

## **International Institute for Sustainable Development Report on the WTO's High-Level Symposium on Trade and Development**

### **OPENING STATEMENTS**

Renato Ruggiero, WTO Director-General, introducing the Symposium, said that in some ways the dialogue on trade and development was an old one, because development was one of the central goals of the GATT. However, the dialogue was also new because, in the age of globalization, interdependence and instantaneous communications, the level of inequality between countries and people is becoming increasingly unacceptable. He noted that more than two billion people - a third of humanity - live on less than 2 dollars a day, 1.5 billion people lack access to fresh water, and 130 million children have never gone to school. The idea that billions are mired in poverty, while others grow richer, was not just unsustainable it was unconscionable. The second difference is that the role of developing countries in the trading system has changed profoundly. When the GATT was born there were just 23 members, and only 11 of these were from the developing world. Today the WTO had 134 Members, of which 80 per cent were developing, least developed or transition economies. Of the 30 candidates negotiating to join, practically all were developing economies or economies in transition. He said that developing countries are becoming more and more important to the health of the world economy. Between 1973 and 1997 the developing countries' share of manufactured imports into developed markets tripled-from 7.5 per cent to 23 per cent. This reflected the reality that the development challenge is no longer a challenge only for developing countries but should be a concern of the advanced economies as well.

Ambassador Ali Mchumo, Chairman of the WTO's General Council, said the symposium should contribute to: facilitating the integration of developing countries in the multilateral trading system; building coherence among trade, finance and development policies and institutions; improving the participation and reducing the vulnerability of LDCs in the trading system; and developing the role of the WTO in supporting the developmental objectives identified in the Marrakesh Agreement.

Rubens Ricuperio, Secretary-General of UNCTAD, stressed that there must be a clearly established strategy with a definite time frame for the eradication of poverty. He said trade and development should mutually support and reinforce each other. He characterized the Asian financial crisis as a "crisis of development," examined its many dimensions and proceeded to discuss the needs of developing countries in future trade negotiations - more access and more flexibility. He said there was a need for greater access to markets for developing country goods and services. He proposed addressing the unfinished business of the Tokyo and Uruguay Rounds - inter alia, tariff peaks and tariff escalation in food, textiles, clothing, footwear and leather industries; the postponement until 2005 of economically meaningful removal of restraints on developing countries' exports of textiles and clothing; embryonic liberalization of trade in agriculture; abuse of anti-dumping procedures; the problem of rules of origin; and technical standards and environmental barriers. He also called for re-invigorated special and differential treatment, and enhanced trade-related technical cooperation. These goals, to be achieved through co-operation between international organizations, could help developing countries become active protagonists in future negotiations.

### **KEYNOTE ADDRESSES**

Paolo Fulci, President of ECOSOC, stressed the need to ensure policy consistency and coherence between trade, aid, financial and environmental aspects of policies. Poverty eradication should be the top priority. He said poverty was our main enemy as it generated ignorance, hunger, illiteracy, unemployment, environment degradation, intolerance and hatred. He called for globalization to assume a human face. He stressed that partnership not hegemony is the key element. He said trade must be inclusive of all and the poor, weak and vulnerable had to be able to partake of the benefits of trade.

Shigemitsu Sugisaki, Deputy Managing Director, International Monetary Fund, stated that one of the greatest disappointments of the last two decades has been the failure of living standards in the world's poorest countries to converge toward those of the richer countries. This disappointing performance,

despite all the efforts so far, underscored the urgent need to look for far reaching and bold solutions. He noted three critical components: action by the LDCs to sustain and strengthen their own policies for growth and development; action by the international community to improve the external financial environment, particularly through appropriate debt relief, bound duty-free access for all LDC products and concessional assistance; and, improved access to industrial countries' markets that would increase incentives for trade and investment activities in LDCs. He also endorsed the proposal for bound, duty free access for LDC exports.

Caio K. Koch-Weser, Managing Director, Operations, the World Bank, stated that for nearly two decades, developing countries as a group have been in the vanguard of progress on trade liberalization, and this openness to trade has paid off not only in higher growth but also in providing a stimulus to the world economy as a whole. He stressed the importance of protecting these gains and resisting a return to protectionism. He said that everyone has a role to play in moving this agenda forward, from the World Bank and other international institutions, to countries themselves. Trade alone cannot form the basis for lasting development. It must be part of a broader development agenda to invest in the poor and integrate them into the global economy. He also stressed the necessity of integrating trade policies into an overall framework of macroeconomic, sectoral and social policies geared to poverty alleviation, and the need for "good governance".

