

OECD FORUM 2006
BALANCING GLOBALISATION
22-23 May 2006, Paris

Doha Development Agenda

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Ladies and Gentlemen,

I shall speak about some aspects of the Doha Development Agenda. I'll make points on ambition, realism and development. This will be from the perspective of Finland but bearing in mind that Finland will assume the Presidency of the European Union for the six months starting next July.

In fact, July will be a crucial phase of the Doha Round. We face constraints of time. And we face constraints of substance. If key issues are not resolved by the summer break, there is a grave risk of losing what has already been negotiated. We do not want to lose this. Nor would we want to see the end of the Round moved to some uncertain moment several years into the future.

The outlines for a package are already there. While this may not be as ambitious as we would have wished - for example the European Union has had to give up new issues such as investment and competition, which are increasingly important in the global economy - in my view, we must still push for ambition, and we must reap the best harvest possible from the negotiations.

Agriculture is and has been in the focus of these negotiations. Every nation has the right to domestic agricultural production. It is important that food is produced and consumed locally, with security, with the support of consumers and tax-payers. Our climate and conditions in Finland are such that safeguarding the livelihood of those few who still work in farming has to be a deliberate choice. This has been our choice. It has also been the choice of Europe.

As we respect the choices and policy decisions of other countries, I believe others should respect European decisions. The Common Agricultural Policy has been reformed only a little while ago, and now we are in a phase of implementing it. Our reforms fit within the rules of the World Trade Organization. This is why we were able to make an ambitious and concrete agricultural offer in the Doha Round. I think respecting European decisions is also a sign of realism. At this stage, it would be very difficult to gain acceptance from Member States of the EU for a new reform of the Common Agricultural Policy.

From the Finnish perspective, we export very little of our agricultural production and have much less effect on world markets and prices than some countries that use state trading arrangements and other means to support their exports. We believe everybody should look in the mirror, and not demands from others more than they themselves are prepared to give. This goes for negotiations on services or industrial goods, where tariffs and non-

tariff barriers are still high in a number of member countries of the WTO - and not only in developing countries.

Being a small Northern country, the Finnish economy has always been dependent on trade. Our experience tells that an open economy brings growth, efficiency, and competitiveness. Our experience also tells that keeping abreast with innovation and technological development is necessary or even vital in order to be able to compete in an open environment. But the openness of the economy is not an end in itself.

The aim of Government policies must be the wellbeing of society and of citizens. This poses many challenges to countries that are just starting to climb the ladder of prosperity. Climbing this ladder can be very difficult.

Advancing economic globalization is constantly changing the operative environment of our firms. These processes of structural adjustment, cycles of creative destruction involving births and deaths of enterprises, can offer new opportunities, but also be painful. The end result depends on a nation's institutions' capacity to adapt and reap benefits to maintain competitiveness.

We know from our experiences that adjustment is never easy. In particular, in poorer developing countries, the challenges are huge. In those countries, labour force is employed in the informal sector, social safety nets are weak, capital markets are narrow and inefficient and there are very limited new production opportunities.

This is why we strongly support the Aid for Trade initiative, which is being developed on the side of the DDA negotiations. Aid for Trade is directed to strengthen the trade capacity of poorest countries; it is all about structural adjustment. It is about supporting poorest countries to adapt, to diversify, to increase value-added, and to compete better.

I have made my remarks against the background of rather bright economic prospects. Nevertheless, global imbalances and unpredictable oil prices pose risks to continued growth. We should contribute to strengthening business and consumer confidence by concluding the DDA in time.

Ladies and gentlemen, all in all, I believe a successful conclusion of the Doha Development Agenda will bring benefits to all participants, and also to the multilateral trading system itself. Let's do our best in the time that remains! Thank you very much.