



**General Council  
29-31 January 2013**

## MINUTES OF MEETING

HELD IN THE CENTRE WILLIAM RAPPARD ON 29-31 JANUARY 2013

*Chairperson: Mrs Elin Johansen (Norway)*

**Subject discussed: Appointment of the next Director-General  
– Meeting with the candidates**

1.1. The Chairperson recalled that the meeting had been convened in accordance with the Procedures for the Appointment of Directors-General (WT/L/509), and its purpose was to enable Members to meet formally with the nine candidates that had been nominated for the post of the next Director-General. She also recalled that, on 15 January 2013, she had sent a fax to all delegations setting out the modalities for the conduct of the meeting. These modalities had also been circulated to all Members on 18 January 2013 in document JOB/GC/28. She noted that these modalities were the same as those applied in the appointment process in 2005, when there had also been multiple candidates. Since the modalities had been set out in detail in the document, she would not read them all, but rather highlight a few important points.

1.2. The scheduled meeting time for each candidate had been indicated on the Airgram convening the meeting (WTO/AIR/4067), as well as in the document containing the modalities. The candidates would appear before the General Council in the order in which their nominations had been received. Each candidate would be invited to make a brief presentation lasting no more than fifteen minutes. This would be followed by a question-and-answer period of no more than one hour and fifteen minutes. During the last five minutes of the question-and-answer period, each candidate would have the opportunity to make a concluding statement if he or she so wished.

1.3. Names of speakers for each question-and-answer period would be drawn at random from a box at the podium containing the names of all delegations who had indicated their wish to put a question to the candidate concerned. In line with the modalities, nine boxes, one for each candidate, had been made available the previous day to Members wishing to put questions to one or more candidates. The boxes had since been kept under lock and key by the Secretariat.

1.4. In order to make the fairest possible use of the time available, each Member whose name was drawn from the box would be allowed to ask one question only, with no follow-up questions allowed. This would be followed by a response from the candidate, followed by the drawing of the next speaker, and so on. Questions should last no more than one minute. Other than questions, there should be no statements from delegations. She intended to exercise strict discipline with respect to time management, and would interrupt speakers after one minute. She urged Members to assist the process by not asking questions that might have already been asked.

1.5. If the number of speakers was exhausted before the one-hour and fifteen minutes time limit, she would ask if any additional delegations wished to put questions, giving priority to those who had not previously spoken. If, at the end of the time limit for the question-and-answer session, there were unfulfilled requests to put questions, she would indicate to each candidate the number of Members remaining on the list of potential speakers.

1.6. She noted that each candidate would have the opportunity to meet with the Press in the WTO building immediately following his or her meeting with Members in the General Council. The press conference would be broadcast live on the WTO website. In addition, for each candidate, the initial

presentation and his or her concluding statement - but not the question-and answer session - would be filmed, and the video placed on the Members' website.

1.7. Following the Chairperson's introductory remarks, Members in General Council met with the candidates as follows:

29 January	
11.15 - 12.45	Mr Alan John Kwadwo Kyerematen (Ghana)
15.00 - 16.30	Ms Anabel González (Costa Rica)
16.30 - 18.00	Ms Mari Elka Pangestu (Indonesia)

30 January	
10.00 - 11.30	Mr Tim Groser (New Zealand)
11.30 - 13.00	Ms Amina C. Mohamed (Kenya)
15.00 - 16.30	Mr Ahmad Thougan Hindawi (Jordan)
16.30 - 18.00	Mr Herminio Blanco (Mexico)

31 January	
10.00 - 11.30	Mr Taeho Bark (Republic of Korea)
11.30 - 13.00	Mr Roberto Carvalho de Azevêdo (Brazil)

1.8. The presentations supplied by each candidate<sup>1</sup>, as well as the questions and answers at each session, are recorded in Annexes A to I.

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<sup>1</sup> At the request of each of the candidates, the presentations supplied by them were subsequently issued in documents JOB/GC/29-37.

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## ANNEX A

### Meeting with Mr Alan John Kwadwo Kyerematen (Ghana)

#### 1. Presentation by the Candidate

I want to become the next Director-General of the WTO because I believe in this organization, and I believe I have the strengths and experience it needs in its Director-General.

The WTO needs new energy. The stalemate in negotiations threatens to weaken the functioning of the system as a whole. Governments are increasingly looking elsewhere. Persistent failure to agree erodes confidence in the system. Furthermore, existing agreements that do not keep pace with changing realities will lose relevance and respect.

The challenge before us is to revitalize the WTO. We need a **New Trade Consensus** – a grand bargain built on a comprehensive, coherent and dynamic approach to the full range of issues and the interests of all Members.

What does this mean in practice? On the negotiating front, we need first to achieve outcomes in line with the guidance from MC8. These outcomes are needed both for their own value and to show that the system is still capable of producing results. They are important for rebuilding trust and confidence among negotiators. The more we can achieve by the time of the Bali Ministerial the better, though we also need to keep our ambitions realistic. You can be sure that this effort will be my immediate priority from my first day on the job.

However, the Round will not end at Bali. We need to maintain our commitment to the DDA. The hopes invested in it, especially by developing Members, cannot just be put aside. Issues such as agriculture remain crucially important not only to the negotiations, but also to the lives of people. The WTO has an important contribution to make to the global campaign for food security. And the cotton issue must remain a priority. The WTO must deliver on all of our agreed agenda, particularly on the development dimension.

The New Trade Consensus also means acting in a coherent way to reenergize the whole range of the WTO's work. To give some important examples: its vital role in resisting protectionism must be maintained; the effectiveness of the dispute settlement system must be enhanced; and accessions must be advanced with due attention to their systemic benefits.

Beyond Bali, concluding the Round and charting the future direction of the multilateral trading system are linked. As we conclude the negotiations, we should be opening up other perspectives. We need to keep the system moving along with the world it serves. Members are not short of ideas about what issues deserve attention. The point is that not all of these issues have to be treated in the same way at the same time.

If we are to succeed in breaking the logjam and moving forward, we need to rely on what I regard as key strategic drivers of the New Trade Consensus. Let me highlight five of these.

First, we must rebuild a solid political consensus based on the core values of our institution. Let us focus on the things that unite us, not those that divide us. A solid political consensus will allow us to approach decision-making in a flexible and inclusive manner.

Second, the WTO belongs to all its Members. Every Member's interests are important and must be taken into account in the decision-making process.

Third, we must reach out more actively to business, civil society and other stakeholders. Trade is part of a much bigger economic, political and social reality. Policy needs to recognize this.

Fourth, fostering growth and development is fundamental to the mission of our institution. We need a robust and dynamic approach to the deep challenges of development.

Fifth, the WTO needs to manage the relationship between multilateralism and regionalism in ways that allow trade to benefit from both.

Let me now outline how I see the development dimension of the New Trade Consensus. The starting point is that Members universally place value on the growth, development and prosperity of all their trading partners.

Special and differential treatment and preferences remain of great importance to many developing countries. These need to be maintained. However, we know that SDT alone cannot bring about the full integration of developing countries into the multilateral trading system. We need a holistic approach. Its elements include:

- Improving market access in the leading trading nations, including through the removal of tariff peaks, tariff escalation and non-tariff barriers. This is crucial to enabling developing countries to participate more fully in global value chains.
- Improving access to trade finance for developing countries.
- Giving particular priority to the needs of least-developed countries. My region, West Africa, and indeed the whole of Africa, is home to some of the poorest LDCs. Trade alone is not the answer to their problems but it is a vital part of the answer.
- Strengthening public-private partnerships. This is a field in which I have experience as a Minister and as a business executive, and I know the difference well-targeted partnerships can make.
- Maintaining and improving capacity-building efforts such as the Enhanced Integrated Framework for LDCs and the Aid for Trade initiative.
- There is no one-size-fits-all solution. The challenges faced by small and vulnerable economies, for example, require targeted responses.
- Adopting national policies that create an enabling environment for trade and investment. There is also a need for coherence between trade policies and other policies, such as macroeconomic, fiscal, agricultural and social policies.

My skills and experience make me the right person to help the WTO meet the development challenge. My career so far has been concerned with the integration of developing countries, including some of the very poorest, into international trade. In my private sector career, in my capacity-building work, and as a Minister I have consistently promoted a positive development agenda. I would continue to do so as Director-General.

The New Trade Consensus also means developing a positive agenda for the relationship between the WTO and preferential trade agreements. According to the WTO Secretariat, some 354 PTAs are currently in force and each WTO Member on average belongs to 13 separate agreements. This proliferation must be seen in part as a response to the lack of progress in the WTO. There are obviously also other dimensions to the desire for deeper integration. The debate is not about whether these agreements are good or bad. However, we would all accept, I think, that multiple overlapping agreements risk adding complexity and costs to trade. They also risk excluding the poorest.

One obvious way for the WTO to reduce these risks is to accelerate its own market opening and rule-making efforts. Another is to multilateralize the results of preferential trade deals.

As its name underlines, the New Trade Consensus must be based on inclusiveness. I am committed to the consensus principle. But consensus cannot mean immobility. The challenge is to apply it in a dynamic and enabling way. Part of the solution, I suggest, is to take a broader and more flexible view of possible negotiating approaches and outcomes.

We are not tied forever to One Big Round or always to "hard law" solutions. The WTO should be able to advance on agreements in individual areas as we did fifteen years ago in financial services and basic telecoms; it should have enough confidence to be able to consider plurilateral agreements on their merits as long as the basic multilateral framework of non-discrimination is respected; it should be able to allow those members who want to go further or faster to do so, provided that the results are in the common interest and ultimately of benefit to all; and it should

be able to consider non-binding or "soft law" agreements where these could help build confidence as a basis for something more solid. In this and other ways, we shouldn't hesitate to learn from the best practices of other trade forums such as APEC.

