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REPORT BY THE DIRECTOR-GENERAL

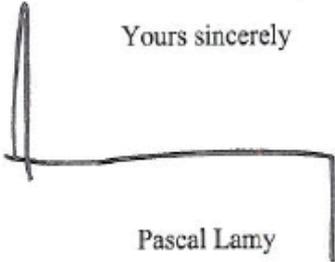
Dear Minister,

In less than a month we will be meeting in Geneva for the 8th WTO Ministerial Conference.

This will be an occasion for you to review the entire breadth of WTO work and to provide political guidance for our future work. The report attached, prepared under my own responsibility, provides you with an overview of work across the WTO, focusing on those areas which I believe deserve your particular attention.

I look forward to welcoming you to Geneva next month.

Yours sincerely



Pascal Lamy

Eighth WTO Ministerial Conference

Report by the Director-General

In one month we will be meeting in Geneva for the Eighth WTO Ministerial Conference (MC8). These are not ordinary times and the conference will not be "business as usual." The world is experiencing the worst economic crisis since WWII. Developed economies have been buffeted by strong headwinds. Disappointing output, employment data and turmoil in financial markets have damaged business and consumer confidence. While the outlook is more positive for developing countries, even those economies with strong fundamentals are finding themselves under strain as the global economy continues to show signs of weakness. Economies are not de-coupled. As long as growth remains sluggish and unemployment at unacceptably high levels, the risks of turning inward will be on the rise.

In times of global economic uncertainty, the WTO's role is ever more important: not only as an insurance policy against protectionism, but also as an active instrument of international co-operation to create confidence by promoting growth and development. Ministers gathered for MC8 can contribute to the improvement of the global economic outlook to the benefit of all, provided you are ready to invest in the strengthening of the multilateral trading system, and provided you are prepared to see this as an opportunity. As the Director-General of the WTO, I am proposing to you that we work to ensure the WTO is seen as an organization which moves forward.

At MC8 we will need to review how the WTO has performed across the entire breadth of its work since we last met two years ago. Inputs for this will come from the regular reporting of WTO bodies, and from the preparatory consultations. Most importantly, MC8 will be the opportunity to chart a pathway for our work over the next two years. This report, under my own responsibility, is intended to provide you with an overview of the WTO in all of its functions, and to help you provide political guidance for the future work of this Organisation.

In writing this report, I am conscious that the WTO is often seen in a segmented way, focussing on one or other aspect of its mandate, to the detriment of others. My aim is to restore a holistic view of the WTO as an integrated system where negotiations, implementation of agreements, dispute settlement, monitoring and surveillance, capacity building, accessions and other activities all have their mutually supportive place. The WTO has a significant role in contributing to greater coherence in a world where economic integration is not matched by the same level of policy cooperation. To live up to this role, it must itself function in a co-ordinated way, bearing in mind that coherence begins at home.

Ministers are uniquely placed to contribute to this integrated perspective, which is all too easily lost in the more narrowly-focused concerns of the day-to-day in Geneva. The issues I cover in this report are not the only ones on the WTO's plate, but also those which I believe deserve your attention and guidance as part of our shared efforts to advance WTO's work on all fronts.

A. MULTILATERAL TRADE OPENING AND RULE BUILDING

I. The Doha Development Agenda (DDA) Negotiations

There is no beating around the bush: the Doha negotiations are at an impasse. Despite numerous pronouncements and commitments, Members have not been able to finalise the negotiations as originally envisaged.

On 21 April 2011, the Chairs of Negotiating Groups and I unveiled the "Easter Package" to Members. This document is the product of work since the launch of the negotiations in 2001. For the first time in 10 years, Members have had the opportunity to consider the entire Doha package in all market access and regulatory areas. The package includes texts in areas where these had not been possible before. It reflects extensive work in vital technical issues and presents options which show the commitment and creativity of negotiators. In sum, the documents leave no-one in doubt about the value of what is on the table, but also reveals the issues that still divide Members.

