

OECD FORUM 2005

FUELLING THE FUTURE: Security, Stability, Development

Raising Ambitions for the Doha Development Agenda

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The Doha Round is a powerful engine of global growth, development and poverty reduction and a force for modernization and progress.

We need to pave the way for significant and far-reaching decisions at the WTO Ministerial Meeting in Hong Kong in December to conclude an ambitious agreement by the end of 2006.

The stakes are high. Time is short and much work remains to be done. It is, however, still possible to achieve an ambitious agreement. What worries me is that we loose this higher trajectory and head towards a too modest level of achievement. This would indeed be very unfortunate, not the least for developing countries. Instead we should seize the political opportunity to raise the ambition and make real progress. I believe we have to do three things:

- First, take bold initiatives in key areas now
- Second, prepare for domestic steps and structural adjustment, and
- Third, target the interests and concerns of developing countries.

There have been suggestions that we should set our sights a little bit lower to make sure that we can conclude the Doha Round in time. I totally disagree with that. What we need now is the political commitment to take bold initiatives in all areas.

The Doha Round has an enormous potential, especially for developing countries. Studies have suggested that this Round could produce benefits amounting to between 250 billion and 600 billion USD annually and lift 144 million people out of poverty. Let us unlock this potential by taking bold initiatives instead of settling with the lowest common denominator.

Unfortunately the present model of WTO-negotiations rests on the old mercantilist fallacy where opening up markets is referred to as a concession rather than an opportunity. This tends to lead to a defensive attitude by some or a wait and see attitude by others. We need to create an atmosphere which is conducive to “more and sooner” rather than “less and later”.

Increasing market access is key. The EU introduced in 2001 its Everything But Arms program, giving the Least Developed Countries quota- and duty free access to the EU. We encourage other developed countries to join us. The largest barriers to international trade are between developing countries. Facilitating increased South-South trade, by lowering barriers in developing countries must therefore be an integral part of our mission in the Doha negotiations. We, the rich OECD-countries could facilitate market openings in the South by showing that we are prepared to open up our markets for the more advanced developing countries, provided that they do the same vis à vis the poorest.

For instance, in agriculture, this means that this round should put an end to the many unfair practices of developed countries that jeopardize the livelihoods of millions of poor farmers around the globe. It will benefit both consumers and producers. And it will benefit both rich and poor countries.

In industrial goods we should seriously consider to turn the vision of zero tariffs into reality for all industrial and advanced developing countries. Once we have agreed on an ambitious tariff reduction formula we should add on sectoral agreements aiming at total elimination in key areas.

In services commercially meaningful offers must be put on the negotiating table.

We should also make real progress on trade facilitation. This would save us all, and especially developing countries, enormous amounts of time and money that today are wasted because of outdated, complicated and non-transparent procedures at the borders.

In order to pursue higher ambitions in the Doha Round governments may have to be prepared to take appropriate domestic steps to ensure that structural adjustment can be conducted in a socially acceptable way.

Experience from my own country is that, to make adjustment successful, we must pay greater attention to correct the costs that globalisation may entail. We must pursue policies that help workers and employees to adjust without fear. If people risk the safety of their families, their health insurance or the education for their kids they resist change and demand protectionist measures. We need policies that avoid this. Those countries that manage to combine openness towards change, a strong welfare state and democracy are the ones that will benefit most from globalization.

We must find new ways to deal with trade related adjustment pressures without recurring to protectionism. OECD work over the years has helped us understand that globalisation - more than anything - means that national policies, be it in agriculture, textiles, trade or environment, affect not just ourselves but other countries as well. National policies can no longer be seen in isolation from their international effects. A clear objective must be to make sure that all our policies are coherent. Effective partnership must contain not only development cooperation, but also include other instruments, which can contribute to an equitable and sustainable global development in developing countries. We cannot continue to give with one hand and take away with the other!

At the Doha ministerial in 2001 we made an historical commitment to pursue negotiations at the service of development by creating a more open and equitable trading system. Since Doha some developing countries have lost faith in our ability to fulfil this commitment.

It is therefore time for us all to look seriously at the interests and concerns voiced by the poorer WTO members and make these an integral part of the negotiations. This pertains to both the overarching development aspects such as special and differential treatment, and specific issues of interest for developing countries on individual negotiating areas. I strongly encourage all members of the WTO to put forward their ideas.

The development aspect of the Doha negotiations is both substance and process. We, the developed countries need to listen more closely to the proposals raised by developing countries. In January, trade- and development ministers of the Nordic countries met their counterparts from twenty African countries in Dar es Salaam, to discuss trade and development matters, with a special focus on WTO-issues. We learnt a lot about African countries' interests in that meeting. And we are incorporating that knowledge into our thinking on different trade issues.

Developing countries stand a lot to gain from opening up for international trade. But liberalizations can be difficult.

Many poorer countries have difficulties in seizing the opportunities of more open markets. Continued trade-related technical assistance and capacity building will therefore continue to play a role – not only for developing countries to engage in the negotiations and implement any commitments, but also to make fuller use of the opportunities in international trade. Such efforts need to be coordinated with initiatives of the World Bank, the IMF, other international bodies, and donors to address problems, including those related to supply side capacity and export capabilities as well as preference erosion and revenue impacts.

We must make a serious effort to inject energy into the Doha Round and to bridge the differences in substance. It will take a lot of political leadership and courage. This year's OECD-ministerial meeting provides an excellent opportunity to show such leadership.

The Doha round is a unique vehicle to enhance prospects for trade, investment, employment and growth and to make the trading system more equitable and responsive to the need of all people. Let us not lose it. Let us instead raise the ambition by taking bold initiatives, facilitating structural adjustment and targeting the developing countries needs and concerns.

Thank you!