Professor T. N. Srinivasan, Chair, Department of Economics, Yale University, highlighted the folly of trying to achieve too many policy objectives with one instrument and suggested that the TRIPS be taken out of GATT and handled by WIPO; the CTE be wound up and environment tackled by UNEP; and labour be excluded from the purview of GATT and handled by the ILO. He stressed the need for agricultural trade to be brought under GATT. He understood "developing country hesitancy" in entering into a new round of negotiations. He characterized anti-dumping as the equivalent of a "nuclear weapon in the armoury of trade policy" and suggested removing it. He said the issue of regional agreements could be dealt with by introducing a "sunset clause," whereby preferences available to the members of the regional agreement would be extended to all WTO members in five years. He said developing countries had contributed to their own marginalization from the multilateral trading system and had forfeited many benefits owing to their insistence on special and differential treatment. It was not in the interest of developing countries to postpone a new round; they should adopt a pro-active agenda focusing on key interests. He also doubted the utility of preferential market access for least-developed countries.

## DISCUSSION

BANGLADESH stressed the need to review all past commitments made to LDCs by the developed world, as well as their implementation. He highlighted the limited capacity of LDCs to take on any new commitments. With INDIA and ZIMBABWE, he was unwilling to take on any new issues as the WTO agenda was overloaded. PAKISTAN and INDONESIA called for coherence in macro-economic policies and renewed international development cooperation. COSTA RICA highlighted the need to open up markets, strengthen trade disciplines, and counter protectionist trends and unilateralism. He stressed that the new round should ensure inter alia, greater liberalization of customs procedures and elimination of tariff peaks and escalation. SENEGAL highlighted the need for debt relief measures and greater policy coordination. EGYPT said the WTO had contributed to trade promotion, but there are increasing concerns over imbalance. He requested the Secretariat to analyze the distribution of the benefits from the Uruguay Round. COLOMBIA called for an instrument that will provide equal access to justice in the WTO dispute settlement process. He noted that a group of countries have proposed an autonomous center for legal assistance for the least developed countries.

THIRD WORLD NETWORK disagreed with the idea that trade always leads to growth and that the Uruguay Round benefited everyone. He cited a number of recent studies demonstrating that inappropriate trade liberalization can lead to losses and economic stagnation, as seen in many African and Latin American countries. The WORLD DEVELOPMENT MOVEMENT recalled his group's opposition to the Multilateral Agreement on Investment (MAI) because it proposed to sweep away policies that governments used to meet their development objectives.

The EUROPEAN UNION said that the best way for developing countries to prevent unilateralism and protectionism and ensure integration into the multilateral trading system would be to enter into a new round. He said the EU would put all its current tariffs on table for the new round. He stressed the need to help developing countries with implementation, develop an approach to capacity building and ensure institutional reform to facilitate developing country participation in the WTO system. With the UNITED KINGDOM and DENMARK, he called for LDC concerns to be given specific consideration. The UNITED STATES elaborated on the elements of President Clinton's conception of the new round. It included an accelerated agenda for negotiation, institutional reform to ensure transparency and capacity building and on-going trade liberalization. She said the US was willing to work on increasing market access in agricultural and industrial goods, discussing implementation problems on a case-to-case and issue-by-issue basis and making improvements to dispute settlement procedures.

## PANEL I: LINKAGES BETWEEN TRADE AND DEVELOPMENT POLICIES

This panel was moderated by Paul Collier, Development Research Group, World Bank.

### MAIN SPEAKERS

C. Fred Bergsten, Director, Institute of International Economics, Washington D.C., identified the urgent need for a new round based on his estimation that the openness of the trading system was at risk from protectionist measures in the EU and US. He enumerated possible priority interests the developing countries could pursue in the new round including increased market access for textiles and agricultural goods, elimination of preferential tariffs in regional arrangements, new agreements on foreign direct investment, tougher discipline on the use of anti-dumping duties, liberalization of the movement of natural persons and further strengthening of the dispute settlement mechanism. He said developing countries had a great deal to gain from launching a new round and as a strategy it was preferable to re-negotiating the Uruguay Round. He also advised developing countries to avoid a push for renewed "special and differential treatment" but rather to seek full and active participation as equal partners in the trading system. He said that a new round was essential to keep the "bicycle" of trade liberalization moving forward.