The area where this divide is most evident is market access for industrial products. There are fundamentally different views on the ambition provided by the cuts to these tariffs under the agreed formula, on whether the contributions amongst different Members are proportionate and balanced. Although there are other issues than industrial tariffs which are outstanding, and the Round cannot be completed without these being resolved, the key differences which have blocked progress in the Round are at present in the industrial area.

Following the realization that the full DDA would not be possible by the end of the year, we embarked on a process aimed at delivering a smaller package by the Eighth Ministerial Conference. It was understood that this was not going to be the final package, but rather a step forward to demonstrate with facts that we could deliver on the entire DDA at a later stage. From the start, it was clear that Least-developed Countries (LDCs) issues were a priority. But some Members felt that this component alone would not address their constituencies' requirements and that there had to be a "plus" element. We therefore explored the possibility of building an "LDC Plus" package which could include trade facilitation, a special and differential treatment monitoring mechanism, export competition in agriculture, a step forward on environmental goods and services, and a step forward on fisheries subsidies.

In July, it became clear that the "LDC Plus" package as Members had framed it was not taking shape. Therefore, since September I have been consulting with Members on "what next" for the DDA during and after MC8.

So far my consultations have shown that while no Member is ready to give up on the objectives in the Doha mandate, there is a collective sense that we need to explore different approaches from the ones already used. In particular, Members wish to advance negotiations pragmatically in areas where progress can be achieved whether on a provisional or definitive basis, as a step towards delivering the entire Doha agenda. This possibility is already provided in paragraph 47 of the Doha Declaration. In addition, Members believe efforts need to be intensified to address areas where substantial differences remain.

What is needed now is to operationalise these principles. Ministerial guidance is therefore essential to ensure that real progress can be achieved in 2012.

In doing so, Ministers need to address the essential question behind the current impasse: different views as to what constitutes a fair distribution of rights and obligations within the trading system, among Members with different levels of development. For some, emerging economies have attained a level of competitiveness and efficiency in key sectors that warrants treating reciprocity as

parity in obligations. Others emphasize that emerging economies still face formidable development challenges in many areas of their economies and are still far from enjoying the per capita income levels and standard of living of those in industrialized economies. In this world, it is argued, treating reciprocity as equality of obligations is not appropriate.

It is clear that progress in multilateral trade negotiations, as is the case in climate change negotiations, will require a political response to this political question.

In addressing this question it would be important to verify that all Members remain committed to the objectives enshrined in the Doha Development Agenda and more broadly in the World Trade Organization. Let me summarise these objectives as I see them: keep opening trade; keep trade open; keep updating the rules that govern global trade to ensure these remain relevant to evolving trading patterns; and take measures to facilitate the integration of the world's poorest countries into the world economy. These global objectives stem from one belief that binds all WTO Members, namely that a more open and rules-based multilateral trading system is a useful tool in the hands of countries to generate growth, to help maintain and create jobs, reduce poverty and ultimately to help countries develop sustainably.

II. Other Areas of Rule-Building

Let me mention four other negotiating areas which are not part of the DDA and which, in my view, deserve Ministerial attention: the Dispute Settlement Understanding negotiations, Rules of Origin, the Information Technology Agreement and the Plurilateral Agreement on Government Procurement.

a. The Dispute Settlement Understanding Negotiations

Since the Seventh Ministerial Conference in 2009, Members have continued negotiations to improve and clarify the Dispute Settlement Understanding (DSU).

My sense is that Members are satisfied with the overall functioning of the dispute settlement system and recognise that the system is widely regarded as an example to follow elsewhere. Members are not looking to make fundamental changes to the DSU; rather, they are seeking to make discrete improvements to the existing system. My sense is also that the experts have worked long and hard to identify possible landing zones to the questions that remain open. The question in front of Ministers today is whether you believe the time has come for ringing the bell signalling the final lap in these negotiations, i.e. if Ministers wish to call now for a prompt conclusion of these negotiations.

b. Rules of Origin

Negotiations to harmonize non-preferential Rules of Origin for around 2700 products in our nomenclature were launched 16 years ago, based on the belief that simple and clear rules of origin can help to improve the international trade environment and reduce costs for trade and economic operators.

