



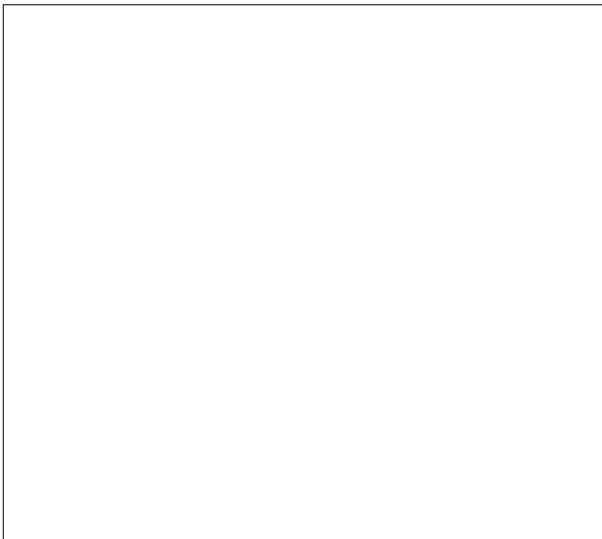
**World leaders salute 50 years of GATT/WTO.** *World leaders joined trade ministers in commemorating the 50th anniversary of the multilateral trading system on 18-19 May. WTO Director-General Renato Ruggiero and Swiss President Flavio Cotti, centre, are flanked by (from left), Prime Minister Daniel Kablan Duncan of Côte d'Ivoire, Crown Prince Sidi Mohammed of Morocco, Prime Minister Kjell Magne Bondevik of Norway, Prime Minister Tony Blair of the United Kingdom, President Fernando Henrique Cardoso of Brazil, Premier Romano Prodi of Italy, President Nelson Mandela of South Africa, President Fidel Castro of Cuba, Prime Minister Janez Drnovšek of Slovenia, Prime Minister Edison C. James of Dominica, and Prime Minister Ivan Kostov of Bulgaria. Below, US President Bill Clinton was the first head of state to speak on 18 May. (Lightmotif-Blatt)*

### **Trade Ministers launch preparations for third Ministerial, standstill agreed on electronic commerce**

**T**he Second WTO Ministerial Conference, held in Geneva on 18 and 20 May, launched a work programme to develop recommendations regarding implementation of existing WTO Agreements and the organization's future negotiating agenda. These recommendations will be submitted to the Third Ministerial, which the Ministers agreed would be held in the United States.

The Ministers also declared that members will con-

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## Preparations

*(Continued from page 1)*

tinue their current practice of not imposing customs duties on electronic transmissions, and established a comprehensive work programme in the WTO on global electronic commerce. The Third Ministerial will review the extension of this declaration as well as consider any recommendations for action arising from the work programme.

The Ministerial Declaration, adopted on 20 May, instructed the General Council to hold a special session in September 1998 to start a process "to ensure full and faithful implementation of existing agreements, and to prepare for the Third Session of the Ministerial Conference".

The General Council will also develop recommendations on "further liberalization sufficiently broad-based to respond to the range of interests and concerns of all Members, within the WTO framework".

In the work programme agreed by the Ministers, the General Council is to develop, among others, recommendations on ensuring that negotiations mandated under existing agreements, such as on agriculture and on trade in services, begin on schedule. It will also discuss possible future work on the subjects agreed for study at the first Ministerial in Singapore: the relationship between trade and investment, the interaction between trade and competition policy, transparency in government procurement, and trade facilitation. Other matters raised by members will also be considered by the General Council.

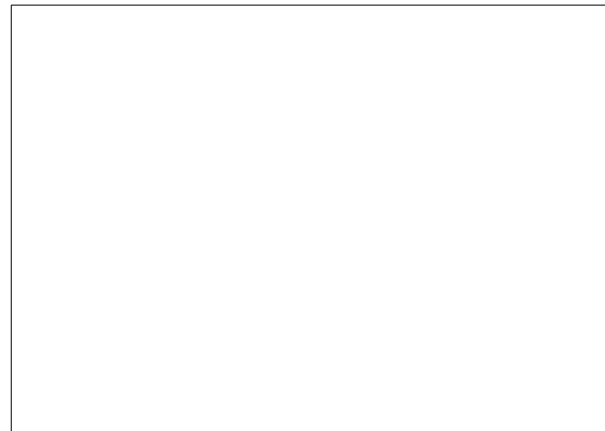
In a separate Declaration, the Ministers instructed the General Council to establish a comprehensive work programme to "examine all trade-related issues relating to global electronic commerce". This work programme will take account of the needs of developing countries and the ongoing work in other international organizations.

### **"A point of transition"**

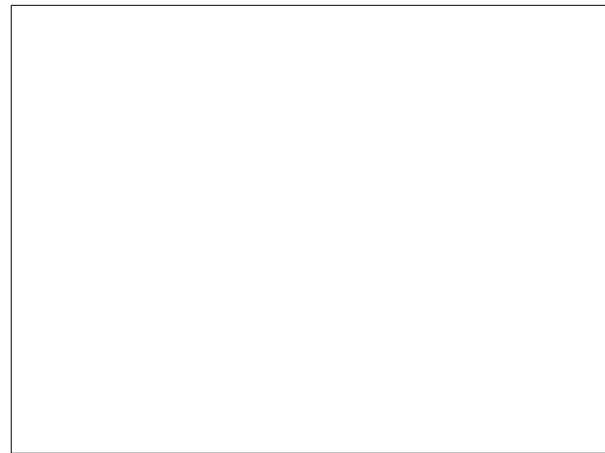
The Chairman, Switzerland's Minister for Public Economy Pascal Couchepin, in opening the Second Ministerial Conference on 18 May noted that the Ministers meet at "a point of transition—after the First Ministerial Meeting in Singapore, but before the negotiations scheduled at the turn-of-the-century and the decisions that will need to be addressed at our next Ministerial". Ministers are thus free of the constraints of negotiating positions and timetables, which "encourages us to remove the blinkers of narrow sectoral or national interests and to focus on the greater good of the trading community".

Mr. Couchepin said the two themes of the Conference—implementation and future activities—are not unrelated for "how successfully we implement our existing commitments and obligations—according to the spirit as well as the letter of our Uruguay Round undertakings—will be the clearest possible signal of the system's capacity for wider and deeper undertakings".

The Chairman reminded Ministers that trade liberalization "is not an end in itself but as an essential means to far more important ends". He said that "behind each line of the 20,000 pages of the WTO Agreements are millions of workers and farmers, entrepreneurs and professionals who want greater health and security for their families, freedom



*The Chairman, Swiss Minister for Public Economy Pascal Couchepin (right), opens the Conference. With him is Director-General Renato Ruggiero. (Photo by Tania Tang/WTO)*



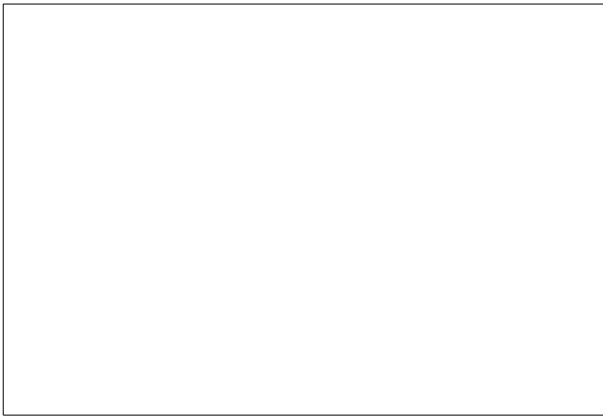
*The Ministers held extensive discussions on implementation and on future activities at the newly-built Council Room adjoining the WTO building. (Photo by Tania Tang/WTO)*

from the shadow of unemployment, and a better future for their children".

The WTO Director-General, Mr. Renato Ruggiero, reported that since the Singapore Ministerial held in December 1996, the WTO has achieved many successes, including the conclusion of agreements on basic telecommunications and on financial services, and the implementation of the information technology agreement. "Their combined value equates to a new Round—the finance and technology Round for the 21st century," he said.

Mr. Ruggiero added that the WTO dispute-settlement system "is functioning well, and increasingly used by a wide range of the membership". As part of continuing dialogue with the wider community, he said that the WTO had organized successful seminars on trade and environment, and on trade facilitation.

The Director-General pointed to the "growing pressure on the multilateral trading system to give answers to issues which are very real public concerns, but whose solution cannot rely on the trading system alone". These issues, he said, include financial instability, development, marginalization, protection of the environment, social conditions, employment, public health and cultural diversity. Mr. Ruggiero said that after the Conference, he would "try to im-



*More than 500 media representatives from all over the world covered the Ministerial. (Lightmotif-Blatt Photos)*

prove information and dialogue with the civil society, taking into account the point of view of all the WTO members, and the rules which you have given to me”.

The Chairman of the General Council, Ambassador John Weekes (Canada), presented the body's report on the work of the WTO since the Singapore Ministerial. He said that “much work has been undertaken and accomplished in the 36 standing bodies of the Organization and the 31 Working Parties created to negotiate the accession of new members”. Ambassador Weekes paid tribute the contribution of the Director-General, who “had played a key role in preparing for this Ministerial Conference, including in particular in the consultations to prepare the Draft Declaration for consideration by Ministers”.

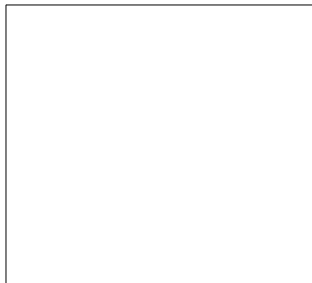
Ambassador Weekes noted that delegations had reached agreement on the text of the Draft Declaration for consideration by Ministers. “This should allow all Members to make full use of the working sessions of the Ministerial Conference to exchange views on the important issues on the WTO agenda,” he said.

### **Working Session on Implementation**

The Ministerial Declaration underlined that “full and faithful implementation of the WTO Agreement and Ministerial Decisions is imperative for the credibility of the multilateral trading system and indispensable for maintaining the momentum for expanding global trade, fostering job-creation and raising living standards in all parts of the world”.

The Ministers agreed that at the Third Ministerial, they would continue the evaluation of the individual WTO agreements, including “the problems encountered in implementation and the consequent impact on the trade and development prospects of Members”.

At the Ministerial Conference's session on implementation, held on 18 and 20 May, many Ministers expressed satisfaction with progress in the implementation of WTO



*General Council Chairman John Weekes presented the reports of the WTO bodies.*

## **Record 131 NGOs at the Geneva Ministerial**

The presence of many non-governmental organizations (NGOs) was one of the positive features of the Ministerial Conference. Some 131 NGOs with a total of 335 representatives coming from all over the world attended the three day event in Geneva.