### DISCUSSANTS

María Livanos Cattai, Secretary General, International Chamber of Commerce, argued that any new approach must account for microeconomic aspects. As for LDCs, she called for a focus on local business, local markets and proper partnerships with international business. She regretted that many developed countries still maintain protectionist policies in textiles and agriculture. There were also many practical issues that impede the free flow of goods, such as technical standards and labeling requirements. She said the role of trade in promoting development should not distract from the essential preconditions for development, such as stable political systems, a solid framework of business laws, an independent judiciary and an efficient and honest bureaucracy. She also asserted that the capital-hostile environments of many developing countries discouraged both foreign and domestic investment.

Keith Bezansen, Director of the Institute of Development Studies, UK, said a new round of global trade negotiations was urgently required to further the interests of development. He encouraged tackling the unfinished business of the Uruguay Round, i.e. textiles, clothing and agriculture. Whatever could be said about the defects, dangers and consequences to development of economic openness, there was for him little doubt that a new era of protectionist trade policies emanating from the US would severely damage the prospects of poorer countries. He said there were many lessons yet to be learned about the linkages between trade policy and development, as this was such a complex area. The experience of East Asia and some countries in Latin America highlighted the importance of the proper phasing of economic opening and the need for caution with regard to capital account liberalization. He emphasised that trade policies should be integrated into a wider framework of development policies that include savings and investment, macroeconomic stability and the development of human resources.

Wontak Hong, University of Seoul, Republic of Korea, suggested focussing on ways for developing countries to be more active partners in the WTO system. He recommended learning from the East Asian experience. Expansion of labour-intensive manufacture exports could be an important engine of growth as it would increase employment opportunities, improve overall labour efficiency and create a dynamic learning effect. He emphasized the need for an appropriate role for government and cited this as the lesson of the Asian economic crisis. Industrialized countries and the WTO must learn to tolerate a more active governmental role in developing countries.

Deepak Nayyar, Jawaharlal Nehru University, New Delhi, stressed that trade was not an end but a means, and development was not about economic growth but about improving living conditions. He said that export orientation is not the same as openness. He said the degree of openness and nature of intervention are strategic choices in the pursuit of industrialization that cannot be defined "once and for all" as they depend on the stage of development and must change over time. He also said it was essential to redefine the economic role of the State vis-à-vis the market so that the two institutions complement each other as circumstances or times change. Highlighting the fact that striking asymmetries exist in a world of unequal partners, he said different rules exist in different spheres. For example, free movement of capital contrasted with the absence of free movement of labour. He said the emerging asymmetry in international rules significantly reduced the autonomy of developing countries in the formulation of economic policies in the pursuit of industrialization and development.

John Toye, UNCTAD, acknowledged that it was urgent to launch a new round of trade talks, but raised questions as to whether this would be feasible in the time-frame envisaged. He wondered whether sufficient time remained to implement a programme of technical assistance for developing countries to be ready for negotiations due to open in November. He noted that if they feel rushed, Members may not cooperate in the necessary launch of the next round. He stressed that special and differential provisions should not grant generalized exemptions.

## DISCUSSION

Participants expressed a range of views on the impact of increased trade liberalization and emphasized different priorities regarding issues that should be taken up in the WTO. INDIA said that developing countries had not gained from the Uruguay Round and underscored that only issues of importance to the industrialized countries had been dealt with in the previous rounds. He called for a re-balancing not re-negotiation of the Uruguay Round. He interpreted Fred Bergsten's remarks to imply that if developing countries do not agree to a new round and further liberalization, developed countries may renege on the full implementation of commitments already undertaken. EGYPT agreed that unexpected problems had arisen in the implementation of Uruguay Round commitments and the anticipated benefits had not materialized. With CUBA, he objected to the abuse of unilateral measures by industrialized countries. He recommended using the process of built-in review, mandated by the Uruguay Round results, to assess whether the system was working.