So far, Members have reached an understanding on rules for some 1500 products. Completion of the remaining ones is closely linked to the issue of whether these rules apply to trade remedies or whether trade remedies will follow a different set of rules. The question in front of Ministers is whether they believe that, after 16 years of negotiations, the time has come to reach agreement on the non-preferential rules of origin for the remaining products.

Beyond the non-preferential rules of origin also lie those applied to preferential trade. We have seen some progress in the simplification of rules relating to preferential schemes for LDCs. But

despite this positive sign, the proliferation and complication of different regimes - national, bilateral, regional or unilateral - need, in my view, to be seriously examined.

c. The Information Technology Agreement

The ITA is an "open plurilateral agreement", under which 73 participants representing 97% of trade in ITA products, are committed to provide duty-free treatment to these products on a Most-Favoured Nations basis, benefiting all WTO Members.

In recent months, some ITA participants have begun reflecting on a possible new ITA negotiation to *inter-alia* expand the current product coverage and membership and to address non-tariff barriers. In parallel, there has been suggestion to transform the ITA into an International Digital Economy Agreement. These are interesting developments aimed at keeping the ITA rule book up to date with rapidly developing technological developments. This is in my view a promising area for future work. The question ahead of Ministers is whether the ITA can serve as an example to be emulated in other sectors.

d. Government Procurement Agreement renegotiations

The Government Procurement Agreement (GPA) is another example of a plurilateral agreement, although its benefits only extend to its members and are not applied on a Most Favoured Nation basis. For over 10 years the Members of the GPA have been negotiating an improvement in its rules, as well as an expansion in the market access it provides. A "GPA Package" is now within reach. The package currently on the table is substantial and would result in gains in market access opportunities for Parties' companies estimated at between 80 to 100 bio annually. It would ensure good governance and sound management of public resources. A conclusion to the on-going negotiations would also facilitate a further round of accessions to the Agreement, including by Members currently negotiating joining the GPA such as China.

In my view, the question ahead is whether you believe this is the time to step up efforts to conclude all aspects of the on-going negotiations and to turn the focus to the pending accession negotiations.

B. ADMINISTERING THE RULE BOOK

The WTO is required to facilitate the implementation, administration and operation of the multilateral trade agreements. This is the "bread and butter" of our activities, even if, unfortunately, the importance of this function does not always receive the attention it deserves. The work in regular committees is in fact a "safety valve" that Members have at their disposal to address specific trade concerns and prevent them from escalating into disputes. I therefore encourage Members to further utilize these mechanisms. I would like to take this opportunity to shine a light on some of the regular work of the WTO, as a reminder for all of us of its importance.

Since the outbreak of the financial crisis, I have regularly reported on the latest trade developments to the Trade Policy Review Body. Also, following a request by G-20 Leaders, the WTO Secretariat, together with the secretariats of the OECD and UNCTAD, have prepared regular reports on G-20 trade and investment measures adopted during the crisis. We have also done this for APEC. The additional transparency provided by these reports has helped to raise awareness of both Members and non-Members to trade restricting measures. The various monitoring and surveillance reports the WTO has produced have been debated by Members, and in so doing they have helped to reinforce multilateral trust. A specific Decision for Ministers to agree at MC8 has been prepared.

The WTO's mandate to review Members' trade policies and practices has been rigorously conducted under the Trade Policies Review Mechanism. Since the establishment of this mechanism, 141 Members have been reviewed, 30 of which since the last Ministerial Conference. We have also worked to encourage more interactive discussions in this exercise. The 4th Appraisal of the mechanism gave Members an opportunity to discuss improvements to Trade Policy Reviews to streamline them, improve the dialogue and improve follow-ups. A good package of improvements has been agreed and is now ready for Ministerial endorsement at MC8.