As in Singapore for the first Ministerial Conference, there was a wide variety of interests represented by the NGOs in Geneva. The comprehensive schedule of meetings and symposia organized by the NGOs during the conference covered issues on environment, development, agriculture, consumer's rights, gender issues, investment and competition, intellectual property and transparency.

In his address to the NGOs on the opening day of the Conference, WTO Director-General Renato Ruggero welcomed the presence of the largest number of NGO representatives ever at a WTO conference and emphasized that improving the dialogue between the broader public and the WTO remains one of the most pressing challenges for multilateral trading system on the verge of a new millennium.

The criticism, voiced by many NGOs, on the issue of transparency of the WTO was echoed by numerous prominent speakers during the 50th year celebrations as one of the key factors in building support for the international trade agenda. □

agreements. The success of the WTO dispute-settlement mechanism was cited in particular, with Ministers noting its active use by members.

Ministers from developing countries called for a more equitable distribution of trade benefits resulting from the Uruguay Round.

Senegal said that it was essential “to ensure that the developing countries enjoyed a large enough share of international trade in order to meet their economic development needs”, adding that that WTO provisions for special and differential treatment for developing countries should be fully respected. Ghana said members should be concerned that the trade performance of African countries “continued to deteriorate”. It emphasized that “an economically viable Africa performing its role in the multilateral trading system would be beneficial to all and would serve to boost global trade”. Uganda said the key issue in implementation was that the agreements “be supportive of developing countries' strategy for national economic development, and in particular the role played by trade”.

A number of delegations expressed concern over the implementation of certain WTO agreements. The ASEAN countries, Bangladesh, Colombia, Costa Rica, India, Kenya, Pakistan, and Peru were among those who called for more commercially meaningful implementation of the Agreement on Textiles and Clothing. Egypt, Mauritius and Tunisia were among those who highlighted the need for full implementation of the Marrakesh Ministerial Decision on net foot-importing countries.

*Follow-up to the High-Level Meeting on LDCs*

## Ruggiero reiterates call for zero tariffs on LDC exports

**D**irector-General Renato Ruggiero, in his report on the WTO High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development held in October 1997, again urged members to consider eliminating trade barriers to LDC exports and suggested that this matter be a priority issue in the preparations for the Third Ministerial. He underlined that LDCs account for only 0.4 per cent of world exports—"a figure which points both to the problem of marginalization of these countries in the world economy and to the insignificance of the competitive threat..."

On the High-Level Meeting, which was an outcome of the Singapore Ministerial, Mr. Ruggiero said that the WTO and the five other agencies involved (IMF, International Trade Centre, UNCTAD, UNDP and the World Bank) along with the LDCs who are the "owners" of the exercise have focused on the design and implementation of integrated programmes of technical assistance launched at the High Level Meeting for Least-Developed Countries (LDCs) in October 1997. He said that so far 39 LDCs are participating in this exercise: Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Ethiopia, the Gambia, Guinea, Guinea Bissau, Haiti, Laos, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Samoa, Sao-Tome and Principe, Solomon Islands, Sudan, Tanzania, Togo, Uganda, Vanuatu and Zambia.

Mr. Ruggiero said that the six agencies involved had agreed to consolidate the coordination process into an Inter-Agency Working Group, comprising staff from each of the agencies, and to establish a small administrative unit in the ITC to handle its activities. While paying tribute to members that have contributed to the increased technical assistance of the WTO, he suggested that these activities should be placed on a more sustainable basis in the regular budget.

The Director-General also informed the Ministers of the Secretariat's efforts to facilitate access by LDCs to WTO databases and information, and of his commitment to the trade ministries of LDCs to provide them with computer equipment for this access. □

Concerns were also expressed about anti-dumping, safeguard and countervailing measures as barriers to developing-country exports. Kenya said that the unwarranted use of sanitary and phytosanitary measures and other technical barriers to trade had resulted in market access problems.

Many Ministers welcomed the outcome and follow-up to the WTO High-Level Meeting for LDCs held in October 1997. Bangladesh said that a major trade problem of LDCs was their dependence on a few export products. It urged more technical assistance to promote export diversification in LDCs as called for in the WTO Action Plan for LDCs.

Many developing countries underscored their efforts to implement the WTO agreements despite various difficulties.

Côte d'Ivoire said that like most members, it was working hard to implement its WTO commitments, including the undertaking of substantial institutional, regulatory and legislative reforms. Thailand said that it remained fully committed to a fair and open trading system in spite of the ongoing economic crisis in the region. Senegal said that its constitution stipulated that WTO rules superseded national agreements in the event of a conflict between the two. Venezuela said that "trade liberalization was a necessary component of economic reform programmes carried out by developing and least-developed countries".

A number of Ministers cited the difficulties their countries have encountered in implementing their WTO commitments. Papua New Guinea said that when it joined the WTO, it had not been aware that there would be such a large number of agreements to understand and comply with. It stressed that "small developing countries simply did not have the institutional capacity to deal with all these agreements".

Ghana said that complex obligations arising from the

Uruguay Round had resulted in additional stress on the already limited resources of African countries. Burkina Faso said that least-developed countries have encountered enormous difficulties in the implementation of the WTO agreements and called for more technical cooperation in this regard. Zambia said that lack of resources and technical capacity had led to it forfeiting certain important rights under the WTO.

Hungary cited the dispute-settlement mechanism as one of the "cornerstones of the WTO", and that its operation had "significantly strengthened the credibility and image of the organization". Regarding the dispute-settlement mechanism, the Philippines said that "the pursuit of a legalistic approach, to the exclusion of other considerations, in resolving implementation was not necessarily the best option especially if it involved developing countries". It called for developed countries to "act with circumspection and due restraint when calling to task developing country members in connection with the performance of their obligations".

New Zealand said that "most members had been taking their implementation responsibilities quite seriously". It suggested that "issues that had emerged as problems during implementation should be identified and addressed in the future work agenda," and not try to "unpick" what had been negotiated in the Uruguay Round.

Several members expressed readiness to provide technical assistance. Japan said that its trade ministry could provide assistance in the implementation of agreements, such as training of intellectual property officials. Hong Kong, China said it was contributing to increased technical assistance in the WTO.

With respect to market access, Norway said that developed countries as well as the more advanced developing



*The Cyber Cafe—showcasing comprehensive information on the WTO Web Site—was a popular stop for delegations. Above, Thai representatives surf the Web. (Photo by Esperanza Sesar Lauraux/WTO)*

countries “should go as far as possible” to accommodate the request by the WTO Director-General for the elimination of all tariffs on least-developed country products. Switzerland announced that it had eliminated duties on industrial and most agricultural imports from LDCs, and that it was contributing SWF 1.5 million towards financing technical cooperation activities in the WTO, particularly for LDCs. Turkey said it had put into effect at the beginning of the year a preferential tariff regime for the LDCs. Canada



*The Conference closed with a reception hosted by the Swiss Government for delegates, NGOs and journalists at Geneva's Musée de l'automobile. (Photo by E. Sesar Lauraux/WTO)*

said it would continue to find ways to improve its already liberal access for LDC exports, with a view to expanding duty-free product coverage and liberalizing rules of origin. The European Communities said that it would be intensifying efforts to provide technical assistance to help members implement their WTO commitments in areas such as intellectual property, customs and technical barriers to trade.

### **Working Session on Future Activities**

The Working Session on Future Activities was held on 20 May, with the discussions focusing on the organization and shape of future negotiations in the WTO.

Some Ministers advocated a comprehensive Round of multilateral trade negotiations that could be launched at the Third Ministerial. The European Communities said that its proposal for a comprehensive new round of negotiations—the “Millennium Round”—had received more support during the Ministerial Conference. It said that in a

### **Leaders look ahead to the Ministerial**

Various country groupings had the upcoming WTO High on their agenda in high-level meetings preceding the Geneva Ministerial Conference.

At the conclusion of their Birmingham Summit on 17 May, the G-8 leaders said that “looking ahead to the WTO’s celebration of the 50th anniversary of the founding of the General Agreement on Tariffs and Trade (GATT), we strongly support the widening of the WTO’s membership, reaffirm our support for efforts to complete existing multilateral commitments, push forward the built-in agenda and tackle new areas in pursuing broad-based multilateral liberalization.”

The VIII Summit Meeting of the Group of Fifteen held in Cairo on 11-13 May said that “trade is an essential element in the economic recovery of East and Southeast Asia. To this end, maintaining liberal and open world markets should be encouraged.” Regarding WTO’s future work, the leaders of 15 developing countries said that “it is imperative that developing countries assume an active role in shaping the future of international economic relations”.

Trade Ministers of members of the Organization of African Unity and the African Economy Community, at a meeting in Harare, Zimbabwe on 8-9 April, said “we bring to the 2nd Session of the WTO Ministerial Conference our heightened concern at the fact that our continent continues to be bypassed with regards to the benefits of the remarkable growth and greater global economic integration of recent years, and hence continues to experience marginalization from the global economy”. They welcomed the holding of the WTO High Level Meeting for LDCs, and called for the effective implementation of its results.

A statement issued by Malaysia’s Trade Minister Dato’ Seri Rafidah Aziz on behalf of APEC trade ministers noted that at their most recent meeting in Vancouver in November 1997, the APEC Ministers said that continued trade and investment liberalization “is part of the solution, complementing resolute actions by the global community and international financial institutions, to overcome the economic crisis which has struck the Asian region.” □

round “the built-in agenda, the Singapore work programme, as well as new items could all be discussed” and prevent certain sectors to be left to one side. Japan said comprehensive negotiations, including industrial tariff cuts, would “facilitate the balancing of the different interests of members and would be most effective in strengthening the multilateral trading system”.