The SOUTH CENTRE sought a WTO where developing countries did not find themselves outmanoeuvred and outgunned on every issue and called for an institutional review of the WTO procedures. DOMINICAN REPUBLIC said the right to specialized treatment was a "dead letter." MOROCCO noted that there was a need to assess the impact of free trade on developing country economies. The AFRICAN, CARIBBEAN and PACIFIC GROUP OF STATES (ACP) SECRETARIAT said technical assistance was no substitute for ensuring capacity building to implement the agreements. He also noted that economic reform was a necessary foundation for participation in the world economy but those burdened by debt could not afford to undertake economic reforms. CONSUMER UNITY AND TRUST SOCIETY emphasized that the issues constraining market access for developing countries were to be given high priority. ICFTU said that developing countries respect core labour standards only under pressure from developed countries, which means the losers are workers in developing countries.

SWEDEN underscored the importance of market access in the coming negotiations. He supported the Chair's proposal to commit to ensuring duty free access for LDC exports at the Seattle discussions. He

also stressed the importance of South-South trade, binding of tariffs at applied rates by developing countries and improved technical assistance. FRANCE called for adoption of a generous and ambitious programme of debt relief and highlighted its proposal to suspend payment on debts for 30 years. He emphasized the need for LDCs to take advantage of the access to technical cooperation and the use of generalized preferences. JAPAN emphasized the need for a new round and for it to deal with investment. He also stressed the importance of capacity building.

Fred Bergsten, in response to India, said that a World Bank Study had indicated a 1.2 to 2% annual benefit in additional GDP growth for developing countries from the Uruguay round. In response to Bezansen, he said that every one of the postwar negotiations had been triggered by protectionist measures - a result of macro-economic and monetary crisis. He said it was time for the "bicycle" to be started again.

In summing up, Paul Collier said that differing views had been expressed - that trade liberalization is a necessary and sufficient condition for development, that it is neither necessary nor sufficient and that it is necessary but not sufficient. He endorsed the view that trade liberalization was a necessary but not sufficient condition. He said many LDCs had created capital-hostile environments and did not have a social agenda in place to enable growth to be complemented by equity. He said trade policies need to be integrated into a wider framework of development strategies geared toward poverty alleviation. He said that specialization by LDCs and low-income countries in a narrow range of commodities had left them vulnerable to external shocks. Developing countries had contributed to their own marginalization by following closed policies. The WTO was therefore a natural organization for low-income countries. He said it was in the interest of small low-income reforming countries to try to get rid of anti-dumping activity, determine which environment and labour concerns are genuine and which are not and focus on agriculture and textiles as their key areas for reform in the next round. He supported the initiative on bound, duty free access for all LDC exports and upheld Fred Bergsten in his prediction that unless action is taken the future could be one of protectionism.

The following day, THIRD WORLD NETWORK, presenting a statement signed by a number of NGOs, said many participants were upset at the way the first panel was conducted and the moderator's conclusions. He said African countries were insulted by the moderator's remarks implying that they were deliberately marginalizing themselves within the WTO. He also characterized the moderator's message as stating that developing countries will only change when they are shocked and that the US was about to shock them with protectionism. Therefore, they had better prepare for a new round of negotiations. He also questioned Bergsten's remarks, which he said implied that developing countries must offer full market access to the US and Europe or face increased protectionism. He said this amounted to propaganda rather than economic science.

## PANEL II - TRADE AND DEVELOPMENT PROSPECTS OF DEVELOPING COUNTRIES

Moderator Rubens Ricupero, Secretary General of UNCTAD, recalled that the previous day's discussion had demonstrated that development is an extremely complex issue and the trade and development relationship is even more complex. While there is no denying the relationship, its benefits are not automatic and many variables intervene.

### MAIN SPEAKER

Carlos Magariños, Director-General of UNIDO, said more targeted efforts were needed to level the playing field for developing countries and allow them to improve their prospects for development. He said trade policy should be integrated into a wider framework of macroeconomic, structural and sectoral policies. As part of technical cooperation and knowledge transfer, he said that multilateral organizations should set up special task forces to help developing countries to better understand their own interests in trade negotiations and help them prepare their strategies and positions, individually or collectively. They should also contribute to developing country efforts to be included in the preparation of trade negotiations. He also suggested that mechanisms be found for information dissemination on the benefits of the Generalized System of Preferences (GSP) to those countries eligible. He proposed expedited entry into WTO of developing countries who have expressed a desire to join. He called for careful study of the

timing, sequencing and degree of market liberalization, which would allow developing countries to adapt individually to the consequences of open markets. He highlighted the impact of technological advances that have lowered the cost of communication and transport, which could benefit developing countries.