Finally, why should you choose me for this job? Because I have the right combination of skills, background and experience as a practical negotiator, as a business executive, as an Ambassador, as a high-level international official and as a senior Cabinet Minister. I come from an African developing country that has made great advances in growth and governance with the support of the multilateral trading system. Ghana has been a leader in advancing co-operation regionally as well as between North and South. I have been part of that leadership. I bring you hands-on experience of trade at every level. I have negotiated trade and investment agreements with the major economies and I have worked with local communities to develop small and medium-scale export enterprises.

I offer the WTO innovation and dynamism anchored in a firm commitment to the core values of the system.

I am very much aware that the DG is also the CEO of the WTO, answerable to you, its membership. I take the management aspect of the job very seriously. My extensive management experience in both the public and the private sector makes me well placed to manage the WTO effectively.

I would run the organization on the basis of firm financial and managerial discipline and accountability. I understand the budgetary constraints of Members and will work to ensure that the WTO gives maximum value for money.

The Secretariat is deservedly ranked highly among international organizations for its integrity and professionalism. I commit myself to sustain and build upon its excellence.

I understand the limits of the DG's role in a Member-driven organization, but I also appreciate its possibilities. Peter Sutherland has described the role as being a facilitator, and I agree completely. I believe that by working with the Members at every level on a basis of trust, by listening to them and by being the DG of all the Members, I can make a real difference. Building a New Trade Consensus will take time, effort and commitment. I am up to the challenge and it would be an honour and privilege for me to serve this organization as the next Director-General.

## 2. Questions and Answers

**Q: It is widely recognized that the failure to conclude the Doha Round has seriously impeded the function and credibility of the multilateral trading system. So, if you are appointed as the DG, how to safeguard interests of developing Members, particularly the LDCs, in this process? (China)**

A: As I mentioned in my statement, the LDCs have S&D treatment under the rules and regulations of this Organization. They are relieved of basic commitments in all the negotiating areas. Again, in respect of that, they are also able to take advantage of various other preferences. I think that this goes far. However, what I would hope would happen is that we would be able to look for other new and innovative approaches in enhancing the S&D treatment that is available to LDCs. And I may offer some suggestions, but the bottom line is that this is a Member-driven Organization, and I would like to work with Members particularly within the LDC Group to be able to address very specific interventions that would help them over and above whatever preferences and benefits under the S&D arrangement that they already enjoy.

**Q: My question is on the DDA negotiations. What role do you see for the DG in multilateral trade negotiations? And could the DG have a useful role in Members' efforts of steering the Doha Round out of its current difficulties? (Portugal)**

A: I see the role of the DG as one of a facilitator, not as an arbitrator. In that context, the role of the DG, as Chair of the TNC, I think provides a unique opportunity for the DG to be able to provide strategic guidance and advice to Members, not to dictate to them what his own views are, and to what extent this would influence the course of the negotiations. But it is essentially in being

a facilitator that the DG would be able to bring Members together. In a Member-driven Organization of 158 Members with different agendas, the task of reconciling differences is not an easy one. However, if the DG works on the basis of trust, seeking the interests of each individual Member, rich, poor, small, big, vulnerable, not vulnerable, I think that is the bottom line. That is how you are able to support the negotiating exercise. In addition to that, the DG also has a role in terms of his oversight responsibilities, over the regular bodies of the institution, and these regular bodies have responsibilities in terms of the implementation of Agreements, to the extent that the implementation has an impact on how the Dispute Settlement Body also works. I think that, going beyond the negotiations, he still has a very significant role to play in making sure that all the trade pillars of the Organization – negotiating new trade agreements, making sure that we settle disputes, and also being able to implement existing agreements – I think that they all work in harmony and reinforce each other.

**Q: We are facing the global economic downturn and a growing temptation to the protectionism and protectionist trend in the world, and the leading international organizations are reserved that the standstill or roll-back to combat protectionism should be adopted. I just would like to appreciate how the multilateral trading system can and should address the proliferation of protectionism, and are there any better ways to improve the monitoring mechanisms of protectionist practices in the world?** (Republic of Korea)

A: I think that the most powerful firewall that we have in the global governance architecture of institutions is really the WTO. It is a firewall against protectionism, but at the same time it is an instrument for global economic recovery, which is the only way you can fight against protectionism on a sustainable basis. If every country is doing well, if we have global prosperity, the issue of protectionism does not become a central issue. And I believe that that is really a major part of what the WTO is supposed to do. However, because the WTO works in consonance and in conjunction and in alliance with other organizations, global governance institutions, the World Bank, the IMF, and in some cases this is backed by law, and other organizations even apart from these two institutions, I think that if we strengthen the strategic alliance between these institutions, we would have a better oversight mechanism over protectionism, which really must be discouraged. In terms of how we strengthen the monitoring mechanism, I think that this is a very important issue. As DG, I think that mine is not to dictate how the monitoring mechanism is rolled out, but then to be able to work with Members and to distil very specific suggestions that would be able to help us strengthen the monitoring mechanism. In terms of oversight, maybe somewhere along the line, by involving other business entities, other stakeholders, within the broader community, that would also probably make a contribution to how we address the issue of protectionism.

**Q: Over the recent years we have seen a long series of bilateral and regional trade agreements appear. Now, what would you do if you were chosen as DG to strengthen the role of the WTO in relation to these regional trade agreements?** (Denmark)

A: First, let me acknowledge the fact that the proliferation of the PTAs is a direct response to the lack of progress that we have made on the multilateral platform. But I must also suggest that it may not necessarily be undesirable to have PTAs. In actual fact, if you look at the core objective of the multilateral trading system, the WTO, what we are all looking for is increased global trade and to reduce barriers. Now, if there are PTAs that seek, albeit on a limited basis among selected Members, to try and advance the cause of more trade, reduce barriers, then it would not necessarily be a disincentive, and they are not mutually exclusive to the efforts in the multilateral trade agenda. However, what I think we need to avoid is a situation where the focus on the PTAs would suck the energy and the interests of Members in bringing the core issues into the multilateral agenda. And there is also, I think, the danger that we need to avoid is first, in terms of the costs of the PTAs. Costs, in terms of the fact that we all know that the rules of origin can play a positive role, but they can also have a distorting effect. That is one. Secondly, the costs of administering rules of origin, which I mean are the basis of these PTAs, can also be a cost to trade. And thirdly, there is also the possibility that it may exclude some Members, particularly poorer countries. So, on the whole it is positive, and I think if I become DG, I would like to work more actively with Member states to find a way to ensure that there is alignment, overall alignment, between the PTAs and then the multilateral trade agenda.

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**Q: What is your vision for the future of the WTO, and what reforms do you believe should be made to the Organization?** (Luxembourg)

A: As I indicated in my presentation, I believe that the future of the WTO would be more appropriately defined by its Members. And I want to go back to this central point: that the role of the Director-General is to facilitate and provide strategic advice to Members to help them define the future agenda of the WTO. The WTO exists to serve its Members, as a Member-driven Organization. I think that one also needs to recognize that this has to be done from a bottom-up approach, and not from a top-down approach. So, the vision of the future of the WTO must be the collective vision of the future of the WTO as seen by the Members. The DG has to appreciate that, and use whatever skills he has to be able to guide and play that role in facilitating consensus on what that future agenda and the vision has to be.

**Q: I would like to ask you about one of the points you made in your introduction, when you mentioned that post-Bali the WTO not only needs to complete the rest of the DDA, but should also focus on current issues, or pressing issues, of the 21<sup>st</sup> century. I wonder if you could outline what sort of issues you think the WTO could and should undertake in addition to the DDA.** (Hong Kong, China)

A: I would say that the real task and responsibility of the DG is to be able to provide strategic support and advice to Members in terms of helping to define some of these new issues. If you have a DG who comes in with a perspective and with an orientation that he has the magic wand to come and define what new issues have to be tabled by the Organization and negotiated, it might be unfortunate. I think that the Members have the responsibility to define these issues. I think the principle that I reached is that it is almost a logical truth that, for us to maintain this Organization, particularly the responsibility of negotiating new trade agreements, we have to look at issues that are embedded in the dynamics of the environment at any given point in time. I think that has been really the principle underpinning the GATT and then the WTO. It has always evolved in response to new challenges in global dynamics. So, the principle is clear, that let us not only deal with existing issues that we have been looking at, but look at other issues that have crept up on us, either by chance or design, within the context of the environment. But that has to be defined not by the DG, but by its Members.

**Q: CARICOM, like other small vulnerable economies, face inherent challenges and constraints that limit our participation in the multilateral trading system. Moving forward, what, in your view, are the key concerns, and how can the WTO effectively address them?** (Jamaica)

A: I am aware that the key concerns of the SVEs have been defined in detail, and I think in a very constructive, positive way, by the SVEs themselves. You are preaching to the converted. I believe very clearly that you have a group that is vulnerable on the basis of not necessarily their own national policies, but sometimes on account of circumstances that are beyond their control, including climatic factors, and to the extent that for some of these SVEs, their economies rest maybe on a number of service-oriented industries, that their vulnerability can only be protected by targeted and focused support for these SVEs. So, you are preaching to the converted, but defining exactly what needs to be done, I think, has already been done by the SVEs. And I would like, in my facilitating role, to be able to bring this up on the agenda whenever it is possible, and see how we can get some consensus from other Members on addressing the special needs of SVEs.

**Q: I would like to better understand the tag-line which you used about a new trade consensus. I take this to mean that, in a new trade consensus, there is more than just a DDA component to it? So, can I invite you to elaborate on the non-DDA aspects of the new trade consensus? In particular, do we risk eroding one of the key pillars of our institution, that of dispute settlement, if we move into the realm of soft law instead of pressing on to find consensus in the hard law-making? Because, in your introductory statement, you do suggest that we do both.** (Singapore)

A: I am happy that in your question, you have highlighted the brand that I have talked about, which is the new trade consensus. I would like to suggest that, in fact what I am describing is a new strategic framework for advancing the multilateral trade negotiations. But beyond that, also, in being able to get the Organization to become more efficient and more effective and respond to the challenges of our times. So, it goes beyond the DDA. The interesting thing about this is that it

is a strategy framework, and it talks about building consensus and, in my presentation, what I have said is that the new trade consensus also means acting in a coherent way to re-energize the whole range of the WTO's work. So, it goes beyond the DDA negotiations. And I said, to give some important examples, its vital role in resisting protectionism, the effectiveness of the dispute settlement mechanism must be enhanced, accessions must be advanced with due attention to the systemic benefits. So, it goes beyond that. Later on, when you receive copies of my statement, one thing that I would like to draw your attention to, is what I call the strategic drivers of this new trade consensus. I believe that, just to save time I will not go over them, but there are five strategic drivers which will provide the context for making us be able to realize the objectives of this new trade consensus, and one of them is to be able to secure political consensus across all Members in committing ourselves to the core values of the Organization and they are formal.

