

Parliamentary Conference on the WTO
Inaugural session, 16 February 2015

Opening message by Ambassador Fernando de Mateo

Welcome to the WTO. It is a great honour for me to address this annual session of the Parliamentary Conference. I would like to thank the Secretary General of the Inter-Parliamentary Union, Mr. Martin Chungong, for his invitation to participate in this important event.

This is a very significant year for the WTO. We are celebrating the twentieth anniversary of the Organization, the foundations of which were laid by the GATT almost seventy years ago.

In the past six decades, the volume of world trade has expanded fiftyfold in real terms, and global output sevenfold. It has repeatedly been shown that trade promotes growth, employment and development.

Trading patterns have undergone constant change. The consolidation of global value chains has had profound implications. Today, more than 70 per cent of global trade is made up of goods and services that serve as inputs for the production of more goods and services. The revenues generated by global value chains have doubled, on average, every 15 years. Countries are specializing in activities and production segments, instead of in complete industries.

While all countries participate in these chains, some do so more fully than others. Efficient participation depends on a number of factors.

- (1) Imports are as important as exports, meaning that it is indispensable to reduce delivery times and transaction costs.

- (2) Multilateral liberalization is preferable to agreements discriminating between countries, because indirect barriers in global production chains are as important as direct barriers, especially because they increase the cost of inputs.
- (3) Trade facilitation measures help enhance participation in value chains in that they do away with red tape, cut costs, avoid unnecessary delays and reduce uncertainty. The agreement reached in Bali, if implemented, has the potential to reduce trade transaction costs by between 11 and 14 per cent in developing countries. By other estimates they will generate over one trillion dollars.
- (4) It is crucial for global value chains to encompass efficient and high-quality services. Services contribute 42 per cent of the added value of exports by G20 members.
- (5) The developing countries most fully integrated into those chains have shown a greater capacity to sustain economic growth, generate more jobs and reduce poverty more rapidly and in greater proportions.

These five factors have huge implications for the work we are doing here at the WTO and that you, as parliamentarians, are doing in your countries.

As you know, the Bali Ministerial Conference, which took place a little over a year ago, was a success. Its results include the Trade Facilitation Agreement, which will enter into force once it has been ratified by two thirds of WTO Members. It would be a mark of success for the Ministerial Conference that will take place in Nairobi in December of this year if we could announce the Agreement's entry into force on that occasion. This is where you have a great responsibility, in seeing that your respective parliaments ratify the Agreement in short order.

Of course, it would also be a success for the Organization if, at the Nairobi meeting, it could announce the entry into force of the Protocol amending the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which was approved ten years ago but has yet to be ratified by the 70 countries needed for it to enter into force. This agreement opens a new

legal avenue of access to medicines internationally and has the potential substantially to reduce the price of medicines in the poorest countries.

The main lesson to be learned from the new reality of global value chains is the need to conclude, as soon as possible, the Doha Round of negotiations. Various WTO Members have indicated that it would be desirable for this to happen, at least in all essential aspects, at the Nairobi Ministerial Conference.

The Doha Agenda contains key elements for improving how those chains function, from the need to eliminate or substantially reduce distortions in agricultural trade, to making trade in industrial goods and in services more fluid. The latter has become one of the main engines of growth and development. The Agenda also contains a series of elements that work in favour of the developing countries, in particular for the neediest among them. By July we must have prepared the programme of work for concluding the Doha Round, which ministers asked us to draw up in Bali. We're working hard at that, here in Geneva and in national capitals.

We have to conclude the Doha Round before we can tackle other topics that are critical in the light of today's global economic reality. I'll give you just two examples: the relationship between trade and investment, and the relationship between trade policy and competition.

I would like to conclude by underscoring something you are more than well aware of but which does not receive sufficient attention. The WTO is the state of the trade negotiations being carried out in this forum. How often have we read newspaper headlines along the lines of "The WTO fails again" or "The WTO on the brink of collapse"? The reality is that the WTO is much more than its negotiations; it is a very successful organization.

We have the best and most efficient dispute settlement process in the world, one of the reasons – perhaps even the most important reason – why the Great Recession of 2008-2011 did not see the surge in protectionism worldwide that occurred in the 1930s. The system has

already handled around 500 cases, many more, for example, that the International Court of Justice, proof that it works – although it could no doubt be improved further.

The WTO also administers and oversees the implementation of the existing multilateral treaties thanks to which trade has developed so rapidly since the GATT was established.

In short, we are all aware of how important it is for the WTO to be able to count on your support, as parliamentarians, as people with decision-making authority and a solid global vision of the economy and governance.

I wish you a pleasant stay and fruitful discussions in the two days of this conference.

Thank you.