Regional Trade Agreements are an increasing feature of Members' trade policies and it is therefore important that the multilateral trading system improves its understanding of these agreements. For the moment, Members have pragmatically put aside the question of the legal relationship between multilateral and preferential trading systems and instead have focused on using the WTO Transparency Mechanism to seek to better understand the features of RTAs notified to the WTO. The 2011 World Trade Report published last July was devoted to this issue. Overall I believe that the transparency mechanism has allowed us to gain useful insights into each agreement. I nevertheless believe that there is much scope for a more in-depth look into issues across Regional Trade Agreements. This would help us further understand the extent of regulatory convergence and divergence in these agreements, as well as the scope for market segmentation. The question for Ministers is whether MC8 could be a good occasion to launch an enhanced dialogue about Regional Trade Agreements.

Finally, the quality of the monitoring and peer review in the WTO is highly dependent on the quality of information provided by Members. Hence the importance of respecting notification obligations Members have subscribed to. At the end of the day, transparency is in the hands of Members, and this is why I believe it is essential that compliance with notification requirements be improved. To help developing Members in this respect the Secretariat has been providing targeted technical assistance. Finally, since the last Ministerial Conference we have revamped the databases where these notifications are hosted. We have also started a process of integrating the trade, tariff and non-tariff barriers databases and of constructing a services' policies database to provide Members with a true resource for trade intelligence information. This is an area where I believe the WTO should be collectively investing in the years to come. The WTO must indeed be "the" depository of trade intelligence.

C. SETTLING DISPUTES

One of the main pillars and strength of the WTO since its inception has been the successful performance of its dispute settlement system. All agree that the establishment of this highly respected system enables all Members to resolve trade disputes in a fair, predictable, and relatively rapid manner. Its unique success in fostering the resolution of international disputes, together with its automaticity enhances the stability, security and predictability of the rules of international trade. While some challenges remain, my sense is that, overall, the system is highly successful in fulfilling its main function of fostering the resolution of trade disputes and that panel and Appellate Body reports have contributed significantly to the clarification of Members' rights and obligations contained in the covered agreements. The regular use of the system by Members indicates their confidence in a dispute settlement mechanism that many consider to be a role model for the peaceful resolution of disputes in other areas of international political or economic relations.

Although the most active participants in the system continue to be developed Members, notably the United States and the European Union, it is worth noting that in the last several years, overall participation by developing countries has been equal to or in excess of that by developed countries, including some first time users. Equally worth noting is that the dispute settlement system

has witnessed not only developed country Members prevailing in disputes over other developed country Members, but also developing country Members prevailing over larger trading nations.

Despite its success, I am aware that there is room for improving the dispute settlement system. Many of the changes that could usefully be made are being addressed by Members in the ongoing DSU negotiations, mentioned earlier. In addition to these there are, in my view, some additional areas requiring attention, such as helping LDCs participate more actively in the dispute settlement, technical assistance with disputes and making better use of existing alternative dispute settlement procedures of good offices, mediation and arbitration, which are provided for under our rules.

Improving Members' understanding of the dispute settlement process contributes to the efficient functioning of the system and the Secretariat will continue to provide technical assistance and capacity building in this area. With regard to developing-country Members, the Secretariat is required to make available a qualified legal expert to any developing-country Member which so requests. Thus, I believe it is worth reminding Members, particularly those using the dispute settlement system for the first time, of the existence of this assistance. I also believe that strengthening the Advisory Centre on WTO Law, an independent organization providing legal advice to developing countries, would be a welcome development.

In 2010, we have initiated a process of informal consultations with WTO Members, panelists, trade law practitioners and Secretariat experts involved in the WTO dispute settlement system with a view to exploring whether it is possible to find efficiency gains in dispute settlement so as to reduce the burden on Members and the Secretariat. His overriding approach was that any improvements would have to be consistent with existing rules and that changes could be contemplated only if they did not involve amending the DSU. Any adjustments would also have to be effected without undermining the excellent reputation and high quality output of the system. These consultations are continuing and are open to anyone who is interested in contributing to this important process.

