

WORLD TRADE ORGANIZATION

WT/MIN(96)/ST/81

11 December 1996

(96-5235)

**MINISTERIAL CONFERENCE
Singapore, 9-13 December 1996**

Original: English

UNITED NATIONS (UN)/UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD)

Statement by Mr. Rubens Ricupero
Secretary-General of UNCTAD

(Speaking on behalf of the Secretary-General of the UN,
Dr. Boutros Boutros-Ghali, and of the UNCTAD, as an Observer)

I speak today on behalf of Dr. Boutros Boutros-Ghali, Secretary-General of the United Nations, and of the United Nations Conference on Trade and Development, UNCTAD. It is my honour to address this first Ministerial-level Meeting of the World Trade Organization here in Singapore - a remarkable example of progress and development, born out of hard work, enterprise and an unswerving commitment to free trade.

Allow me, first, to read a brief message to the Conference from Dr. Boutros-Ghali.¹

The best prescription for this Conference was one offered by our Chairman himself. Speaking in Brisbane, 10 months ago, what Minister Yeo said then remains just as valid today. Consolidation, balance and progress: These are the three elements that the meeting should seek to reconcile and achieve. Balance is an essential ingredient of the other two elements, and must therefore be present in both consolidation and progress.

You may ask: How is it possible to seek balance in a subject like trade, one whose very essence is competition - a game in which some will inevitably gain more than others? As globalization is meant to lead to the unification of markets on a planetary dimension, the question has become particularly pressing. After all, the unification of markets implies the abolition of national and regional barriers, and the protection they provide to weak sectors. The consequences can only be the exacerbation of competition.

Competition is the beating heart of the organism, pumping the lifeblood around the system. But, as I said, it is also a game. And, like any other game, it must have rules and referees. The Uruguay Round gave us the most comprehensive set of trade rules ever drawn up. The Round also gave us a strong referee to enforce them - the World Trade Organization. But, as in all fields of human endeavour, the effort fell short of the ideal.

¹The message to the Ministerial Conference from Dr. Boutros Boutros-Ghali, UN Secretary General, is reproduced, WT/MIN(96)/ST/82.

Turning to the rules themselves, there are three main tasks that deserve priority attention in the shaping of the future trading system. These are:

- The need to define the natural frontiers of the trade system in a globalized world economy;
- the need to increase the degree of universality of the WTO and the management of the decision-making process in the trading system; and
- the need to ensure the full integration of developing countries, and especially the least developed among them, into the trading system as soon as possible.

The first task is based on the perception that differences in national policies may create unfair advantages that should be checked by extending the so-called "frontiers" of the trading system into new areas.

The very success of the Uruguay Round has given rise to pressures to use the WTO as an instrument to deal with non-trade objectives; in short, as a powerful device for global governance. Such an approach could destabilize the balance of rights and obligations based on reciprocity and mutual benefits which forms the bedrock of the system.

For this reason, any eventual expansion of these trade "frontiers" should be the result of a conscious decision of the international community as a whole, after careful consideration of two major concerns. The first is the extent to which there needs to be a balance between the mobility of goods, services, capital and labour.

An additional concern relates directly to the challenge posed by globalization. Sooner or later we will be required to question whether some traditional trade instruments are relevant in a global economy in which production is scattered among many countries and is no longer a mainly domestic process.

At the same time, it will become necessary to seek coherence between calls for the contestability of markets worldwide and the belief in some quarters that competition should be limited whenever it puts in jeopardy higher social values, such as core human and labour rights or the protection of the environment. If these become acceptable, what other commonly-shared values should also be protected?

The second task before us is to expedite the process of accession to the WTO of the scores of former centrally-planned economies as well as the oil exporting, least developed and small island developing countries. The challenge here will be two-fold. First, within a reasonable time-frame, to balance the necessary rigorous observance of disciplines with a degree of flexibility and understanding for the difficulties and constraints faced by these countries. Secondly, to prepare for an improvement in transparency and Member States' ability to participate in the decision-making process. After all, in the not so distant future, perhaps 150 countries, including such huge ones as China and Russia, will hopefully be involved in the process.

But the real test for the WTO will be to concentrate on the unfinished business of completing the integration of all developing countries into the world trading system. With the partial realization of this goal, the results achieved so far highlight the huge potential benefits for the international economy that still remain untapped.

For the past five years, the volume of imports into Asia has expanded faster than the region's exports, rising by over 60 per cent. If such an import growth rate were to continue over the next four

years, the expansion of imports into the 10 leading Asian economies could equal that of the United States and European Union combined. Even more significant is the fact that Asia's economic growth and import increase has largely been generated internally. Unlike the past, it is no longer as dependent on the region's industrial partners, some of which have either been in recession or else have shown only sluggish import demand.

This suggests that one should not focus only on what is happening in industrial countries when considering prospects for external demand. In future, the additional demand generated by exports to Asian and some other developing countries is likely to be more important for each of the US, the EU and Japan than anything achieved by the other members of the triad.

If such impressive gains were the product of recent developments in under 20 countries, it is not hard to imagine the almost limitless possibilities that could materialize were we able to fully integrate into the world trading system the more than 100 economies that are today marginalized.

For this latter group, admittedly, the challenge is more complex than for more advanced developing countries. They face the same problems of market access and inadequate competitiveness as others. But, on top, they are crippled by their extremely narrow production base and limited supply capacity, often remaining dependent on the export of one or two commodities. To assist developing countries, especially the least developed among them, with their effective integration into the world trading system is the role that UNCTAD was called upon to play by the international community earlier this year in South Africa.

In drawing up what was called "a partnership for development" at UNCTAD IX, our 188 Member States provided us with a solid basis for constructive cooperation with the WTO. This cooperation has already started to bear fruit, in Africa and elsewhere. Focusing on those areas of expertise where UNCTAD has traditionally enjoyed a comparative advantage, there is much in our work programme that is directly relevant to, and supportive of, the work of the WTO.

UNCTAD's basic vocation thus remains unaltered: that is, to work towards a trading system which promotes equitable and sustainable development.

It is particularly striking that at a moment when, as the Draft Ministerial Declaration states, there are "unprecedented opportunities" for improved growth, job creation and development, a sentiment of anguish and a fear of the future pervades so much of the world's population. The WTO, the United Nations System and other relevant international organizations must work towards reducing uncertainty and insecurity in a globalizing and liberalizing world economy.

To achieve this goal, the full and equitable integration of developing countries into the world economy and the world trading system is not a part of the problem that afflicts the "anxious classes" worldwide. On the contrary, this integration is an essential part of the solution. It is, indeed, the best prospect in the short term for the generation of sound and credible reasons for hope in the future.