## DISCUSSANTS

Marcelo de Paiva Abreu, Rio de Janeiro, Brazil outlined a possible agenda for the New Round and recommended removal of distortions in agricultural trade, improvements in the international discipline in anti-dumping duties and strengthening the multilateral system to deal with the use of unilateral measures. He suggested a re-examination of special and differential treatment for developing economies and said such treatment should be geared towards integrating LDCs and low-income countries into the multilateral trading system. He referred to the importance of binding commitments and schemes relating to the general systems of preferences.

Arjun Sengupta, Centre for Policy Research, New Delhi, India stressed that unless trade liberalization was supported by policies in investment, infrastructure, social security and social development it would not lead to growth. He cited the failure of IMF adjustment programs in several African countries, suggested that this failure was due to the lack of sufficient resources and recommended that trade liberalization be accompanied by the provision of finance for developing countries. He highlighted the need for special and differential treatment for developing countries and justified it on the ground that it was essential for trade between unequal partners.

John Whalley, Universities of Warwick and Western Ontario, noted the complexity of considering environmental matters. He cited several factors such as progress in reducing tariffs, reduced transportation costs, technological innovation, strong growth in south-south trade, and events outside the WTO, such as the Kyoto Protocol process. The heterogeneity of the developing countries further complicated the picture. Regarding technical assistance, he said there had been a heavy focus on implementation of the Uruguay Round decisions, but there was an equal need to enhance capacity to negotiate. He recalled that in the Uruguay Round, the nature of special and differential treatment provisions had changed to reflect an increased emphasis on flexibility and transition times to meet adjustment costs. He noted the need to deal with "reverse" special and differential treatment, wherein developing countries are subject to particularly adverse rules for textiles and some components of agriculture. He questioned whether a focus on special and differential treatment could remain as the overall negotiating strategy of the developing countries and expressed doubt that this would serve their interests. He said access to the dispute settlement mechanism by LDCs should be strengthened and agreed that an independent legal advisory centre should be established. He noted the importance of overseas development assistance and debt relief.

## DISCUSSION

Many participants focused on whether to pursue a new round of trade negotiations and highlighted issues that should be considered, either before or during further talks. HONG KONG, CHINA said that many Members were convinced that the agenda for a new round was unbalanced. The areas of interest to the developed countries were on it, while those of interest to developing countries were not. BOLIVIA said the most protected sectors were those where the developing countries are most competitive. He supported calls for a Legal Advisory Centre. SRI LANKA said that LDCs were becoming further marginalized while also being urged to "get in gear" by countries seeking access to their markets. GUINEA cautioned against overlooking the weakness of production capacity. BANGLADESH INSTITUTE OF DEVELOPMENT STUDIES expressed dismay that some countries and blocs were not seriously considering the issue of zero tariffs for LDCs. He said the Seattle meeting should agree to this. UNION OF INDUSTRIAL AND EMPLOYERS' CONFEDERATIONS OF EUROPE (UNICE) favoured including investment in the next round and urged that the failed MAI negotiation not prevent WTO from considering it. BRAZIL suggested, inter alia, increasing of minimum access quotas in agriculture, development of multilateral disciplines aimed at restricting abusive recourse to anti-dumping investigations, inclusion of services in the built-in agenda and multilateral monitoring of GSP schemes.

CONFEDERATION OF INDIAN INDUSTRY (CII) stressed the need for capacity building to precede any discussion of a new round. She said there was a need to examine issues related to special and differential treatment and anti-dumping. SWITZERLAND supported the need for coherence in policy between international organizations and between and among governments. He favoured the launching of a new round of negotiations and promised a focus on tariff peaks and tariff escalation, issues of importance to developing countries. NORWAY said it was unnecessary to wait until a new round to introduce improvements and called for improved access to dispute settlements mechanisms. FINLAND and UGANDA said WTO must ensure capacity building through adequate technical assistance programmes and with NEW ZEALAND supported duty free market access for LDC exports. KOREA called for exploiting the possibility of improved market access and said the next round should consider maintaining special and differential treatment. RESEARCH FOUNDATION FOR SCIENCE, TECHNOLOGY AND ECOLOGY (RFSTE) expressed disappointment at the "low level of metaphors being used in the high level symposia." She stressed that if there is a punctured tyre on the bicycle it would make better sense to get off, the punctured tyre being the ecological crisis. She suggested that every country be given two years for a democratic debate on the course of their future before coming back to the WTO. MEXICO underlined a need for developing countries to be proactive in preparation for the next round of negotiations. INSTITUTE FOR AGRICULTURE AND TRADE POLICY identified the need to review policies with regard to domestic and export subsidies and stressed that a new round of negotiations was premature.