**Q: What are the issues that, in your view, should form part of a credible set of deliverables for MC9? (Austria)**

A: First, let me underpin what I will say by my earlier statement that I believe it to be the responsibility of Members to come to some consensus in a structured and constructive way about the issues that should be put before the Members in MC9. Now, I am aware, having said that, that concretely there are issues related to Trade Facilitation, there are issues relating to Agriculture, in that regard, within the context of Agriculture, I am aware that there are issues relating to TQR - Tariff Quota Rates – there are issues relating to food subsidies. These have been put on the floor, and I think that, as you work together to come to some consensus on what you put before MC9, these should be covered. However, I am also aware that there are those who view that issues related to the LDC package must be part of the agenda. There are those who believe that there are issues related to the monitoring mechanism, which would be part of this. And so, I am not in a position, unfortunately, to make very specific suggestions in respect of this. But these are the things on the table, and the DG only comes in three months before Bali, so it would be preposterous for the incoming DG when not even selected to be making statements about what ought to be put on the agenda, but these are some of the things that I am aware are on the table for discussion.

**Q: What is your view on the initiative for a services plurilateral agreement, vis-à-vis the current context and the need to strengthen the multilateral trading system? (Dominican Republic)**

A: This is a very sensitive issue. I think that different Members have different views of this matter. Again, I will resist the temptation of getting into the substance of this discourse, because I think it is still something that is being discussed. However, as a matter of principle, my understanding is that, if we are following the logic of the fact that Members are in this Organization to advance their individual and collective interests. The ideal situation is to pursue these interests within the context of a multilateral platform. However, in the event that there are selected Members who, because of the lack of consensus in advancing their individual and collective interests on some very specific negotiating issues within the multilateral platform, and they are interested in pursuing a plurilateral agreement in respect of that particular issue, my understanding is that, to the extent that this would serve the interests of a group of Members of the Organization, and, again by logical extension, even improve trade flows and reduce barriers, which is the core objective of what we are all seeking to do, then it may not necessarily be undesirable. However, as I have indicated in my presentation, in the event that selected Members of this Organization would like to pursue any particular issue in the plurilateral framework, then the understanding must be that this must be consistent with the basic principles of the WTO multilateral agenda – non-discriminatory and, more importantly, that the benefits of whatever is agreed on are extended to the entire membership of this Organization, similar to some of the efforts that were made many years ago in respect of the negotiations on the financial and the telecoms sectors. I think that if we get that understanding that this will be pursued within the context of abiding by whatever objectives and rules are set under the multilateral framework, then it will not altogether be undesirable. In the long run, I think that we must all pursue such initiatives without abandoning our core responsibilities under the multilateral trading agenda. If this is going to be a substitute for living up to our commitments under the multilateral trading agenda, that is where some difficulties may arise.

**Q: You said in your opening statement that you wanted to reach out to business. I think that's very important. Can you describe a bit more how you intend to do it, and**



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**how you can help to make the negotiations in WTO to be felt more relevant by business than perhaps what it is today?** (Norway)

A: My primary effort would be to try to stimulate discussion amongst the Members of this Organization in respect of this particular area. Now, my own experiences as a business executive, as a Minister for Trade and Industry, and to a large extent also the work that I have done with international organizations in supporting small and medium enterprises, point very clearly to me that the business that we do here in trying to negotiate trade rules and implement existing agreements can benefit significantly from a more constructive and direct intimate link with the private sector. The bottom line is that these are really the economic operators, who are the change agents for the kind of work that we do here. This is not to suggest that there have been no efforts at establishing such linkages, but my sense is that we can do more. There is scope for doing more. This is not only in respect of dealing with the large corporate sector, the multinationals, but probably be more importantly with small and medium scale companies. If we negotiate all the market access opportunities, we take advantage of S&D and, in particular, in developing countries we don't have entrepreneurs who can produce competitively to take advantage of the markets that are opened, then it would be unfortunate. So, that's the way I would look at it.

**Q: What are the three challenges as DG that you would take up?** (Malaysia)

A: The three challenges, not necessarily in order of priority, would be first to advance, enhance the negotiations in the DDA, not necessarily only towards Bali, but more importantly towards Bali and the post-Bali agenda. That would be the first priority that I would look at. I think there is absolutely a critical need for us to try and advance the negotiations in the DDA. Secondly, I would seek to ensure that we reinforce the strategic alliances that I talked about with the business community, with civil society, and also the alliances that we have with other development organizations that are not necessarily trade-related, but impact on the work that we do. And last but not least, I think that we still have an Organization to run. One of the things that I would like to do is to build on the work that has been done successfully by predecessors to make sure that indeed this Organization is run on very sound management and financial accountability principles. And then also we can get all Members to work within the context of achieving a common objective.

**Q: Listening closely, not only to the initial statement, but also to the questions and answers, I would still appreciate some greater precision regarding the balance between being the servant of a Member-driven Organization on the one hand and the right of initiative on the other. On the one hand, you suggested that there is an obligation to complete the DDA, on the other you hinted in your statement that we must move beyond a single undertaking. On the one hand, you suggested we must deliver those results, but in your new vision and new consensus, there are new issues to be addressed. You talked about being a CEO of the Secretariat, but did not elaborate on what initiative you might take to lead, rather than follow, the membership, as the current DG has done, for example, through the value chain study.** (Canada)

A: I think that all the buttons that you hit clearly are reflected in my presentation and in my responses. But they are not mutually exclusive, that is my understanding. Basically, what I am saying is that we have to work towards conclusion of the Round. However far we get, Bali is a milestone. We have no other objective but to make sure that we move along, because this is a very important part of the responsibility of this Organization, that we negotiate new trade agreements. So if we take the position that, because of the challenges that we are having in pushing forward the DDA, we reduce our appetite to continue, that may be unfortunate. The content of what we can harvest is for the Members to decide. But having said that, and quite rightly so, I have also indicated that it is a matter of reality that in a changing global dynamic world, our agenda must go beyond the DDA, and also the current issues, to look at other issues that are critical and actually impact on trade. This is a dynamic Organization. We have to have a forward-looking agenda. So, it is only in that context that we would look at new issues. They are not mutually exclusive. In fact, they reinforce each other. So, the fact that the CEO also has to run this Organization, is also mutually reinforcing. This is all part of one set of responsibilities that the DG has to undertake. However, in terms of the balance that you are looking for, whether you are the servant or you are the one who takes the initiative, my understanding is that, unless there is clarity in the mind of any DG, your primary responsibility is to be a facilitator, and not an arbitrator, you work for the Members of this Organization, you are seeking to help them to achieve

consensus on a broad range of issues. And you ought also to appreciate that you cannot substitute your ego for that of the Organization and so you have to ensure that a level playing field is created for all Members. But within that context, I think that you need strong leadership, as a CEO, who in his facilitating work would be able to frame the issues. For those of us who are lawyers, the issue really is not whether the law is applied, the law is always there, but it is how you are able to help parties to come to a consensus by applying the laws to solve a problem, a litigation problem. So, that is the view that I have, that you have to be a facilitator, but you are the strategic advisor and counsel to all Members, and it is a balancing act, is the trade-offs and the ability for you to do this in a harmonious way is what will bring Members together.

**Q: Do you consider that the WTO could move on to a new agenda without concluding the Doha Round? (Uruguay)**

A: Just to recall my earlier comments – because I see that the two are not mutually exclusive, and actually reinforce each other. My understanding again is this is at the discretion of Member states, that they would proceed on parallel tracks in this respect, that your main core responsibility as Members is to make sure that what has been agreed in terms of the Doha mandate is more or less pursued, actively, aggressively, ambitiously, expeditiously, to make sure that we derive the benefits, and particularly for those who come from the developing countries. This is meant to be the round of developing countries. So, that is the core objective. However, because this is a dynamic Organization, trade is a dynamic subject matter, it ought not necessarily to be inappropriate to also look at new issues that have come up that needs to be reflected in your discourse. And even I think both agendas in the whole, where issues can be looked at with the perspective of being becoming part of either a new round or new negotiations in the future.

**Q: As well as spelling out that the needs and interests of developing countries must be put at the very heart of the work programme in the Doha Declaration, and in subsequent documents, objectives were also specifically established for the effective and meaningful integration of LDCs and full integration of small and vulnerable economies in the multilateral trading system. Given the important differences in perspectives between Members, as well as the need to take concrete steps in the fight against poverty, it would be necessary that these objectives become a priority in preparatory work for Bali, so that the concrete trading interests of such Members which are already stabilized in the market access modalities and in the commitments agreed on tariff reduction and S&D become the core element that would enable the Round to finally move towards a conclusion. How would you promote such a strategy? (Ecuador)**

A: Working towards Bali and the issues that must be front-loaded, I would like to re-echo the comments that I have made, that there are substantive issues that are on the table for discussion, in respect of Trade Facilitation and Agriculture. There are issues that are on the table in respect of the TQR, in respect of food subsidies. These are being discussed amongst Members. I am also aware, as you have alluded to the issues that the LDCs have put on the table for consideration, there are issues related to the monitoring mechanism, and my sense is that the task of the existing DG, and I'm absolutely confident that he is already doing this in the processes leading to the Bali conference, my understanding is that the intermediate efforts to make sure that you come to a consensus on the very specific concrete accounts that can be harvested at Bali. I think that the guidance from MC8 allows the Members of this Organization to be able to proceed in respect of those very specific outcomes so that there is some traction, and then other areas that do not gain traction obviously become the basis for post-Bali dialogue and discussion.

