



**Delivering on the WTO Round:
A High-level Government-Business Dialogue for Development**

**THE DOHA DEVELOPMENT AGENDA AND AN
ENHANCED GLOBAL PARTNERSHIP FOR
DEVELOPMENT:
PROMISE OR REALITY?**

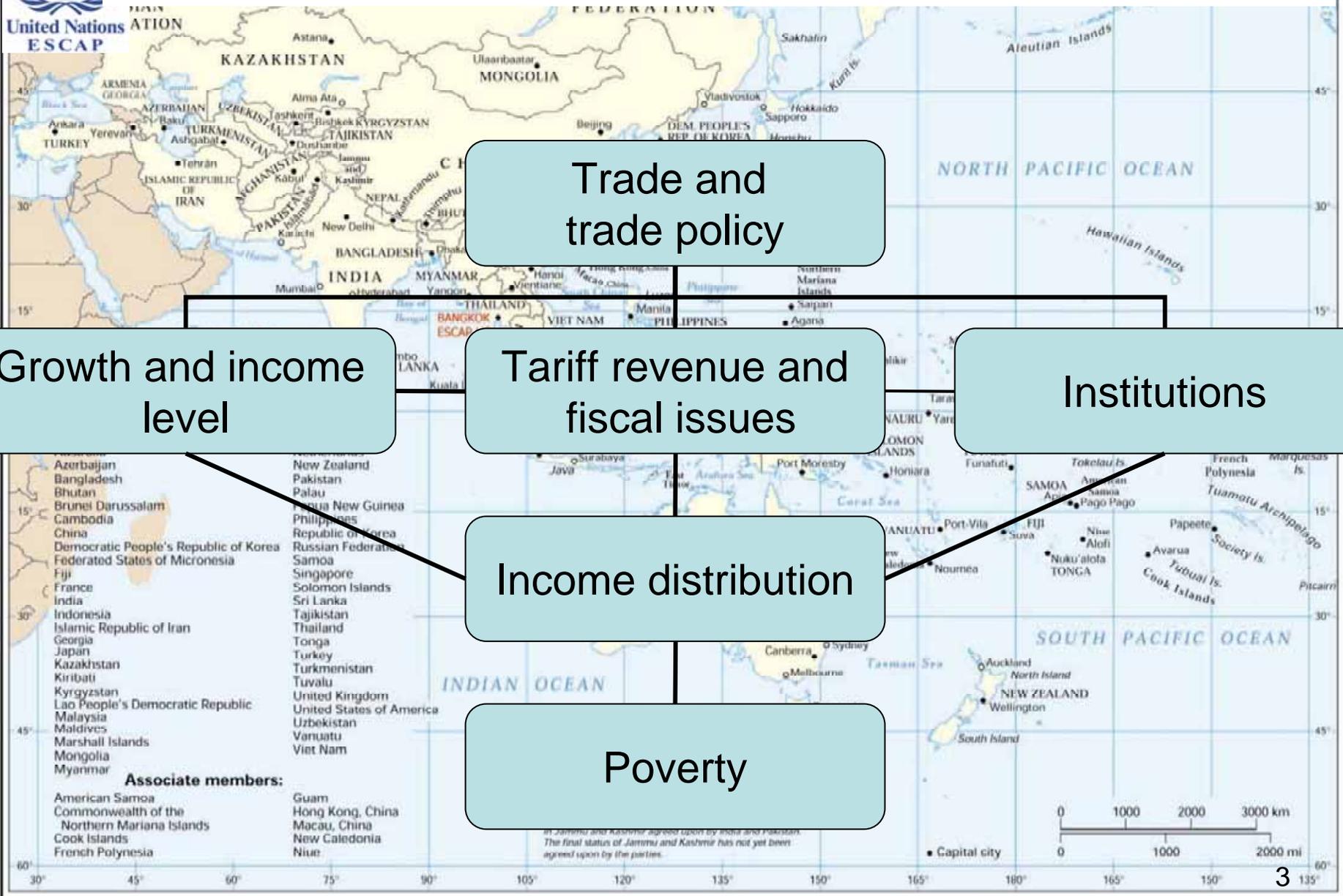
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Executive Secretary, UNESCAP