Moderator Rubens Ricupero, summarizing many of the common themes brought up by the speakers, noted that trade policy must be integrated into a wider set of development strategies; increasing coherence in international policy making, supported by efforts in other areas of finance and debt relief is needed; technology is important to development; continued improvement in market access, particularly in clothing, textiles and agriculture, is needed; and access to the dispute settlement mechanism should be improved. He said many participants had stressed that technical assistance was essential to build capacity to participate in trade negotiations and the WTO in general. There were many opinions on special and differential treatment. Many participants spoke in favour of the need to update the necessity of providing special treatment. He said what came across was a pragmatic approach in looking at opportunities for liberalization and flexibility of rules.

### PANEL III

#### FURTHER INTEGRATION OF DEVELOPING COUNTRIES INCLUDING LEAST- DEVELOPED COUNTRIES (LDCs) IN THE MULTILATERAL TRADING SYSTEM

Ambassador Iftekhar Ahmed Chowdhury (Bangladesh), moderator, began by outlining possible areas for discussion, including the extent and manner of participation of developing countries; impediments to development faced by them domestically and internationally, and ways of overcoming these impediments; the role and limits of technical assistance; and the role of trade and other institutions in aiding integration of developing countries into the multilateral trading system.

#### MAIN SPEAKER

Honourable Alec Erwin, Minister of Trade and Industry, South Africa, said it was imperative that the rules of the multilateral trading system be designed to achieve clear and equitable objectives. If this were not done, the world system would run on the interplay of power but under the guise of rules. He stressed the need for the next round to address structural changes not just in the developing but also in the developed world. He questioned the continuing existence of "grandfather industries," in the developed world that prevented expansion of markets for developing world products. He highlighted the need for the developing world to trade with existing markets that have the capacity to purchase. He recommended that the developing world manage its economies in a way that would enable domestic accumulation of capital to take place and underscored the role of the governments in this regard. He suggested that developing countries should pool their resources and expertise together to present a counterweight to the G-7.

Sir Leon Brittan, Vice President of the European Commission, suggested that the WTO endorse capacity-building in Seattle and develop a work programme that could enhance cooperation among donors, avoid duplication and improve targeting of assistance. He encouraged the consideration of a new round of multilateral trade negotiations and explained that the new round was of vital importance to the developing countries as the agenda-setting process was of an open-ended nature and the outcome would be determined by consensus. He promised to put all EU tariffs on the table in the new round. He recommended combining the virtues of the non-discriminatory nature of WTO rule-making with special and differential treatment where it is justified on economic and developmental grounds. He said the EU already offered duty-free access for 99 per cent of LDC exports and believed that all industrialized countries should make a commitment at Seattle to ensure duty free access to all products exported by LDCs. He highlighted the need for flexibility and transition periods for LDCs.

## DISCUSSANTS

Moussa Touré, President of Commission, West African Economic and Monetary Union, said that liberalization can only be beneficial if accompanied by complementary policies, which is currently not the case in many countries. He emphasized the problem of customs procedures for agricultural goods and said many LDCs have an unrealized potential because of non-tariff barriers in the developed countries and protectionist use of SPS standards. Currency volatility had also had a harsh impact on developing countries. He highlighted the importance of regional integration for small countries to prepare for competitive markets.

