgia, Mr. H.E Eduard Shevardnadze.

"Never before has the WTO Secretariat organised a Ministerial Conference of this kind in the region. We have done too little in the past. More attention needs to be devoted to this region that has always occupied a vital position in the world. This Conference will help redress this neglect and contribute towards its further integration into the multilateral trading system. The objectives of the Conference are two-fold. First, to assist countries, which are either in the process of joining or have recently joined, to participate successfully in the multilateral trading system. Second, to help identify ways to support countries' preparations for, and participation in, the current negotiating process.", Mr. Mike Moore said today.

"Today, every government wants foreign direct investment. Many countries are now recognizing that the way to attract foreign direct investment is to demonstrate that their trade regimes are stable and credible. One important way in which countries can demonstrate their commitment to policy stability, predictability and good governance is through membership of the WTO. This shows potential investors, both domestic and foreign-based, that countries are prepared to abide by an agreed set of rules and understandings".

The Conference provides Ministers from the region with a unique opportunity to consider critical issues relating to their countries' participation in the WTO multilateral trading system. Discussions will focus in separate sessions on enhancing trade and investment opportunities, the Doha Development Agenda, regionalism, technical cooperation and accessions. Trade and finance Ministers and high-level officials from Afghanistan, Armenia, Azerbaijan, Georgia, Iran, Kazakhstan, Kyrgyz Republic, Russian Federation, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan, and international organizations and agencies working in the region are scheduled to participate.

*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 Asian and Caucasus countries

21-22 May 2002

Tbilisi, Georgia

It is my great pleasure to open this historic *WTO Ministerial Trade Conference for Central Asian and Caucasus Countries*. My sincere gratitude goes to our host, President Eduard Shevardnadze and the Georgian authorities. Never before has the WTO organised a high-level conference of this kind in the region. We have done too little in the past. It is my hope that this conference will help redress this neglect and contribute towards this region's further integration into the multilateral trading system.

I see the overarching objectives of this conference to be two-fold. First, to assist countries from this region, which are either in the process of joining or have recently joined, to participate successfully in the multilateral trading system. Second, to help identify ways to support your countries' preparations for, and participation in, the current negotiating process. The conference presents a unique opportunity to exchange views and share experiences on a broad range of WTO and trade-related issues. It will help us to learn directly from you about the challenges your countries face. If I may, I would like to encourage you to use this opportunity to engage in an interactive and business-like discussion on issues of importance to us all.

Central Asian and Caucasus countries, between Europe and Asia, have always been at the "centre of the world". Over one thousand years ago, when the Silk Road linked Asia to Europe, many countries from this region formed part of this vital corridor. Sir Halford MacKinder, one of the founders of geopolitics, once theorized that control of the heartland of Eurasia leads to control of the immense Eurasia landmass, and thus to control of the world. Sir Mackinder was right but only partly right. In today's world, it is not just the control of geography that matters but of knowledge and productive capacities, and in turn the trade and investment that flows from it. This region is once again reawakening to its important role at the "centre of the world". Much attention and interest is now devoted to this region that is growing at a faster pace than the rest of the world. For example, economic models predict growth rates for Kazakhstan and Azerbaijan of 8%. Georgia, Armenia and Kyrgyzstan are expected to average 5% growth.

### **Opportunities and benefits of the WTO rules-based system**

Through the WTO, these figures can be made to rise even further. For Central Asian and Caucasus countries, as for the rest of the world, the WTO offers a rules-based system within which to liberalize international trade. WTO's principles of non-discrimination - which is the back-bone of the WTO system - binding of negotiated commitments and progressive trade liberalization guarantees fairness in commercial relations and safeguards against protectionist impulses. Each and every one of the WTO's rules is negotiated by Member governments and agreed by consensus. It is only through such a system that the legal trading rights of individual countries, big or small, are protected.

The WTO system of rights and obligations also goes to the heart of vital development issues – commitment to the rule of law and good governance. Countries choose to belong to the WTO and undertake these commitments for the simple reason that it is overwhelmingly in their interest to do so. The alternative is a less open, less prosperous, more uncertain world economy — an option few countries would willingly choose. Today, every government wants foreign direct investment. Many countries are now recognizing that the way to attract foreign direct investment is to demonstrate that their trade regimes are stable and credible. One important way in which countries can demonstrate their commitment to policy stability, predictability and good governance is through membership of the WTO. This shows potential investors, both domestic and foreign-based, that you are prepared to abide by an agreed set of rules and understandings.

