

OECD FORUM 2005

FUELLING THE FUTURE: Security, Stability, Development

Raising Ambitions for the Doha Development Agenda

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Talking points

- The successful conclusion of the Doha negotiations is key for meeting development objectives. Not only can they achieve the elimination of a substantial part of distortions in agriculture, they can also provide greater market access for all products and services, as well as the improvement of certain disciplines, such as antidumping measures and fisheries subsidies. These issues are highly complex and politically sensitive. It is never easy to take a lot of money from the pockets of a few, yet it must be done if trade is to continue to impact positively on development and poverty reduction.
- Many of these objectives can only be materialized in the WTO. Bilateral or plurilateral trade agreements should not be a substitute for multilateral commitments. Such arrangements can create trade, increase competitiveness and enhance welfare, but they cannot resolve issues such as agricultural or fisheries subsidies, nor is it politically viable to tackle in that context the abuse of antidumping measures.
- We have, therefore, no choice. For anything less than substantial results in the Doha Development Agenda will mean fewer possibilities for pulling people out of poverty and increasing incomes and welfare.
- The negotiations were scheduled to finalize by the end of 2003, which proved to be an impossible goal. We are now talking of finishing three years later, that is the end of 2006.
- One cannot but reflect that everyday gone is a day lost for development, another day during which the poor finance the massive subsidization or protection of the wealthy few.
- The negotiations are moving ahead, in the right direction but way too slowly. At this pace and considering the immense amount of work to be done in the three market access negotiations, it seems uncertain that we will be able to establish the level of ambition in these key areas at the Hong Kong Ministerial in December (the so called modalities for agriculture and NAMA). But we are optimists and believe that there is still time to reverse this situation and reorganize our work with clear objectives.
- Ministers and Senior Officials must exercise leadership, which means facing hard choices. This is particularly true for the main trading partners. For example, is the United States willing to take effective cuts in agricultural domestic support and to prevent abuse of antidumping measures? Are the EU, Japan, Korea, Norway and

Switzerland prepared to eliminate agricultural export subsidies and provide effective market access? Are developing countries ready to bind their tariffs and improve market access, particularly for industrial goods? Are all participants ready to make commitments in services that will create new and meaningful business opportunities? Are they willing to eliminate Economic Needs Tests, MFN exemptions or nationality requirements? Are they prepared for greater transparency and market access for the supply of services through the temporary movement of natural people?

- The answers to these questions imply changes and adjustment costs, that will not take place overnight. Appropriate mechanisms can be devised to smooth out such costs and provide relief to those who stand to suffer some negative impact. Regardless, it is clear that greater benefits await all of us if we agree to further liberalization, fewer distortions and better disciplines.
- Chile, a country of 16 million, has benefited from freer trade. Our exports have grown from 8.5 to 32 billion US dollars in the last fourteen years. We have diversified exports, markets and exporters. We have liberalized multilaterally (our import duty across the board is 6%). We have also signed numerous free trade agreements with our neighbors, the US, the EC, Canada, Korea and the EFTA countries, among others. As a result, about 80% of imports into Chile and over 70% of our exports enter duty free and our applied average duty is between 2 and 3%.
- I could provide more numbers, but prefer to highlight one: in the decade of the nineties, poverty was halved. In the case of Chile there is a positive correlation between the performance of the external sector of the economy and the welfare gains for the population as a whole.
- This fact gives me the moral authority to call for leadership and boldness today. The choice is clear: Will we continue to tell the poor that they must wait or are we going to give them and their children an opportunity for a better life?