Argentina and Brazil supported a comprehensive approach to negotiations, stressing that they strongly opposed sectoral negotiations. Among those in favour of comprehensive negotiations were Australia; Chile; Hong Kong, China;

*Continued on page 20*

## MINISTERIAL DECLARATION

*Adopted on 20 May 1998*

1. This Second Session of the Ministerial Conference of the WTO is taking place at a particularly significant time for the multilateral trading system, when the fiftieth anniversary of its establishment is being commemorated. On this occasion we pay tribute to the system's important contribution over the past half-century to growth, employment and stability by promoting the liberalization and expansion of trade and providing a framework for the conduct of international trade relations, in accordance with the objectives embodied in the Preambles to the General Agreement on Tariffs and Trade and the World Trade Organization Agreement. We agree, however, that more remains to be done to enable all the world's peoples to share fully and equitably in these achievements.
2. We underline the crucial importance of the multilateral rule-based trading system. We reaffirm the commitments and assessments we made at Singapore, and we note that the work under existing agreements and decisions has resulted in significant new steps forward since we last met. In particular, we welcome the successful conclusion of the negotiations on basic telecommunications and financial services and we take note of the implementation of the Information Technology Agreement. We renew our commitment to achieve progressive liberalization of trade in goods and services.
3. The fiftieth anniversary comes at a time when the economies of a number of WTO Members are experiencing difficulties as a result of disturbances in financial markets. We take this opportunity to underline that keeping all markets open must be a key element in a durable solution to these difficulties. With this in mind, we reject the use of any protectionist measures and agree to work together in the WTO as in the IMF and the World Bank to improve the coherence of international economic policy-making with a view to maximizing the contribution that an open, rule-based trading system can make to fostering stable growth for economies at all levels of development.
4. We recognize the importance of enhancing public understanding of the benefits of the multilateral trading system in order to build support for it and agree to work towards this end. In this context we will consider how to improve the transparency of WTO operations. We shall also continue to improve our efforts towards the objectives of sustained economic growth and sustainable development.
5. We renew our commitment to ensuring that the benefits of the multilateral trading system are extended as widely as possible. We recognize the need for the system to make its own contribution in response to the particular trade interests and development needs of developing-country Members. We welcome the work already underway in the Committee on Trade and Development for reviewing the application of special provisions in the Multilateral Trade Agreements and related Ministerial Decisions in favour of developing country Members, and in particular the least-developed among them. We agree on the need for effective implementation of these special provisions.
6. We remain deeply concerned over the marginalization of least-developed countries and certain small economies, and recognize the urgent need to address this issue which has been compounded by the chronic foreign debt problem facing many of them. In this context we welcome the initiatives taken by the WTO in cooperation with other agencies to implement in an integrated manner the Plan of Action for the least-developed countries which we agreed at Singapore, especially through the High-Level Meeting on Least-Developed Countries held in Geneva in October 1997. We also welcome the report of the Director-General on the follow-up of this initiative, to which we attach great importance. We commit ourselves to continue to improve market access conditions for products exported by the least-developed countries on as broad and liberal a basis as possible. We urge Members to implement the market-access commitments that they have undertaken at the High-Level Meeting.
7. We welcome the WTO Members who have joined since we met in Singapore: Congo, Democratic Republic of Congo, Mongolia, Niger and Panama. We welcome the progress made with 31 applicants currently negotiating their accession and renew our resolution to ensure that the accession processes proceed as rapidly as possible. We recall that accession to the WTO requires full respect of WTO rules and disciplines as well as meaningful market access commitments on the part of acceding candidates.
8. Full and faithful implementation of the WTO Agreement and Ministerial Decisions is imperative for the credibility of the multilateral trading system and indispensable for maintaining the momentum for expanding global trade, fostering job creation and raising standards of living in all parts of the world. When we meet at the Third Session we shall further pursue our evaluation of the implementation of individual agreements and the realization of their objectives. Such evaluation would cover, *inter alia*, the problems encountered in implementation and the consequent impact on the trade and development prospects of Members. We reaffirm our commitment to respect the existing

schedules for reviews, negotiations and other work to which we have already agreed.

9. We recall that the Marrakesh Agreement Establishing the World Trade Organization states that the WTO shall provide the forum for negotiations among its Members concerning their multilateral trade relations in matters dealt with under the agreements in the Annexes to the Agreement, and that it may also provide a forum for further negotiations among its Members concerning their multilateral trade relations, and a framework for the implementation of the results of such negotiations, as may be decided by the Ministerial Conference. In the light of paragraphs 1-8 above, we decide that a process will be established under the direction of the General Council to ensure full and faithful implementation of existing agreements, and to prepare for the Third Session of the Ministerial Conference. This process shall enable the General Council to submit recommendations regarding the WTO's work programme, including further liberalization sufficiently broad-based to respond to the range of interests and concerns of all Members, within the WTO framework, that will enable us to take decisions at the Third Session of the Ministerial Conference. In this regard, the General Council will meet in special session in September 1998 and periodically thereafter to ensure full and timely completion of its work, fully respecting the principle of decision-making by consensus. The General Council's work programme shall encompass the following:

- (a) recommendations concerning:
  - (i) the issues, including those brought forward by Members, relating to implementation of existing agreements and decisions;
  - (ii) the negotiations already mandated at Marrakesh, to ensure that such negotiations begin on schedule;
  - (iii) future work already provided for under other existing agreements and decisions taken at Marrakesh;
- (b) recommendations concerning other possible future work on the basis of the work programme initiated at Singapore;
- (c) recommendations on the follow-up to the High-Level Meeting on Least-Developed Countries;
- (d) recommendations arising from consideration of other matters proposed and agreed to by Members concerning their multilateral trade relations.

10. The General Council will also submit to the Third Session of the Ministerial Conference, on the basis of consensus, recommendations for decision concerning the further organization and management of the work programme arising from the above, including the scope, structure and time-frames, that will ensure that the work programme is begun and concluded expeditiously.

11. The above work programme shall be aimed at achieving overall balance of interests of all Members.

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## DECLARATION ON GLOBAL ELECTRONIC COMMERCE

*Adopted on 20 May 1998*

Ministers,

*Recognizing* that global electronic commerce is growing and creating new opportunities for trade,

*Declare* that:

The General Council shall, by its next meeting in special session, establish a comprehensive work programme to examine all trade-related issues relating to global electronic commerce, including those issues identified by Members. The work programme will involve the relevant World Trade Organization ("WTO") bodies, take into account the economic, financial, and development needs of developing countries, and recognize that work is also being undertaken in other international fora. The General Council should produce a report on the progress of the work programme and any recommendations for action to be submitted at our third session. Without prejudice to the outcome of the work programme or the rights and obligations of Members under the WTO Agreements, we also declare that Members will continue their current practice of not imposing customs duties on electronic transmissions. When reporting to our third session, the General Council will review this declaration, the extension of which will be decided by consensus, taking into account the progress of the work programme.

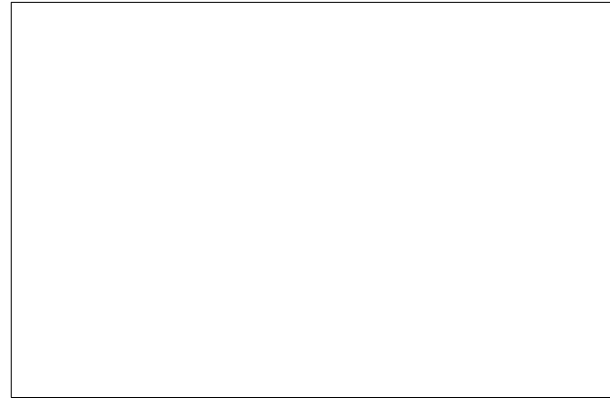
## World leaders commemorate the 50th anniversary of the multilateral trading system

A dozen world leaders joined trade ministers in commemorating the 50th anniversary of the multilateral trading system held on 18-19 May at the Palais des Nations. They paid tribute to GATT's contribution to world economic growth, and gave their respective visions of the trading system's future.

The WTO Director-General, Mr. Renato Ruggiero, told the heads of state that "your presence here sends a powerful and much-needed message of confidence and commitment to the future within a system which truly belongs to us all."

In opening the commemoration, Swiss President Flavio Cotti said that from GATT, the world became aware that "open borders and non-discriminatory trade can be a force for international stability and peace, as well as prosperity". He added that "like our predecessors, whose vision and determination we are commemorating today, we need to look to the future—and to explain this future to the present."

US President Bill Clinton was the first head of state to speak on the evening of 18 May. He was followed on 19 May by Prime Minister Kjell Magne Bondevik of Norway; Prime Minister Ivan Kostov of Bulgaria; President Fidel Castro of Cuba; Mr. Jacques Santer, President of the EC Commission; President Fernando Cardoso of Brazil; President Nelson Mandela of South Africa; Crown Prince Sidi Mohammed of



*The commemoration was held at the Palais des Nations where GATT came into being in 1948. (Lightmotif-Blatt Photo)*

Morocco; Prime Minister Janez Drnovšek of Slovenia; Prime Minister Tony Blair of the United Kingdom; Prime Minister Daniel Kablan Duncan of Côte d'Ivoire; Prime Minister Edison C. James of Dominica; and Premier Romano Prodi of Italy.

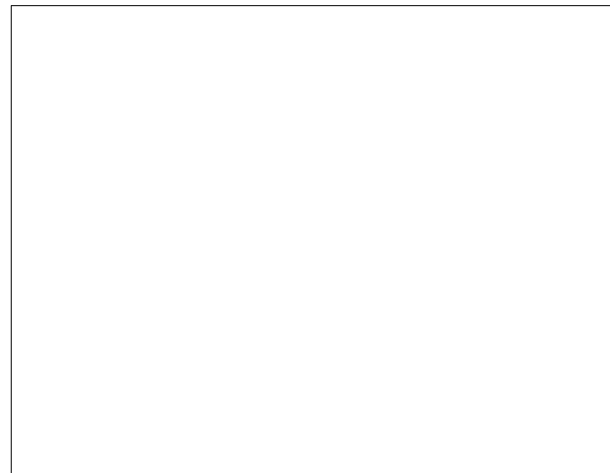
Excerpts from their speeches follow. The full texts and videos are available on the WTO Web Site. □

### President Flavio Cotti of Switzerland

## The WTO at history's crossroads

There is an important reason why leaders from around the world have gathered today to mark this 50th Anniversary of the multilateral trading system. We are not only here to acknowledge the system's most tangible achievements—the dramatic rise in world trade, the widening and deepening of the rules, or our rapid expansion towards a truly global trading system. More importantly, we are here to commemorate the success of three central ideas: the idea that open borders and non-discriminatory trade can be a force for international stability and peace, as well as prosperity. I say "can" because one further condition is always needed, the political will to achieve social justice and overcome conflict in a spirit of tolerance. The idea that the rule of law, rather than the rule of force is the measure of civilized discourse among nations. And lastly, the idea that one's own prosperity and well-being rests fundamentally on the prosperity and well-being of millions of our fellow men and women.

