



The WTO Newsletter for Parliamentarians goes on holiday. We have prepared a double issue that highlights some major events that took place at the WTO in the past month. We wish you a pleasant summer and will be back in September with more news on the WTO.

### Activities at the WTO

#### In the last GC meeting before the summer break Pascal Lamy said "Our task now is to match political promise with negotiating performance"

*Geneva, 28 July 2009*

Director-General Pascal Lamy, in his report to the General Council on 28 July 2009, said that at the informal Trade Negotiations Committee meeting the day before, "there was unanimous agreement that if we are to get to our destination on time, the renewed level of political re-engagement by leaders urgently required translation into tangible progress in the negotiations". He also reported that the second WTO Aid for Trade global review was a success and "a clear demonstration of our collective resolve to address the capacity challenges facing developing countries".

Earlier on he had set the road map for the autumn negotiations during an informal meeting of the Trade Negotiations Committee held on the 24 July. On this occasion, the Director General put the emphasis on three fundamental imperatives addressed to Ministers and Heads of States: keep trade open, keep opening trade and keep oiling the wheels of trade through trade finance and Aid for Trade. In this sense, he deemed as encouraging the commitments expressed by world leaders in various occasions to move the Doha Round of negotiations forward. In the latest months, he has sensed the willingness and determination to fill in the remaining gaps and to enhance the understanding of what is on the table. He also identified the need to move multilateral and bilateral negotiations simultaneously on all issues. In delineating the state-of-play of negotiations, the Director General outlined a rich and busy agenda in preparing for a much-hoped-for conclusion of Doha in 2010.

#### WTO Public Forum 2009 *Geneva, 28-30 September*

"Global Problems, Global Solutions: Towards Better Global Governance" is the theme of this year's Public Forum, which is designed to provide a unique opportunity for governments, non-governmental organizations, academics, businesses, and students to come together to discuss issues of relevance regarding the multilateral trading system. The Inter-Parliamentary Union and The European Parliament are organizing a session entitled "Can protectionism protect trade? The legislator's perspective." Members of Parliaments and other important personalities of the international scene will participate in the event. Register online until the 23 September by clicking [here](#)

### Coming events

- **6 September**  
WTO Open Day
- **22-24 September**  
Trade Policy Review – Southern African Custom Union (SACU)
- **28-30 September**  
WTO Public Forum
- **7-9 October**  
Trade Policy Review Body – Chile
- **20-21 October**  
WTO General Council
- **26-28 October**  
Trade Policy Review Body – Maldives
- **Oct/November 2009**  
Parliamentary Workshop for Francophone Africa
- **4-6 November**  
Trade Policy Review Body - Senegal and Niger
- **25-27 November**  
Trade Policy Review Body - El Salvador
- **30 November - 2 December**  
Seventh WTO Ministerial Conference

#### Launch of the World Trade Report 2009

*Geneva and Singapore, 22 July 2009*



Pascal Lamy is greeted by Singapore's Prime Minister, Mr Lee Hsien Loong. Photo courtesy of the Singapore Ministry of Information, Communication and Arts

The World Trade Report is a WTO annual publication that aims at examining trade trends, trade policy issues and progresses in the multilateral trading system. This year, the report was launched both in Geneva and Singapore, where APEC Trade Ministers met with Director-General Pascal Lamy. The theme for 2009 is "Trade policy commitments and contingency measures." These are measures contained in international trade agreements that are designed to help countries deal with unexpected market situations. The choice of subject is highly relevant to today's economic downturn.



Audience at the launch of the World Trade Report

### September Events

#### WTO Open Day - Geneva, 6 September

On the 6 September, the World Trade Organization opens its doors to the public. Having been at the heart of Geneva for over 60 years, we welcome you to come and take a look inside and to find out more about who we are and what we do. Throughout the day there will be guided tours of the building, exhibits on the history of WTO and its role in international trade, opportunities to interact with WTO staff, representatives of member states and trade experts.