Trade and poverty reduction

- Trade has been long considered as an “**engine of growth**”
- Links between trade and growth are not fully defined and understood, but almost universal consensus that **sustained economic growth** is not possible without **trade growth**
- Assessing the strength of the trade and poverty reduction linkages is difficult
 - Linkages are **indirect**
 - Linkages are under simultaneous influence of host of factors (geography, resource endowments, productivity, institutions, etc), therefore difficult to isolate impact of trade alone



Trade and poverty: An indirect link



Experiences from the ESCAP region

- Trade has provided the means for countries to pursue development in a self-determined and sustainable manner thus **reducing dependence** on aid and debt relief
- Asian “miracle”: from import substitution to **export- and import-led growth**
- Current experiences of Bangladesh, India, China, Thailand, Viet Nam among others, reflect benefits of “***global integration***”
- However, experiences not homogeneous: pockets of poverty persist and are growing in some cases. Some are associated with liberalization episodes.

Overall

- ❑ Our region's experiences suggest that poverty is best tackled through provision of decent **work opportunities**
- ❑ **Open markets** allow for expansion of production and employment
- ❑ Keeping **markets open, particularly in OECD countries, but also in developing countries,** is thus a **key factor** in global fight against poverty
- ❑ The importance of this has been stressed in the
 - Millennium Declaration (MDG goal 8)
 - Monterrey Consensus
 - 60th Commission Session in Shanghai, April 2004
 - Jakarta Declaration on MDGs in Asia and the Pacific, August 2005

MDG8 and its dimensions

- ❑ Develop a global partnership for development
- ❑ Has two dimensions: **trade** and **finance**
- ❑ **Trade is largest source of development financing in ESCAP region**
 - But trade is below its potential
 - Due to, inter alia, persistent **market access barriers**
- ❑ **Market access dimension: two MDG indicators**
 - Indicator 38 – measures the proportion of developed country imports from developing countries (and LDCs) admitted **free of duty**
 - Indicator 39 – measures **average tariffs** imposed on exports from developing countries (and LDCs), specifically in
 - Agricultural products
 - Textile
 - Clothing