Like the fathers of the multilateral system five decades ago, we find ourselves at one of history's crossroads—on the threshold of a new era and a new international landscape. There is nothing predetermined about the world we are entering into. It is a work in progress, where the change is the only constant. It is not enough to explain that global change is inevitable. We have to explain where these changes should take us. What kind of global system we want. And how we propose to get there. Like our predecessors, whose vision and determination we are commemorating today, we



*Swiss President Flavio Cotti welcomes Prime Minister Kablan Duncan of Côte d'Ivoire as Minister Pascal Couchepin looks on. (Lightmotif-Blatt Photo)*

need to look to the future—and to explain this future to the present. This implies a dialogue marked by confidence at the universal level. I can assure you that Switzerland is ready to play its role in this fundamental and urgent dialogue. Like our predecessors in their time, today we are the sole masters of the future in the new century full of promise that will open up for mankind in 591 days. □



*WTO Director-General Renato Ruggiero*

## The secret of GATT's success

Since its creation, the multilateral system has helped trade expand more than twice as fast as production, and the system itself has expanded along with it. From the GATT's original 23 contracting parties there are now 132 WTO Members, and 31 candidates for membership—an impressive vote of confidence. And all the candidates are developing or transition economies, as are 80 per cent of the Members.

What has been the secret of the system's success?

First of all, by lowering barriers to trade it has also helped to lower barriers between nations and peoples, contributing to the growing interdependence that is such a feature of our present world. It is often called globalization, but this term does less than justice to what is in reality a process of growing inclusiveness, whether of countries, of peoples—or of problems. It has a technological dimension, through the new communications and information technologies which are shrinking time and space. Recent WTO agreements opening up access to these essential elements of the 21st century infrastructure will release enormous energy for future growth. But the new global inclusiveness has above all a human dimension, as people around the world increasingly share similar concerns, aspirations and hopes.

Just as its foundation embodied the hopes of the postwar years, the trading system as it enters its second half-century

will help to channel the turbulent stream of our present global concerns into rules and commitments which reflect our shared responsibility. It will do so because the WTO system is based on principles whose value is timeless and universal; consensus, non-discrimination, the rule of law.

The rules established on these principles are agreed among all the members and ratified by their parliaments. It is thus a profoundly democratic structure, and one which I believe offers a useful example when we consider, as we clearly must, the international architecture we need for the new century.

We are living a period of rapid and profound change. The East-West divide is history; the North-South one is blurring, not least because of the active way in which developing countries have embraced the opportunities that liberalizing trade within the WTO rules brings for growth.

If our challenge in the last fifty years was to manage a divided world, the challenge for the next decades will be to manage a world of ever-deeper integration. People around the world are seeking a new sense of direction, of participation, of optimism. Your presence here sends such a message, a powerful and much-needed message of confidence and commitment to the future within a system which truly belongs to us all. □

*President William J. Clinton of the United States*

## Preparing the WTO for the 21st century

This dynamic, idea-based new global economy offers the possibility of lifting billions of people into a worldwide middle class. Yet it also contains within it the seeds of new disruptions, new instabilities, new inequalities, new threats to the global economy. The challenge of the millennial generation therefore is to create a world trading system attuned to the pace and scope of the new global economy, one that offers opportunity for all our people, and one that meets the profound environmental challenges we share.

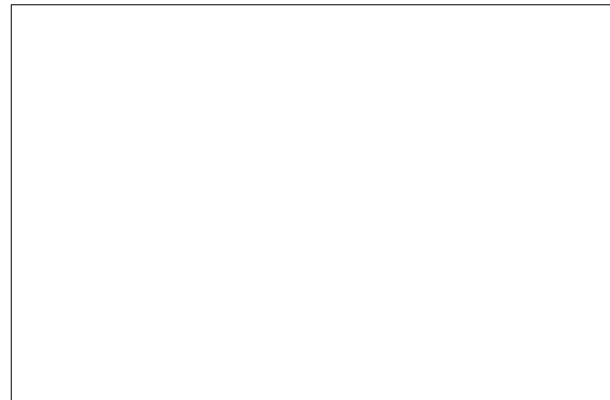
We took the first, vital step when we created the World Trade Organization in 1995—a goal that had eluded our predecessors for nearly half a century. The Uruguay Round that founded the WTO amounted to the biggest tax cut in world history—\$76 billion a year when fully implemented. And in just four years, world trade is up 25 per cent.

Since 1995, we have begun to build the infrastructure for the new economy, with historic Agreements on Information Technology, Telecommunications, and Financial Services affecting trillions in global commerce each year.

Now, we must build on these achievements with a new vision of trade, to build a modern WTO ready for the 21st Century.

**First, we must pursue an ever-more-open global trading system.**

Today, let me state unequivocally that America is committed to open trade among all nations. Economic freedom and open trade have brought unprecedented prosperity in the 20th Century—they will widen the circle of opportunity in the 21st Century. In my own country, one third of the



*President Clinton on his way to deliver his speech with the US First Lady, Mrs. Hillary Rodham Clinton, and Director-General Ruggiero. (Lightmotif-Blatt Photo)*

strong economic growth we have enjoyed these past five years was generated by exports. For every country engaged in trade, open markets dramatically widen the base of possible customers for our goods and services. We must press forward.

**Second, we must recognize that in the new economy, the way we conduct trade affects the lives and livelihoods, the health and the safety of families around the world.**

The WTO was created to lift the lives of ordinary citizens; it should listen to them. I propose the WTO, for the first time, provide a forum where business, labour, environ-

mental and consumer groups can speak out and help guide the further evolution of the WTO. When this body convenes again, I believe that the world's trade ministers should sit down with representatives of the broad public to begin this discussion.

**Third, we must do more to harmonize our goal of increasing trade with our goal of improving the environment and working conditions.**

Enhanced trade can and should enhance—not undercut—the protection of the environment. Indeed, the WTO Agreement in its preamble explicitly adopts sustainable development as an objective of open trade, including a commitment to preserve the environment and to increase the capacity of doing so. Therefore, international trade rules must permit sovereign nations to exercise their right to set protective standards for health, safety and the environment and biodiversity. Nations have a right to pursue those protections — even when they are stronger than international norms. I am asking that a high-level meeting be convened, to bring together trade and environmental ministers, to provide strong direction and new energy to the WTO's environmental efforts in the years to come, as has been suggested by the European Commission.

Likewise, the WTO and the International Labour Organization should commit to work together, to make certain that open trade lifts living conditions, and respects the core labour standards that are essential not only to workers rights, but to human rights everywhere. I ask the two organizations' Secretariats to convene at a high level to discuss these issues.

**Fourth, we must modernize the WTO by opening its doors to the scrutiny and participation of the public.**

The WTO should take every feasible step to bring openness and accountability to its operations.

Today, when one nation challenges the trade practices of another, the proceeding takes place behind closed doors. I propose that all hearings by the WTO be open to the public, and all briefs by the parties be made publicly available. To achieve this end, we must change the rules of this organization. But each of us can do our part—now. The United States today formally offers to open up every panel that we are a party to—and I challenge every other nation to join us in making this happen.

Today, there is no mechanism for private citizens to provide input in these trade disputes. I propose that the WTO provide the opportunity for stakeholders to convey their views, such as the ability to file amicus briefs', to help inform the panels in their deliberations.

Today, the public must wait weeks to read the reports of these panels. I propose that the decisions of these trade panels be made available to the public as soon as they are issued.

**Fifth, we must have a trading system that taps the full potential of the Information Age.**

Today, there are no customs duties on telephone calls, fax messages, e-mail, or computer data links when they cross the border. We have spent 50 years tearing down barriers to trade in goods and services. Now, let's agree that when it comes to electronic commerce, we will never erect these barriers in the first place.

I ask the nations of the world to join the United States in a standstill on any tariffs to electronic transmissions sent across borders. We cannot allow discriminatory barriers to stunt the development of the most promising new economic

opportunity in decades.

**Sixth, a trading system for the 21st Century must be comprised of governments that are open, honest, and fair in their practices.**

With its insistence on rules that are fair and open, the WTO plays a powerful role toward open and accountable government—but the WTO has not done enough. By next year, all Members of the WTO should agree that government purchases should be made through open and fair bidding. This single reform could open up \$3 trillion of business to competition around the world. And I ask every nation in the world to adopt the anti-bribery convention developed by the OECD. Both these steps would promote investor confidence and stability.

**Finally, we must develop an open global trading system that moves as fast as the marketplace.**

We should explore what new type of trade negotiating round is best suited to the new economy. We should explore whether there is a way to tear down barriers without waiting for every issue in every sector to be resolved before any issue in any sector is resolved. We should do this in a way that is fair and balanced, that takes into account the needs of nations large and small, rich and poor. But I am confident we can go about the task of negotiating trade agreements in a way that is faster and better than today.

Agriculture, for example, is at the heart of America's economy and many of yours—and tearing down barriers to global trade is critical to meet the food needs of a growing world population. Starting next year, we should aggressively begin negotiations to reduce tariffs, subsidies, and other distortions that restrict productivity in agriculture. We must develop rules, rooted in science that will encourage the full fruits of biotechnology. And I propose that even before negotiations near conclusion, WTO Members should pledge to continue making annual tariff and subsidy reductions—ensuring that there is no pause in reform.

We must recognize that the fastest growing industry in the world is services—and the one least disciplined by WTO rules. So when services negotiations are launched, I believe it is essential that we engage in wide-ranging discussions to ensure openness for dynamic service sectors, such as express delivery, environmental, energy, audio-visual, and professional services.

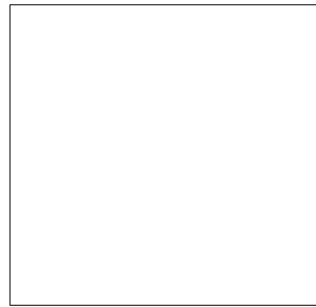
A trading system that honours our values. A WTO that is open and accountable. A trading system in sync with the Information Age. A commitment to combating corruption. A new approach to trade talks. To move forward with this agenda—I am inviting the Trade Ministers of the world to hold their next meeting in the United States in 1999.

Think about the opportunity that has been presented to us; the chance to create a new international economy...in which open markets and open economies spark undreamed of innovation and prosperity...in which the skills of ordinary citizens power the prosperity of nations...in which the global economy honours those same values that guide families in raising children and nations in developing good citizens...in which poor people find opportunity, dignity and a decent life and contribute to prosperity... n which increasing interdependence among nations enhances peace and security for all. This will be the world of the 21st Century—if we have the wisdom and determination, the courage and clarity, of our forbears a half century ago. □

*Prime Minister Kjell Magne Bondevik of Norway*

## Building consensus on globalization issues

Looking back, I believe it is fair to say that the provisions and principles of the GATT—and later of the WTO—have made a decisive contribution to the progress large parts of the world have witnessed during the latter part of this century. I am not speaking of economic growth alone, but just as much of the social achievements, employment and political stability which prosperity generates. These are fundamental values. The multilateral trading system of today thus constitutes an important part of a global framework that fosters stability and peaceful relations.