Indeed, it is only natural that in times of crisis governments are more inclined to resort to this kind of measures, and the observed reactions to the present economic turmoil are no exception. The report focuses on contingency measures in terms of their design, use and effects as well as their role in WTO agreement. These measures can be thought of as safety valves, a form of insurance, an instrument of economic adjustment for the stability of the agreements themselves. But these instances of trade policies flexibilities are not harmless. If used inappropriately, they may



Photo WTO Forum 2008

# WTO NEWSLETTER FOR PARLIAMENTARIANS

cause backsliding on previous commitments, uncertainty and possible losses of economic welfare. A challenge lies in their design, said Mr Lamy in Singapore: "making them flexible enough to be useful, but not so flexible as to undermine the integrity of an agreement." The Report identifies transparency and effective monitoring as decisive contributors to the management of trade policy, especially in adverse economic circumstances. Cooperation and a free exchange of information between countries are deemed crucial in managing the crisis.

## Special Focus

### Second Global Review of Aid for Trade

Geneva, 6-7 July

This session of the Newsletter focuses on the WTO initiative on "Aid for Trade" and particularly on the important meeting hosted by WTO on 6 and 7 July, to assess progress in this initiative. On this occasion, Director-General Pascal Lamy invited UN Secretary General Ban Ki-moon, the Heads of IMF, World Bank, Regional development banks and some UN agencies. Aid for trade was launched in 2005 in Hong Kong to address the supply-side constraints of developing and

least developed countries so that trade can effectively contribute to their growth and sustainable development.

### Overview

The joint OECD-WTO publication, *Aid for Trade at a Glance 2009*, reveals that Aid for Trade has been growing by more than 10% per year between 2005 and 2007, donors' commitments have increased significantly and increasing flows are being directed to low income countries. Despite the good results, maintaining this positive record might be challenging in the midst of the present financial crisis. But "if Aid for Trade was urgent in 2007, it is essential today" warned Director-General Pascal Lamy. With world's GDP on the decline and shrinking trade volumes, Aid for Trade represents the countercyclical investment that will allow many developing countries prepare to trade themselves out of the crisis.

In delivering the opening address, UN Secretary-General **Ban Ki-moon** highlighted the importance of including trade in the recovery effort, but also that trade alone is not enough. He reiterated the call on donors to meet Aid for Trade pledges, while another call went to development agencies and beneficiary countries to keep doing their part to ensure efficient delivery and use of aid.

**Angel Gurría**, OECD Secretary General, recognized the complex relation between international trade, sustainable economic growth and poverty reduction, but also underlined that "no country has achieved sustainable growth in the long run without the expansion of trade flows." Reiterating the timely importance of Aid for Trade as a good example of short-term measures with long-term impact, Mr Gurría explained that the identified way forward will link aid for trade to the wider development agenda while broadening the dialogue with

parliaments, citizens, civil society and the private sector. The OECD together with the WTO will oversee to these future developments through its monitoring role.

The IMF Managing Director **Dominique Strauss-Khan** predicted that once growth



Dominique Strauss-Khan, Managing Director, IMF

picks up in the developed world, trade will start up quickly, but the recovery needs to be accompanied by targeted aid to enable poor-country exporters to prepare for the rebound. He added that trade will not only be a consequence of the economic upturn,

but it will play a decisive role in the recovery itself. Recognising the role of trade as an engine for growth and joining the calls against protectionism, Mr Strauss-Khan warned against developed countries' "financial protectionism" – i.e., pooling funds away from developing countries to finance the crisis at home. This new form of protectionism affects poorer countries just as badly, but it is harder to identify and tackle. Signs of recovery are estimated for the first semester of 2010. However, he warned,



Robert Zoellick, President, World Bank

if banks don't clean up their balance sheet a full recovery will not be possible.