There is another argument, an historical one, for being part of the WTO. Liberalization and the multilateral trading system works. Trade generates foreign exchange earnings and mobilises domestic resources for economic growth. The system has proved its worth repeatedly. The last 50 years has seen unparalleled prosperity and growth and more has been done to address poverty in these last 50 years than in the previous 500. Of course, trade liberalization is just one ingredient in a

cocktail of policies required for development. Trade liberalization will do little for a nation that is torn apart by war or that spends all its export revenues on weapons. Nor will it be much use if good governance is missing or crippling debt overhangs. Nor will a round of trade negotiations help those countries who have no domestic capacity or infrastructure to take advantage of new market access opportunities. Trade liberalization must, therefore, go hand-in hand with other reforms.

### **The Doha Development Agenda**

This Conference is an opportunity to learn about the priorities of your countries and the problems and challenges you face in integrating into the multilateral trading system. In our two day programme, we will also be discussing some of the most critical issues facing the WTO, from national, regional and multilateral perspectives. To assist the discussions, let me highlight some key aspects of the WTO work programme. At the Doha Ministerial Conference, held last November, WTO Members adopted the Doha Development Agenda, launched a comprehensive round of trade negotiations and set an ambitious deadline of 1 January 2005 for the completion of these negotiations. It is not a great deal of time, but Members are approaching their work with urgency and responsibility. The momentum since Doha has been impressive. Members have established a Trade Negotiations Committee to oversee the negotiations. They have appointed the Director-General ex-officio to chair this body. The structure of the negotiations has been determined and chairpersons of all the individual negotiating bodies decided upon. As well, Members have agreed on Cancun, Mexico, 10-14 September 2003, as the venue and date for the next Ministerial Conference.

Many commentators suggested it would take many months, perhaps years, for these mainly administrative decisions to be taken. That was the experience after the Uruguay launch. However, through will and determination, Members have proceeded rapidly to the substantive negotiations. For our part, the Secretariat is well-prepared to assist Members in their work. We have consolidated our internal structures and refocused our priorities clearly to reflect the Doha Agenda.

I believe we can conclude the round within the three-year timeframe agreed by Ministers. But we must move the negotiations up a gear. And we must carry into our work the lessons and insights from Doha. The roadmap to Mexico and on to the successful conclusion of the round must include a number of key elements.

**One key to success will be technical assistance and capacity building** – helping poorer members to integrate into the trading system and participate fully in the negotiations. Members have already acted decisively by approving an increased Secretariat budget for 2002 and pledging 30 million Swiss Francs to a new Global Trust Fund for technical assistance. This 30 million, which is double the figure that we asked for, is a solid step forward for the Doha Development Agenda. Our task is to make sure the resources are used prudently and properly. Good progress has been made already. The Secretariat has a comprehensive programme of activities for 2002 and we are proceeding with implementation. We have also put in place new audit and evaluation systems to ensure members are informed and that there is greater transparency and accountability in our technical assistance work. We are hiring new staff as well to bolster our technical assistance capabilities. They will be in place in the next few weeks.

We are looking to be innovative. The WTO Training Institute runs very successful training courses in Geneva for government officials. We have recently doubled the capacity of these courses. To expand on these efforts, we are now moving quickly to establish in host countries 3-month diploma courses for trade officials. These will be based on the curricula of the WTO Training Institute. The courses will help countries build up a core of advisers for Ministers by the time of the next Ministerial. I hope we can soon launch these courses in 2 universities in Africa. I hope too that the idea might eventually be carried into other regions. It is work in progress and ideally we should also prepare Masters courses for young officials. This latter idea will not happen during my tenure but it can happen in the time of my successor, Dr. Supachai.

Working with other agencies, we are developing a new database and country-files so that our collective efforts are coordinated and so we can identify gaps in our delivery of trade-related technical assistance. This will help us to be more transparent and accountable to Ministers. We also need this early warning system to find and fix gaps. Discovering problems next year will be too late.