Finally, we are developing, in consultation with Members, an e-filing system that will lead to time and financial efficiencies, contribute to enhanced security of dispute settlement documents, provide a searchable database of data on disputes for Members and the public, and support the move to a paperless Secretariat.

D. BUILDING TRADE CAPACITY

Helping developing and least-developed countries to integrate in the multilateral trading system is one of the WTO's core functions, and one to which I personally am deeply committed. The WTO plays two main roles in trade capacity building. One role is that of *advocacy*, analysis and debate, using the WTO's convening power and monitoring function to support the Aid-for-Trade Initiative including through periodic reviews. A second important role which WTO plays is the *delivery* of activities to build trade capacity, both as a partner in multi-agency initiatives, notably the Enhanced Integrated Framework (EIF) for LDCs and the Standards and Trade Development Facility (STDF) which it houses, and as the implementing agency of its own Technical Assistance and Training Plan.

At advocacy level, the Third Global Review of Aid for Trade, held on 18 and 19 July 2011, moved from discussing priorities and resource mobilization to examining the effectiveness of Aid for Trade on the ground. Results were shown in terms of increased export volumes, more employment, faster customs clearance and border transit times and impacts on poverty. But there was also recognition that further attention needs to be given by all stakeholders to areas such as improving the effectiveness of aid, strengthening reporting systems and continued efforts to engage the private sector in the initiative.

Resource mobilization efforts have been successful with Aid-for-Trade reaching approximately USD 40 billion in 2009, a 60 per cent increase from the 2002-2005 baseline. The share of LDCs in total Aid for Trade has also increased from 26.5 per cent to 30.4 per cent in the same period. Significant progress is also being made by developing countries in mainstreaming trade considerations into their development strategies. A further theme identified during the Third Global Review was the "intersection" of trade with the broader sustainable development agenda, including issues such as food security, gender empowerment, green growth and energy.

The 2012-2013 Aid-for-Trade work programme under the theme "Deepening Coherence", has just been approved. We have come a long way since we launched this initiative in 2005. In my view it would be helpful that at MC8 you recommit to the Aid for Trade agenda, as an indispensable support to a robust trade opening and rules-making agenda.

The WTO also uses its convening power to shine a spotlight over assistance provided by donors to support cotton producing developing countries under the "Consultative Framework Mechanism on Cotton". The 16th Round of my Consultative Framework Mechanism was held on 3 November 2011 on the basis of a table including support programmes in this sector by WTO Members as well as by multilateral institutions.

In terms of delivery, in 2010/11 the WTO provided more than 700 technical assistance activities, including field-based events in WTO Member countries and region, as well as activities in Geneva. This biennium also saw a strengthened cooperation with regional partner agencies, as well as a considerable enlargement of the target audience, with outreach to parliamentarians, universities, and the private sector. We placed particular emphasis on providing assistance to LDCs who in 2010-2011 benefited from over 40 per cent of all technical assistance activities. One major achievement in the last two years is the successful implementation of a Progressive Learning Strategy with its key element being E-Learning. In the biennium 2010-2011, over 4000 government officials completed online training courses. Of these, 23% came from LDCs.

I also wish to highlight here the WTO Chairs Programme, which was launched in 2009 and started operating in 2010. Fifteen academic institutions in developing countries, selected through a competitive process, have been awarded Chairs and receive support in course preparation, teaching, research and outreach activities with the aim of forging deeper links with scholars.

The WTO partners with other international organisations to deliver trade capacity building to LDCs under the Enhanced Integrated Framework. The EIF is currently supporting 20 projects in LDCs tackling supply-side constraints to trade on sectors targeting export growth and income generation in support of pro-poor livelihoods, compliance with standards and value addition, and in services including in tourism.

