

**Opening Remarks**  
**WTO Chairs' Program Side Event**

by

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Introduction

Ambassador Roderick Van Schreven, Permanent Representative of the Kingdom of the Netherlands, Professors, WTO Chair holders, honourable participants from WTO Member States, Ladies and Gentlemen. Firstly, I'd like to take this opportunity to express the WTO's gratitude for the generosity of the Kingdom of the Netherlands which has allowed the continuation of the WTO Chairs Programme.

I am particularly pleased to open this event, as organization of side events such as this reiterates our standing commitment to support the development of capacities in academic institutions in developing countries. Our hope is that WTO's contribution will make a difference in further promoting new trade related research initiatives.

WTO Chairs Programme

Ladies and gentlemen, the WTO Chairs Programme is part of the WTO's trade related technical assistance programme to enhance the quality and level of participation of developing countries in the multilateral trading system and their ability to benefit from it. It is specifically targeted at academic institutions because they help the WTO raise awareness on trade issues and they form the knowledge base for effective decision-making by policymakers.

As you are aware this year's Global Review is conducted under the theme: "Reducing Trade Costs for Inclusive, Sustainable Growth ". With a view to enhance the linkages between the academic partners of the WTO and other trade-related WTO projects, the WTO Chairs Programme organized this side event to present the findings of research conducted by WTO Chair holders. It is also intended that the participation of the WTO Chairs will increase their familiarity with the Aid for Trade process and facilitate further interactions between policy makers and academics.

### Reducing Trade Costs for Inclusive, Sustainable Growth

~~The theme of the Fifth Global Review of Aid for Trade is “Reducing Trade Costs for Inclusive, Sustainable Growth”.~~ The papers that are to be presented today examine why reducing trade cost is pro-development and why, in particular trade facilitation reform, is a crucial ingredient in this effort. In a few broad strokes, let me explain why I believe this link is so crucial.

Trade costs remain stubbornly high particularly in developing countries. From their work on the forthcoming World Trade Report, our colleagues from Economic Research [Division](#) have estimates of the ad valorem equivalent of trade costs in developing countries that suggest they are as high as 219 per cent. Compare that to current estimates of the average applied MFN tariff in developing countries of a little less than 10 per cent. High trade costs isolate developing countries from world markets limiting their trade opportunities and curtailing their growth. While there are many contributing factors to high trade costs, including infrastructure deficiencies, lack of competition, etc.,

nevertheless, burdensome trade procedures appear to be a significant contributor to those costs.

This suggests how important trade facilitation, and in particular the WTO's Trade Facilitation Agreement, is to developing countries. Furthermore, we are witness to how the global trade landscape is changing. Thanks to falling tariff barriers, declining transport and communications costs, and the rise of new emerging markets, companies are now organizing the production of goods and services – and adding value – across different countries and through complex transnational networks. The last century's assembly line has become today's global value chain. Even modest differences in trade costs - and especially in trade times – can make the difference between a country seamlessly linking up to an integrated, just-in-time production network or being left on the margins of world trade. This is why the WTO's Trade Facilitation Agreement - focused on streamlining, harmonizing, and modernizing customs procedures - will have a major impact on reducing trade costs and times.

A second reason why the TFA is essential has to do with the current economic environment. The global economy is still struggling to get traction nearly seven years after the onset of the global financial crisis. International trade has shared in this virtual stagnation growing far below its historical average. The current forecasts of future trade growth do not promise a return to the historic norm anytime soon. This makes implementation of the Trade Facilitation Agreement even more salient since any meaningful reduction in trade costs makes the global economy more efficient and reduces some of the drag that are acting on it.

It is therefore urgent for the Agreement to be ratified. As of the 18<sup>th</sup> of June, only eight WTO members have ratified the Trade Facilitation Agreement. As you know, we need two-thirds of the membership to ratify the Agreement for it to come into force. We are still a long way from that.

Perhaps one of the reasons for this slow trickle of ratifications can be found in the needs assessment surveys conducted by the Aid for Trade Unit of the Secretariat. Many of our members still express uncertainty about the benefits they will garner from the implementation of the Agreement. To my mind, it is for this reason that your studies about the importance of reducing trade cost and of implementing trade facilitation reform are so valuable. They come from academics, who are thus objective and uncompromised, working in developing countries and who are therefore very cognizant both of the benefits and challenges of implementing the Agreement. The results of your research will have far greater resonance to other developing countries than any advocacy piece from international organizations, business groups or industry associations.

For this reason and because the quality of the contributions I am seeing from this conference is very high, I would very much encourage you to seriously consider putting together your contributions in a publication, perhaps in the form of an e-book for speedy, low-cost and effective dissemination of the results of your research to our members. I am certain that if our members honestly reflect on the lessons you draw from your experiences, ratification will turn from a trickle into a flood.

In conclusion, let me congratulate the Chairs for your papers being selected to be presented at this side event. I wish you all a very stimulating discussion. Thank you.