

Stand and Deliver

In Davos, Bank urges developed countries to lower trade barriers

This article originally appeared in Today, the daily E-Magazine for World Bank staff.

January 30, 2003—The gathering of world leaders this week in Davos for the World Economic Forum would seem an unlikely venue for a discussion on trust. Yet restoring trust in a global climate characterized by uncertainty was the theme of this year's annual conference.

This year's agenda focused on illustrating the role trust plays in restoring public faith in corporations, revitalizing economies, securing peace, and making good governance work for rich and poor alike.

Iraq was the dominant topic at Davos, garnering much of the media coverage related to the conference. However, participants still found time to discuss other pressing issues. In light of the current trade negotiations launched in Doha, much was made of the breakdown in trust between developed and developing countries.

"We want free trade, but a free trade that characterizes itself by reciprocity. It will be useless, all the exports that we will develop, if the rich countries continue to preach free trade on one side and practice protectionism on the other side," said Brazil's newly elected president, Luiz Inácio Lula da Silva

"At Davos, there was broad consensus that without action on agricultural protection by rich countries, trade negotiations will not move forward. We are running out of time for



Nicholas Stern, Chief Economist and Senior Vice President, Development Economics

developed countries to deliver on their commitments," said Nicholas Stern, Chief Economist and Senior Vice President Development Economics.

The next ministerial meeting of the Doha round takes place in Cancun, Mexico, in September. Before then, World Trade Organization (WTO) members must agree on a formula for reducing rich country agriculture subsidies and other barriers to developing country farm exports. According to Stern, the discussion is now shifting away from understanding the problem to action steps that will move the discussions forward.

The Bank contributed to raising the visibility of trade issues at the meeting through several channels, including helping to prepare the agendas and participating in a series of panel discussions. As background for the discussions, Ian Goldin, Director of Development Policy, coauthored a [background paper](#) that was circulated to all the Davos participants. The paper set out three scenarios for the Doha trade round: best case, base-line, and worst case.

Drawing heavily on Bank research and analytical work from the International Trade Department, Goldin coauthored the paper with Dani Rodrik of Harvard University and Michael Garrett, the chairman of the Evian Group, a group of European businesses interested in development.

"The paper helped to focus attention in Davos on the importance of reforming the global trade rules in ways that are fairer to poor people and address developing countries concerns," said Goldin. "Working with others to produce a common set of scenarios contributed to the consensus for action."

Stern led a small delegation of Bank officials at Davos, including Goldin, Katherine Marshall, Director of Development Dialogue on Trust and Values, and Daniel Kaufman, Director of Global



Ian Goldin, Director of Development Policy

Governance and Regional Learning. More than 2,000 people attended the 33rd World Economic Forum, including business executives, government officials, social activists, academics, and religious leaders.

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