Declaration by the Heads of the IMF, OECD and World Bank

Next week, trade ministers will gather at Cancún to advance the Doha Development Agenda. They carry with them the aspirations of millions around the world whose hopes for economic advancement rest on opportunities in the global economy. Trade is a driving force for economic expansion in developed and developing countries alike. Promoting the growth of trade is essential for global economic prosperity. And the Doha negotiations are a central pillar of the global strategy to achieve the Millennium Development Goals: a strategy to reduce poverty by giving poor people the opportunity to help themselves.

Ambitions for Cancún must be commensurate with these objectives. We need a decisive break with trade policies that hurt economic development. Donors cannot provide aid to create development opportunities with one hand and then use trade restrictions to take these opportunities away with the other—and expect that their development dollars will be effective. Developing countries have an important responsibility in using the multilateral system to promote better integration among themselves and with the global economy. Their tariffs and nontariff barriers stand as major obstacles to their mutual trade.

All countries have an interest in a successful outcome—and all have a duty to promote a broad and balanced agenda. But appropriate action by the developed countries is crucial. In this regard, we applaud the progress that has been made in negotiating public health exceptions under the TRIPS Agreement and encourage the parties at Cancún to build on the recent momentum in the talks on agriculture.

Agriculture is of particular importance to the economic prospects of many developing countries, and reforming the current practices in global farm trade holds perhaps the most immediate scope for bettering the livelihoods of the world’s poor. Yet, developed countries impose tariffs on agriculture that are 8 to 10 times higher than on industrial goods. Many continue to use various forms of export subsidies that drive down world prices and take markets away from farmers in poorer countries. In every sector except agriculture, these same countries long ago agreed to prohibit export subsidies. Agricultural support costs the average household in the EU, Japan, and United States more than a thousand U.S. dollars a year. Much of this support depresses rural incomes in developing countries while benefiting primarily the wealthiest farmers in rich countries, and does little to accomplish the environmental and rural community goals that developed countries strive to pursue.

Trade can be a powerful tool for development. To be fully effective, trade policy should be placed firmly within national strategies for development and poverty reduction, and be built on a foundation of good governance. Realizing the benefits of greater trade will require complementary efforts. On the supply side, this means investments in infrastructure necessary to ensure that the products of the poor can reach global markets and, in the longer run, investments in education. And it means policies to safeguard the interests of the most vulnerable in society. Both often require external technical and financial assistance. We are ready to help. All our organizations have stepped up efforts to provide “aid for trade” in support of a positive outcome of the Doha
talks. Together, we have the mandates, the resources and the expertise to assist countries in managing the adjustment pressures that can be associated with more open trade.

But the key challenges now lie with governments. All have to do their part. Rich countries have to take the lead in areas now blocking the talks, particularly agriculture. Middle income countries have to contribute as well, reducing tariffs that affect not only their own citizens but other developing countries. And low-income countries, even as they receive more aid for trade and win more time to implement some WTO rules, have to assume new responsibilities of participation in the international system.

Working together the international community has an opportunity to help the world’s poor. We should not let it slip away.

Horst Köhler  James D. Wolfensohn  Donald J. Johnston