

Manila, 20 September 2007

## **Pascal Lamy's remarks at the closing session of the Aid for Trade conference in Manila, Philippines**

I expressed the hope yesterday that this vibrant country would inspire us. My hopes have been exceeded.

We heard that there are two Asias — one that has harnessed globalization for extraordinary growth and another that wants to catch up. We heard that these countries understand the opportunities and challenges — that they are ready and willing to embrace them — but that in key areas they need international support. And we heard that trade liberalization is only one half of the equation. The Doha Round is about creating trade opportunities. Aid for Trade is about making trade happen.

Above all, we heard the start of a real dialogue — between finance and trade, between trade and development, between business and governments, between countries and regions — about where exactly the challenges lie and how we should work together to answer them.

I want to take a moment to highlight some of the key messages I will be taking away from the last day and a half:

First, leadership. Asia's trade powerhouses were no accident. The key element of their success was political leadership — a focused and sustained commitment to export-led growth — backed by a comprehensive strategy for getting there. The message we've heard over the last day and a half is that trade must be mainstreamed in all facets of national policy if countries are going to harness globalization for their benefit.

Having a clear strategy - backed by government as a whole and the private sector - is also one part of the answer to coordinating donors. It is how to ensure that donors respond to national priorities, not the other way around. This is real "ownership".

Second, priorities. Countries and regions have to focus on what matters most to increasing exports — and the areas that can deliver the biggest return on investment. To have a fifty priorities is to have no priorities. The challenge for many countries in the region — and it is a big one both substantively and politically — is to agree on the two or three objectives that will impact most on their trade growth - and then pursue them consistently over the long term.

Third, predictability and accessibility of financing. There is a clear need for donors to follow through on their Hong Kong and broader Gleneagles commitments — and we should focus on how we deliver on these promises, rather than second guessing them. At the same time, efficiency and effectiveness in the delivery of financing can be just as important as the amounts involved — especially in a fast changing global economy. Donors and financial institutions need to show progress on this front as well — by reducing red tape and fast-tracking disbursement. This is a critical issue for recipient countries. It is also an issue for taxpayers at home who want to see their money producing tangible development results.

Fourth, co-operation. The reality is that no one agency can deliver Aid for Trade single-handedly. We have learned that where there are capacity "gaps" in the region they often result from a breakdown of cooperation and coherence, not just a lack of resources. Governments need to

coordinate internally. Donors and financial institutions need to coordinate with each other and with governments. Countries need to coordinate regionally.

Finally, the key role of the private sector. We not only need to listen to traders, investors and entrepreneurs, but bring them into the conversation - as we have done over the last day and a half. Aid for Trade will be relevant if it is “market driven”. It risks irrelevance if it becomes a dialogue among bureaucrats.

As I mentioned yesterday, the plan now is to produce a concise report of this meeting — under the responsibility of the ADB and the WTO — which will be the transmission belt for your ideas, conclusions and recommendations at the Global Review in Geneva in November.

My view is that the report should be action-oriented — shifting gears from a discussion of concepts, which has been necessary up to now, to a discussion of specific proposals aimed at concrete results. First, we need to identify two or three key priorities for the region — ones that will give us a clear set of objectives to aim for over the medium term, and against which we can measure our success. For example, I have heard a lot about the need to concentrate on trade financing, trade facilitation, and trade-related infrastructure. Second, we need to set out a clear timetable - for mapping priorities, mobilizing financing, and implementing projects. Third, we need to identify a mechanism for bringing together the key regional stakeholders and for moving the process forward. I believe the ADB is ideally placed to play this catalytic role.

This report cannot — and should not — provide all the answers now, but it should ask the right questions — with a view to making a start on addressing them in Geneva in November.

We need to deliver results — without at the same time raising unrealistic expectations. We need to provide an Aid-for-Trade plan that is relevant to this region, fills “gaps”, and sets out ambitious but also realizable and specific objectives. Above all, we need to show that the world trading system can — and will — deliver more benefits for those who are still on the margins. That is why the current WTO Round has development as its central pillar — and why progress in the Round is so critical for Asia and the world. Aid for Trade — I repeat — is no substitute for a successful Doha Development Round. It is also no substitute for the right domestic policies. But Aid for Trade is an increasingly important and necessary complement.

This meeting has taken a big step forward. The Philippines has inspired us. Let's keep up the momentum.