

**HOLY SEE**

Statement Circulated by Mgr. Celestino Migliore,  
Under-Secretary for Relations with States  
(As An Observer)

1. The Holy See is pleased to participate for the first time in the Ministerial Conference of the WTO and in the celebration of the fiftieth anniversary of the GATT System. In 1965, in the document of the Second Vatican Council "Gaudium et spes", the Catholic Church noted the significance of the process of economic globalization and indicated the need for a just multilateral system of exchange (cfs. GS, nn. 83, 85-86). In keeping with its nature as an international juridical person, and with its role as an observer to the WTO, the Holy See wishes to take this opportunity to offer some reflections upon some of the ethical criteria which should guide multilateral commercial treaties.
2. Trade has always been on one of the means of interaction between countries and civilizations. It can contribute to human advancement, if it leads to an equitable share of comparative advantages, but, when it is not governed by ethical criteria, it can also lead to inequalities and the destruction of values and cultures. A conception of international trade as an instrument for the consolidation of geopolitical or economics interests by means of unilateral advantages is to be avoided. It is clear that such an attitude must bear some portion of blame for the great tragedies of the twentieth century.
3. As a key element in guaranteeing international peace, the United Nations' project envisioned the "International Trade Organization" (ITO) as a way of co-ordinating the trade interests of nations and obtaining conditions which would be just and equitable for all. As is known, the ITO did not materialize. Even the subsequent General Agreements (GATT), which supposed the acceptance of rules of reciprocity and of proper commercial behaviour among participants, were limited to a restricted group of nations. One reason for the slow integration of other countries into GATT was the perception that differences in economic development impeded integration into a normative common framework. Moreover, many countries wanted to create institutional links between trade and other complementary economic actions - the transfer of technology and capital - and with a system of preferential trade negotiation.
4. It was only in the 1980s that the majority of developing countries felt the need to be part of the Uruguay Round of GATT. The eventual establishment of the WTO was an important step forward, because all countries agreed to the establishment of the normative common framework to ensure honest competition among nations. When admitted as an observer in July 1997, the Holy See affirmed that the "WTO implies a main innovation, for it establishes a universal system for the regulation of trade controversies, excluding unilateral unfair commercial actions. The WTO's activity seems destined to work out a full body of international public trade law, with a decisive influence in the whole span of relations between countries, including the preservation of international peace".

5. Although the WTO's objectives are limited basically to determining rules for multilateral trade negotiation, with the co-ordination of policies on tariffs and external trade, its activity can help to create a just international trade system, provided it does not lose sight of the rest of global economic reality and is linked with parallel action (in other international or bilateral settings) working towards other goals, especially: (1) equal opportunities for economic development for all States; and (2) equality of benefits for each citizen in every country.

6. In the specific field of the WTO, moreover, the countries of greatest economic strength should be prepared to accept the organization's rules without conditions, and to open their own markets at least in proportion to the opening offered by the weakest countries. In the case of less-developed countries, favourable unilateral concessions should be considered: an unconditional opening of markets in their favour, the concession of extended time limits for their adaptation to the norms, the concession of waivers to protect weak social and productive structures; a revision and extension of terms and conditions as often as necessary.

7. Parallel to the WTO, efforts should be made to eliminate the inequalities weighing upon the less-developed countries by means such as the following: the constant and consistent supply of official development aid; the transfer of knowledge and well-adapted technology and know-how, and the solution of financial problems - the cancellation of external debt, followed by preferential financial assistance with a view to consolidating national finances.

8. It is also important that in both rich and poor countries open trade should not undermine the human factor, but empower it. Free trade will be justified when it brings an improvement in the various indicators of the social development for all participants: food; health; education; employment; environment; political stability; respect for fundamental freedoms and human rights; cultural and workers' right, etc. and when it helps to protect and preserve small local enterprises, which are intimately linked to the culture and to the identify of ethnic and other groups of people within a particular country.

9. The trade negotiations of the WTO should be accompanied by constant monitoring - both theoretical and practical - of their effects, especially in the area of human and social development, with the purpose of automatically correcting unwanted results. To this end, there is a need for the coordination of government action, both bilateral and in the various international forums (WTO, Bretton-Woods, ILO, UNDP, UNEP, OMS, FAO, UNIDO, etc.) and for the close co-operation of these agencies among themselves. Also, collaboration with NGOs and with civil society as a whole can prove a useful instrument in making the world trade system a key element of development marked by true freedom and solidarity.

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