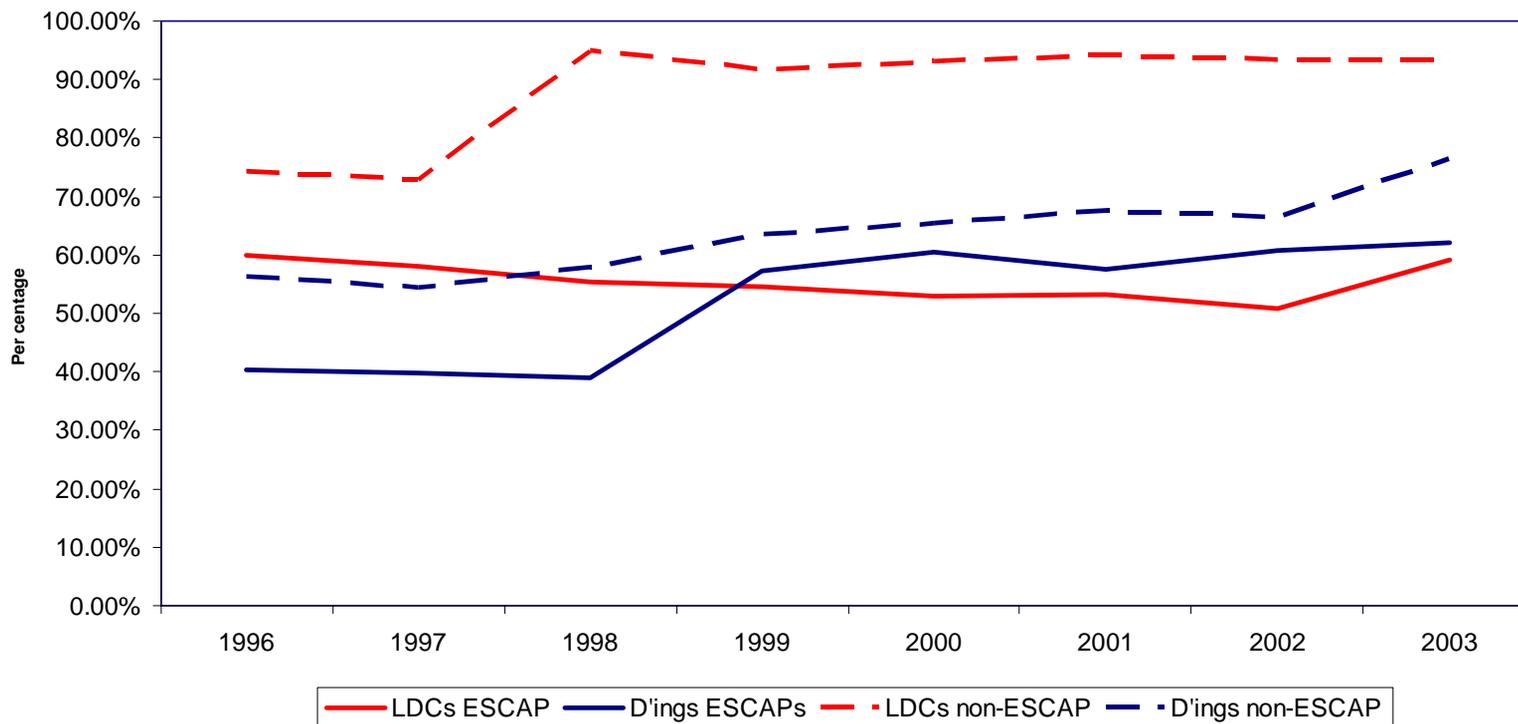
Indicators on market access

- **Until now these indicators have been computed at global level**
- **Computation at regional level can provide insights into region-specific problems and help develop negotiating strategies**
- **For complementarity, ESCAP secretariat did regional computation using data and methodology applied by WTO**
- **Results are presented in the meeting paper**
- **Slides that follow, carry only key messages**

Mirror, mirror on the wall, who faces the most protectionism of them all?

ESCAP developing countries are extended a lower percentage of duty-free access than non-ESCAP developing countries

