

**WTO Statement at CAREC Ministerial Conference**  
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Excellences Ministers,  
President Nakao of ADB,  
Distinguished participants and delegates;

Thank you for extending the invitation to the World Trade Organization to attend the Ministerial Conference of the CAREC [Central Asia Regional Economic Cooperation Program (CAREC)]. The WTO Director General, Mr Roberto Azavedo, asked me to convey his regret for not being able to personally attend the Conference because of conflicting agenda. He hopes to be able to attend or to meet you in the new future when visiting the region or while some of you visit Geneva.

The theme of this year's Ministerial Conference "Linking Connectivity with Economic Transformation in CAREC" comes at a very important moment, as the WTO will be 20 years next year...

**Nothing connects more countries than Trade and the Trading System.** The rules, flexibilities, technical assistance and institutional infrastructure of the World Trade Organization have been helpful for allowing both developed and developing economies to connect and integrate into the world market.

**All ten CAREC, half are WTO Members and the other half are on the process of acceding, all** [comprises: one original WTO Member (Pakistan), four Article XXII Members (China, Kyrgyz Republic, Mongolia and Tajikistan), four acceding Members (Afghanistan, Azerbaijan, Kazakhstan Uzbekistan) and one in the process of considering its application to the WTO (Turkmenistan);] **have been enjoying and can enjoy the effectiveness and the usefulness of the rule-based multilateral trading system, provided by the WTO.**

**Globalization is transforming development.**

**The rise of the developing world is the most significant economic event of our time.** Partly because of the shift to more outward-looking economic policies, partly because of the impact of new transport and communications technologies, and partly because the world economy is more open than ever before, emerging economies in general and CAREC members in particular have been able to harness globalization to achieve unheard-of rates of economic growth, - with 11 economies, representing half the world's population, growing collectively at over 6 per cent a year since 2000.

**Since 1980, the developing world's share of global trade has grown from a third to almost half.** China, [to take] the most obvious example, is now the world's largest exporter; thirty years ago it ranked 32nd. Most developing countries including CAREC countries have seen their economies grow in tandem with their [dramatically] increasing shares of world trade. [China, a CAREC country, with its 1.35 billion people, has seen its economy grow at an average of 10 per cent per year for the past three decades. India, with its 1.2 billion people, grew at 7.5 per cent a year between 2000 and 2011, although

progress has recently slowed. While these emerging giants have captured the lion's share of attention, this remarkable story of trade-led development includes countries of all sizes and regions – from Indonesia, Ethiopia and Chile, to Cambodia, Ghana and Qatar.】

**Economic growth is not the only condition for development, but it is a necessary condition** – which explains why many of these same countries are also making enormous strides in improved health, educational attainment, living standards and poverty reduction. 【As the United Nations observed in 2013, “never in history have the living conditions and prospects of so many people changed so dramatically and so fast” (United Nations Development Program, 2013). At the same time, the recent slowdown of several – though certainly not most – developing countries in the aftermath of the Great Recession of 2008-09 is a reminder that future progress is neither inevitable nor irreversible. Successfully integrating into a turbulent, volatile, ever changing global economy is a difficult process for developing countries, made even more challenging by the need to share out domestically the benefits and costs of economic growth and adjustment if political support for trade opening is to be sustained. A number of economic and political obstacles – whether self-inflicted or inflicted by others – could still prevent developing countries from continuing along their current growth trajectory.】

**More than anything, the continued rise of developing countries including CAREC Members will depend on maintaining an open global economy.** This task too has become more challenging, even as it has become more important. Just as expanding trade is transforming development – opening up new export opportunities, improving access to capital and resources, and stimulating technological diffusion, adaptation and innovation – so too is the rise of the developing world transforming the trading system. 【Fast-emerging economies such as China are generating enormous new demand for raw materials and manufacturing inputs, pulling other developing economies into their slip-stream, while providing new markets for industrialized countries' machinery, services and technologies. Developing economies may be increasing their share of world trade, but everyone's trade is growing. However,】 the vertiginous rise of new trade giants requires that all economies, developed and developing alike, adjust and adapt. The result is a more complex, multi-speed, multipolar world economy.