*Prime Minister Bondevik  
(Lightmotif-Blatt Photo)*

As we approach universal WTO-Membership it is increasingly difficult, and important, to find a balance of Members' interests. In particular I am concerned about the current situation of the least-developed countries. Together these 48 countries account for a mere 0.4 per cent of world trade. Half of them are not members of WTO. Their exportable products often meet market access barriers. This marginalization of the poorest countries must be countered. Trade-related technical assistance programmes should be further developed and international coordination of such activities should be improved. Market access should be

widened. WTO's ability to bring the benefits of increased trade to all the peoples of the world will be a fundamental criterion for future assessment of its success.

Globalization has become a frequently used expression. The process of globalization is transforming our world and economic structures in an unprecedented manner and speed. It is a revolutionary process. For some this is seen as a positive development, creating closer ties and interdependence between countries and peoples around the globe. Others have a different and more skeptical perception of the globalization: They question the effects of trade and investment liberalization and free capital flows. They fear that our democratic institutions are losing control of the international economic forces and that environmental and social costs will be high. These are legitimate concerns related to fundamental issues regarding the well being of mankind. If globalization cannot answer these concerns, many people will not see it as a positive development.

On this background my Government has decided to organize in Norway early next year, an international symposium on the effects of globalization.

Although increased regional cooperation continues to be a necessary and welcome development in addressing common problems between countries, the global character of some of our most pressing challenges must be met through improved and expanded multilateral cooperation. Representing a small country, with a high degree of dependence on international trade and investment, I cannot over-emphasize this. □

*Prime Minister Ivan Kostov of Bulgaria*

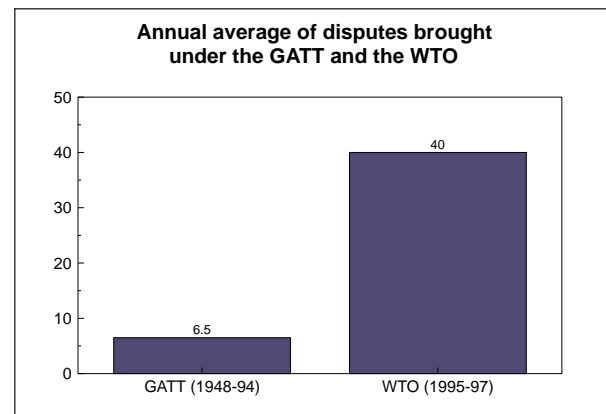
## The rule of law in trade relations

As a small and highly trade-dependent nation, Bulgaria particularly values the achievements of the multilateral trading system. For us, liberal trade means greater access to world markets, higher level of employment and a better standard of living. This is why it is important for us to be part of the international trading system.

For us, our WTO membership means more than only sharing in the benefits of the liberalization of world trade. It is also a commitment undertaken to abide by general rules. Bulgaria was the first country in transition to join the WTO after its establishment. It was an irreversible commitment to the values of liberal trade that we embraced. On the part of the international community Bulgaria's accession was an act of recognition of our efforts in the field of economic reform.

The most significant step in the 50-year history of the multilateral trading system is undoubtedly its institutionalization through the establishment of the WTO, and the strengthening of its dispute settlement mechanism. As a small country Bulgaria is particularly interested in the enhancement of the rules of the world trading system and in perfecting the mechanisms of dispute settlement.

We are supportive of the constant efforts to develop and expand the system and its ability to adapt with a view to



facing new challenges, while respecting the delicate balance between the interests of its numerous participants.

Bulgaria is interested to participate for the first time on equal footing in a future comprehensive round of multilateral trade negotiations. The rule of law in international relations is of special interest to the small participants. In order to ensure the continued success of the system and its credibility in the future, it is essential to preserve and further

enhance its dynamism and to ensure that all trading partners can benefit from it.

Another important task for the future of the WTO is its expansion through the accession of new members in order to become a truly global and universal organization. Many of the countries now acceding to the WTO are important

trading partners for Bulgaria and therefore for us it is essential that these countries be brought as soon as possible within the system. With the countries which have been traditional trading partners of Bulgaria we will seek to further develop our trade relations and expand the access of goods and services to their markets. □

*President Fidel Castro Ruz of Cuba*

## The struggle for a more just and better world

An amazing and shrewd manoeuvre had allowed the United States to leave the dock at the WTO and undertake to laying down new rules in international law within the framework of the OECD in an attempt to retroactively insert in the Multilateral Agreement on Investments the supposed illegality of the nationalizations conducted in the late 1950s—a date exactly coinciding with the triumph of the Revolution in Cuba—a principle that can also be applied to nationalizations carried out in other countries after 1959, the intention being to internationalize the principles of the infamous Helms-Burton Act under the umbrella of a multilateral agreement. That Act, which has not been amended at all, has arbitrarily turned people who were Cuban citizens at the time of the expropriations into expropriated Americans.

Actually, the extraterritorial principle of the blockade had been in force long before that shameful Act came into existence. The United States Administration prevents every American company, whatever the country where it is based, from trading with Cuba. That constitutes a violation of sovereignty and is extraterritorial by nature. There are plenty of reasons for the world to feel humiliated and be concerned, and the WTO should be capable of preventing an economic genocide. Disputes between the United States and the European Union about this law should not be settled at the expense of Cuba.

In the last few years, the United States has approved over 40 laws and executive decisions to apply unilateral economic sanctions against 75 nations representing 42 per cent of the world population.

The United States obtained practically everything it wanted with the agreements leading to the establishment of the WTO, and particularly the General Agreement on Services, an old dream. The same applies to the Agreement on Trade-Related Aspects of Intellectual Property Rights, a field where it holds a privileged control thanks to its technological development and systematic plundering of the best minds in the world.

New themes introduced in the WTO's agenda by the wealthy countries are threatening with a reduction of the developing countries' competitive possibilities, that in the midst of already difficult conditions fraught with inequalities, which will certainly be used as pretexts for non-tariff barriers or to prevent their commodities from acceding to the markets.

The Third World countries have been losing everything: custom tariffs that protected their emerging industries and produced revenues; agreements on basic commodities; producers associations; price indexation; preferential treatment; any instrument protecting their exports value and contrib-



*President Castro stresses a point in a discussion with President Mandela after the commemoration event. (Lightmotif-Blatt Photo)*

uting to their development. What are we offered?

Why isn't the unfair and unbalanced trade mentioned? Why is the unbearable weight of the external debt no longer discussed? Why is the official Development Aid being reduced? If every developed country did like Norway, the Third World would annually have US\$200 billion for its development. Norway should be imitated!

How are we supposed to make a living? What goods and services shall we export? Which industrial productions will be left to us? Only those with a technology gap and a high input of human labour, and the highly pollutants? Might this be an attempt to turn a large part of the Third World into an immense free zone full of assembly plants that do not even pay taxes?

Those of us who were colonies yesterday and are still today enduring the consequences of backwardness, poverty and underdevelopment, we are the majority in this organization. Every one of us has the right to a vote and no one has the right to veto. We should turn this organization into an instrument of the struggle for a more just and better world. We should also count on those responsible statesmen, sensitive to our realities, who can undoubtedly be found in many developed countries.

Despite so much euphoria no can be sure how long the US economy system, ruled by the blind laws of the market economy, will be able to prevent a financial meltdown. There are no economic miracles. That is clear now. The absurdly inflated stock prices in the stock exchange market

of that economy—unquestionable the strongest in the world—cannot be sustained. In similar situations history is not known to have made exceptions. The problem is that now a big crisis would go global and have unforeseeable consequences. Not even the adversaries of the prevailing

system could wish that to happen.

It would be worthwhile for the WTO to assess these risks and include among the so-called “new themes” another one: “Global Economic Crisis. What to do?” □

*Jacques Santer, President of the Commission of the European Communities*

## Towards a “Millennium Round”

**O**n the strictly commercial front, it is a recognized fact that the creation of the single market has also contributed to opening up the European market to imports from third countries. In other words, Europe of the Fifteen is a successful example of integration in GATT terms. It is an integration which, far from introducing new barriers between its integrated space and the rest of the world, is paving the way to greater liberalization of world trade.

The trade relations of the Community with third countries take account of the pre-eminence to the multilateral system. Our main objective is multilateral action and the WTO must remain the principal driving force behind global liberalization.

### *Strengthening of the democratic legitimacy of the international trading system*

Formerly known mainly by governments, administrations and academic circles, the work of the WTO is arousing growing interest in the business community and in many non-governmental organizations. This is good, because the decisions taken in Geneva will have a direct impact on the lives of citizens in a world that is becoming less and less fragmented.

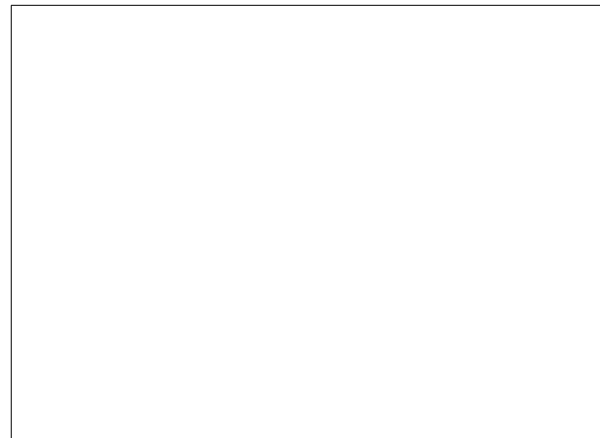
However, to be fully understood and accepted, the global integration movement must be better grasped by wider circles of public opinion. The WTO cannot allow itself to be branded with the image of an anti-democratic organization which disregards cultural diversity, has no respect for the environment or labour standards, and which acts against the interests of a large majority of citizens, in particular the most disadvantaged.

We know that this is not true. But, perhaps the technicians of the GATT and the WTO have not taken enough time to explain their activities and convince the public.

I therefore think it is urgent not only to increase the transparency of the work carried out by the WTO, but also to engage in a genuine dialogue with all the representatives of civil society. This, in our view, is a task which we must address without fail.

### *Deepening of trade liberalization*

I now turn to the important subject of a new round of multilateral negotiations which we could call the “Millennium Round”. It is our view that the best way of advancing multilateral liberalization is to start a new round. Indeed, experience has shown that a global approach offers more promising prospects than a regional or sectoral approach. The European Community is therefore encouraging each of us to prepare actively for these new negotiations, whose objectives should be sufficiently diversified to arouse maximum interest.