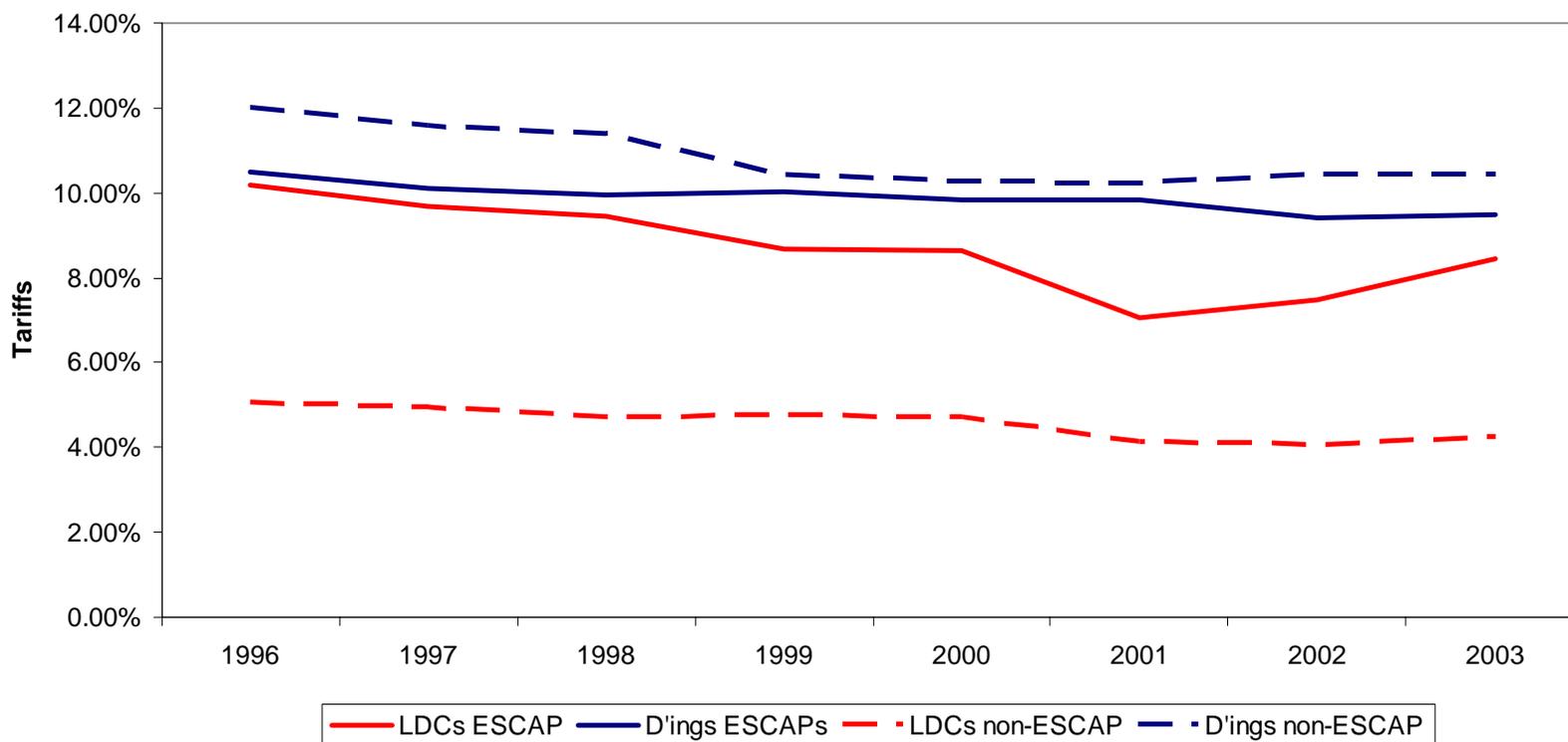
Share of duty-free exports, total trade excluding arms



Mirror, mirror on the wall, who faces the most protectionism of them all?

Process of convergence in agricultural tariffs faced by ESCAP and non-ESCAP LDCs reverses in 2001 and since then ESCAP LDCs face an erosion in margins of preferences

