

Mobilizing Aid for Trade: Focus Asia and the Pacific

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

19 September 2007

Lamy highlights three key issues to make aid-for-trade effective

To meet the challenges of development and participation in the trading system, the focus should be on countries' own visions, financing and the role of the private sector, WTO Director-General Pascal Lamy told an aid-for-trade conference in Manila on 19 September 2007. This is what he said:

Welcome to this first regional review of Aid for Trade for Asia and the Pacific. First, I want to thank our partner in this event, the Asian Development Bank. President Kuroda and his team have done the heavy lifting in terms of preparations and organization — and the superb result comes as no surprise to anyone familiar with the focus, energy and professionalism of this institution.

I also want to thank our host, the Philippines Government, which has been an enthusiastic supporter of this concept since I first discussed it with President Arroyo in April. It is entirely fitting that we are holding this event in one of the more dynamic countries in what is easily the most dynamic region of the world economy. China, India and other Asian powerhouses have offered a new model — and a new inspiration — to the developing world. One which seeks to harness globalization — through trade and integration — to provide an unprecedented engine for growth, rising living standards and poverty reduction. Part of our challenge over the next day and a half is to learn from Asia's success, and share the lessons.

This meeting has one purpose: helping countries in Asia and the Pacific build the capacity they need to take advantage of trade. It is part of a global initiative — launched at the WTO's 2005 Hong Kong Ministerial Conference — to scale up international financial assistance for trade capacity building in developing countries. The second of three regional conferences — following one in Lima last week and preceding one in Dar es Salaam in early October — it will provide the regional perspective on Aid for Trade, culminating in a “Global Review” in Geneva on 21–22 November.

The WTO's main contribution to growth and development — for this region and for the world — is the current Doha Round of multilateral trade negotiations. In terms of market opening and strengthened international rules, it promises to have a greater impact than the Uruguay Round. But while trade opening is indispensable to development, it is not sufficient in itself. What Asia has shown us is that countries also need access to the basic infrastructure that drives globalization — 21st century transport corridors and telecommunications networks that can connect exporters to world markets; modern customs facilities that can move products rapidly and efficiently across borders; testing labs to ensure that exports meet international standards; and the sophisticated expertise and institutions needed to navigate a highly complex world trading system.

Some of these pieces are already in place in this region but others are not, and the necessary investments cannot be supplied by poorer countries alone. Aid for Trade is about helping to fill these “gaps” — mobilizing and leveraging the required financial resources — and providing a catalyst for the increased trade, investment and growth. It is about helping developing countries to benefit from the world trading system. But it is also about strengthening the world trading system itself — by ensuring that its opportunities are more widely shared.

These are major challenges and we only have a short time to address them — so let me suggest three key issues we should focus on:

First, the importance of national vision — backed by a comprehensive strategy for getting there. No one can tell a country how to trade or become more competitive. The only successful export-led growth strategy is one which countries want themselves — that they design and implement on their own — and that remains on course over the long-term. So the first step towards mobilizing Aid for Trade is to make trade capacity and infrastructure a national priority shared across government — including trade, finance, planning, agriculture, and other key ministries. And because trade crosses borders, these priorities are often regional in scope — which means finding new ways to finance and implement projects regionally. I hope we can spend time over the next day and a half hearing about your strategies — including your regional strategies — and how you plan to execute them.

Second, we need to focus on the financing that is required, how to mobilize it, and how to deliver it more efficiently and effectively. Yesterday you had a chance to discuss one of the existing programmes providing Aid for Trade in the area of standards. This joint programme is an example of how targeted aid for developing countries to meet food standards can help them access world markets. I hope we will have a chance over the next day and a half to discuss a broad range of programmes and projects — and the kind of resources, both development assistance and multilateral lending, needed to advance them. Part of the challenge is to get donors and international agencies to focus more on trade and growth in their own development planning — and to make the case that in today's open and integrated global economy there can be no long-term poverty reduction or other social goals without increased trade and economic growth. We are not going to close the financing gap over the next day and half. But we are going to lay out the immediate and long-term steps for doing so.

Third, we need to focus on the role of the private sector — for the simple reason that it is farmers, businesses and companies that trade, not governments. I am encouraged that we have so many private sector representatives with us. We want to hear from you about the obstacles you face and the priority steps that need to be taken. We also want hear how the private sector's views and ideas can be incorporated more directly into national trade planning and strategies. And because private investment — both foreign and domestic — must be a major part of the answer to capacity and infrastructure building, we need to focus on the incentives that are required to leverage private resources.

What we are undertaking is ambitious. I think ambition is good — it is how we will get results. But just as improvements in trade capacity and infrastructure will not happen overnight, we cannot expect — nor should we try to find — all the answers in Manila. We need to remind ourselves that this is a work in progress — and that we are at the beginning of what will be a long road. The important thing is to get the process launched — which we are doing.

We also need to remind ourselves that there is no one magic solution to the challenges I've outlined, but many solutions — and that the answer is not to create a new mechanism, but

to get the many existing mechanisms to work together more effectively. Success will depend fundamentally on “coherence” — cooperation with all of you in this room, with your colleagues in capitals, and with practitioners on the ground. This meeting is not about imposing “top down” answers. It is about raising awareness, sharing information, and creating incentives — by shining a “spotlight” on the issue — to get all of us working together to find and deliver solutions.

I started by saying that our goal is more and better Aid for Trade — all aimed at helping developing countries to take advantage of trade opening and the trading system. That is the benchmark against which our success — or failure — will be measured. But implicit in that challenge is the importance of changing mind-sets, not just building more roads and bridges. Today's global economy is fundamentally changing the development dynamic, creating huge potential for developing countries to harness trade as an engine of growth. It is my hope that this conference will encourage us to focus on the profound economic changes around us, on how to adapt to — and exploit — these changes, and on how Asia's vision of development can be spread to all countries in the region.

This is an inspiring challenge in an inspiring region. Let's get started.