



**12TH SESSION OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT
ORGANISATION'S GENERAL CONFERENCE.
1ST PLENARY MEETING.**

"Delivering Industrial Development through the DDA".

03 DECEMBER 2007

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**Mr President,
Excellencies, Ladies and Gentlemen**

Let me begin by joining those that spoke before me in congratulating you Ambassador Zniber on your election as President of this important session. I also wish to say how honoured I am for this opportunity to address you this morning on this important occasion. I am particularly grateful to my friend Kandeh for this invitation and for the continued support of UNIDO to the WTO, s work.

Taking into consideration the theme of this conference, I intend to focus my intervention this morning on highlighting what in my view are the key elements of the WTO,s Doha Development Agenda and how they can contribute to the development and delivery of sound and sustainable industrial development strategies for developing countries.

Allow me to begin by noting that, in my view the WTO and UNIDO are two sides of the same coin. The WTO,s core mandate is to foster trade opening in a manner supportive of the developmental priorities of developing countries and UNIDO,s mandate is to support developing countries develop adequate industrial and productive capacities necessary to exploit the potential benefits of trade opening.

It is also worth noting that a significant number of ministers present here today are responsible for both industrial and trade policy in their countries,

and this therefore makes my task easy since you all know better what the interaction of trade and industrial policy is, and more importantly, you know what is at stake today.

I must also avail myself of this opportunity to congratulate UNIDO for the successful conference of Least Developed Countries held here last week. I was particularly encouraged by the recognition of the ministers of the potential contribution of the Doha Development Agenda to the economic development of least developed countries.

For us in the WTO, achieving this objective of fostering growth and contributing to the development of developing countries has never been more important than now. There is today a growing realisation that many poor countries, particularly those in Sub Saharan Africa are not fully sharing the benefits and opportunities offered by globalisation.

Industrial development was recognised as central to the economic development aspirations of developing countries in the multilateral trading system long before the establishment of the WTO in 1995. The current WTO Agreements including the agreements on Subsidies and Countervailing Measures, Agreement on Trade Related Investment Measures, Agreement on Trade Related Intellectual Property Rights, General Agreement on Trade in Services and the various Special and Differential treatment provisions all include provisions supportive of industrial development in developing countries.

Among the many ways through which the Doha Round will be assessed on whether it has successfully delivered on its development mandate, will be whether the final results are supportive of the industrial aspirations of developing countries. This in our view can only be achieved if the negotiations result among other things in revised trade rules including those relating to the fisheries subsidies, enhanced market access not just for commodities in their primary stage but also for value added production through elimination of tariff peaks and escalation and more importantly, through more comprehensive commitments in the services sector.

As I stand here before you today, negotiators are still busy trying to hammer out compromise texts in all areas including in the key areas of agriculture and industrial products.

Let me highlight a few elements of what is already on the table.

If one considers the agriculture sector, what is already on the table is quite substantial. At our last ministerial conference in December 2005 in Hong Kong, developed country members agreed to an important package of reforms including a substantial reduction of trade distorting agricultural subsidies, elimination of export subsidies, provision of duty free quota free market access for agriculture exports of least developed countries and a specific measures for cotton. This package is of course linked to the successful conclusion of the whole of the negotiating agenda.

There is also agreement to cut tariffs on agricultural products thus providing new market opportunities. Nevertheless, developing countries will be able to

designate a number of their agriculture tariff lines as special products thereby shielding them from deep tariff cuts. At the same time, least developed countries will not be required to undertake reduction commitments, thereby allowing them to maintain a space to pursue their industrial development strategies.

Let us remember that if one looks at the tariff lines which are under negotiation in the DDA, two thirds of these are about processed agricultural products. In a way, opening trade in agriculture is very much about opening trade in agro industry, contrary to the conventional wisdom which relates this negotiation to farming only.

Another key sector that will benefit from reforms in the agriculture area in developed countries is that of cotton which I know is important to the economies of many of the countries represented here today. In addition to the negotiations to eliminate trade distorting subsidies and reduction of tariffs in developed countries that continue to hurt the African cotton sector, we are also involved in a parallel process of mobilising development assistance, and here I wish to acknowledge the leadership role being played by UNIDO in formulating strategies and mobilising resources to support cotton sector reform programs across Africa. UNIDO's extensive field representation and institutional capacity in Africa makes it the natural leader on this.

The negotiations in the area of industrial goods are also crucial to industrialisation strategies of developing countries. Indeed, today over 70% of total exports of developing countries are accounted for by manufactured

goods. Furthermore, most duties are paid by developing countries in trade with other developing countries. The reduction resulting from the Doha Round has the potential to contribute to industrial development.

The majority of developing countries on the other hand, will not undertake any effective tariff cuts but will only be required to take modest cuts and can therefore preserve the space they require for their industrial development strategies will be preserved.

Another key area of the negotiations which unfortunately when we talk about industrial policy does not receive much attention despite its growing significance as a driver of economic growth in most developing countries is that of trade in services.

The fact is that traditionally, industrial policy discussions have tended to focus on the manufacturing sector only, leaving out the services sector among others. Unless the removal of restrictions to services trade are accorded similar political priority as that accorded to manufacturing capacity, the growth of industry output and exports in developing countries will remain severely limited.

To highlight this point, consider the case of India, Costa Rica, Egypt, Mauritius which have successfully placed services at the heart of the economic growth strategies. It is widely acknowledged that these policy reforms which enabled greater openness, more competition and better government regulation spurred the impressive growth of their industries. Of particular interest is the impact of specific government policies aimed at

promoting investments in the telecommunications, IT, tourism and transport sectors on industrial development.

I therefore strongly urge you not to overlook the services sector in your pursuit for economic growth.

A successful conclusion of the current services negotiations will result in improved market access commitments in core sectors such as financial services, telecommunications, environmental services and a broad range of business services, all of which are central to any industrial development strategy.

My intervention here today would not be complete without highlighting a key area where together with UNIDO and other partner Agencies we are focussing considerable energies. This is the area of Aid for Trade, which as you are aware was the theme of the recent UNIDO LDC ministerial conference.

Aid for Trade is not a WTO negotiating issue, but we consider it an important complement to a successful conclusion of the Round.

The rationale for aid for trade is very straightforward – Developing countries require additional resources to enhance their capacity to exploit the potential benefits of trade opening. This includes their need to build adequate productive capacities, cope with adjustment costs and to comply with product standard requirements in export markets among others.

UNIDO is well placed to take the lead in formulating and implementing national and regional aid for trade strategies in cooperation with regional institutions including regional development banks. To this end, I am particularly pleased that Kandeh has taken an active role in ensuring that UNIDO takes the lead in formulating an aid for trade strategy for African countries.

We have just held our first global review of aid for trade at which UNIDO was ably represented and we are now beginning discussions on the next phase of our work in this area.

I would like to conclude by noting that the successful implementation of any industrial development strategies depends largely on the prevailing terms of trade. As we speak today, the current multilateral trade rules are still significantly biased against developing countries, and the only way they can be improved is through a comprehensive conclusion of the DDA.

I therefore leave you with this simple request: Instruct your negotiators in Geneva to redouble their efforts and to build on the progress achieved in recent weeks. Failure to conclude successfully will mean a missed opportunity to address the economic development challenges facing all developing countries, particularly those in Africa.

Thank you.