The WTO also partners with other organization to deliver technical co-operation related to Sanitary and Phytosanitary measures through the Standards and Trade Development Facility (STDF). In the last two years the STDF has continued to assist beneficiaries in the area of project development and implementation on the ground to improve the capacity in developing countries to meet international SPS requirements, and hence their ability to trade in food and agricultural products. In 2010 and 2011, 12 projects development applications and 15 projects were approved for funding. The STDF currently dedicates some 50 per cent of STDF projects to LDCs and other Low Income Countries.

Looking ahead, I see two interlinked challenges in the area of trade capacity building where guidance of Members would be important: securing continued funding and showing results of our activities. Against the backdrop of uncertain global economic conditions and fiscal pressures in key donor countries, a challenge for WTO's activities on Aid for Trade is to sustain financing and

ensuring that WTO trade capacity building programmes are adequately resourced. We have already seen a decrease in the funding for the WTO Global Trust Fund from 19.6 mio in 2009 to 16.1 mio in 2010, which will oblige us to rationalise technical assistance. The second challenge is the necessity of showing results: demonstrating that trade capacity building positively influences the ability of developing countries to trade. The Third Global Review made significant progress in this respect but also highlighted the remaining challenge in carrying forward the work on effectiveness. The recently approved WTO 2012-2013 Technical Assistance and Training Plan introduces the concept of "Results Based Management" into the design, management and delivery of WTO trade capacity building programmes and provides the basis for structural monitoring and evaluation of these activities. The EIF and the STDF are also moving in this direction.

E. ACCESSIONS

By the 8th Ministerial Conference we will have sealed four new accessions; Russia, Montenegro as well as two LDCs Vanuatu and Samoa. After the Ministerial Conference there will remain 27 accession processes under way, out of which more than a third are LDCs.

The Secretariat has intensified its efforts in support of accession processes across a wide range of activities. In 2011, acceding governments benefitted from more than 100 technical assistance activities, of which no less than half were accession-related activities. We also saw the setting up of a fund, the "China LDCs' and Accessions Programme", to provide technical assistance to acceding LDCs. The WTO also teamed up with the International Trade Centre (ITC) to provide technical assistance to the private sector in acceding countries. This work has proved to be very effective in assisting candidates in accession, as well as with raising awareness and understanding of what it entails. I see it as essential that it be sustained and enhanced.

Increasing the transparency of the accession process has been another priority. Since December 2009, I have taken the initiative to report to the General Council on accessions. We have introduced a newsletter service for acceding governments to produce information, request feedback and assist in the planning and preparation for accession meeting and negotiations. We have also completed work on an Accessions Commitments Database. The dialogue between Acceding LDCs and WTO Members, initiated in 2009, has continued under the auspices of the Sub-Committee on LDCs. Despite these improvements, there remains a sentiment that accession processes, particularly for LDCs, are unduly complex and lengthy. While the Secretariat will continue to improve its support to the processes and the candidates, the more substantive issues involved are for the Membership to consider. MC8 will provide a good opportunity for a discussion of accession-related matters with a view to streamlining accession processes.

F. OUTREACH

When I was re-appointed in 2009, I identified enhancing outreach towards external stakeholders - NGOs, parliaments, academics, and business - was an important priority. I believe substantial progress has been made, but more remains to be done.

The annual WTO Public Forum has now become "the event" for civil society to express their views and voice their concerns on all aspects of the multilateral trading system. In 2010 and 2011, the Public Forums drew more than 1,500 participants comprising academics, business representatives, government officials, representatives from international organizations, journalists, lawyers, NGO representatives, parliamentarians and others from all over the world.

We have also stepped up our engagement with parliamentarians and their staffs. National Parliaments play a key role in that they approve agreements negotiated by their governments and inscribe them into national law. Another group of stakeholders with whom the WTO continues to have regular dialogue is the news media. In 2010 and 2011 the WTO hosted information briefings, training seminars and regional workshops for journalists in Geneva covering various aspects of the WTO's work. I believe such activities for journalists have an effect in helping inform the public at large about the trading system. In 2011 we revamped our website which receives more than 35 000 visits a day.