**Q: You said that, in a new phase, international trade should be facilitated at all levels. Therefore, and on the basis of your experience, what actions can be taken by the WTO to strengthen the participation of small and medium-sized enterprises in international trade, and mainly their integration in regional and global value chains? (Paraguay)**

A: My passion and my interest in this subject matter may take me beyond the time that I believe I am allowed to speak. But having brought this up, let me just say that the first thing that I believe that needs to be done, of course this is not the WTO's work, but to the extent that as I've alluded to, that we need to ensure that this is being done in support with other institutions. The first thing that I think needs to be done is to be able to ensure that we grow a number of high-growth competitive small and medium enterprises in developing countries. There has to be an active programme to nurture high-growth small and medium enterprises because these are the

ones that have the capacity to be able to export. And once they start exporting, that is the medium through which you get integrated into the global market. Obviously, to be able to do that, there is a full range of technical assistance that is required, and I have more or less practically been able to do this for a number of SMEs, not only in my own country, but across Africa. Now, maybe at a later time, if you make me the DG, I'm sure I will be able to share more experiences in this regard. But having said also mentioned the issue of value chains, I think this is a major component of how we get small and medium enterprises to become part of the global market infrastructure. It is not just a starting point, but it can become mainstream small and medium enterprise activity, so that we are not looking at SMEs producing final products, but SMEs producing intermediate products that become part of the supply chain for larger companies. I initiated a programme like this in my own country, where we have been able to develop a new strategic sector to produce industrial starch with 10,000 farmers who otherwise have no connection to the global market and where, just through a new business model that we adopted, Nestlé International was able to buy industrial starch from these poor farmers and to be supplied in their worldwide operation, and to think that somebody producing cassava can now become a supplier of industrial starch just through value addition and value chain management, become a supplier to a multinational company. These are the kinds of things that we can work with other partners to be able to promote.

**Q: Considering the WTO Director-General needs to have the capacity to operate at a political level while mastering the technical detail of on-going negotiation in order to facilitate the forging of compromises, how would you rate your capacity to operate in both of these functions, the political and the technical one? (Croatia)**

A: If I have understood your question, that's exactly my unique selling proposition to you as Members, that I have a combination of skills and experience that goes to the core of, not just the technical work, but also being able to support in a very constructive and strategic way the negotiation process. I am an economist, I am a lawyer, and that combination itself lends more or less support to the fact that you can look at different aspects of the work that the DG has to be engaged in. But again, more importantly, I think when you combine the skills of a diplomat, the skills of somebody who has experience as a negotiator, a practical negotiator, somebody who has the political intuition and sensitivity, because the bottom line is that it is true we are negotiating trade agreements, but I am sure you are all aware that you have a very close working relationship with your capitals, and when we meet in these Ministerials, and they become the make-or-break for all the work that you do in Geneva, then maybe we must agree that those who are in the political field also have a contribution to make in the work that we do. To that extent, with my experience not just as a cabinet minister but somebody who has gone to the extent of the running for the presidency of my country, no lesser country than Ghana, my strategic intuition politically can be of some value to this Organization. There are other aspects to it, but I think I will end here.

**Q: Could you please tell us or give us a point of view or your understanding of the relationship between the WTO and the different institutions and United Nations agreements. (Honduras)**

A: There is a legal arrangement between the WTO, the World Bank, and the IMF. I think we all know the history that these are the global governance institutions that were established to ensure coherence and stability in the global governance architecture. So far, I think that the working relationship has been good. If I become DG, with the experience that I have working already with these organizations, I think that would become a major asset. But these are not the only institutions. I mean, there is a legal framework within which these institutions work, but we also have a working relationship with other institutions that have a very strategic role to play in areas that impact on trade. I can only indicate that my experience over the years, hands-on experience with these organizations, and the other components that I have talked about, will help very much contribute to the work that we do in this Organization.

**Q: At the beginning of your presentation, you said that you were surprised to see more candidates applying for the post, and you referred to WTO as a dying organization or organization in coma, so how do you see the world economy today without the WTO? (Brunei Darussalam)**

A: First just to put my response in appropriate context. It was not my suggestion that the WTO is dying, otherwise I would not be sitting here. I was saying that, if you listen to the rhetoric,

I thought that this was an Organization that nobody was interested in submitting his life to. I thought that it was a matter of interest that, in spite of all the rhetoric, so this is not my rhetoric, but the rhetoric that there was such an interest, and I meant it seriously that you have excellent candidates nominated by countries and it's a reflection I think of the continuing interest of all these countries. If you look at the diversity, that even makes it more interesting. So, it is rather a positive comment. But that I can imagine the world without the WTO, I'm not sure where I would be sleeping to have that dream. It would be catastrophic because, let's face it, the WTO is probably the only global governance institution that has managed, with the support of your Excellencies and the staff of the Secretariat, to be able to avoid a crisis in this area of global governance. Can you imagine without the WTO, the world getting into a trade crisis, like further financial crisis, economic crisis? Maybe we would not even like to dream about that. I have a very optimistic, very proactive, very positive attitude and orientation about this Organization and what it can do. This is not to devalue the challenges that have been going on. But if I become the DG, I think that, with a very positive attitude, working on the basis of trust and confidence of the Members, that we can even push the frontiers of global trade further. That is how I would look at it, not the situation that the WTO does not exist.

**Q: Our question would be relating to the principles of transparency and inclusiveness. With a much higher number of Members in WTO, and with the different regional and national interests, as a new Director-General, how can you promote the principles of transparency and inclusiveness in all states to ensure that any decision will be reached and based on the full awareness and participation of all WTO Members, but not too burdensome for the WTO to carry out its work? (Thailand)**

A: I think that the principles of full participation, inclusiveness, transparency, are at the core of the work that you do here. When I was Minister, at that time from 2003 for some years, I know that that was a major part of the agenda of the WTO, that there was lack of transparency, that there was lack of participation and inclusiveness. To a large extent, my understanding is that this has improved significantly, and that it is not as much of a problem as it was before. Now, I think that the DG in his facilitation role and how he is able to frame that strategic role, facilitation role, would by necessity help to improve full participation and then transparency, because if you are actually doing what you are supposed to do, and not to be dictating as to what should be done but facilitating consensus, then obviously you can only facilitate consensus if people are participating. And so, with the guidance of all Members and the psychology and the philosophy of a DG who understands that every Member of this Organization is important, if you are driven by that philosophy, then obviously then you encourage full participation, inclusiveness. But if you are not committed as a DG to these principles, then obviously I think that, but I am fully committed to those principles and that's what I think the whole role of facilitation would be anchored on.

**Q: You told us that you would strive for a new trade consensus through which all Members reaffirmed their commitment to the core values of the multilateral trading system. Could you please summarize which, in your views, are the two/three core values WTO stands for? (Switzerland)**

A: There are a number of them. I think that the most fundamental is the principle of non-discrimination. The core values of full participation, inclusiveness, transparency – those combined with the non-discriminatory principle, probably underpin the work of this Organization.

**Q: What do you think WTO can do for countries whose economy is in transition, given the fact that the WTO has no specific provision for such cases, since they are neither developing countries nor LDCs? (Ukraine)**

A: Again, this is a very contentious issue. If I start opening this matter, making personal remarks on this particular subject, it may not be that helpful because I know that there are issues that are on the table in respect of carve-outs for different groups within existing groups. Economies in transition obviously have challenges that may lend themselves to a valid case for targeted support and assistance. My understanding is that these are issues that are being discussed. It is not only economies in transition. I am aware that the SVEs also have interests in looking at their own group being considered as a special group within the context of developing countries. So, my simple answer would be that this is a very important subject matter which Members have to address and in my facilitation role if I was DG that would be something that I would try and facilitate a discussion on, but I am unable to make a judgment on my own as to

whether this is something that we can agree on without going through that consensus building exercise.

**Q: What is your vision for the Arab region? And how are you going to enhance participation of Arab countries in WTO, knowing that ten Arab countries are still not Members of the WTO? How are you going to assist the Arab acceding countries to become WTO Members? (Oman)**

A: I think that the answer to it is embedded in the question itself, that the issue of accession is a very important issue for developing countries that are not yet Members of the Organization. My understanding is that, as a multilateral trade Organization, the ideal thing is to have as many Members as possible that are part of this Organization, because that is when we really talk about all Members being part of the global trade agenda. So, I would work with Members to see how we can advance work in the area of accession, and I am aware that there are issues relating to countries making commitments during the accession period over and above what they are capable of fulfilling. These are issues which have been brought up. I am only indicating that I am aware of that, and that all these outstanding issues, if they are dealt with constructively, can provide a basis for accelerating the accession process of those Members developing countries who are not yet Members. I indicate that on the basis that I take it that the Arab countries would be part of this group, those who are not yet Members, they would benefit from progress that is made in the dialogue now on accession and the improvements that we will be making to accession. The only thing that I can add is that when countries start the process of accession, there is an implicit understanding that they have to undertake certain reforms at the national level, which then become part of their process of accelerating for themselves their integration into this. So if there is any other way that assistance can be provided, in terms of how to undertake those reforms, so that the accession process becomes less combative and then more efficient, I, as DG, would like to pursue those initiatives.

**Q: Both our countries are actively engaged in international migration. My question is, what role do you see international migration play in the multilateral trading system in the future, more particularly as it relates to mode 4 of the Trade in Services Agreement? (Philippines)**

A: That is another sensitive area that I might do well to navigate away from, because the mode 4 dialogue alone is controversial enough to get us sitting here for another couple of hours. But obviously that takes us into a larger discourse on this whole issue of Services. Again, I have some personal ideas about this. I think that it's a very important subject. It is the basis of a plurilateral initiative now which, in itself, is a subject of great debate and discourse, and so if you look at the initial architecture for services, with a request offer and the issue of mode 4 application, and with due respect, this is a subject matter that, if I became DG, I would like to work with you and other Members to help you advance on that issue.

