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## HONG KONG, CHINA

Statement by H.E. Mr. John C. Tsang, JP  
Secretary for Commerce, Industry and Technology

It was with considerable pride and expectation that the WTO launched its first Round of multilateral trade negotiations since its inception at the Fourth Ministerial Conference in Doha in November 2001. WTO Members agreed that the Round should bring about improvement in market access through meaningful trade liberalization, and in the meantime address the concerns of developing economies as they continued their integration into a rapidly globalizing world economy. Quite rightly so, therefore, the Round quickly earned its most well-known name - the Doha Development Agenda. It is about moving forward, bringing improvements in the global trading system.

The launch of the Doha Development Agenda negotiations was timely. Emerged amidst a global economic downturn, it could bring about the much needed stimulus for growth and improvement to lives. We also set ourselves an ambitious target: we aim to conclude the comprehensive negotiations by 1 January 2005. But two years since we commenced negotiations, there still seems to be a long way to go before we are even sure about the eventual shape of this Agenda. We are gathered here this week, not just to take a critical look at progress achieved so far, but more importantly to give concrete directions on how the market access negotiations should proceed, and to take the difficult decision of whether to commence negotiations on the so-called Singapore issues, to name but a few of our formidable tasks.

To ensure that the benefits of trade liberalization could be shared by all WTO Members, the importance of pacing, and thus pushing ahead with trade liberalization only after ample safety nets have been put in place, has been emphasized by different commentators and participants in trade negotiations. It is asserted that no liberalization effort could bear fruit if the countries affected do not possess the capacity to withstand the challenge that such effort would bring to their domestic economies. We cannot agree more with this analysis. And I would like to apply this analysis to a few of the prominent subjects that await our consideration this week, in the hope that a direction on how these subjects might be resolved could be identified.

First and foremost, WTO is about achieving improved market access and developing essential rules that promote free and open trade. Improvement in market access may mean different things in different contexts, but generally speaking it means removal of trade distortive practices, removal or lowering of trade barriers, and opening up of domestic markets for foreign suppliers. All these done in the hope that prices could come down, efficiency could increase, and people's lives could improve. In the light of this commonly accepted objective, Hong Kong, China calls on Members to redouble their efforts in identifying the appropriate framework for the modalities for agriculture and non-agricultural market access negotiations. We believe that meaningful progress made in these two important subjects, which are indeed at the core of the WTO's agenda, would generate the necessary momentum and an amicable atmosphere for progress in other areas.

Applying the analysis that we discussed a while ago, a possible conclusion is that Members are relatively more experienced in deciding what accounts for safety nets that could take care of the interests of the people who might be affected adversely by, for instance, a reduction of tariffs for the products that they made, or a lowering of subsidies that help keep their crops relatively less vulnerable to the fierce competition for markets elsewhere. After all, agriculture and tariffs have been on the agenda of the GATT and now the WTO for decades, and the benefits, both real and anticipated, should already have led Members to identify ways to alleviate the pain that might be brought by the liberalization process. We agree that agriculture is the key that can unlock the negotiations, and the key word in any agreement is "yes". Let us accumulate all the "yeses" we have made so far, endeavour to make even more "yeses" this week, and create an atmosphere that makes saying "yes" to an eventual framework of modalities possible.

WTO is also about constantly updating and improving rules and guidelines that govern international trade. While proliferation of regional trade agreements has continued, Members would appreciate that there are still a whole range of important issues which could not be resolved in bilateral or regional trade agreements. Rules for the initiation and investigation of anti-dumping allegations and rules for the application and regulation of subsidies, to name just two, affect the interests of all WTO Members. They may only be updated with a collective will from all players, and in a multilateral setting. So far we have seen the demonstration of positiveness and constructiveness in the negotiation on rules. Hong Kong, China hopes that the same constructive spirit could prevail in negotiations in other areas, too.

Failure to be sensitive to the different problems facing individual WTO Members is a common cause for eventual failure in negotiations. And in line with our analysis above, no liberalization effort could succeed if it does not address the fundamental concern of the participant countries. Understanding this reasoning is crucial to our search for solutions to the Singapore issues. The long struggle since 1996 to reach agreement on these issues, in particular trade and competition and trade and investment clearly reflects the importance for any eventual solution to respect different domestic policy orientations and different stages of economic development. On competition, for example, there should be no doubt that competition should be promoted - it is what makes market economies work. But the difference between idea and application should be recognized. A balance is needed between promoting awareness of a sound idea and identifying the optimum means to give flesh to the idea and putting it into practice. During application, the limitations of an idea will surface and the responsible way of dealing with these limitations could only be to devise a mechanism that is sensitive to the broader domestic policy contexts of all Members.

Hong Kong, China referred to three major challenges that the multilateral trading system was facing both at the Seattle MC and the Doha MC:

- (i) Sustaining the momentum of liberalization;
- (ii) Updating and developing the framework of existing rules; and
- (iii) Ensuring the WTO becomes truly universal and inclusive, while maintaining its present character.

Four years on, the WTO is still facing the same challenges. The Doha Development Agenda negotiations provide us with an invaluable opportunity to overcome these challenges. It is up to us to seize this opportunity and press ahead with the negotiations with flexibility and accommodation for the concern of others. The fact that, after two years of hard work and at the eleventh hour of their preparation for this meeting, our Geneva delegates were finally able to reach consensus on the exact mechanism to give effect to our decision to enable WTO Members with

insufficient or no manufacturing capacities in the pharmaceutical sector to make effective use of compulsory licensing under the TRIPS Agreement is a strong proof that, with political will, even wide gaps could be bridged.

When we launched the Doha Development Agenda negotiations two years ago, we were fully aware that it was only the beginning of a long and difficult process. We were also fully aware that great efforts would have to be made by all of us in the next few years. On our part, we shall continue to engage actively and constructively on all fronts of the negotiations with the objective of achieving the maximum degree of trade liberalization. And indeed, my Government is taking one step further to contribute to the multilateral trading system by offering its service as host to the sixth session of the WTO Ministerial Conference.

A strong and forward-looking WTO is of vital importance to the world. Perhaps the WTO is not famous for speedy resolution of issues, but now that we are gathered here on this beautiful island of Cancún, thousands of souls united in one cause, we can act to surprise the world by injecting new life and strong impetus into the WTO, and create a firm basis on which our negotiators could achieve our ambitious, yet meaningful target of concluding the Doha Development Agenda negotiations by 1 January 2005.

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