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TRANSLATING DOHA INTO SUSTAINABLE DEVELOPMENT – HOW CAN ASIA AND THE EU COOPERATE?

Pascal Lamy*

First of all, I would like to express my warmest appreciation for your kind invitation to attend your 35th Annual Meeting in Shanghai. I very much regret that due to my heavy schedule of commitments I am unable to join you in person, especially as this would have provided a good opportunity to follow up on the excellent meeting I had with President Chino and his team a couple of months ago in Brussels. Although a video message cannot compensate for my active participation on this occasion, I would nevertheless like to take advantage of the presence of such a large and diverse group of participants having an interest in Asia, which I also share.

It is not easy to find a topic of relevance to a group which includes ministers, senior government officials, bankers, representatives of NGOs, and journalists. However, the issue which I would like to address today, the relationship between the new WTO round and sustainable development, and particularly how Asia and Europe can co-operate together in this area, I believe is one which directly concerns all of us.

I understand that the Seminar Series which is held in conjunction with this meeting aims to promote dialogue on issues that are shaping the future of Asia and the Pacific. Yesterday you will have considered how future regional cooperation initiatives can help to tackle common challenges, of which environment degradation and pollution have been identified as important shared priorities in Asia. I hope that some of the ideas which I will present today, on how the new round of WTO negotiations launched last year in Doha, the so-called Doha Development Round, can also contribute to sustainable development, will stimulate further discussion on such a vital issue.

First of all, I should explain why I believe that Europe and Asia need to co-operate together in promoting sustainable development. Asia is a key partner for the EU - economically, politically and culturally. Asia as a whole accounts for more than a fifth of the EU's external exports, and is our third-largest regional trading partner. Asia also is a recipient of a significant share of EU foreign investment flows, while certain Asian countries are important investors in the EU. Total EU FDI flows to Asia in 1999 amounted to almost 20 billion €, though this was still a relatively limited proportion of global EU FDI (Asia accounted for less than 7 percent of total EU outward FDI in 1999).

Asia and Europe share important similarities:

- Economically, as regions not endowed with huge natural resources, they must be open to foreign trade and investment, and therefore have a strong common interest in an open international economic and financial system
- They share an ambition to better harness the forces of economic and financial globalisation following the serious economic, currency and banking crises of

the 1990s, in order to create a stable economic and financial system that both promotes a high level of sustainable growth and improves welfare.

- Both regions have complex and ancient societies, which seek to preserve their culture and the positive aspects of their social models, while remaining able to change in the face of rapidly evolving circumstances

This is not to overlook important differences between the regions. Economic diversity is much greater in Asia, where there are countries with highly modern economies and others that are still very poor, having traditional, mostly rural, economic structures. In contrast, the European Union has become a much more homogenous economic grouping, although this will, of course, change, although in modest proportions, in the near future as the EU enlarges towards the east. According to World Bank data, on a purchasing power parity basis, the ratio of per capita GNP between the richest and poorest members of the EU is 1 to 2. This difference will increase substantially to 1 to 6 following the admission of the poorest candidate countries. In Asia, however, the ratio between the richest and the poorest is about 1 to 20.

Asia is also tremendously diverse in terms of scale. The region includes the two most populous countries in the world (the People's Republic of China and India), as well as some of the smallest (Brunei and Bhutan); it includes some of the richest countries in the world (Japan, Singapore), and some of the poorest (eight Asian countries are on the UN Least-Developed list).

I believe that both our similarities, as well as our differences, lead us to share an interest in pursuing sustainable development. As the ADB has recognised, achieving sustainable development is essential to alleviating poverty, which is a key concern for many countries in Asia, as well as to maintaining economic growth in the EU and other developed regions. Growth which destroys the natural environment and its resources is short-lived. In our increasingly globalised world, damage to the environment and to economies is never limited to strict national boundaries but inevitably spills over to others. In both our regions, therefore, it is important to empower countries and to give them a stake in managing their environment and natural resources.

One avenue where we can, and should, cooperate together on sustainable development is in the forthcoming multilateral negotiations. Within the WTO, Asian countries play an increasingly important role. The People's Republic of China's accession to the WTO has turned the aspirations of this body to be a truly global organisation into reality, and there can be no doubt that their participation will help to strengthen it further. This meeting, held in the People's Republic of China, is therefore a particularly appropriate venue to examine some of the potential repercussions of the new round on sustainable development, with trading partners with whom we have a strong interest in expanding our cooperation into new strategic areas.

Never before in the history of the World Trade Organisation has an agenda been adopted that so firmly enshrines the principles to develop this organisation into a sound system for managing the world economy and trade on a sustainable basis and in support of development.