Denis Bélisle, Executive Director, International Trade Center UNCTAD/WTO, said the idea that developing countries could not exploit the opportunities because they have no products to export was incomplete and inaccurate. He noted three principal bottlenecks to increased developing country exports. First, he called for wide dissemination of readily understandable information on the multilateral trading system among policy makers. Exporters need to know the business implications of the system and to have a clear understanding, for example, of technical barriers to trade and phytosanitary measures that can restrict their exports. Second, he called for remedying the lack of competitiveness and knowledge of trade opportunities with a multi-tiered approach. This approach would include strengthened trade information services at the national level, rationalized enterprise cost structures and improved labour productivity through human resource development. Third, he called for increased practical experience in exporting through increased South-South trade, which would stimulate improved production processes and marketing skills. This would equip them to tackle the more demanding markets of the North.

Anna Kajumulo Tibaijuka, Special Coordinator for the Least Developed, Land-Locked and Island Developing Countries, UNCTAD, stressed the need for the next round of negotiations to address ways to overcome the supply side constraints facing LDCs. She called for a focus on human and institutional development, improvements in governance, poverty reduction and strengthening of democracy and human rights. The "slogan" for LDCs, she said, would be more aid, combined with debt alleviation, improved trading conditions and greater investment. She pointed to the fact that 20-40 per cent of export earnings of LDCs was spent on debt servicing and called for the implementation of various debt relief schemes. She highlighted a need for improving infrastructure and increasing market access and technical co-operation in trade. She also highlighted the need for technical assistance for LDCs to create a legal and institutional framework for foreign investments.

Robert Sharer, Chief of the Trade Policy Division, IMF, said that despite special concessions and trade preferences, the LDCs had remained largely marginalized from world trade and economic prosperity. To some extent, this was the result of LDCs' own economic policies, which had until recently not promoted a pattern of openness and links to the international economy. The global trading environment had not helped, however, since it had discouraged export diversification and exempted LDCs from necessary economic reforms. The new round of WTO negotiations would represent a unique opportunity to bring the LDCs into the global trading system and establish the external conditions that will allow them to diversify exports and use trade as an engine for growth and development. Offering LDCs duty free access to industrial country markets in exchange for their participation in the global trading system would give them the incentives to implement domestic reforms, especially a more liberal trade policy, that would also



enhance their prospects for growth. Further, while potentially significant for the LDCs, this proposal would not involve significant costs for industrial countries. Past schemes to help the LDCs integrate into the international trading system had not worked. He said it was time to try something new.

## DISCUSSION

Several statements underscored the need for and different approaches to capacity building. Many countries, such as GUATEMALA and URUGUAY expressed support for the establishment of a WTO legal advisory unit. COMMUNAUTÉ ECONOMIQUE ET MONETAIRE DE L'AFRIQUE CENTRALE (CEMAC) stressed the need for technical assistance. CANADA called for more attention and resources on building capacity in: understanding the issues of new negotiations and developing negotiating positions; implementation of existing WTO obligations; and fostering an enabling environment for development. The UNITED STATES agreed that the WTO would benefit by involvement of the recipients of assistance, which would ensure that it is demand-driven. The UNITED KINGDOM called on others to make the next round of talks a "development round." He said that if it is to be a development round, developing countries must have the capacity to negotiate. GERMANY stressed the role of technical-assistance and announced the contribution of DM 1 million to the WTO Trust Fund to support developing countries in securing their own interests in the multilateral trading system.

Market access for LDCs was the focus of several statements. The US said improving market access is a shared responsibility and it had taken in an increasing number of developing country imports and had a range of duty free treatment for LDC products. The NETHERLANDS said that talk of improved access for agriculture and textiles was not just intended to induce developing countries into consenting to another round. He envisioned a world without tariffs in a decade or so. FAO noted that agricultural performance of LDCs is poor and said it was no surprise that they had suffered serious economic setbacks. He sought to raise competitiveness of this sector and stressed that, despite progress, access to market was still constrained by SPS and TBT standards. FAO had embarked on a training programme for the next round. AUSTRALIA welcomed duty free access for LDCs, but said this alone was insufficient. They should not have to compete with heavily subsidized products. HUNGARY expressed support for a new round of negotiations and the suggestion that all developed WTO members should permit duty-free access for all LDC exports. He said that improved market access must be complemented by enhanced trade-related technical assistance.

