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ESTONIA

Statement by H.E. Mr. Toomas Hendrik Ilves Minister of Foreign Affairs

I am speaking here as the representative of the newest WTO Member. Estonia finally acceded to this organization only two weeks ago. The open and liberal trade policy that my country has pursued for almost a decade has resulted in remarkable economic growth; extremely high foreign direct investment as well as integration of the Estonian economy into the world trade system to a far greater degree than expected from a small, formerly planned economy. A decisive role in this process can be attributed to the pursuit of similar goals within the WTO. Successful application of these principles is evidence of the viability and necessity of a liberal and open trade regime.

Indeed, I would submit that the Estonian experience in modernization and development through liberalization provides empirical evidence that old models for poor countries, characterized by protectionist and interventionist methods, are inadequate. Indeed the ten years following the collapse of the communist block provides us with a range of responses to reform. This laboratory shows that the more liberal the response, the more successful the reforms.

For Estonia, foreign trade plays an inordinately large role in the economy. Though small, with only 1.5 million inhabitants, we enjoy a foreign trade/GDP ratio of 1.6. Thus we can consider ourselves a big trading nation and therefore have a direct interest in improvement of a multilateral trading system that is capable of diminishing the barriers that still exist between nations.

We consider membership in the WTO as recognition of Estonia's economic and reform policies. Membership, however, provides Estonia with much more. It imposes an obligation and a responsibility to continue the path of trade liberalization and a duty to share our experiences with other members of the organization. We believe there is something to be learned from our experiences in applying one of the most liberal economic policies in the world and especially using that policy as a tool of development.

Estonia believes that the WTO can further strengthen its role and become a truly global organization only through expanded membership. Having recently finalized five-year long accession talks with the WTO, we know all too well what this process includes, in particular for a compact economy such as ours. This is the reason we would like to especially welcome and encourage all the small countries, currently acceding to the WTO.

Without a doubt every acceding country benefits from bringing its trade-related rules and regulations in conformity with the WTO principles. At the same time the members have a collective responsibility to ensure that adequate attention is given to acceding countries' specific characteristics. Accession negotiations should neither be seen nor used as a tool for imposing on new members rules and disciplines that are not fully accepted by all of the members themselves. New accessions should not become hostage to agenda issues that are to be solved in the course of WTO everyday business, including global trade round negotiations.

Increasing global trade relations between nations is to the benefit of all the members of the WTO. Only through globalization and increase in trade and other economic ties can we achieve economic growth, optimal allocation of resources, the most effective and efficient means of production and development of technology. The economic development that accompanies increased trade flows benefits all nations. Reduction or elimination of barriers, be they tariffs or red tape is a far better policy option than barricading oneself with protectionist mechanisms. Increased trade should not be feared. Rather, it should be promoted. Globalization and a concomitant increase in trade is not an enemy that should be fought. Rather it is a challenge that we must tackle and make the most of while concentrating our efforts to address side effects that might possibly accompany the process.

Globalization calls for new ideas, new approaches and solutions in order to keep up with the rapidly changing world. A practical example of this new era is the Internet. It gives me special pleasure, being here in Seattle, a cradle of the globalization through computerization, to bring the example of my country. In less than a decade internet use in Estonia has become as essential and natural as brushing ones teeth. We are the most internetted country in the post-communist world and surpass half the EU in internet use. This opening up to globalization in one specific sector has immensely contributed to the overall rapid development of my country.

In closing, dear colleagues, I would like to say that both internetization and globalization are inevitable. In this great historical movement it should be clear to all, but especially to small countries, that each member's interests and future can be safeguarded only through a rule-based framework such as the World Trade Organization and the Millennium Round.
