

# WORLD TRADE ORGANIZATION

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Statement by Mr. Michel Camdessus  
Managing-Director

*(Speaking as an Observer)*

I am very pleased to address this third Ministerial Conference of the WTO, and especially to have the opportunity to congratulate Mike Moore as he assumes the leadership of the Organization at this important period for the development of world trade.

The IMF's Articles of Agreement identify as one of our key purposes, "to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment". In pursuing this mandate the IMF, in addition to its policy dialogue with its 182 members, also finds key synergies with the WTO and the World Bank. Our three institutions actively collaborate both to advance the growth of world trade and to achieve coherence in global economic policy-making. The joint statement by the heads of the three organizations bears testimony to the importance of integrating international efforts in support of global development strategies, a strong multilateral trading system, and a sound international monetary and financial system. But such collaboration is only a part of a broader coherence - in the policy-making of all members of the international community - that brings trade together with macroeconomic, financial and development policies into a cohesive whole.

We have a tremendous opportunity for progress at this very moment in time. The crisis that loomed so large little more than a year ago is behind us, a little more quickly than we dared to anticipate, offering a window of opportunity to take far-sighted actions for the long-term development and stability of the international economy. We must therefore take new steps to allow people to achieve their potential. That they can do only in a growing economy. The growth of trade has been one of the main engines of economic growth in the extraordinary half-century now drawing to a close - and further growth in trade will help sustain growth and reduce poverty, worldwide.

The world needs an ambitious, far-reaching global trade round for three compelling reasons: to sustain the recovery of world economic activity; to support the continuing reform of the international monetary and financial system; and to deliver a major impetus in the global offensive on poverty. The international community has already taken many steps in these areas, acting in a decisive cooperative fashion, in a spirit of enlightened self-interest to strengthen the international monetary and financial system. This same spirit needs to be brought to the new round of trade negotiations to carry forward the work on strengthening the international economy. Let me elaborate briefly.

First, we are now seeing a cyclical upturn in many parts of the world. The recovery needs to be sustained and broadened. This is a golden opportunity to strengthen and prolong it to move to a new level of high-quality growth and development. Ministers, you know - and have proved - that

trade facilitates growth, and the transfer of knowledge and technology. In short, open economies prosper. Countries at all stages of development have demonstrated it time and again: whether it was undertaken within the negotiated multilateral setting of the WTO, or on a unilateral basis by the many developing, transition and emerging market economies that have clearly recognized the potential of more liberal trade. Trade has been one of the main engines of world growth. Every country that has grown fast in the last half-century did so through a strategy of integration with the world economy centered on trade. And thankfully, even in the midst of the recent crisis - one of the greatest threats to national and global prosperity in the past 50 years - countries resisted protectionist pressures. But, it is necessary now to go beyond a passive resistance to protectionism, and to initiate an ambitious round of trade liberalization.

Second, far-sighted trade liberalization is an indispensable element in building a robust global economic system for the long-term. Without the foundation of more liberal trade, the efforts by governments and international agencies to strengthen the international monetary and financial architecture will be rendered less effective. In this work, we aspire to a sound international monetary and financial system conducive to free, but orderly, international capital movements, based on sound national financial systems and equitable, transparent policy-making. But a world of more mobile capital that is not accompanied by a regime of progressively more open, freer - and hence more efficient - trade in goods and services, is a world that may become more vulnerable to the risk of recurring crisis.

As a specific example, consider the benefits that would follow if the Round promotes further liberalization of trade in financial services, and leads to an improved institutional framework for such liberalization. Competition in financial services, including from foreign sources, supported by a sound modern regulatory and supervisory framework and sound macroeconomic policies, is a vital source of dynamism for countries' financial sectors. By encouraging modernization and by promoting international standards and good risk management practices, this aspect of the new trade Round can contribute directly to a more stable international system.

Third - and if I were to stress one point alone, this would be it - trade through its contribution to sustained high-quality growth, is vital for the lasting reduction of poverty. For poverty can be seen as the ultimate systemic threat. Ministers, your governments are committed to helping the developing countries, especially the poorest, to integrate more fully into the world economy so as to promote sustained growth and development. To this end, the international community has actively endorsed the enhancement of the Initiative for Heavily Indebted Poor Countries (HIPC). Imagine, of the 135 Members of the WTO, 74 have pledged support to the HIPC Initiative. Your governments have agreed to the establishment of the IMF's new Poverty Reduction and Growth Facility focused on the needs of the poorest. And governments have repeatedly pledged to achieve many ambitious economic and social objectives aimed at reducing poverty during the next 15 years, as I reminded the Annual Meetings of the IMF two months ago. But, even if all these initiatives are implemented fully, they will be seriously weakened if the developing countries are not given the most fundamental opportunity: to produce and export a growing range of goods and services, to benefit from the higher volume of imports that would then be possible, and above all to realize two of the most basic of human needs - the opportunity of employment and the availability of a "living wage".

That is why particular attention during this new trade Round must be brought to bear on the developing countries, and their integration into the global trading system. Their export potential, particularly in agriculture, continues to face significant barriers in industrial country markets - for example, tariff protection for agriculture in industrial country markets is some five times higher than for manufacturers. Providing unrestricted market access for all exports from the poorest countries, including the HIPCs, should receive priority and be brought to an early resolution so that the poorest countries can begin to benefit without delay. They account for such a small proportion of world trade - less than one half of one per cent - that such access would not be costly or unduly disruptive.

In closing, let me simply reiterate that it is only through a truly cooperative approach - one that ensures that trade, development, macroeconomic and financial policies are mutually supporting - that we will be able to make lasting progress on the most pressing issue facing humanity at the end of the 20<sup>th</sup> century - reducing poverty. Let us work together to this end.

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