We know that the requirements of developing countries and economies in transition for WTO or trade-related technical assistance extends well beyond what the WTO can and should provide. We need to be absolutely clear about the limits of what the WTO can do and cannot do with regard to the Doha Development Agenda. It is not for us to tell countries and companies to make T-shirts or shoes, build airports or seaports. It is true over 10 per cent of our budget goes to the International Trade Centre which exists to help businesses navigate through agreements and rules to get products to markets, and they do an excellent job. That's their core business. Other organizations can help with physical infrastructure; that's their core business. We can and do cooperate with other agencies. But we must stick to our core business which is trade liberalisation, the Doha Development Agenda and bringing down barriers to trade so that people everywhere can benefit.

Countries from this region need technical assistance firstly to help join our organization and then to participate effectively in our current negotiations. I and my staff are here to learn and to work with you to identify opportunities for providing this assistance. Over the next two days, I will be seeking your guidance and wisdom.

**Another important element in the WTO roadmap is getting out the right message to mobilise public support.** This is where I believe Ministers and officials, including you here today, can help. The potential benefits of the round are enormous and the economic and development arguments compelling. We have to communicate these benefits in ways that rally not just trade negotiators but politicians, policy-makers, opinion leaders, the business community and all other players in civil society:

- 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.
- For those concerned about the world's poorest countries, studies show the extent to which trade barriers and tariffs of rich countries work against them. 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.

Of course, countries need not wait until the conclusion of the Doha Development Round to commence reforms or liberalise trade. South/south trade in the 1990s grew faster than world trade and now accounts for more than one third of developing country exports, or about \$650 billion. The World Bank reports that 70 percent of the burden on developing countries' manufactured exports result from trade barriers of other developing countries. The quicker those walls come down, the quicker the returns to developing countries and economies in transition.

Other important development and good governance issues such as transparency in government procurement, competition policy and trade facilitation, need direction from the highest political levels. Trade facilitation, according to APEC and UNCTAD studies, will generate huge returns. Market access opportunities will be less than meaningful if trucks are held up at borders for days due to bureaucratic delays. The need for this public sector infrastructure improvement is desperately urgent to protect and promote domestic property rights and justice systems. Domestic red-tape and bad governance, wherever it occurs, in developed and developing countries or economies in transition, is costly and corrosive.

These then are some of the important elements in our WTO work programme and in the roadmap to Mexico and towards the conclusion of the round; increased technical assistance with greater accountability and transparency; coherence with other agencies; outreach to civil society, effective communication of the benefits of liberalisation to enlist the support of key players. Beyond these elements, we need to ensure our WTO processes adequately support the negotiations and are transparent and credible. From my Doha experience, I can tell you it is vital too 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. With all these elements of the roadmap working, 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.

### **Challenges and opportunities of accession**

Finally, as the Doha Development Agenda progresses, there remain 28 countries seeking to join the WTO including several countries from this region. Accession to the WTO has been one of my key priorities and I am immensely proud that 10 countries – Albania, China, Chinese Taipei, Croatia, Estonia, Georgia, Jordan, Lithuania, Moldova, Oman – representing more than a quarter of the world's population, have joined the WTO during my watch. The Secretariat is doing its best to support further accessions. But we must not forget that accession to the WTO is directly linked to a sound process of domestic economic reform. This is a natural result of the need to bring the internal economic and legal structures of the country into line with fundamental international norms, of which the WTO Agreement is the expression. Developments on the domestic reform front play an important part in determining the pace of accession to the WTO.

It is clear that the process of domestic reform and accession will have wide-ranging economic, political and social implications. Changes of this kind consequently 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.

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 shape the future of the multilateral trading system. Accession of Central Asian and Caucasus countries is an important further step to reaching full universality in the membership of the WTO. This will be beneficial for the system and for all Members. Our conference today marks yet another important stage in the none too soon integration of this region into the multilateral trading system.

Why are you here ? Why has the WTO taken this initiative to invite Ministers and officials from Member and non-Member countries to assemble in this fantastic city of Tbilisi? This is an opportunity to exchange information and views. It is a chance to share ideas about how we can work together effectively and efficiently for the betterment of this region. It is a chance to add your voice to our organisation and ensure your effective voice in the global trading system. Thank you.

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