**It is not just trade power that is shifting but trade relations as well. *The expansion of global supply chains for instance* – [where national economies form links in globally integrated production systems] – **is dramatically deepening economic interdependence.** *So too is the growth of services trade in recent years. In a world growing more, not less, interconnected, the global rules and policy coordination provided by the multilateral trading system are more necessary than ever.***

Despite all this, **there remains obstacles for developing countries in general and CAREC in particular to further benefit from the trading system.** Lack of skills, poor infrastructure, the high cost of meeting standards, and high levels of protection against products of interest to developing countries are among these. The WTO Secretariat is ready to help CAREC Countries through training seminars and others capacity building/ Technical Assistances initiatives, which need to be worked out.

**On accession and post accession to the WTO per example:** Five out of ten CAREC members remain outside of WTO; Tajikistan just recently became a WTO member and it is expected Afghanistan will accede to WTO membership by the new future while the

accession of Kazakhstan to the WTO by the end of the year remains a possibility. All of them face different difficulties. In this regards, It would be useful to have a greater involvement of WTO/CAREC in assisting individual CAREC countries for example (i) Tajikistan on post accession, in particular on implementation of obligations and notifications and support it participation in WTO's regular work; (ii) Kazakhstan on the custom union issues; (iii) and with the remain nations help them to identify specific areas/ activities where TA would be necessary;

At large scale, initiative such as ***Aid for Trade can help CAREC countries to connect further and to participate effectively in global markets.***

**The Doha Round of trade negotiations is about creating the conditions for the development of all countries including CAREC.** In particular, it aims to expand the opportunities for developing countries to benefit from effective inclusion in the global trading system. **The decisions reached in Bali are important contributions of the multilateral trading system to development.** For example, the ***Agreement on Trade Facilitation when implemented will help address customs challenges facing eight out of ten CAREC countries who are landlocked and who face extremely high transportation costs.***

**The WTO welcome the establishment of the CAREC Institute** and the WTO Secretariat will be ready to cooperate with the Institute in reinforcing trade related capacities of CAREC members.

**Finally, as you may know, the WTO reached a major impasse in July,** related to the interplay between two of the Bali decisions – public stockholding on one hand, and the adoption of the protocol of amendment on the Trade Facilitation Agreement on the other. While there is no formal or legal linkage here – clearly an important political linkage has been made bringing the two together.

Despite all efforts to resolve the problem in July, the WTO missed the deadline for the adoption of the protocol of amendment on the Trade Facilitation Agreement, which was the first deadline that Ministers set in Bali.

This situation was having serious impact on several areas of the negotiations. There was growing distrust which was having a paralyzing effect on work across the board. Members needed to turn the page. They needed to begin a new phase of work - focused on a discussion about the future. [According to the Chairman of the General Council of the WTO], the issues at stake fell into four "concentric circles": (i) how to respond to the TF/public stockholding interplay; (ii) how to advance the other 8 decisions in the Bali package, including the LDC package; (iii) how to respond to the Ministerial mandate to develop a post-Bali work program by the end of the year; and, (iv) how to ensure that a lack of convergence on one issue did not paralyze the whole agenda – that is, what all this meant for the Organization. All WTO Members would need to engage in different formats and configurations.

We do hope that the year 2015, the 20<sup>th</sup> anniversary of the WTO, will bring more optimism to share and good reason to celebrate.

**Trade and an open rules-based multilateral trading system have central roles to play in addressing the development challenges of a post-2015 world.** But your political leadership is needed in order to keep trade negotiation and market opening

moving forward; it is also needed to keep linking connectivity with the economic transformation.

Thank you.