INDIA explained the WTO "scepticism" of the developing world by pointing to the fact that the issues promoted by the developed world such as intellectual property rights and services had resulted in agreements; investment and competition policy had resulted in the creation of working groups; and environment had resulted in the creation of the CTE. However, developing country concerns such as technology transfer, financial mechanism, capacity-building, debt relief and supply side constraints had not been addressed. NEPAL called for an inclusive approach, assured market access for products of LDCs and increased bilateral and multilateral assistance to tackle supply side constraints. KOREA stressed the need to provide more flexible procedures for accession. He called for the adoption of the "umbrella waiver" - a legal basis to provide preferential treatment to LDCs. MALAYSIA said that the developing countries were not going to enter into the new round merely because of the threat of rising protectionism in the US and EU.

In summarizing, the moderator noted that many thoughts on integrating the developing countries into the multilateral trading system had been provided. He noted that developed countries should remember that an example is better than a sermon. He also noted many statements questioning the belief that simply freeing trade is enough. He said LDCs will be encouraged if the trading system does not become a source of additional obligations. UNITED KINGDOM noted the importance of poverty alleviation and the need for integration of trade policies into a wider set of development policies.

WTO Director-General Renato Ruggiero, in closing the Symposium, noted that by the end of the four days of discussion, around 200 interventions from delegations had been made. He said the meeting had been positive and constructive, with an impressive number of interventions which had contributed to a

better knowledge of problems pertaining to trade and development. He noted in particular: the strong emphasis placed on least-developed countries; the statement by Alec Erwin that trade liberalisation and development policy required adjustment in both developing and developed countries; the wide consensus that trade liberalisation was not on its own sufficient for development; and the support for closer cooperation between the main international organisations to ensure an integrated framework in terms of development strategy.

Mr. Ruggiero noted the discussion about the goals to be pursued through the WTO and took up Mr. Erwin's idea that greater social equity should be sought in future negotiations. It was recognized that there had been difficulties for many developing countries in implementing the Uruguay Round results; this was a serious issue that needed to be examined with an open mind in order to prepare future negotiations. Studies showed that, although there had been benefits from the Uruguay round, these had not necessarily been evenly distributed.

Regarding the next round of multilateral negotiations – which many had called a Development Round – some had expressed the need for delaying the initial phase of the negotiations. Others had indicated that it was necessary to meet the agreed deadline; this could be done if developing countries had greater confidence in themselves, their roles, and their leverage in forthcoming negotiations. He recalled Mr. Ricupero's statement that developing countries needed to face a positive agenda with a more aggressive mind, so that they might define and defend their interests successfully.

The role of new technologies had been indicated as an essential element both of future negotiations and of the development process in general. He had been particularly impressed by negotiations for the liberalisation of telecommunications, which had been completed in a few months. These negotiations had not been particularly arduous for developing countries. They had quickly recognised that liberalisation in telecommunications would be of interest to them as it would allow a flow of investment and network technology that would increase their competitiveness. He also recalled that developing countries had made positive contributions in the area of electronic commerce, allowing agreement on an ambitious work programme. It was essential to consider how to use new technologies to accelerate the development of developing and least-developed countries.

Mr. Ruggiero said that a major success of the Symposium was the full support for giving priority to the integration of LDCs into the multilateral trading system, and the need for industrial countries to open their markets through bound duty and quota free access to the exports of least-developed countries, at an early stage of the next Round. He also noted full support for the development of an integrated strategy to address shortfalls in capacity experienced by LDCs, a quick decision on debt relief, measures to strengthen the access of LDCs to the Dispute Settlement Mechanism, and the provision of both financial and legal assistance to this end. He was grateful to the IMF, World Bank and UNCTAD for their support in this area.

Reacting to the concern expressed that the WTO system tended to exclude some developing countries, Mr Ruggiero recognised that the system was not perfect, and acknowledged that some developing and least-developed countries had difficulty in participating fully in the organization. This was mainly because there were too many meetings, which was an objective problem, but not the result of a deliberate policy of exclusion. While recognising that further efforts needed to be taken in improving the negotiating capacity of developing countries, he noted the ability of developing and least-developed country Ambassadors in defending the interest of their countries, and recalled that the success of the Singapore Ministerial Conference was in large part due to the work of Ministers from developing countries. Developing countries therefore played a very important role in the organisation, and it was consequently necessary to dispense with the notion that the organisation worked in favour of some members and against others.

As with the Symposium on Trade and Environment, Mr Ruggiero declared that the Symposium on Trade and Development was closed, but that a new dialogue had now been opened.