**Q: What is your view on the argument that emerging economies must contribute more than other developing countries in the DDA negotiation? (Argentina)**

A: Coming at the end of my presentation, so far I thought I'd skilfully navigated myself away, but this one coming at the end is going to put me in more danger than when I started. I didn't know I was donating my time to you. For me, frankly, it is one of the major sensitive issues that we need to deal with. If you give me the chance to become DG, I can assure you that I will very skilfully work with all of you to make sure that we address this on a permanent basis.

### **3. Summing up by the Candidate<sup>2</sup>**

I would like to commend to you a more in-depth reading of my statement in your free time, so that you can actually digest exactly what the focus of my presentation has been. But two things stand out very clearly. Particularly in respect of the responses and the questions, which have been excellent and really I have enjoyed every bit of this. Number one, I get a sense that it is evident

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<sup>2</sup> Under the modalities for the conduct of the meeting communicated by the Chair to all delegations on 15 and 18 January, each candidate had the opportunity to make a concluding statement during the last five minutes of the question-and-answer period if he or she so wished.

that Members are deeply concerned about advancing the multilateral trade negotiations. Secondly, in spite of the rhetoric, that there seem to be more that unites the Members of this Organization than divides them. I think that is something that we should focus on.

I would like to close just by very quickly addressing your attention to the five what I call strategic drivers for the new trade consensus. That is where the action and the meat is. The first one, I will just mention the first one, which is making sure that we build a solid political consensus based on the core values of our institution. Let us focus on the things that unite us, not those that divide us. If we can get this right, it provides the basis, the psychology, the sentiments, the philosophy, to get us to move, to deal with other areas. I do not pretend to have all the answers, but I do believe that, if I have the honour and privilege of becoming the next DG of this Organization, that I can make a difference.

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**ANNEX B****Meeting with Ms Anabel González (Costa Rica)****1. Presentation by the Candidate**

I appreciate this opportunity to share with WTO Members the reasons that have led me to submit my candidacy to the post of Director General. It is my hope that at the end of this session you will know me better. I want to hear your questions and opinions today and in the future, as to listen and fully understand the views, aspirations and interests of all is a key requirement to lead, under the guidance of Members, this great organization.

**I first came to Geneva in 1989.** A young official, I had the privilege of attending the signing ceremony of Costa Rica's protocol of accession to the GATT. Little did I know at the time that this would be the first leg of a long and exciting career in trade craft that would result in a continuous involvement in multilateral trade diplomacy.

I address the WTO General Council today with respect and humility, but also great pride, aspiring to become the Director General of this most precious institution. I do so firm in the conviction that **I have the experience and skills-set required to honor such a responsibility.**

**My involvement with this organization has been multifaceted.** It has included lead negotiating roles in the Uruguay and Doha rounds, participation in several ministerial conferences, harnessing the WTO's dispute settlement machinery to defend my country's interests, serving as director of a centrally important division of this house, and delivering trade-related capacity building all over the world.

**My experience is not limited to the multilateral level.** I have been actively involved in the negotiation, approval and implementation of a wide array of trade and investment agreements, with a broad and diversified portfolio of countries, big and small, developed and developing, in Costa Rica's neighborhood and beyond.

For the last three years, I have served as Costa Rica's lead trade advocate, at home and abroad, in my current capacity as **Minister of Foreign Trade**. My time and energy are divided between formulating trade policy, promoting two-way investment and enhancing competitiveness.

**My own life span has coincided with the remarkable transformation of Costa Rica through its closer engagement with the world economy.** A country that not long ago exported just a few agricultural commodities today sells over 4300 different products - including computer parts, heart valves, embedded software, and yes, coffee and bananas- to 145 nations worldwide. Every day we work hard to expand our export network to all WTO Members! In building Costa Rica's trade platform, enhancing our economy's efficiency and, most importantly, expanding the opportunities for more of our citizens, our aim is to unleash the power of trade to promote inclusive growth and development.

Since announcing my candidacy, **I have begun to listen to and consult with this organization's diverse membership.** These discussions, which will intensify in the coming weeks, have been highly informative and inspiring. These discussions have revealed a common desire for convergence. Should you honor me with the mission, my hope would be to serve that process as an **honest broker**. Let me share with you some of what I have learned from my discussions to date.

**Trade is a powerful instrument to foster growth and development.** We have been privileged to witness, in our lifetime, the ability of trade to lift millions of individuals out of poverty in so many parts of the world. But trade is equally key in transforming productive structures, increasing productivity, enhancing access to technology and fostering innovation, particularly when firmly embedded in broader national growth and development strategies. As the Preamble of the Marrakesh Agreement clearly states, trade is and should be about "raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand". **Let us never forget that trade liberalization is a means to development, not an end in itself.**

As we gather in Geneva today, **the world economy still feels the headwinds of continued imbalances and uncertainty**. Such uncertainty weighs on global trading volumes, which grew by a mere 2.5% last year. We need more robust trade growth, not just because such growth will bring greater global prosperity but also because trade can help to generate more –and better– jobs.

**We need more trade for all countries.** The fact that developing countries account today for about one-half of aggregate trade flows is unambiguously good news. Still, the distribution of that growth, welcome as it otherwise is, remains concentrated in too few nations. For many in the African continent and elsewhere, LDCs in particular, the challenge of integrating in the world economy remains daunting. High trade costs and supply-side constraints can durably hamper the ability of firms to take advantage of opportunities, sowing frustration and disenchantment towards the very idea of market opening. The WTO must be ready and properly equipped if it is to assume a key role in unleashing the potential of trade for all.

**This is the house of trade. As such, its core mission is two-fold:** to open markets –including through effective monitoring and whistleblowing– and to design and implement the rules to govern and pacify trade relations among Members. It is as simple –and complex– as that. The WTO and the GATT before it have been carrying out this dual task very successfully for three generations. Ours is a precious institution, supplying an array of global public goods that we must protect and nurture.

The Chinese proverb "may we live in interesting times" is certainly most appropriate for the world we live in today. Few periods in world history have witnessed such a real-time **confluence of changes in the political, economic and technological fields**, some of which exert influences way beyond the WTO and trade governance. Others are reshaping the geography and very nature of production and exchange. These include the global fragmentation of international production, the increase in South-South trade and investment activity, and the rise of international trade in services to cite just some of the most salient trends, **bringing with them new questions and challenges that the WTO membership must contend with**.

**While these changes are taking place at breakneck speed, progress in the Doha Round has been painstakingly slow**, with negotiations reaching an impasse that could not be resolved in its original format, as recognized by Members at MC8.<sup>3</sup> The process that has taken place in Geneva in the past few months inspires in me a renewed sense of optimism –cautious to be sure– that the **Members will be able to produce concrete deliverables in Bali**<sup>4</sup>, in trade facilitation, some issues in agricultural trade, and on special and differential treatment – all topics of particular importance for least-developed countries. It is within our collective reach to do so. And this would make for a most welcome, and confidence-promoting, step forward in multilateral cooperation, reinvigorating the WTO as a negotiating forum.

**But MC9 is not the end-game and we must continue to chart the best ways of delivering on the Doha mandate.** This remains critically important, not least in terms of institutional legitimacy. We are all heavily invested in Doha and have put great efforts into it. Resolution of the DDA's<sup>5</sup> agenda is long overdue, above all as a response to the trade needs of developing and least-developed countries. In listening closely to Members and working tirelessly to promote convergent viewpoints, the next Director General must have as a central priority to bring closure to the round and ensure that it fulfills its stated aims.

In addressing today's new challenges and thinking about the WTO of tomorrow, **we need to engage in a candid discussion about an immediate and medium-term agenda**. Subjects as relevant and so closely intertwined as the relationship between trade and investment, climate change, natural resources and global value chains cannot be ignored or left for other institutions or agreements. Not all of these deliberations, of course, need to morph into a negotiating agenda. Still, anchoring the WTO's centrality in the international trading system today requires that no topic of relevance to the world economy be taboo for the house of trade. Let me be clear: I do not advocate that we put aside the DDA in favor of new topics, but I do believe that Members can both complete the tasks of today while keeping an eye on tomorrow's challenges.

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<sup>3</sup> Eight WTO Ministerial Conference (Geneva, 2011).

<sup>4</sup> The Ninth WTO Ministerial Conference (MC9) will be held in Bali, Indonesia in December 2013.

<sup>5</sup> Doha Development Agenda.



**In discussing trade in different formats, a diversified portfolio of trade partnerships is also useful** in preventing protectionism, exploiting neighborhood effects and boosting growth. PTAs<sup>6</sup> can play a role in promoting further market opening – and regional markets are sometimes easier to access for developing countries. They may allow for useful experimentation with new rules in novel trade-related areas. Moreover, in some instances, they may simply be the proper locus of trade governance as not everything needs to be defined at the global level.

The fact that each WTO Member is, on average, party to 13 PTAs reflects Members' willingness to integrate with the aim of promoting trade and investment and to explore all useful means to do so. **The downside, of course, lies in the dangers posed by the discrimination that is inherent in these agreements and in their potential to exclude others.** The trade marginalization of countries, particularly lesser developed ones, does not bode well for the system and may all too easily exacerbate frictions among nations. In this context, **negotiations of plurilateral or critical mass agreements** that are open to all Members and brought within the realm of the WTO, can and should provide a multilaterally friendly means for advancing the trade agenda.

Another question that is vividly debated, particularly in academic and civil society circles, relates to **whether the WTO needs institutional reform.** My own sense is that the WTO system is robust and has in fact evolved incrementally in a number of important areas. One example is the excellent study on trade and employment the WTO and ILO<sup>7</sup> jointly produced on a topic that had proven deeply divisive at the Seattle Ministerial. The same can be said about the workings of the Green Room, the participation of non-state stakeholders in the WTO dispute-settlement mechanism and the vibrant debates held at the WTO Public Forums which have opened the house to the outside world as never before.