Average tariffs in agriculture

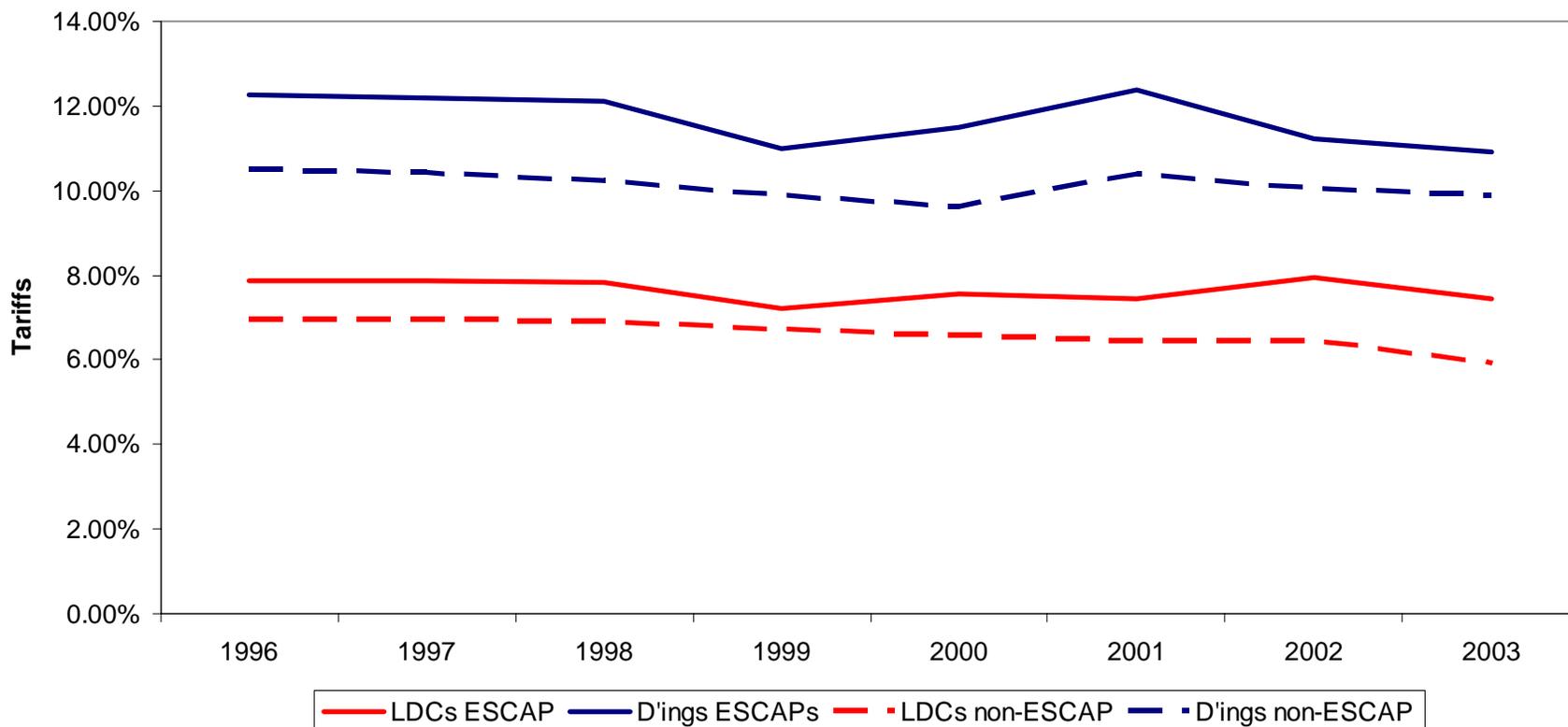


I 39 – Average tariffs faced by ESCAP DingC and LDCs in agriculture

Mirror, mirror on the wall, who faces the most protectionism of them all?

Gap between ESCAP and non-ESCAP LDCs supports the need for US to extend a similar scheme as AGOA to Asia-Pacific LDCs. US TRADE Act of 2005 is a welcome step forward.