**Robert Zoellick**, President of the World Bank, focused on the risks that protectionist measures might spin out of control in the coming months, with devastating effects for export-dependent developing countries. A successful conclusion of the Doha Round, he said, is the best insurance that market will stay open.



Helen Clark, Administrator, UNDP

In Mr. Zoellick's opinion, the crisis is an opportunity on three levels: innovation of international institutions and mechanisms, development of new partnerships – especially with the private sector and civil society, and a political window to address long-standing bottlenecks to competitiveness. Then, turning to Trade Ministers, Mr Zoellick said "think of all those times when you wanted the keys to your Finance Ministries. Well, a Trade Minister colleague is at the helm of the World Bank! So let's not waste the opportunity!"

From **Helen Clark**, administrator of the UNDP, came a call to support developing countries in times of crisis so as not to unravel the progress made towards achieving the Millennium Development Goals. In recognising the importance of trade for development, Ms Clark envisaged two challenges to be addressed especially by donors. First, aid for trade needs to be really additional without subtracting from aid for the social sectors. Second, resources need to be targeted so that poorest countries receive the most aid, avoiding current concentrations of assistance to few countries.



Global Review banner on the WTO building, Geneva



Ban Ki-moon, UN Secretary General



Angel Gurría, Secretary General, OECD



Pascal Lamy, Director-General, WTO

## Conclusions – The way forward

In the closing session, Director-General **Pascal Lamy** insisted on the importance of mainstreaming trade into development strategies as trade cuts across all sectors of the economy and most aspects of society. He noted the progress made on Aid for Trade and the positive signals coming from developing countries that are now taking ownership of their own initiative. But he warned that there is no time for complacency. It is important to maintain momentum, build upon the achieved results and ensure that commitments are met. For the future, Mr Lamy identified the need to boost the regional dimension of Aid for Trade. The role and involvement of the private sector was deemed equally relevant especially in assessing the challenges faced by small and medium enterprises. Meanwhile, WTO's partners are called to continue evaluating the impact of Aid for Trade to allow the initiative to develop into a community of best practices. All of this, to be complemented by a mobilization of additional resources, whose scope must go beyond 2010. In his conclusions, Mr Lamy's reminded the conference of the context in which the review takes place and, quoted what Cambodian Trade Minister, Cham Prasidh, had said in a previous session: "Aid for Trade and the Doha Round are Siamese twins. They cannot be separated because they share one heart."



Pascal Lamy and Ban Ki-moon discuss over breakfast prior to the opening ceremony of the Global Aid for Trade Review

## Trade Policy Reviews

### Director-General's report on recent trade developments

*Geneva, 13 July*

Director-General Pascal Lamy, in introducing his third monitoring report to the Trade Policy Review Body, said "at a time when the global economy is still fragile worldwide and in the face of the unprecedented decline in trade flows, we must send a clear and credible message that protectionism is not the answer." The report identifies mixed signals in governments' reaction to the crisis. On the one hand, there are increasing slippages into trade-restricting and trade-distorting measures, on the other hand, signs of trade-opening and trade-facilitating measures are starting to emerge more prominently. While there is no indication of a reduction of restricting measures, the WTO continues to be a valuable insurance policy against an escalation of protectionism and it would be able to do so at a wide scope with the conclusion of the Doha negotiations.

### GUYANA 8 and 10 July

Guyana's improved economic performance since its last Review in 2003, came hand-in-hand with high prices for its main export products and significant reform efforts in various areas including the tax and investment regimes, competition policy and government procurement, according to WTO Secretariat report on the trade policies and practices of Guyana.

### ZAMBIA 27 and 29 July

From 2003 to mid 2008, Zambia's economy moved from stagnation towards steady growth, greater prosperity and better access to foreign investment. Real GDP grew at an annual average rate of 5-6% led by the mining, construction and services sectors. According to the WTO report on the country's trade policies and practices, diversification of the economy and structural reforms are essential for Zambia's continuing stability and growth.

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