



## **PGMA's Speech during the High-level Dialogue on Mobilizing Aid for Trade: Focus on Asia-Pacific**

Asian Development Bank (ADB) Headquarters, Mandaluyong City, Metro Manila

*20 September 2007*

Thank you very much.

President Kuroda; Director General Lamy; other officials of ADB and WTO; Prime Minister Sevele of Tonga, thank you for joining us for lunch yesterday; members of the diplomatic corps; trade and finance ministers and Central Bank governors of Asia and the Pacific; ladies and gentlemen.

To all the participants from all over Asia and the Pacific, welcome to the Philippines!

We're glad to witness this follow-through of aid for trade from its genesis in the Hong Kong WTO Ministerial Conference of 2005. Congratulations! To the task force that was set up after Hong Kong for its valuable recommendations of October 2006.

We're also glad to be made aware of the continuing discussions on aid for trade in the WTO committee on trade and development in Geneva. We continue the saga of this worthy program as we take great pleasure in being the host country of this high-level Asia-Pacific review of aid for trade.

Aid for trade has rightfully brought together, and for the first time, the trade and finance communities. This conference highlights the Asian dimension of aid for trade. This dimension is significant because the world is bullish on Asia and Asia's ability to help drive positive change in the world.

In this conference, governments, donors and the private sector address specific challenges and dialogue about what's working in the region and what is not. They prioritize needs and move towards shared solutions. The discussions will result in proposals and recommendations on how aid for trade should proceed within Asia and the Pacific. We look forward to beneficiary-countries making trade a greater priority, and donors scaling up trade-related official development assistance and offering their expertise. We also look forward to stronger partnerships with the private sector to develop increased private-public financing. So this conference indeed helps create an impetus for collective action.

This meeting I am very glad comes at a time, as President Kuroda said, when the state of the Philippine economy brings hope and excitement -- our growth is the highest in a generation, revenue is now on track and job creation is strong. Our deficit is down, consumer confidence is up and inflation is holding steady.

The 7.5 percent GDP increase that President Kuroda mentioned and the 10 percent gain in capital investment are in line with what the Asian Development Bank says the country needs in order to replicate the poverty-eradicating growth of Asia's economic success stories.

Poverty alleviation is the number one most important part of our agenda and our vision to lift the Philippines into the ranks of the modernized nations in twenty years.

The foundation of our economic comeback is wide, deep and solid. Across the board, the nation's economy is pointed in the right direction, and for all the right reasons.

Two days ago, I was reading an article in Biznews Asia. And it says there are three reasons why the economy grew so strongly in the first half of this year -- spending by consumers and government; the expansion of services, which means telecommunications, business process outsourcing and banking; and more industrial production.

There was plenty of money in the economy; that's why consumers and government were able to spend a lot.

Overseas workers remitted dollars, which when converted into pesos, and funneled into banks and used to buy housing from developers and cellular phones and e-load from stores or retailers. So that buoyed up the services economy.

The biggest single act that led to the surge in our economy however was the passage of our value-added tax which in one bold stroke raised enormous amounts of new revenue. We followed up the pain of tax raising measures with the gain that comes from significant investment in people and progress.

We believe in strong global engagement for our country and our people to grow our economy, ensure peace and security, and lift our nation out of poverty. Figuratively speaking, the more bridges we build, the more people can cross to new lands and new ideas. We must be open to the world and peoples and places other than our own. That is what the 21st century is all about. That is what WTO is all about.

We believe in the power of the global trading system to alleviate poverty and modernize nations through market forces. That doesn't mean we believe that countries like the Philippines are ready to compete head-to-head today in every sector, that's why we have aid for trade. What it means is that we cannot afford to be afraid of globalization.

The multilateral trading system, through the Doha Round, remains the best option to address poverty and improve standards of living around the world because that is the trading arrangement that has an agreed set of international trade rules. It offers a major opportunity to put in place internationally significant reforms and reductions in trade-distorting domestic support, create meaningful and substantial market access in agriculture, industrial goods and services, and introduce improved rules and trade facilitation arrangements.

This conference shows that we do not overlook the fact that the Doha Development Round was launched with an emphasis on integrating a developmental dimension into all the elements of negotiations. WTO acknowledges the need to provide special and differential treatment for developing members who require maximum flexibility under the international trade rules.

I was reviewing the Philippine position papers from the onset of the Doha negotiations. And I remember coming across, and I went back to it. My instructions to the negotiators then, part of our Philippine position is:

To make the Doha round truly a development round as it is being billed: first, there must be greater coherence or convergence of policies among international development institutions such as the world bank, the IMF, the ADB, the WTO so that trade is mainstreamed in the development agenda and therefore capacity building can be focused and targeted; and second, we must review special and differential treatment to mean not just the phasing of commitments but also capacity building and sufficient flexibility to pursue domestic development goals. And what is this conference about? Exactly those two things that we said from the beginning to make Doha truly a development round.

That's why I'm happy to be in this conference.

This meeting is also well-timed as a global event, coming at the heels of the APEC Leaders' Meeting in Sydney that signaled the need for breakthroughs in the WTO negotiations alongside more focused and more strategic capacity building among member economies.

We remember that it was the developed nations who were the prime movers behind global trade when it suited them. Now, some countries are slowing things down. That's not right nor good for our respective economies.

But there has been a ray of hope in APEC with the developed WTO members declaring that they are willing to fully adhere to the Doha mandate, in particular domestic subsidy cuts and disciplines, but they also ask to gain access to the developing world's markets.

We appreciate Pascal Lamy's visit to the Philippines not just this time but last February. I told him then and I say it again: "I believe it is in his hands because he knows everybody's minimum and maximum positions. It's in his hands to find the right formula of subsidy cuts on the one hand and market access that will finally break the impasse." And I'm glad to have heard from him as we were walking to this stage that we are really moving on forward.

I was reminding the two gentlemen who were escorting me, "Didn't the Uruguay round take eight years to do?" So we're not yet eight years in Doha. We're still not hopeless.

But let me be clear: even as we work tirelessly to move the talks forward, we cannot stand by and do nothing. For us, it's full speed ahead, preferably with Doha, but in the meantime full speed nevertheless.

We recognize that the fragmentation of the multilateral trading system into trading blocs will result in a more complex set of trade rules that are incompatible and detrimental to the interests of developing country members. It's only a second-best solution but it's a better solution for the moment than just each one playing it alone.

So meanwhile, with a hope that there will be a successful conclusion to the Doha round, we are maximizing the economic opportunities provided under the bilateral and regional free trade agreements if only to complement efforts under the multilateral trading system.

I hope this Asia-Pacific conference ensures that WTO does not become a sideshow in global affairs. Asia and the Pacific are too important and WTO has too much promise for that to happen.

So let's all work to make this conference a success.

Thank you.