*Mr. Santer, in calling for a new round, said that “experience has shown that a global approach offers more promising prospects than a regional or sectoral approach.” (Lightmotif-Blatt)*

I encourage WTO Members to embrace this approach. I know, and we all know, that there are other approaches. We are not being dogmatic. The European Community also has its list of priority issues to be given special attention in the course of brief negotiations yielding the best possible results. But is this really feasible, bearing in mind the different concerns we each have?

During the new round of negotiations, the Community would like to address, *inter alia*, the work programme, trade and the environment, the subjects identified in Singapore, industrial tariffs and non-tariff barriers. I would also like to highlight the importance the Community attaches to the Singapore Declaration relating to core labour standards. There must be closer cooperation with the International Labour Organization, and we should seek to cooperate with the World Health Organization as well. These links are necessary to ensure that all aspects of a particular issue are thoroughly studied and that the decisions taken by the WTO take other concerns into account.

These, briefly, are just a few issues to which we should give serious consideration. In conclusion, I would like to say that the WTO is an essential instrument for economic stability and peace among nations. At a time when the pressure of financial crisis in Asia on the world economy is a source of concern, the WTO must fully assume its role. More than ever, WTO Members must reaffirm their opposition to protectionist measures and commit themselves to keeping markets open and to pursuing a process of multilateral liberalization.

The success of the GATT, its capacity for reform and adaptation over the past 50 years, and its march towards universality, provide strong grounds for optimism. □

## Trade rules should correct disparities in development

I am very pleased to participate in the commemoration of the 50th Anniversary of GATT and of the entering into force of the multilateral trading system. Like many other friendly nations represented here, Brazil contributed to the establishment of this system and has been actively involved in all stages of its development.

Brazil is concerned at the application of trade legislation whose compatibility with WTO Agreements is doubtful. Countervailing duties or anti-dumping measures are often perversely used for protecting obsolete industries. In developed countries it is not uncommon to discover that, under the guise of trade defence measures, an efficient governmental bureaucracy has more than compensated for the deficiency in competitiveness of certain sectors.

We are equally concerned about attempts to raise barriers to the access of our products under the pretext of assuring better environmental protection. Today Brazilian society displays keen environmental awareness, to which the Government has responded by adopting wide-range policies. We have been actively participating in the WTO Committee on Trade and Environment and engaging in debates in an open and constructive manner.

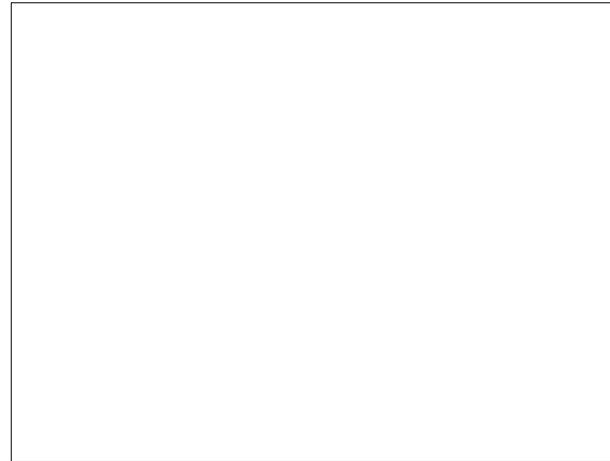
With regard to the issue of a relationship between trade and labour standards, it would seem to us unjust and senseless, given the very philosophy that inspires GATT, to seek guarantees for the improvement of working conditions through punitive trade measures whose only consequence would be to aggravate the social question. The multilateral treatment of the issue was, in any case, settled in 1996 by a decision adopted at Ministerial level in Singapore.

The social question, which is so complex and urgent and which affects practically all countries, represents a fundamental challenge for international cooperation and demands increased and direct action in the appropriate fora.

In world agricultural trade, Brazil and many other countries continue to witness with perplexity the operation of the greatest protectionist and subsidizing apparatus ever put together for the preservation of the interests of one sector. More than US\$160 billion continues to be spent each year by developed countries so as to prevent their agriculture from being exposed to competition rules. And, what is more, so as also to preclude the application of those rules in third markets. Last April, in Sydney, the Cairns Group reaffirmed what it had agreed to in Rio de Janeiro in 1997, and recalled the need that the next agriculture negotiations integrate agriculture into the rules of the multilateral trading system.

We are disturbed at the continuing use of slogans and concepts of doubtful anthropological or environmental soundness to try to justify why fair competition between partners for the benefit of consumers and taxpayers cannot apply to the agricultural sector, as it does to others. I believe this is neither justifiable nor fair. The persistence of protectionism of export subsidies to agricultural trade is not just the greatest anomaly still to be corrected but also the most unfair to developing countries which are competitive in this sector.

Having been strengthened by the Uruguay Round, the system should guard against any attempts at vitiating the true



*Evident rapport between President Cardoso and Prime Minister Blair. (Lightmotif-Blatt Photo)*

spirit of multilateralism.

Sectoral negotiations—quickly concluded among some Members in order to be extended to others—do not contradict the most-favoured-nation clause. They nevertheless deviate from the principle contained in the Preamble of the Marrakesh Agreement that establishes this Organization and which seeks to ensure that “developing countries [...] secure a share in the growth in international trade”. Although such accords may concern dynamic sectors, separate negotiations become a means of shielding from competition certain obsolete segments, which, as agriculture itself, remain artificially protected and become marginalized from the central thrust of the negotiating process.

This Organization has before it an agenda which stems from previously settled agreements and understandings and which establishes a programme for negotiations in certain specific areas. Brazil would not shirk from examining the expansion of this agenda (in what is already being called the “Millennium Round”), as long as such expansion does not interfere with the negotiating process already defined for agriculture, nor is intended to incorporate only specific sectors of interest to some countries.

In any case, this exercise should not take place before the commitments undertaken in the Uruguay Round are implemented, so as not to upset the balance of the concessions agreed to at that time.

Reflecting the intense transformations of the contemporary world, the system—that is, today, the WTO—has acquired a universal vocation and wider responsibilities. Its main challenge now is to contribute, through a set of equitable trade rules, towards correcting the disparities in development and in welfare that continue to afflict the world we live in.

We must think big and understand that trade is a fundamental tool for our countries to attain the greater objectives of peace, development and social justice. The liberalization we seek only makes sense if it moves us closer to these goals, and will only reach its fullest justification if it contributes to overcome inequalities both between and within nations. □

## Development through trade

In commemorating the 50th Anniversary of the GATT, South Africa chooses to look forward rather than deal with the imperfections of the past.

But in seeking to build a better future we ignore the lessons of the past at our peril.

Though international trade and investment have always been an integral part of the world economy, the extent to which all parties have benefited has depended on the circumstances in which they have taken place.

The current process of globalization is no exception.

The extent to which all countries benefit will depend on how we, the Member States act in concert to shape the processes.

The WTO came into existence precisely as a response to the need for a more effective regulatory, supervisory and enforcement environment for world trade and investment than the GATT could then provide.

But now we can see that the success of the system agreed to in Marrakesh in 1994 will depend on the wisdom with which it is implemented and taken forward.

In making a complex point it is natural to fall back on one's own experience, and I hope you will permit me to do so.

South Africans fought a horrifying abuse of power and were determined that it should never happen again.

We therefore elected to be governed by a constitution—in effect a rules based system—that must protect all in equal measure.

But we could not forget that the injustice and discrimination that we fought against has had deep-seated structural effects.

If our constitution was blind to the reality of inequality and historical imbalances that prevent equal access to opportunity; then it would become a source of both actual and perceived injustice.

Rules must be applied without fear or favour, but if they contain prescriptions that cannot be complied with by all, or if the results benefit too few, then injustice will emerge.

Then it is prudent to remember that no amount of rules or their enforcement will defeat those who struggle with justice on their side.

That too is part of our experience and the experience of people everywhere.

Where there are manifest inequalities when the rules are introduced then special and thoughtful measures have to be applied.

This care at the beginning will promote the conditions that will sustain and nurture a rules-based system.

We must be frank in our assessment of the outcome of the Uruguay Round.

The developing countries were not able to ensure that the rules accommodated their realities.

For understandable reasons it was mainly the preoccupations and problems of the advanced industrial economies that shaped the agreement.

The sections dealing with the developing countries and the least-developed countries were not adequately thought through.

Nor have they been fully implemented.

We already have the elements of an answer to the problem: in the mechanism of an extension of time for developing countries to comply; and in recent improvements in the capacity of the WTO to give technical assistance in cooperation with other multilateral agencies.

But this is not yet the full answer.

What exactly can be done ?

We must start by a reaffirmation that the building of a multilateral rules-based system is fundamentally correct.

Powerful economies must stop applying unilateral measures and the developing countries must negotiate their specific needs within this framework.

Free market access for the LDCs should no longer be the issue debated. It is rather the practical effects of implementing this that need to be incorporated into the multilateral system.

If the WTO is used to defend the current patterns of production it will fail.

Many developing countries have a clear comparative advantage in agriculture and textiles.

New competitive advantages in manufactured products are being developed.

These advantages will be the basis for development.

The WTO must be able to facilitate these changes in world production and not be used as a means to revert to protection.

The pace of events is rapid and reality requires us to address the so-called new issues, particularly as new pressing matters will emerge and are emerging.

It would be unwise to ignore the increased frustration of ordinary people, or to confuse patience which is exercised in order to ensure an advance, with reluctance to comply.

These are complex matters, and in dealing with such matters there are no easy solutions.

But where there is a determination to find joint, negotiated solutions then there is a way.

South Africa is prepared to play its part in helping develop a positive and detailed agenda for the next Ministerial Meeting so that the challenge of eradicating and defeating underdevelopment is fully addressed.

We believe that cooperation with the WTO, UNCTAD, ILO, UNDP, the World Bank and the IMF is essential.

Fifty years ago, when the founders of the GATT evoked the link between trade, growth and a better life, few could have foreseen such poverty, homelessness and unemployment as the world now knows.

Few would have imagined that the exploitation of the world's abundant resources and a prodigious growth in world trade would have seen the gap between rich and poor widening.

And few could have anticipated the burden of debt on many poor nations.

As we celebrate what has been achieved in shaping the world trading system, let us resolve to leave no stone unturned in working together to ensure that our shared principles are everywhere translated into reality.

