

**SEVENTH MINISTERIAL CONFERENCE OF THE WTO
30.11.09 to 2.12.09**

SPEECH BY THE COMMERCE & INDUSTRY MINISTER OF INDIA

Theme: The WTO, the Multilateral Trading System and the Current Global Economic Environment

It gives me great pleasure to be here for the Seventh Ministerial Conference of the WTO and to share my thoughts on this important theme.

For over a year, the global economy is reeling under the worst crisis of last 7 decades. There is a glimmer of hope that the worst is over, but the pace of and path for recovery is far from certain. The IMF's assessment is that recovery will be subdued and slow. Many economists have cautioned that high debt levels could lead to a double dip recession in the US, which could then spread to other countries.

What is inescapable is that the ongoing crisis has triggered a sharp contraction of aggregate demand leading to fairly disastrous consequences for global production and global trade. It is equally clear that it is developing countries which have borne a disproportionate impact of the crisis in terms of employment, livelihood and food scarcity. In the absence of social safety nets, the poor in developing countries have been the hardest hit.

However, even a crisis has its uses. As someone said recently, "You never want a serious crisis to go to waste". The crisis has already taught us several lessons.

- In an increasingly globalised economy, good decisions and bad mistakes have spillover externalities.
- The global economy today is hard-wired in a way that makes protectionist measures difficult to resort to. That is why, while protectionist tendencies have surfaced during the crisis, they have not swamped the global trading system. Protectionism is a global bad. And yet some persevere in working on ideas of 'green protectionism'. This is a dangerous trend and will only create fresh tensions in global trade. In our considered view protectionism will be counterproductive and prolong the recession and delay the recovery.
- Interdependence is integral to globalization and therefore "beggar thy neighbour" policies are counterproductive. Equally, if we all lower barriers to trade, it yields benefit for all. We therefore have to work together to design a global finance and economic architecture that works for all.

- Globalisation can only retain its legitimacy if it works for all, especially the poorest.

For India, this Ministerial Conference holds a special significance, coming close on the heels of the informal Ministerial meeting in New Delhi, where we saw a unanimous affirmation of the need to conclude the Doha Round within 2010 and a clear recognition that intensifying negotiations based on progress already made was the first step towards bridging the differences that persist on many issues. The meeting triggered intensive engagement which continues today.

However, while we have witnessed some progress, it is clearly insufficient to bring the Round to closure next year. Clearly, there is a need for collective introspection. Let me do some plain speaking. The major focus of the engagement in the last three months has been on non-headline issues. But the reasons for the impasse are precisely the gaps on headline issues. When are we going to address them? A process which does not enable a candid dialogue on such issues is not going to take us to closure in 2010. So, the basic issue is: how do we design a process to break this impasse? I believe we can move forward quickly if we accept four principles.

- A major concern of developing countries is that the development objectives of the Round continue to be diluted or ignored. Putting the development back firmly on the agenda would incentivise developing countries to bring more to the negotiations. Major issues like DFQF, SSM, Cotton, Preference Erosion, Fisheries subsidies, Mode-4 access in Services, the TRIPS-CBD relationship, need to be dealt with sympathetically as they have a major bearing on the development outcome of the Round.
- In the process of bridging gaps, we cannot go back on the broad understandings of the past. Progress has to be based on the foundations already laid in the negotiations in the last eight years.
- Demands for additional market access in developing countries have to be based on the development mandate. The mandate cannot be twisted to meet mercantilist expectations.
- While we have no problem of engaging in any format to move the negotiations forward, the multilateral process which guarantees transparency and inclusivity has to be the basic mode of negotiations.

This brings me to the subject of the WTO itself. On the eve of the fifteenth anniversary of the WTO, it is the right time for all its Members to reflect on the institution. I believe, we all agree that the WTO is a strong Member-driven institution. However, is the WTO keeping pace with the rapid changes in the global trading system? What more do we need to do to keep it ahead of the curve? The WTO has never shied away from examining itself critically. In 1983, Arthur Dunkel established a panel to report on the multilateral trading system and in 2003, we had the Sutherland Report.

As a founding member of the WTO, India is deeply interested in the continued growth and credibility of the WTO. To this end, India made a submission to the General Council containing proposals to improve the functioning and efficiency of WTO as a rules-based system. These proposals are designed to improve the capacity of WTO to provide better services to its Members without in any way diluting its fundamental deliberative structure based on consensus. The proposal seeks to enhance transparency, inclusivity and efficiency. I am pleased that an overwhelming majority of Members have supported this initiative. We look forward to working with Members to operationalise these ideas.

Together, we comprise the WTO, but the WTO is more than merely the sum of its parts. While the world is exploring new institutional solutions for global economic governance, in the WTO we already have an established rules-based system for managing global trade. It is our collective responsibility to preserve and strengthen it.