Still, the world keeps evolving and institutions, like firms, workers and nations, need to adapt to such change. **Valid questions confront Members on how best to adapt the WTO.** Here again, I believe that there may be a number of specific issues which, at the right time, anchored in an adequate level of mutual trust, and based in sound analysis, should not escape a thorough airing among Members.

**The WTO is a Member-driven organization** and you, the Geneva ambassadors, are key in making it work on a day to day basis. **In line with this basic principle, the Director General's task is to lead the institution under the guidance of Members so as to make sure it delivers on its mandate.** Beyond its key roles in market opening and rule-making, the institution also dispenses important responsibilities in dispute settlement, monitoring and surveillance, capacity building – now significantly enhanced through the Aid for Trade initiative, research and information sharing, interaction with other organizations, and public outreach and advocacy of the values and principles of the organization. The Director General should be ready to work hand-in-hand with Members and the Secretariat in delivering on each of these functions in the best tradition of Chief Facilitator.

**I am proud of the opportunity I recently had to work as Director of the Agriculture Division.** These were very intense years, bringing us closer than ever to reaching agreement on the modalities for agriculture. At the time, Rev. 3 and Rev. 4 were the subject of my dreams – and nightmares!

I was fortunate to get to know first-hand the workings of the Secretariat and, most importantly, to appreciate the professionalism, expertise and dedication of this cadre of public servants. It would be a great honor to lead this remarkable group of people in a new capacity. **Managing the Secretariat is a centrally important function of the Director General:** she –or he– is to take due account of Members' needs to maximize value for money, particularly in today's resource constrained environment, while making sure that this very high caliber group of professionals remains motivated and engaged in serving Members.

This brings me to the final point of my presentation, which concerns my own **readiness to assume the challenge of becoming the Director General should this be your decision.** Throughout my career, my heart has always been with the WTO and the values of fairness and

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<sup>6</sup> Preferential trade agreements.

<sup>7</sup> International Labour Organization.

collective action that are embedded in the DNA of multilateralism. I come from a small country, one that has made integration into the world economy a critically important pathway for its development. In so doing, we have shown persistent faith in the multilateral trading system's unique ability to promote and uphold our interests. Costa Rica works hard at being a good international citizen and I, as a citizen of this great nation, am ready to assume the position of Director General with independence, passion and responsibility to care for, lead and strengthen this institution for the benefit of its Members and the citizens of the world.

## 2. Questions and Answers

**Q: The WTO has long been in a crisis of lacking credibility and trust after several unfortunate attempts to make tangible outcomes of the negotiation. MC9 will be our next effort. Do you have any observations on the current negotiating approach? What tangible outcomes do you wish to make during your four years tenure of office in Geneva?** (Thailand)

A: I think that delivering on the Doha mandate is crucial for the credibility of the Organization. In doing so, I believe that Bali presents us with a very important opportunity to deliver concrete results. These results may be in the area of Trade Facilitation, some issues in Agriculture and S&D treatment. I believe that delivering these results would be a very strong signal to the world about the renewed confidence of Members to reach agreements among themselves of issues of great importance. I believe that this would reinvigorate the discussion of other topics in the Doha Agenda. Now, I also believe that it is important to re-energize the Organization, to begin a discussion of new topics that are very relevant in the global economy today. In doing so, some of these discussions, some of the issues may eventually evolve into a negotiating agenda, some may not, but this would also be part of a very important effort to re-energize the Organization and to bring again further credibility to its legislative function, which is the one that it is currently subject to, that has been confronting several problems.

**Q: A major change in management at the top of an organization means a change in management style. Yesterday, Her Majesty Queen Beatrix announced her abdication in favour of her son, Crown Prince Willem-Alexander. So, our kingdom will have a new CEO, and perhaps you will be the new CEO of the WTO. How do you see your role as Chief Executive Officer of the WTO, and how would you strive for balance between the Director-General's different roles, the managerial role, the negotiating catalyst/facilitator role, and the advocacy role?** (Netherlands)

A: I believe that the WTO is, of course, at a starting point, a Member-driven Organization and, in a way, the WTO is what its Members want it to be. But this, of course, does not mean that the new DG should just sit on the side. On the contrary, I firmly believe that the DG must actively engage with Members to facilitate and move forward any process in a climate of confidence, of collaboration, of enhanced dialogue. In doing this, I think it is an important responsibility of the DG to make sure that all Members' opinions and needs are taken into account, in particular the views of the poorest Members and those who may not be fully equipped to articulate their position. Now, there is a specific responsibility of the DG in each of the functions of the Organization. Some of them require a more direct involvement of the DG, some of them are better suited for the Secretariat as such, and certainly for Members. In terms of managing the Secretariat, I believe that this is a very important role for the DG and in this regard there are a number of areas that I, if selected as DG, would put my attention into – areas such as budget, or human resources management, or information management, or others that may be important. In sum, I believe that it is important for the DG to maintain a balance and to pay attention to all of these very important functions.

**Q: As former Director of the Agriculture Division of the WTO, what is your assessment of the impasse in the DDA agricultural negotiations, and what role can the Director-General play in facilitating the better functioning of international agriculture trade?** (Philippines)

A: As I mentioned in my presentation, for a long time I was deeply involved in Rev. 3, Rev. 4 of the modalities, and I also had the possibility of participating in the discussions that took place in July 2008, where I think we were as close as ever to reaching an agreement on Doha. I believe

the impasse of the DDA is ultimately, though it may be a combination of issues, Agriculture did not play the main role in bringing the impasse to the negotiations. In the area of Agriculture, of course, there were a number of issues that were controversial issues at some point, like the special safeguard mechanism or special products and others that played an important role. Now, in terms of the role of the DG in this process, I think it is certainly the role of an honest broker. I think the DG needs to listen to Members, engage with Members, promote an environment of confidence and trust, and I'm afraid that if I were to be selected as DG, I do not have a magic formula to revive the negotiations of the Doha Round. I would bring in my experience as a negotiator, I have had the experience of negotiating agreements with larger Members, with smaller Members, on many different topics, and I have been able to begin negotiations and I have been able to conclude negotiations, and I think this experience may be helpful in supporting Members in a process of eventually bringing closure to the Doha negotiations.

**Q: How do you think the issue of liberalization of tropical goods will develop, bearing in mind that some Members are still saying today that the principles of access to main markets will be eroded?** (Argentina)

A: The issue of tropical products and preference erosion is one where agreement has been reached among countries involved. After many, many years of discussions in this area, those countries most directly involved on this issue reached an agreement that was actually fine in the context of this house. So, I believe that, if this was an issue that divided countries at some point in time, it is an issue now where countries are actually on the same side of the table, and would need to defend the results of this agreement in front of others, if eventually others may not agree with these results. But the long-standing dispute among countries on this issue of tropical products and preference erosion among the main group of countries found a solution, a solution which, by the way, I believe is a good solution that works for all parties involved.

**Q: What do you think the WTO's place should be in the architecture of world governance, and notably what should be the interaction of WTO with the G20 and other international organizations, such as the FAO, ILO, WHO, UNEP and UNCTAD?** (France)

A: I think that trade policy is an area that, of course, has a close relationship with many other areas of international governance and, in this regard, it is very important for the WTO to keep very close collaboration ties with other key international organizations, as well as with the G20 process. In this regard, I believe that the WTO has taken important steps towards greater collaboration with UNCTAD, the OECD, the World Bank, the ILO, in producing very important think pieces on the world of tomorrow. I would like to see the Organization continue going along those lines, as well as continued presence in the G20 forum and, in particular, trying to inform the discussions that are held at the level of the G20.

**Q: How do you see the role of the more advanced developing countries in multilateral trade negotiations, and how can their emergence be used positively to bring development and developed countries closer together so as to ensure better progress in multilateral negotiations?** (Germany)

A: I would probably address this question at two different levels. One level is, of course, that one important result of the Uruguay Round in this Organization is that basically we have recognized three sets of Members – developed countries, developing countries, and Least-Developed Countries. So, that is one level. The other level, of course, is that I think that a very important question for the work of this Organization should be built around the concept of shared prosperity. Shared prosperity means that each and every country should be able to participate in trade and in the growth that comes with trade. And it also means that each and every country has a responsibility to play in continuing to promote trade liberalization and in continuing to construct this Organization. In this regard, I believe that the responsibility of each Member is related to its level of development. So, in this regard, again I think that emerging economies are to play a very important role in deciding, in continuing to decide the future of this Organization, and in working towards achieving the main responsibilities of this Organization.

**Q: You mentioned plurilaterals in your opening statement. I should like to seek your views on plurilateral agreements and how such initiatives might be designed in order to best create opportunities for the WTO and the multilateral trading system.** (United Kingdom)

A: In thinking about plurilaterals, I think one should probably start by asking oneself why are plurilaterals being negotiated? Why are they being considered? This seems to be rooted in the difficulties associated with making progress in the DDA context. If the WTO is not able to deliver in the multilateral front, well, Members in a way look for a second-best approach, and try to make progress by alternative means, including both negotiations within the house and outside of the WTO. On this basis, I believe it is positive that Members are trying to make progress within the house and not outside its framework. So, to the extent that this plurilaterals are successful, I believe that the image of the WTO as an Organization can be reinforced, and it could spark broader interest from the private sector. It may even help to build momentum at the multilateral level. Now, there is, of course, a very important question as regards the implementation of plurilateral agreements. I believe that, to the extent that these plurilateral agreements are implemented on an MFN basis, which is a very important, of course one of the fundamental principles of the Organization, they would not marginalize the poorest countries. And on the contrary, they may serve, as I said, as instruments for re-invigorating the Organization.

**Q: What is your vision for the Arab region, knowing that ten Arab countries are still not Members of the WTO? (Oman)**

A: It is important that all countries, of course including Arab countries, that are not part of the WTO be part of the Organization. It is clear that this institution is of a universal nature and nevertheless it would not be completed until after all countries are part of it.

