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(as an observer)

On behalf of the World Bank, it gives me great pleasure to offer my congratulations to the WTO on the occasion of its second Ministerial Meeting and its 50th birthday. The first Ministerial Meeting, in Singapore, was an historic occasion, institutionalizing the resolve of the world community to push forward on strengthening the framework of international cooperation. This second conference is just as important, as members reaffirm their commitment to a broad-based and open global trading system and set in train a work program to achieve substantial progressive reductions in support and protection.

Over the past 50 years, the GATT and the WTO have built a global trading system like none seen before -- a system that links the countries of the world ever more closely, and that provides opportunities for all to participate. This system is built on simple principles like market orientation and nondiscrimination that have proved to be powerful agents for economic development and human progress.

The World Bank is proud to have been a partner with the WTO during the unprecedented era of trade liberalization that began in the 1980s. The Bank helped many developing countries to make the transition from inward-oriented development policies to the open trade policies that are consistent with WTO rules. Between 1981, when the Bank's policy-based lending began, and 1994, when the Uruguay Round was signed, the World Bank made 238 policy-based loans supporting trade or foreign exchange reform. These loans, to 75 different countries, supported developing country trade reforms affecting imports of over \$500 billion in 1993.

At the same time, complementary progress was occurring at the multilateral level. The liberalization achieved in the Uruguay Round increased global real incomes by around \$200 billion, and just as important were the Round's achievements in improving the rules of the trading system. The (re)inclusion of agriculture, and the inclusion of a framework for services liberalization provide the scope for enormous gains in the future. The extent to which these gains are realized depends heavily on the decisions reached at this and the next Ministerial meeting, and on the hard negotiations that will inevitably follow.

The three major agreements reached since completion of the Uruguay Round show the dynamism of the WTO system. We are particularly pleased to have been able to help developing countries directly in the preparation of their offers on telecoms. The Information Technology Agreement showed the

potential of the new WTO system to make quick progress in new areas where technology is advancing rapidly and policy positions have not yet ossified.

It is tempting to think that the WTO should go on harvesting large sectoral gains like this without the trouble of embarking again on a comprehensive round of negotiations. And, indeed, if liberalization occurs it does not matter very much through what means. However, it is not at all clear that the sectoral route can continue to yield fruit. The WTO is a co-operative venture between sovereign nations, which relies on mutuality and a balance of advantages to function. The key issues for future negotiations are highly sensitive -- that, after all, is why they remain issues after 50 years of multilateral negotiations -- and they will be resolvable only in the context of cross-sectoral compromise and tradeoff.

The Uruguay Round's built-in agenda and the topics introduced in Singapore provide a useful basis for thinking about future negotiations, but it will not be possible to construct a mutually beneficial package if there is too much prior picking and choosing among them. Indeed, the list could even be extended: for example, developing countries might wish to address industrial country tariff peaks and industrial countries to request reductions in some of the unnecessarily high tariff bindings on developing country manufactures.

The Uruguay Round saw the large-scale entry of the developing countries into the core business of the WTO -- the exchange of market access concessions. Developing countries will be even more important in the future because of their predominance both in the membership of the WTO and the accession queue, and their increasing shares in world trade. This will make it even more important that issues of concern to them, such as the timely and complete abolition of the textile quota system, reductions in protection on commodities of export interest to developing countries, and the movement of natural persons, receive full attention.

Some estimates suggest that some developing countries gained very little or even lost from the Uruguay Round. This is essentially because they lost as other members reduced their distortions, such as agricultural subsidies, but failed to benefit by removing their own. To avoid such imbalance in future, these countries will need to participate actively in the exchange of market access concessions. The World Bank is ready to provide support such participation both through its analysis and through financial support in the context of appropriate policy programs.

The least developed countries have had considerable difficulty in participating fully in the multilateral trading system. The Integrated Framework for the Least Developed Countries, in which the Bank is pleased to join with the WTO and other agencies, aims to help these countries build their capacity to participate in the system, not least through a "positive" agenda of reform in areas such as enterprise and human development, trade facilitation and infrastructure. Last week, the Bank's Executive Board formally welcomed and endorsed the Framework and the Bank's contribution to it.

An open trade regime remains central to achieving efficient and dynamic development. For this reason, the World Bank commends attempts by all countries, developing and industrialized, to further liberalize their trade regimes in a non-discriminatory fashion. The Bank intends to continue to contribute to this end through policy dialogue, analysis and technical cooperation both on its own initiative, and in cooperation with its members and partner organizations.

In closing, I would like to wish the members of the World Trade Organization the greatest success in their deliberations in this important meeting. It is a meeting that will play a critical role in setting the agenda and shaping trade policies for the new millennium.