We have also kept NGO abreast of developments in the WTO. 21 NGO briefings in 2010 and 15 briefings in 2011 have been conducted. The WTO also received about 350 visiting groups of students in 2010 and 2011. Outreach efforts to the business community were enhanced in 2011 and greater efforts are planned in the coming year.

Despite these achievements, I believe we still face the challenge of making the complex dynamics of the WTO understood by the general public. This is also an important area for the Members, and not only for the Organization itself, as trade policies need to earn support from domestic constituencies. Enhanced collaboration in this area between the WTO Secretariat and Members is an area deserving enhanced attention.

G. COHERENCE IN GLOBAL ECONOMIC POLICY-MAKING

The WTO has an extensive network of work and contacts with over 70 organisations. Although coherence lies essentially with Members of these organisations, closer interaction and co-operation among International Organisations can contribute to the goal of coherence in global economic policy-making.

I would like to focus on three elements of our work in the last two years. First, co-operation to measure trade in value added under the "Made in the World Initiative", which involves cooperation with several international agencies, including OECD, the World Bank, ILO, UNCTAD and the UN, as well as a number of national statistical offices. International trade today is inseparable from global production networks and in this new context of trade in tasks, the WTO is spearheading the development of a new measurement of trade flows based on value added. For that we need to cooperate with other partners to build the required data sets and define common methodologies. Having a more accurate measurement of the value of trade transactions and trade flows will be an important element of a more evidence-based national and international dialogue on the role of trade in growth, in global imbalances, in job creation and in development.

Second, on trade finance, where the WTO has worked with the World Bank Group to help low-income countries' access to trade finance, by supporting the strengthening of trade finance facilities in regional development banks, and in particular in the African Development Bank. We have also worked with the World Bank Group, the International Chamber of Commerce and the Basel Committee on Banking Supervision to address the "unintended consequences" on the availability of trade finance in poor countries of the Basel III package of financial re-regulation.

Third, on agriculture, where we have worked with eight other agencies to develop options to better mitigate and manage the risks associated with price volatility of food and agriculture products at the request of the G20.

H. THE SECRETARIAT

I wish to put on the record my appreciation for the hard and serious work carried out by the 800 staff in the Secretariat in providing cutting-edge expertise to our Members. In the last two years, I have made it a priority to ensure that the Secretariat is better placed to adapt rapidly to the changing needs of Members and the outside environment in which it operates. By improving internal governance and streamlining efficiency, gains have been made throughout the Secretariat. Both public and private sector practices have also been implemented, ranging from internal auditing, to rigorous procurement procedures, to implementation of up-to-date human resource management. Efforts have also been made to foster diversity in the Secretariat which today comprises staff of 86 nationalities, and to enhance possibilities for internships. The aim of achieving a paperless Secretariat is also coming to fruition.

One specific area in which the Secretariat's capacity has been reinforced is its analysis arm. By upgrading analytical capacity, both on economic and trade policies and their effects on trade, WTO's experts are better placed to serve Members. Examples of this are the monitoring of the financial and economic crisis, the World Trade Reports and numerous joint publications we have produced in collaboration with other international organisations such as the ILO, UNCTAD, WIPO, WHO, UNEP, UNIDO, OECD, WB or IMF to name a few.

The WTO's budget is affected by the same conditions experienced by public entities all over the world: austerity and value for money. I have recently tabled a proposal for the 2012-2013 budget, guided by the principles of higher efficiency, value-added and productivity. The Secretariat will do its part. It is important that Members also contribute in helping reduce costs.

Also on the budget front, our recent efforts to address the question of Members in arrears have borne fruit. We only have 5 members in arrears compared to 17 Members just two years ago. It is important to ensure that all those who belong to the WTO family are able to function as full Members of it.

Finally, work on the renovation and extension of the existing WTO building advances apace. The new facilities, which will be available from 2012, and the appropriate security enhancements which will accompany them, will provide both delegations and the staff with an appropriate environment for their work across all the spheres of activity of the WTO. The new building will embody what we all desire for the WTO – that it be modern, functional, transparent and at the service of its Members.