**Q: What opportunities do global value chains offer to developing countries, and what can WTO do to promote these? (Honduras)**

A: Global value chains provide a very important opportunity for developing countries to participate in international trade. The fragmentation of international production basically means that a country need not have a very long tradition in the area of manufacturing, need not produce all raw materials and inputs that are incorporated into a final product, but rather can specialize in the production, in a specific task, and integrate into the global economy through these supply chains. So, if one considers that a very important part of world trade takes place today in the format of global value chains, it is important that trade policy and this house pay attention to what are the key determinants of facilitating developing countries' participation in global value chains, and moreover in facilitating the operation of global value chains. In this regard, I believe that there is one important discussion taking place of course in this house, a negotiation of Trade Facilitation that would be very significant in terms of facilitating again developing countries' participation in GVCs and, more broadly, the operation of GVCs. Now, when thinking about a GVC-centred trade policy, if you wish, other elements become relevant as well. Of course, liberalization of Trade in Services in certain areas, in particular those relating to logistics, transport, distribution, all of the services that are key for participating in global value chains, is an important element to consider. One point, which is not being discussed in this house, but that of course has also a lot of relevance as regards GVCs, is investment, as trade and investment are twin motors, if you wish, of global value chains. I come from a country, Costa Rica, that has experienced a tremendous growth in participation in global value chains. About half of our trade today is related to participation in this kind of production network in areas of medical devices or electronics or services themselves and others. I have seen how they can contribute to the growth of a country, and how they can become a very important instrument for integrating smaller and medium-sized companies into this production network. So, this is a topic that I believe should be part of the discussion of this institution as well.

**Q: Regardless of your experience, talents and abilities, taking office in September means the die may well be cast by then on whether Bali will come together or not. What is your plan B, assuming that you arrive and Bali is shaping up to be a failure? (Canada)**

A: Well, I certainly hope that you work hard before it, so I have to try to avoid or minimize that possibility. In case that that is not the case, well, let me say that I do think it is very important that work takes place in the months to come. If by the summer the contours of the agreement are not there, I see it difficult to be able to reach agreement in December. And certainly, I don't see myself as a superwoman or super-person coming here in September and gathering the 157 of you and trying to reach agreement in the course of three months. I don't see that as possible. Now, that would be a very unfortunate development, as it would further impact the credibility in the

Members' ability to reach agreement. I think at that point in time, I would begin an immediate sort of process of consultations with the Members, listen to them, explore ways to go forward, if there is possibility to try to reach agreement. Within such a short time period, though, it seems difficult, but I would try to do so, I would work very hard to do so. If for one reason or another, it is not possible to have an agreement in Bali, I think we should definitely enter a very important reflection period about the future of the Organization as regards the agenda and the items to be discussed. A failure in Bali would impact the possibility of delivering on DDA, more broadly. It would impact the credibility of the Organization. And we would need to put in place some kind of an emergency plan to try to build with that circumstance. But I am an optimist at heart. I know that you work very hard. I do believe that there is time, and I see the will to do that. I was in Davos last week. It was a good meeting. I sensed that Members want to move forward, and I certainly hope that it can be done.

**Q: In your opinion, what is the relationship between trade and investment? Should this topic be discussed here at the WTO? (Paraguay)**

A: I think the definition of any new topic to be discussed in the Organization is for the Members to take. Having said this, I would probably like to share with you some numbers that I think are relevant in this discussion. One is that investment flows have grown quite significantly over the years. But nevertheless in particular they have in the last few years they have not been able to reach the levels that they had reached before the crisis. Moreover, recent numbers from UNCTAD suggest that investment flows decreased 18% from 2011 to 2012. In the view of some, and I think I share that view, if we were able to increase investment flows from about 2% of world GDP, which is where they are right now, to about 4% of GDP that would be a tremendous boost for the global economy. Second point is that the role of developing countries today in investment is very important. Developing countries today are not only recipients of foreign direct investment, they receive about a little less than half of all FDI flows, but they are also sources of origin of investment flows. About a third of FDI flows worldwide originate in developing countries. Third point is that almost every country in the world has negotiated bilateral investment treaty or a chapter of investment in a regional trade agreement. There are about 3,000 agreements of this sort, which somehow reflects Members' interest or willingness in negotiating agreements in this area. Of course, it provides for very chaotic governance in the area of investment. And then of course there is the issue of employment, in the sense that foreign affiliates of multinational companies are creating employment in many parts of the world. In the latest data that I saw in 2010, there were 69 million jobs that were created by foreign affiliates of multinationals. So, does this mean that the WTO needs to go straight ahead and negotiate an agreement in this area? I don't think that is necessarily the case. But I do think that being an area that is so closely linked with trade and this being the house of trade, I do think that Members need to engage in discussions of this kind of topics. Will this evolve into something else? It is not for me to say. It is for the Members to decide. But it is indeed a very important area in the world economy today.

**Q: CARICOM, like other small vulnerable economies, face inherent challenges and constraints that limit our participation in the multilateral trading system. Moving forward, what, in your view, are the key concerns of SVEs, and how can the WTO effectively address them? (Dominica)**

A: I think that the starting point in this area is to recognize that small and vulnerable economies have important challenges in integrating into the world economy. It is important for this house to recognize those challenges and to provide the means to facilitate the incorporation of small vulnerable economies into the world. Let me say at the outset that I can relate very closely to the limitations or challenges that come from the size of a country or the level of development of a country. And that manifests itself in many areas. Let me just say, for instance, that it manifests itself in this same process. My country, Costa Rica, for instance, has embassies only in about a quarter of the WTO membership. I have no legion of speech-writers drafting my presentation. So I know very well, from my own personal experience, and that of my country, the limitations associated as I said with size and level of development. Now, the way to address this, in particular in a context of negotiation, is through concrete and specific proposals. And, in this regard, small and vulnerable economies have come together in a very effective way, and have submitted proposals in a number of areas of the negotiation that aim in addressing precisely the limitations that are associated with this type of country. I believe that serious thought and serious attention, of course, should be paid to the proposal of this Group, as well as to the challenges associated with other groups in the house. I am thinking, for instance, of landlocked countries, for example,

that have challenges of their own. It is important at the end that the WTO can promote growth that can deliver for all Members of this house. This is important as the growth potential associated with trade should be available to all Members of the house.

**Q: You have mentioned your broad experience in trade negotiations. Which was the most difficult moment that you have had to face? (Guatemala)**

A: I have faced my good share of difficult moments in negotiations, some of them among our own in Central America. But I would say maybe two moments are difficult. One is at the multilateral level, and the other one was at the regional level. At the multilateral level, I had the opportunity to chair the trade and labour group in Seattle. That was very, very difficult. The group was established in the middle of the week. The discussions and the positions among Members were totally opposed, very acrimonious debate. I was in a room like this, everybody was shouting, it was something very, very difficult to do. Fortunately, it lasted only a couple of days. So, in that respect it was not that painful. But that was fun. The second one is probably in negotiating a free trade agreement between the Central American countries, the Dominican Republic and the United States. We had been in negotiations for about a year, and this was a very broad, all-encompassing agreement. We were close to conclusion of the negotiations. Nevertheless, in doing what was expected to be the last round of negotiations, Costa Rica, we came to realize that we were not being able to find the balance in that negotiation that was required back home to be able to get our political economy together to get approval of the agreement. So at some point in time, we had to separate from the rest of our Central American negotiating partners and leave the negotiation. We had to basically stand up from the negotiating table and basically tell the United States "we are going back home". That was a very difficult decision to make – Costa Rica's most important trading partner, a very important negotiation. Our friends in Central America concluded the negotiation in that particular round. So, we went back home and we gave it a lot of thought and a few months later we were able to come back to the table and conclude the negotiations. But that was a very difficult moment for me. I was the chief negotiator at the time, so it was a very difficult decision to make.

**Q: I have a general question about bilateral agreements. In your opening statement, you talked about bilaterals being an opportunity to experiment with the possibility of bringing results into the multilateral system. I was wondering what types of examples you would cite in this regard in terms of that potential interplay. (United States)**

A: I think if one looks at bilateral and regional trade agreements, there are different types of agreements of course. There are some that are more politically motivated, if you wish, and do not bring a lot of additionality to the table. There are some that are more region-oriented and have things that are relevant to the particular region in areas such as infrastructure or the like. But there are others that can in fact become useful laboratory for experimenting on new rules in areas that are not yet part of our WTO toolbox, or that being part of it have not gone beyond what we agreed about 20 years ago in the Uruguay Round. One of the areas where I believe this is important is in the area of investment. I would like to say that again I am very cognitive of the fact that any decision, of course, is for the Members to take. But I have seen how closely related trade and investment are, and the importance of an investment chapter in some of these agreements to promote additional trade. In my view, one of the most important reasons why a number of countries enter into this type of agreement is to be able to attract investment. And in doing so, a chapter in this area is relevant. As I said, one can look at this issue such as regulatory conversions on a number of issues, that's an interesting point to look at. If you think about the way in which non-tariff measures are dealt with in some of these agreements, again, this is an area that could be explored. And even in some of the newer agreements, you see that there are chapters that aim at promoting trade and sustainable development, and there are a number of provisions in this regard which may be of interest as well. So, I do believe that in this great number of bilaterals that are out there, it is important to look at them, to study them, and to identify provisions that may be helpful, because, if Members are going to these agreements and negotiating this type of provisions, it is because they find the value of these provisions. Moreover, I believe that a number of these agreements are actually a response to the governance of global value chains. So, in this regard, I do think that studying bilateral agreements, regional agreements, is something that is of relevance in thinking about the future for an agenda in this Organization.