This is apparent at two levels:

Firstly, in the content of the declaration itself, where serious progress has been made on substance, and secondly, in the opportunities offered by this agenda in areas which have never before been granted such significance or in fact received any attention at all in the WTO machinery.

So now that we have the basic tools to work on transforming the WTO into a system which promotes and supports sustainable development available to us, how can we make best use of them together?

As far as the Development Aspect is concerned: nearly every single area that the WTO will be working on in the coming three years has a clear development angle and mandate. The interests of developing countries are referred to with the aim to ensure that they will be given appropriate assistance and support to ensure that they will receive maximum benefit from whatever deal is eventually negotiated in the Doha Development Agenda. Progress has been made in all areas concerning Developing countries: market access, better internal policies, a much stronger role for DCs in the process of negotiations, and strengthening their overall capacity to participate in negotiations and to implement the outcome.

On market access, beyond MFN based liberalization in negotiations, there is the “everything but arms” initiative taken by the EU earlier this year, which was noted and applauded by the WTO and from which a number of Asian countries benefit: Bangladesh, Bhutan, Cambodia, Laos, Maldives and Nepal. The pressure on other industrialized countries to follow suit is now all the stronger.

On internal policies and governance issues, the decision that negotiations will start on investment, competition, government procurement and trade facilitation should assist countries to create systems that at once are transparent, non-discriminatory, predictable and more efficient, hence sustainable – not only for the benefit of foreign investors and traders, but also for their domestic economic players. Such rules will strengthen Developing Countries’ abilities by setting minimum standards upon which they can base themselves and build good economic governance in their countries. Where foreign companies may have been able to take advantage of inadequate regulations to damage the environment in developing countries in the past, such practices could be prevented in the future.

Strengthened institutional capacity is essential to ensure that countries are able to develop and implement the policies and institutional frameworks for integrating sustainable development into national environmental and industrial development strategies.

As far as strengthening of capacity is concerned, we have at Doha made a significant commitment concerning the provision of technical assistance and capacity building to developing countries. This will of course have to be done in close co-ordination with donors, such as the World Bank, UNCTAD, and the ADB, as well as bilateral donors. In the Commission, my colleague Poul Nielson and I are closely cooperating on integrating trade as an instrument in national development policies.

Finally, on development issues, the decisions taken on implementation which cover 40 subjects of interest to developing countries, and the work programme to cover further issues in the context of the negotiations, are more steps taken to assist Developing Countries to improve and expand their participation in the WTO and the global trading system.

Governance and sustainable development will continue to be priority issues for me and my team in Brussels. The 4th Ministerial in Doha has contributed significantly to enhancing the role of the WTO in these areas. I have already mentioned the issues of competition and investment: the fact that we will, after the fifth Ministerial meeting, launch negotiations in these areas means that we will effectively ensure that international governance will be strengthened – to the benefit of industry, who keep telling us they need clear and transparent rules, and to the benefit of the weaker players in the WTO, who can benefit from consistent and transparent frameworks of minimum standards on which to base

their own approaches. Transparency and predictability are also in the interest of civil society at large, by contributing to good governance and sustainability - globally and locally. The WTO can only benefit from taking up these subjects.

Sustainable development is a priority for all of us, but achieving results will depend on coordinated approaches from a number of global actors. I already mentioned development in detail, and the need to coordinate the work on technical assistance and capacity building with donor organisations, as well as the need to include trade in national development strategies.

A breakthrough occurred in Doha on the environment: there is now an opportunity to move in the direction of better cooperation and coordination between the WTO and multilateral environment agreements – as well as ensuring that trade that actually benefits the environment is given a proper place in the system. This is the new approach to dealing with globalisation: in a global way, with global institutions each playing their role and coordinating their work.

The Ministerial Declaration of Doha merely sets the parameters for the process which is still in its early stages... it is our responsibility to make this a success.

The Asian Development Bank has as its overarching objective the reduction of poverty. In order to achieve this, it supports activities to promote economic growth, develop human resources, improve the status of women, and protect the environment - all of which are vital components of an overall strategy to encourage sustainable development. Other key development objectives of the ADB, including law and policy reform, regional co-operation, private sector and social development, also contribute significantly to sustainable development. It is clear that the EU, as the largest global donor of Overseas Development Aid, and the ADB have an interest, indeed, an obligation to work together on mainstreaming trade and development to ensure a coherent approach.

This coherence requires progress on the three pillars of sustainable development: economic, social and environmental. Or, to put it in different terms: Doha, Monterrey and Johannesburg are stops on the passage through to sustainable development. We have successfully passed the first two stops, but we need to fuel the engine to get it safely into the final station. Asia and Europe, as two global regions with a common interest in this area, will play a significant part. I look forward to working with you.