

Contribution of the Doha Development Agenda to the Millennium Development Goals

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- Honourable Ministers, Distinguished Guests, Ladies and Gentlemen.
- I would like to thank you, both on behalf of the Director General of the WTO, Mr. Pascal Lamy, who unfortunately could not be here himself, and on my behalf, for giving this opportunity to put before you the potential contribution that the Doha Development Agenda, more commonly known as the DDA, can make in helping countries in Africa meet the Millennium Development Goals.
- The MDGs established a global agenda for development. The eighth MDG goal specifically calls for an open, rules-based trading and financial system, more generous aid to countries committed to poverty reduction, and relief for the debt problems of developing countries. The DDA is part of this global agenda. It offers a unique opportunity to reduce poverty and generate growth, through substantial reductions and elimination of trade distortions, increased market access opportunities, and to rebalance multilateral trade rules in favour of development.
- Trade is a key component of economic growth, sustained development and the achievement of the MDGs. It was in recognition of this that at one of your meetings in 2005, a number of Ministers had highlighted the crucial role of improved market access for African countries and had called for a meaningful development outcome from the DDA negotiations.
- I would now like to briefly touch upon the potential contribution that the different elements of the DDA can make towards helping the African countries in achieving the MDGs.
- Let me start with agriculture, which is at the centre of this Round. It is a sector of particular importance to African countries because it employs nearly 70% of the labour force and contributes over 20% to the GDP. A significant reduction in domestic support in the OECD countries would allow farmers in Africa to export more at better prices, especially in sectors where Africa has a comparative advantage.
- The negotiations are also addressing the important issues of tariff peak and tariff escalation affecting exports of processed agricultural products. For example, Ivory Coast, Ghana, Nigeria and Cameroon are amongst the world's top 10 producers of cocoa while Ethiopia and Uganda are amongst the world's top 10 producers of coffee, but both products face tariff escalation. Reducing this would not only increase the market access opportunities, but will also facilitate the diversification of their economies, thereby reducing their dependence on export of primary commodities which impede any attempts towards value-addition.
- The DDA also gives specific attention to cotton, a commodity from which many African countries derive a substantial proportion of their GDP. Members have agreed to eliminate export subsidies; as well to reduce domestic support for cotton more ambitiously. Consultations are also simultaneously ongoing on the developmental aspects of the cotton initiative.
- In addition, the final modalities in agriculture would also reflect the decision taken at the Hong Kong Ministerial Conference that all developed-country Members and developing country Members declaring themselves in a position to do so, will provide duty free and quota free access to all LDC exports. This would be a significant contribution that the DDA would make towards fulfilling the MDGs, which inter-alia highlight the need to address the concerns of LDCs, including by providing them duty free and quota free market access.
- Similarly, there are potential significant gains to be made by African countries in the area of industrial goods particularly in products such as textiles, wood products and fish exports. A successful conclusion of the Doha Round would reduce tariff escalation and peaks as well as non tariff barriers, thereby resulting in greater market access and export diversification in many African countries.
- A third area of great potential to the African continent is trade in services. A good services infrastructure is essential for productivity growth and diversification. Of particular importance to Africa are the infrastructural services including transport, telecommunications, financial services and business services. Improving the tourism

services will also bring gains to a number of African countries where the tourism sector has not been fully explored. Members are in the process of finalising improved offers that each country would table in order to be ready for negotiations on the specifics of further market opening.

- But trade opening should not be seen as only a North-South issue; not only is an increasingly large share of global trade carried out between developing countries, but also significantly, it is this South-South trade, which often attracts the highest duties. In fact even in Africa the duties collected from intra-African trade compare significantly with that collected from imports from outside the continent. Clearly therefore an equal emphasis will need to be placed on lowering barriers between developing countries, if the full potential of the DDA is to be realised.
- Trade Facilitation is another area where Africa stands to gain significantly. For a country to remain competitive in international and regional markets, transaction costs need to be reduced. A successful deal on trade facilitation will not only reduce transaction costs but also address cumbersome customs procedures and high transport costs that have had a negative impact on trade volumes. For example, the most direct flight between Niger and Chad is via France, a distance of over 4000 kms. In addition it will lead to greater regional integration, which is an important building block of multilateral integration and liberalisation.
- Work is also going on in the areas of Antidumping, Subsidies, including fishery subsidies, and on Trade and Environment, with development being like a red thread through all of them. The rebalancing of the rules offers an important opportunity to provide a development bias in the multilateral trading system. "
- The results of a successful conclusion of the Round cannot be overemphasised and clearly the less developed countries, especially the countries in Africa, have the most to gain from it. A successful conclusion can go a long way in ensuring that their efforts to unlock their economic potential and integrate into global trade are realised, and they are able to achieve the MDGs. However, in order to do this the DDA has to deliver on its promise of providing improved market access for both goods and services for the less developed countries.
- Let me stress that achieving the MDGs would require more than the contributions of trade since trade opening does not work alone. Greater Coherence at global level and at the national level between domestic policies is extremely important. Complementary policies such as sound and stable macro economic policy framework, good competition and investment regulations, institutions. that work and good physical and human infrastructure are necessary for trade to contribute towards poverty reduction and development.
- The need for this enhanced coordination at the national level between Finance/Economic Ministers and Trade Ministers is central to any regional and / or national strategy to ensure greater benefit from trade opening and significantly strengthen your regional and global integration. Unless trade is at the heart of your development strategies, its potential to contribute towards accelerated growth will remain severely limited. After all, trade policy is one of few growth policies that you can directly influence.
- At the same time improved rules and enhanced market access will need to be complimented with appropriate support measures to address challenges such as the lack of trade related infrastructure and productive capacity to exploit new trade opportunities, including those that may result from the successful conclusion of the DDA. It was in recognition of these challenges that the Aid for Trade agenda was launched, something which I will be elaborating upon in detail tomorrow.
- In conclusion, let me reiterate that a successful DDA can make a huge contribution towards accelerating Africa's growth and achieving the MDGs. However, for all these highlighted potential gains to be realised, the DDA has to be concluded successfully and for this to happen, we urgently need you the Finance Ministers to actively support and contribute to a successful conclusion of the Round.
- Thank you for your attention.