



WORLD TRADE
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GROUP OF 77 AND CHINA

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Excellencies, Distinguished Delegates, Ladies and Gentlemen,

I am very pleased and honoured to join you here for the Second South Summit of the Group of 77 and China.

The G-77 was founded upon the aspirations of the developing world for a peaceful and prosperous world. It was also founded upon the principles of multilateralism and respect for the rule of law by all countries, great and small, rich and poor. The vision and principles espoused by the G-77 remain important and legitimate. Important, because millions still suffer the ills of poverty. Legitimate, because the alternative is unilateralism and the law of the jungle.

There has been exceptional economic growth in the world. We have witnessed the dramatic transformation of poor countries into economic powerhouses. But sadly, we have also seen the stagnation and deterioration of other regions and countries. The world has grown but clearly the growth has not been even.

Let me address one global challenge – the challenge of making trade work for development. Trade is not an end in itself. It is part of a broader agenda. That agenda is to provide a better life for billions of people.

The United Nations Millennium Development Goals, which has transformed the face of global development cooperation, has given us a common framework for action. The 2002 Summit on Financing for Development, which culminated in the Monterrey Consensus, and the

Johannesburg Summit on Sustainable Development in 2002 have equally reaffirmed the priority of addressing the so-called development deficit.

In 2001, in this very city, the World Trade Organization launched the Doha Development Agenda (DDA). The DDA is not a conventional trade round and I am sure you are aware of the subjects that are being negotiated, some of which continue to cause intense debate between WTO Members.

But, let me emphasise, that despite some differences, there is a very conscious endeavour to ensure that the DDA is more than just a slogan. What we are working towards in the DDA is to provide opportunities for developing countries to concretely use trade as an engine for growth and development.

I do not intend to go into the details of the negotiations. But let me focus on three key challenges, namely market access, supply-side constraints and a policy environment responsive to development concerns.

The first challenge is that of market access. As the Commission for Africa Report has concluded, an ambitious DDA will expand "market opportunities and allow diversification of exports by destination and product, including in higher value-added production". High tariffs, tariff peaks and tariff escalation still exist on products of export interest to developing countries. Furthermore, non-tariff barriers act as an additional obstacle to market access. A key developmental outcome for the DDA will be expanded market opportunities for developing countries, whether in agriculture, services or industrial products.

A North-South dialogue on market access is clearly of fundamental importance and a priority but, at the same time, the importance of strengthened

cooperation amongst the developing countries should be emphasised. Today, developing countries account for a very important share of world trade. Over the period 1990-2003, South-South trade expanded nearly three times faster than world merchandise trade. However, the bulk of South-South trade has been concentrated among a relatively small number of trading nations.

The second, and equally important challenge is to help developing countries, particularly the least-developed, to overcome supply side constraints. It is clear that without supply-side capacity and appropriate technology, market access opportunities are of limited utility. My dear friend, Rubens Ricupero, the former Secretary General of UNCTAD, termed this as the "dark side of the moon". I could not agree more.

I have attached particular importance to technical assistance in the WTO. However, the WTO cannot build ports, roads, laboratories and so forth. Without infrastructure and appropriate adjustment, countries cannot easily take advantage of the opportunities offered by market access. The WTO has been developing a strategic partnership with development agencies and donors to ensure that sufficient resources are allocated, and that technology transfer takes place. But this is just small part of the picture. Much more needs to be done by the international community.

A third major challenge is to ensure that the multilateral trading system and the broader international policy environment is responsive to development concerns. We have in the DDA a golden opportunity to achieve development-friendly reforms and to improve the rules for the conduct of trade. All negotiating subjects have important development dimensions but of particular concern to most developing countries is the area of special and differential

treatment. We need both concrete commitments and further policy analysis as to what works best and what could be done in the future.

I will add that it is equally important that there is universal ownership of the end results. It is only through effective participation that developing countries can make their voices heard and gain a sense of ownership in the WTO process.

Allow me to conclude my address with a quote from UN Secretary-General Kofi Annan's report, 'In Larger Freedom: Towards Development, Security and Human Rights for all'

"While trade does not obviate the need for large scale...development investments, an open and equitable trading system can be a powerful driver for economic growth and poverty reduction...Development therefore rightly lies at the heart of the World Trade Organization's Doha Round of multilateral trade negotiations."

The forthcoming Gleneagles Summit of the G-8 in July and the Millennium Development Goals Summit in September provide important opportunities to put development at the top of the international agenda. They also represent important occasions to marshal international political will to prioritize the development dimension of trade for a successful completion of the DDA. At the end of the year, the WTO will be holding its Sixth Ministerial Conference in Hong Kong. It is imperative that this Conference delivers the type of results that will provide a platform for the successful conclusion of the DDA.

Thank you. (Words 1000)