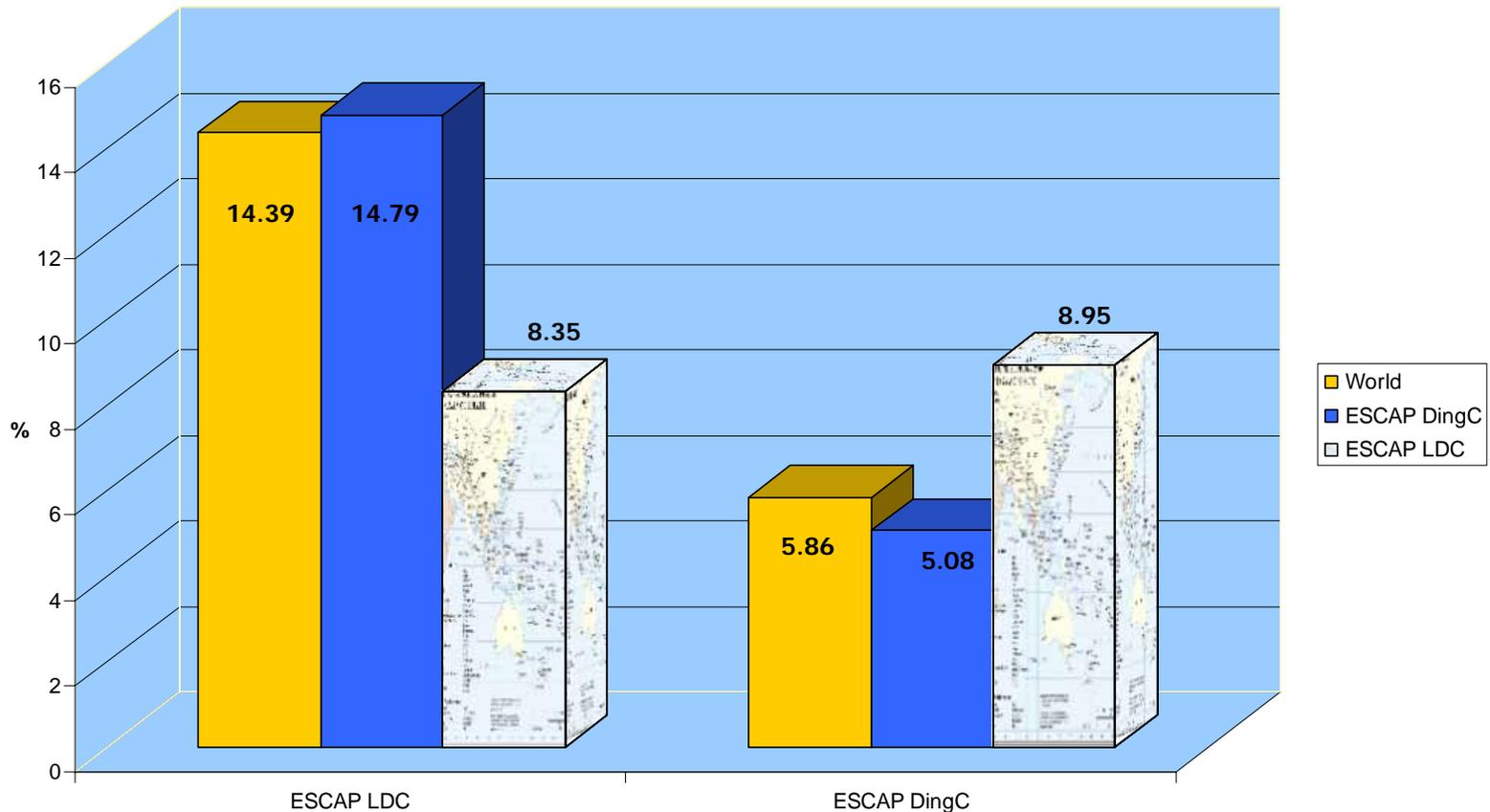
Average tariffs in clothing



Mirror, mirror on the wall, who faces the most protectionism of them all?

On average, ESCAP developing countries impose highest tariffs on ESCAP LDCs. Reciprocally ESCAP LDCs impose highest tariffs on ESCAP developing countries

Average tariffs imposed by ESCAP members



Average tariffs imposed by selected ESCAP members

Picking the right horse for a race?

Regional/bilateral sometimes only policy alternative

- As seen from slides, there is untapped potential for more extensive liberalization at a regional level
 - It is second-best and does not necessarily produce benefits for all

Multilateral liberalization

- Essential centerpiece for rules-based, predictable and stable market access for developing countries
 - Burdened by complexity and outcome not certain

But who pays if race is lost?

- **If Doha round is not concluded by 2007, who stands to lose?**
 - **Net exporting** countries **of agricultural** products
 - **Net exporting** countries of **services**
 - **Net exporting** countries **of manufacturing goods**
 - Producers dependent on **imported raw materials and intermediaries**
 - **Consumers everywhere**

Roads that could lead to prosperity

❑ Trade mainstreaming

- Integration of trade into overall country development plans and poverty reduction strategies, so that trade liberalization strategies are assessed on economy-wide scale

❑ Trade liberalization produces winners and losers

- Losers within, and among, countries need to be compensated

❑ Supply-side responses

- Policy advice plentiful but resources still lacking

❑ Aid for trade

- Only about 4% of total ODA is allocated to trade-related capacity building at global level
- At the ESCAP level only 2% of total ODA to the region is for trade

Visions and hope turning to reality

Successful conclusion of Doha Development Round over next 16 months is an essential but not sufficient condition...

... as poverty reduction efforts require multistakeholders' commitments in long term development strategies