As we enter the new millennium, let us forge a partnership for development through trade and investment. □

*Crown Prince Sidi Mohammed of Morocco*

## Tackling imbalances in the global economy

It was four years ago in Marrakesh that the multilateral trading system, whose jubilee we are celebrating today, reached its culminating point with the birth of the World Trade Organization, the WTO. For all of us, this was a very special moment, and for the world as a whole it marked a decisive step in the as yet unfinished construction of a community of nations desirous of ensuring that law prevails over power alone.

*Crown Prince Mohammed  
(Lightmotif-Blatt Photo)*

As we are all well aware, this system is not just the legal and diplomatic construction of another essential pillar of the global economy. First and foremost, it is the reflection of a changing world that is about to enter the next millennium with global trade approaching the unreal figure of US\$10,000 billion or nearly one quarter of the global gross domestic product. A world in which the ever faster pace of innovation in information technology will eventually make the global village, that of mankind, trade and knowledge, an irreversible reality.

Does this allow us to say that all is now well? Certainly not! Extreme wealth and extreme poverty exist side by side and still watch each other every day through television screens in a world in which image and information know no frontiers. We must therefore take the full measure of this reality and these continuing imbalances, for although the growing integration of the global economy overall has been the engine of mutual enrichment, nevertheless a large sector of the population is still excluded from the benefits of this new-found prosperity and the progress achieved. Since the beginning of the 1990s developing countries have undoubtedly seen their growth accelerate, but overall the imbalances persist and are getting worse. The per capita gross domestic product in the G8 countries today is still 40 times greater than the average in the poorest countries of the planet.

We must acknowledge that the global project which the pioneers of our system wished to put into place continues to be jeopardized by the plight of these hundreds of millions of people who will not indefinitely accept permanent exclusion from the great current of prosperity and progress sweeping onwards in the developed part of our world.

It is true that growth and development cannot be decreed. But it is also true that marginalization and underdevelopment are not inevitable either.

His Majesty King Hassan II, my august father, appropriately emphasized this in his closing speech to the Ministerial Conference in Marrakesh, when he proposed the establishment of a group to study the new mechanisms of economic and trade globalization in an effort to achieve the more equitable integration of the countries of the South. We must all take the initiative once again towards this end.

These recommendations made by His Majesty King Hassan II four years ago were premonitory when one considers what has just happened in certain Asian countries.

It is 11 years to the day since the Kingdom of Morocco acceded to the GATT: it was on 18 May 1987, as a logical and consistent further step in the 30 years of work of patiently building a modern Moroccan economy based from the outset on free enterprise, respect for private property, the prevalence of the rule of law and priority for regional integration.

The current debate within the WTO on how to deal with the Marrakesh and Singapore agenda, on broadening the agenda and on the methodology of future negotiations should not hide our strategic objectives. In this respect, anything that could help to achieve an unequivocal solution to the imbalances and difficulties to which I have referred should be included in an open-ended and innovative agenda.

With this objective in mind, Morocco, on the basis of the achievements and lessons drawn from the Uruguay Round negotiations, is more than ever determined to play its role in the promising implementation of the WTO's future programme of action, and to continue resolutely to assume its responsibilities. □

*Prime Minister Janez Drnovšek of Slovenia*

## Binding nations without politics

As a relative newcomer to the system, as a country that acceded to the GATT in 1994, and as the last contracting party to sign on to the Agreement, my Government and myself fully understand the contribution of the GATT and now of the WTO to the remarkable worldwide growth in trade, employment and social progress. Therefore, here, at this singularly important commemoration, I wish to pay tribute to the GATT's founders and the enormous potential that they have unleashed.

The wealth of experience with the implementation of the GATT in the past five decades and its development and the collective wisdom of governments and traders is teaching us that trade and international economic ties promote and

reinforce stability and peace, and that the only conflict worth pursuing is competition in an open market. The greatest achievement, to my mind, of the GATT, apart from its success as an economic experiment, is the binding of nations and peoples together on a non-political basis. Through the GATT and the World Trade Organization, Slovenia, a country that heavily depends on trade, has learned the benefits of such binding through regional integration and economic cooperation, in particular, within the Central European Free Trade Agreement, through the European Free Trade Association and most recently, through the processes of integration with the European Communities. My country sees regional trade agreements as a stage in the



gradual reduction and elimination of trade barriers and therefore as the road to the ultimate goal of the GATT, as it was envisioned by its founders and is still championed today, that is, the disappearance of tariffs and quotas and other limitations to economic growth, greater employment and sustainable development.

Accession to the GATT was a major stepping-stone in Slovenia's economic history. It allowed my country to assert its economic independence and gain full citizenship among trading nations. It proved its viability as a young, vibrant and forward-looking economy. Slovenia is firm in its belief that all nations, large and small, and particularly developing nations and countries in transition, should be able to fully benefit from the multilateral trading system. No country should be barred from accession to the WTO. Even more, all of us should help those that are pursuing Membership. However, there should be no reason to compromise the established trade rules. The practice of contribution by new countries of meaningful market access concessions should be

maintained, and nothing in future negotiations should be used as an excuse to rollback or revise the commitments and agreements already achieved.

As we celebrate this remarkable milestone today, it is necessary to take account of the recent developments in international trade and to call on our Ministers to adopt objectives and guidelines for the future work in the World Trade Organization in clear and operational language, and to consider issues and future directions and through their recommendations to reaffirm the belief in the central role of the multilateral rule-based system, reaffirm the World Trade Organization as the primary forum for broad-based trade liberalization.

The compelling ideas of the GATT, brought into the World Trade Organization, based on equal opportunity and open markets, clear rules and coherent domestic and international economic policy-making, and others, are worth pursuing and developing against the same odds that GATT had faced. We believe that we will succeed. □

*Prime Minister Tony Blair of the United Kingdom*

## Spreading the benefits of globalization

**T**he world is opening up with freer travel, common mass media, open communication systems. Free trade is a vital part of this movement. The emergence of Mercosur, NAFTA, ASEAN and of course the EU shows how strongly the tide is turning in favour of free trade.

So the question now is not so much whether there should be free trade, but how best to manage what I believe is an irreversible and irresistible trend so that all countries and all peoples can benefit. That is the millennium challenge—for us and for the WTO.

I believe that there are five key tasks:

First we must spread the benefits, of globalization.

The G8 Summit this weekend underlined the need to help developing countries integrate into the global economy and thereby benefit from the opportunities of globalization.

I am pleased to announce that the UK is setting aside \$10 million for technical assistance for these countries to help prepare for liberalization over this year and next. The Least-Developed Countries in particular need special attention. We must all commit to zero tariffs for their exports.

Second, we must keep markets open and fair.

It is hard to conceive of a return to the full-blown protectionism and strangulation of trade which disfigured the 1930s. That lesson has surely been learned.

But subtle forms of protectionism remain and pressures rise in a crisis. We must ensure that the current financial difficulties in Asia do not lead to a retreat into protectionism.

Third, we need to extend trade liberalization.

I know that implementing the Uruguay Round has not been easy, particularly for developing countries. But it is vital for us all to live up to our commitments.

We must also press onwards. The negotiations on agriculture and services, starting in the year 2000, will require great efforts. But the potential gains are huge. Existing levels of agricultural support are expensive and inefficient. I do not believe they serve the needs of the environment or wider rural community. We need to prepare for these negotiations now, by taking a comprehensive approach and injecting a sense of

urgency, if we are to bring them to a successful and early conclusion.

But fourth, as we look to expand world trade, we must also ensure that this is not done at any cost. I believe protecting the world's environment is perhaps the major challenge we face as we head towards the next century. Governments need to consider the environmental impact of everything they do, including in the trade sphere. Trade rules should not be used to impose unfair standards on developing countries, nor to discriminate against their exports. I believe that by building new partnerships increased economic prosperity and trade can go hand-in-hand with environmental protection.

At the same time, we must work, in the ILO and elsewhere, for the world-wide observance of core-labour standards for all workers. Again, not as a barrier to trade, or a block on exports from developing countries. But because all workers deserve decent conditions in their workplace, wherever they live. We must also avoid the exploitation of children.

Finally, we must maximize the benefits of the electronic age and the borderless economy.

The GATT, and now the WTO have a proud record of achievement. I have set out the tasks ahead. But to carry them through, we need popular, public support for the work of the WTO.

We must send this clear message:

- » That protectionism does **not** bring prosperity;
- » that 50 years of trade liberalization have generated unprecedented growth; the global economy and electronic revolution can help to spread prosperity more widely;
- » that we, the members of the WTO, will settle our differences on the basis of rules, not of power; oppose damaging discrimination; and respect agreements reached freely by consensus;
- » that we will work for the further expansion of world trade in a responsible way, sensitive to the needs of all, so as to raise living standards, combat poverty, promote sustain-

able development and protection of the environment and contribute to international security;  
 » and, above all that more open markets and more trade mean growth and new jobs for the benefit of all our people.

*Prime Minister Daniel Kablan Duncan of Côte d'Ivoire*

## Assisting Africa through trade

As a GATT contracting party since 1963, Côte d'Ivoire, whose economy since the earliest days of independence has been resolutely outward-looking, in accordance with its choice of a liberal economic policy, has progressively abandoned non-tariff barriers to trade in favour of more transparent customs duties.

Thus, today, Côte d'Ivoire has greatly liberalized both its foreign and domestic trade.

It was therefore with total confidence that it took part in the historic meeting in Marrakesh in April 1994, which saw the signing of the Final Act of the longest round of negotiations in the history of the GATT.

It is estimated that the Uruguay Round Agreements could lead to an increase in global income of approximately US\$500 thousand million by the year 2005. This is the benefit which all the WTO Member countries hope to achieve if the Agreements are fully implemented. However, there is a risk that this distribution of resources may not be universally beneficial, judging by the performance of the developing countries' economies. Indeed, as far as Africa is concerned, its share in the global economy has declined steadily, from 5 per cent in 1985 to roughly 2 per cent in 1996, even though the African countries have continued to export raw materials.

Nevertheless, some of the results of the Uruguay Round still cause us concern due to the erosion of trade preferences under the Lomé Convention.

To cite an example, Côte d'Ivoire will see substantial financial resources eroded solely in the pineapples and bananas sector, thereby impoverishing small-scale planters, to whom we attach special importance, unless a bold technical and financial assistance policy helps us to adapt our economy to recent developments in the globalization of trade.

In addition, there is the problem raised by the use of vegetable fats other than cocoa butter in the manufacture of chocolate. It goes without saying that a large sector of our economy would collapse.

