



**DEVELOPMENT COMMITTEE**  
(Joint Ministerial Committee  
of the  
Boards of Governors of the Bank and the Fund  
on the  
Transfer of Real Resources to Developing Countries)



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Statement by

Dr. Supachai Panitchpakdi  
Director General  
WTO

Advancing the Doha trade Round has become all the more important in the light of slow economic growth that is now affecting all regions of the world economy. A boost to investor confidence is urgently needed – a sign that developed and developing country governments alike are serious about opening their markets to competition and setting about correcting structural economic weaknesses that will raise long-term growth prospects and create the conditions for renewed economic prosperity.

Trade growth is key for economic growth and poverty reduction. The trade negotiations have the potential to unlock substantial new resource flows to developing countries, far exceeding those that can be generated through official aid or debt relief.

The Doha Round is politically important too – at this difficult juncture, governments need to demonstrate a renewed commitment to multilateral cooperation and to shared responsibility for solving problems of poverty and unemployment, which are so closely bound up with problems of international security.

As important as bilateral or regional initiatives are, history shows that multilateralism offers the most powerful means of achieving deep and lasting trade liberalization. Only through a balanced negotiation will countries achieve the cross-sectoral trade-offs that drive liberalization forward. Only an inclusive approach – based on the principle of non-discrimination – can ensure that the weakest and poorest countries are not marginalized.

It is therefore important that the trade negotiations retain the ambitious objectives set by Ministers in Doha if we are to deliver a real Development Round and a boost to world economic recovery. There is no reason to begin doubting the possibility of meeting the target date of end-2004 for finishing the negotiations. No reason, that is, unless governments decide that their political will to complete the exercise is no longer there. And that, surely, would send a very damaging signal around the world – damaging to the prospects for economic recovery, and damaging too for the process of multilateral cooperation in general.

Starting to roll back levels of ambition for the trade negotiations is no answer. It would quickly spiral downwards, as more and more trade-offs are closed out, condemning the negotiations to insignificance in the eyes of developing countries and of business world-wide.

Nowhere is that more true than in the negotiations on agriculture, a sector that is of vital economic significance to a large number of WTO Members. Nothing would be served by producing a minimalist approach. Instead, political opinion must be brought around from viewing agriculture as a matter of purely domestic concern, to appreciating its importance for poverty reduction, development, and international security. Rural poverty is the most endemic and corrosive form of poverty in the world. Continuing high levels of restriction and distortion to agricultural trade are a large part of the problem. They must be brought down.

Given the level of ambition of the Doha Round, it is inevitable that we have hit some bumps along the road. The two things that are key to every trade negotiation are political commitment and convergence of positions. Those are what we need now to work on to ensure a successful Ministerial Conference in Cancún next September.

As was the case during the Uruguay Round, the support of finance and development Ministers, and of the IMF and the World Bank, is vital – politically, at the national and international levels, and technically and financially.

Trade's role in the development process has never been more widely recognised. We know that if developing countries are to grow their way out of poverty, much more must be done to remove barriers facing their exports of goods and services. Trade liberalization, in both developed and developing countries, is an essential element of a comprehensive strategy for accelerating growth and reducing poverty. We know, too, that bringing developing countries more fully into the global trading system is key, not only to a more equitable world economy, but a more secure and stable one as well.

Developing countries are united in wanting trade to play a bigger role in their economic development, but they are saying that they need help to do that, and they need it urgently. Improved market access opportunities must be backed up by more focused and generous support, particularly for the poorest developing countries. They need reassurance, early on, of readily available and sustained financial assistance to manage external and financial imbalances they encounter in the course of adjusting to trade reform, particularly in an environment where many of them are already struggling with sluggish world growth, debt problems, depressed levels of foreign capital inflow and weak terms of trade.

They need reassurance also that they will receive large-scale financial support to adjust the real sectors of their economies to an ambitious new programme of trade liberalization and reform, including the domestic capacity-building that will be involved – from improving the customs to upgrading the supply-side of their economies.

We need to make real progress in the Doha Round at the next WTO Ministerial Conference in Cancún in September. This is central to the trade and development interests of developing countries. It has become central, too, to a coordinated approach, by trade finance and development Ministers to renewing confidence in an early improvement in world economic prospects, and in multilateral cooperation generally.