The immediate social impact of this situation at a time

That is the message we at this meeting should be sending to all our peoples as we celebrate the 50th Anniversary of the GATT and took forward to the next 50 years of the multilateral trading system. □

when our countries are resolutely engaged in an unrelenting struggle against poverty could be disastrous for the rural population, which will become increasingly vulnerable.

This is why it is important that the international community should continue to give their support under the plan to reduce the debt of highly-indebted poor countries so as to help us to integrate better into the multilateral trading system.

In this connection, we express our gratitude to organizations such as UNCTAD and the International Trade Centre (ICC), which combine their efforts with those of the WTO to help developing countries so that they are better prepared to enter into the forthcoming negotiations in sectors such as: agriculture; trade and environment; maritime transport; trade-related investment.

While we recognize the relevance of these issues, we would like to see the successes achieved in the preceding negotiations consolidated before exploring new areas. This is the only way in which countries such as ours can, with equanimity, become integrated in the multilateral trading system's new order.

We place great hopes in the WTO's new joint integrated programme with UNCTAD and the ICC on assistance to developing countries, especially the least-developed countries, in the follow-up to the Uruguay Round Agreements.

In concluding, I should like to inform you that the Ivorian Government has already set up a National Committee on follow-up to the WTO Agreements, bringing together the private sector and the Government, to monitor implementation of the WTO Agreements and ensure better participation in future negotiations.

I am certain that the appropriate solutions that will be found as a result of the valid issues raised at the Second Ministerial Conference of the WTO will strengthen still further our faith in the globalization of the trading system as a factor for progress and solidarity among nations on the eve of the third millennium, after eight rounds of multilateral negotiations in 50 years. □

*Prime Minister Edison C. James of the Commonwealth of Dominica*

## Developing countries are falling behind

The 50th Anniversary of the establishment of the multilateral trading system provides the opportunity for an evaluation of the achievements and shortcomings, as well as the challenges and opportunities facing the global economy. We recognize the crucial role that was played by the GATT and its successor, the WTO, in encouraging open trade regimes and dismantling tariffs and non-tariff barriers in the trade in goods and services. The primacy of a transparent, fair and equitable rule-based multilateral trade system under the WTO, including the development of regional trading

agreements can safely be reaffirmed by all countries.

This is not to say that all countries have seen the benefit of the system. In fact throughout these 50 years there have been clear evidence that a large number of countries, all of them developing countries, and particularly least-developed countries, have been falling behind. In the four years since the establishment of the WTO even clearer disturbing signs have emerged of trends that point in the direction of exclusion rather than inclusion and of marginalization rather than integration. Moreover, these trends are beginning to have

quite serious negative effects on confidence in countries which only a short time ago were viewing their future prospects with some considerable optimism.

Developing countries, and particularly the least-developed, have derived the least benefit from trade liberalization in spite of measures taken in the GATT, beginning in the 50s, to assist these countries, including the adoption in 1979 of the "Enabling Clause" which made the principle of special and differential treatment for developing countries a part of the GATT legal framework.

One very troubling area is the recent experience we have had in the resolution of the dispute on the EU banana import regime. It has had an adverse impact on trade with our trading partners and undermined confidence in the WTO process. We believe that there are some important principles and procedures requiring improvement as we begin the review of the Dispute Settlement Understanding (DSU). The so-called "systemic" complaints raised by a major trading partner, not only run the risk of upsetting the balance of rights and obligations, but also undermining the balance of benefits to developing countries, laboriously negotiated during the Uruguay Round.

In a small island economy the development options are not many. The reform process is painful and the diversification process difficult. More over, all of these initiatives depend for their success on increased financial resources to

fund infrastructure, training, and to gain access to technology. Increased financial flows, in turn, depends on a stable economic and political environment. It is therefore not sufficient to talk about the non-discriminatory character of WTO. The institution must also promote and defend an orderly trading system that seeks to spread the benefit of global economic growth and trade to all countries, irrespective of their size or level of development.

We propose that machinery be established within the WTO to examine the special circumstances of small States, particularly islands, given their recognized fragility and vulnerability, with a view to determining how the rules could be structured to take into account these disadvantages.

As our countries increase efforts to implement the WTO Agreements, due recognition should be given to the need for adequate transitional periods and for support of our efforts at the national level. In this regard, we would emphasize the need for continuing and increasing the technical assistance provided by the WTO, UNCTAD, ITU and relevant agencies to enable our countries to participate more effectively in the WTO arrangements.

I think the period ahead is an exciting one for multilateral cooperation in trade, investment and other areas, and the Caribbean Community is doing all it can to position itself to participate fully in the global process. □

*Romano Prodi, President of Council of Ministers of Italy*

## The human dimension of globalization

One of the most important acts of the democratic Italy that emerged from the catastrophe of the Second World War was the signature, in the autumn of 1947, of the Havana Charter.

Participation in the new multilateral system that was taking shape in those years was decisive for the reconstruction and the future prosperity of Italy. This choice was based on the political conviction that the creation of a multilateral trade system was fundamental, as its inventors conceived it, to an international architecture of peace. We were certain also that trade liberalization would favour Italian economic growth.

A few years later Italy gave a decisive contribution to the process leading to the European integration. The process embarked upon in the aftermath of war has led to the creation of a single market and now of a single currency, with the ambition of accomplishing political integration in the future. In the WTO, the EC now speaks daily with a single voice.

From the Italian and European standpoint, these two processes—the development of a multilateral system and that of regional integration—have never been at conflict: their parallel advance represents an opportunity for global growth. At the moment of the birth of the euro, which required a strenuous effort on the part of our countries and as we embark upon a new enlargement of the European Union to truly continental scale, I feel it especially important to underscore our hearty endorsement of the view that regional integration can and must help to strengthen the multilateral world trade system and to enhance world prosperity.

Italy, so close to many developing countries and countries in transition, is particularly aware of the human dimension

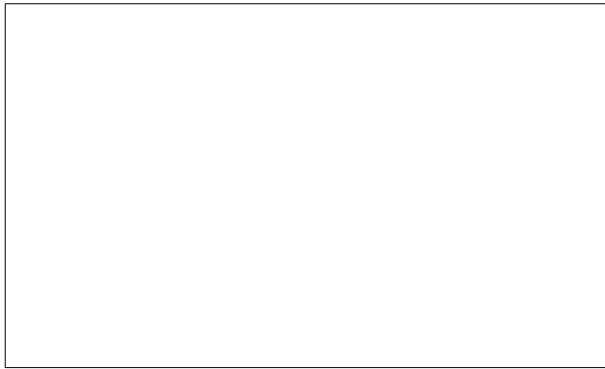
of globalization. We must see how social, environmental and cultural concerns can be integrated into the multilateral system, enhancing the consistency of international cooperation and promoting the integration of the developing countries in the global economic system. Satisfactory results require setting in motion mechanisms of endogenous, self-sustained growth.

Italy has already adopted national measures to protect children against abuse and would welcome an enhanced cooperation between the WTO and the ILO.

As to the impact of globalization on the exercise of national sovereignty, for a country like Italy which is part of a well advanced process of continental integration, the answer appears simple: integration pays. For that matter, it is universally agreed that global problems demand global responses and global rules. As we advance further in the shaping of the multilateral rules that we need to govern globalization, we cannot fail to take this aspect into account and therefore to stimulate the participation of society and social institutions in the process.

Italy, within the European Union, is prepared to do fully its part: the Italian contribution will not be limited to the institutional aspects but involves also the businessmen, managers, technicians and workers who have produced decades of economic growth and development.

Concluding, I would like to express my conviction that WTO, under the impulse given by the Director-General Renato Ruggiero, to whom we express our truly thanks for his remarkable activity, has played and will continue to play a crucial role to spread multilateral trade as a precondition for a wealthier and freer world. □



Swiss President Flavio Cotti hosts a dinner for the heads of state after the 50th anniversary commemoration. (Lightmotif-Blatt)

## Ministerial Conference

(Continued from page 5)

Hungary; and Korea.

Canada said that past Rounds had been lengthy because the pace of negotiations was dictated by agreement on the most difficult issues. It suggested that a "cluster" approach to the negotiations—whereby issues could be grouped together, for example separate market access from rules-based negotiations—might facilitate early results.

The United States said it was neither for a round or a

*For complete information on the Second WTO Ministerial Conference and the 50th anniversary commemoration—including video footage of the speeches—please visit the WTO Web Site ([www.wto.org](http://www.wto.org)). □*

sectoral approach to future negotiations pending agreement on the substance of the talks. It said that agriculture, services and TRIPS would be part of US efforts in the preparations for future negotiations. The United States lauded the political commitment reached on electronic transmissions, and looked forward to the launching of a work programme on trade issues arising from electronic commerce.

Uruguay said that the new round of agricultural negotiations that would be launched at the end of 1999 should "ensure that agriculture would finally be treated within the WTO on an equal footing with other sectors of international trade". Australia, Argentina, Chile, Israel, New Zealand were among those who said that they expected agriculture negotiations to start in late 1999 as scheduled.

India warned that "there should be no attempt to bring non-trade related issues into the WTO, since any such attempts would fail due to the lack of consensus". Pakistan said that "unless the achievements of the multilateral trading system could be consolidated through full and fair implementation with equitable benefit for all, it would prove difficult to achieve consensus on new sectors of further liberalization".

Many Ministers urged greater efforts to increase public understanding of the WTO, and underlined the need for greater transparency in the activities of the organization. The United States called for "immediate and decisive action to change WTO practices", adding that insufficient attention



Two men who guided the Uruguay Round negotiations that led to the creation of the WTO—former Directors-General Peter Sutherland and Arthur Dunkel—were special guests at the commemoration. (Photo by Esperanza Sesar Lauraux/WTO)

to this issue "had led to the kind of anti-WTO demonstrations Geneva had witnessed over the course of the Ministerial Conference, and political discord on trade issues in many member countries." The EC said that members "have to be prepared to demonstrate to all interested groups the economic and social benefits that resulted from an expansion of trade." □

## MEETINGS

A tentative schedule of WTO meetings:

### September 1998

14	Committee on Trade-Related Investment Measures Committee on Technical Barriers to Trade
14-16	Textiles Monitoring Body
15-16	Trade Policy Review: Argentina
15	Committee of ITA Participants
16	Committee on Sanitary and Phytosanitary Measures
17-18	Council for TRIPS
22	Committee on Market Access Dispute Settlement Body
23-25	Working Group on the Interaction between Trade and Competition Policy Committee on Regional Trade Agreements
24	Working Party on Preshipment Inspection
24-25	General Council
28-29	Committee on Balance-of-Payments: Bulgaria
29-30	Committee on Agriculture
30	Committee of ITA Participants

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