**Q: What do you think about liberalization of trade in services for developing countries? What are the challenges, what are the benefits of such a liberalization process? Particularly we have an interest in mode 4, and we would like to know your opinion on that.** (Peru)

A: I should probably start by saying that Trade in Services is very relevant to the world economy, for both developed and developing countries. They account for close to 70% of global GDP. This, of course, varies for the different countries, but there is no question that they play a very important role in today's economy. And it's actually the importance of Trade in Services in association with the advances in technology that explain the current momentum of trade in services. Just a number of years ago, they were basically considered non-tradable, whereas today services play a very important role in trade. It is difficult to measure services, but estimates from the WTO show that Trade in Services accounts for about 22% of global exports. But if you add intermediate services inputs to goods and take account of those, Trade in Services reaches about 50% of global trade. So, this is an important figure. And I believe that Trade in Services opens very important opportunities for both developed countries, of course, and developing countries. The share of developing countries' participation in world trade in services has been increasing, and I can share with you the experience of my own country, Costa Rica, which, in 2011, exports of IT services and business processing services for the first time in our history equals exports of agricultural products, representing 5.8% of GDP. This is a very important transformation of this country, and I believe that Trade in Services has precisely that potential of transforming the economies certainly of developed countries, but in particular of developing countries. And I think that Trade in Services may help LDCs leap-frog in a way that is much more difficult if you think about it in terms of manufacturing. So, having said this, I think that a number of countries have made significant progress in unilateral liberalization of services, and that progress has also taken place at the regional level with the negotiation of bilateral and regional trade agreements encompassing trade chapters. There has been a significant consolidation of the status quo in a number of these trade agreements, and even in some of them new liberalization has taken place. One important thing about liberalization under RTAs in the case of services is that they tend to be more multilateral-friendly, if you wish, because it is difficult, if not impossible, for a country to adopt a particular regime for services in the context of a group of countries, and not for others, particularly in certain areas. So, I believe that RTAs in this area may be an important stepping-stone towards the multilateral system. Having said this, unfortunately not much has happened in the multilateral system in the area of liberalization of services after the GATS. Basically, of course, with the exception of the accession schedules of new WTO Members that include significant commitments in the area of services in the case of many of them, and of course the basic telecom and financial services agreements. But anyhow, there has been basically two decades where not much has taken place, and precisely this has been the two decades where this great transformation of Trade in Services has taken place. As we know, a group of about 20 Members are preparing to launch negotiations of a plurilateral services agreement. This may be an important opportunity to move forward in this regard. I think it is important that this agreement be brought, in one way or another, under the umbrella of the multilateral trading system.

**Q: For many developing countries, the promised gains from trade liberalization have not materialized. What role can the WTO play in promoting trade as a tool for development, and delivering on the promised gains for small developing countries?** (Trinidad and Tobago)

A: I am deeply convinced that the WTO has a very important role to play in making the integration of developing countries effective in the world trading system. I would like to bring in the Aid-for-Trade initiative, as this, I believe, plays a very important role in strengthening developing countries', in particular Least-Developed Countries', capacity to integrate into the world economy. I believe the Aid-for-Trade initiative has been doing well. In terms of funds that have been committed and funds that have been disbursed the initiative is working well. In terms of mainstreaming trade into developing countries' national trade and development strategies, it has also moved very positively. I think that we are also moving in the direction of enhancing monitoring of the Aid-for-Trade initiative. I had the opportunity of participating in a dialogue on Aid for Trade in Paris a couple of weeks ago, and I saw significant progress in monitoring of the initiative. And I think it has been taking important steps towards improving the effectiveness of the initiative. Having said this, however, I think it is important for Members to continue to commit to this initiative, both donors and recipients, and the international organizations that are working as part of this initiative. I think that the initiative can strengthen, assist Members in addressing

their supply-side constraints and limitations, but also can help them strengthen their participation in the system so as to be able to develop proposals that would then crystalize into agreements and rules and disciplines that address these challenges of integrating into the world economy.

**Q: In your view, what are the possible next steps that the WTO can take to overcome the continuing stagnancy of the Doha Round?** (Brunei Darussalam)

A: I think the most important step that Members can take at this point in time is reaching agreement on the deliverables for Bali. I cannot stress how important I think this is, in terms of generating this renewed sense of confidence in Members' ability to deliver results. Should we have a positive result in Bali, I think this would pave the way towards coming back to some other issues in the DDA, and delivering on its mandate. I think this is very, very important.

**Q: The needs and interests of developing countries are at the centre of the DDA. In addition, in subsequent decisions, objectives were also specifically established for the effective and meaningful integration of LDCs and full integration of small and vulnerable economies in the multilateral trading system. Given the differences in perspectives between Members, it would be necessary that these objectives become a priority in preparatory work for Bali, so that the concrete trading interests of such Members which are already stabilized in the market access modalities and in the commitments agreed on tariff reduction and S&D become the core element that would enable the Round to finally move towards a conclusion. How would you promote such a strategy?** (Ecuador)

A: I see the role of the DG as one, as I have mentioned in my intervention, of an honest broker. I see my eventual role as being one of promoting dialogue among Members, listening very closely to what they have to say, promoting engagement among Members. I believe that this role of the DG of building enhanced confidence in Members' abilities to talk to each other is a very, very important one. I would see myself as a facilitator of these processes. But ultimately, it is clear to me as well that it is for Members to agree on particular areas of the negotiations, and in this regard it is for them, based on the political will, to reach agreements, in this area, and in all other areas of the negotiation.

**Q: What would be the beneficial effect on the overall mandate of the Doha Round and on the perspective of its resumption in the immediate future of the conclusion of a plurilateral agreement, which is much more ambitious than the mandate already agreed for this Round and for the Services Agreement, by those who represent two thirds of world trade in services?** (Uruguay)

A: I believe that plurilateral agreements are a second-best to the multilateral trading system. Nevertheless, I believe that Members willing to advance a trade liberalization agenda resort to this type of agreement when they feel that it is difficult to make progress in the multilateral setting. I think that, depending on how the agreement is structured, and ultimately whether the agreement is open to all Members and is brought within the umbrella of the Organization, and if the negotiations are successful, it may have a positive impact in the negotiating process in this house. It may help to bring additional momentum to the negotiations, and it may help to strengthen the Organization. Now, as I said, it is important that measures are taken to make sure that any negative impact that a plurilateral agreement may have is minimized through open it to the possibility of Members to become part of it, and to bring in the agreement under the umbrella of this Organization.

**Q: Part of the solution of the Doha Round lies on Members' perception of the delicate balance of the small package or the value package containing several DDA issues which are now on the table. While still having wide differences on the existing negotiations, some Members even perceive that current negotiations will not deliver sufficient benefits for LDCs and developing countries, that the balance we seek could not be achieved from these existing negotiations. We wish to hear your opinion on any initiatives that you will undertake in order to breach the differences among Members as well as addressing the above-mentioned perception of some developing Members.** (Indonesia)

A: First of all, in aiming at reaching closure on Doha, I think all countries must be satisfied that they have reached a balance that they can bring back home to present to their citizens, to their



congress or in general to get approval of the agreement. So, it is important that the conditions are set for all countries to actually reach that balance. Now, as I said, in my mind, the role of the DG is the role of a broker, of a facilitator, of a promoter of dialogue. In this regard, what I can bring to the table, I think, is my experience in previous negotiations. I have negotiated all types of agreement, as I said, with smaller countries such as the Caribbean countries, of course our neighbours in Central America, larger countries such as China, the European Union, the United States, other countries in Latin America as well, negotiations at the multilateral level, negotiations at home with our members of congress that sometimes are much more difficult than negotiations in this house. So, this is to say that in this experience, in these opportunities that I have had to participate in negotiations, I have learned about the importance of Members having cleared their own needs, but also of course understanding what the needs of the other parties of the negotiation are. And in this regard, as I said, I would like to bring in that experience in trying to bring Members together to bridge their differences, because ultimately it is for Members to bridge their differences. Just to say that I think this negotiating experience that I have had is relevant, because it would permit me, or it would allow me to come and sort of hit the floor running, if you wish, which is what I had to do when I came into this position of Minister about three years ago. The day after I took office, I had to take a plane to come to Madrid to participate in the conclusion of the negotiations between the Central American countries and the European Union. The negotiations had been going on for over three years and, in my capacity as Minister, I was to close the negotiation in 10 days. So, it was something that I had to do because that was where the negotiations were standing at that point in time, and I think building on previous experience I was able to come in at a very advanced stage of the process and bring closure to the process. Now, of course, that is probably a much easier task to do than bringing closure to Doha, but nevertheless I think it will inform the way in which I will, I could assist the process in finding agreement.

**Q: As we are well aware, in times of economic difficulties, the temptation to take protectionist measures tends to grow. In this regard, we would appreciate if you could share with us your thoughts on how well the WTO has been responding to the rising tide of protectionism since the onset of the global economic crisis, as well as on how, in your view, the WTO as the bastion of the multilateral trading system should best cope with the issue of protectionism.** (Republic of Korea)

A: I think that the WTO has played an instrumental role in keeping protectionism at bay in this very difficult period in time. Moreover, I think the institution has more than survived the turmoil of this, the worst contraction in economic activity since the 1930s, proving how effective it is at preventing destructive beggar-thy-neighbour protectionism. In this regard, I believe a combination of the disciplines that we currently have, plus economic reality, because the fact that many countries are part of these global value chains that I was referring to before, also played a part. But the disciplines, the rules and disciplines that we currently have, have played a very important role. I also think the strengthened monitoring and surveillance function of the Organization has also contributed to keeping protectionism at bay. Its participation in the G20 process, in terms of trying to again bring these issues to the table, has also played a significant role. I would see that this is a very important function for the WTO today, and a very important function for the WTO in the future, because of course the first point, if you wish, in terms of promoting growth, is avoiding the recourse to protectionism. So, this is a very important function that I think the Organization has to play.

**Q: Coming in at this late stage, I would like to clarify some of the statements that we heard so far, because I am a bit concerned about the future of this Organization. You have said several times that you regard the Doha Agenda as of critical importance. We all agree that it should be concluded. But if we sit here, or somebody will sit here eight years from now, is it credible that we still will be discussing the Doha Agenda? I doubt that. Secondly, you stated in response to an earlier question that Bali had to produce results and, if I was correct in listening, you said that the future of the Organization would be at stake if it didn't. Could you expand on those statements a bit?** (Norway)

A: There is no point in denying that the long time that it has taken us to be where we are in the Doha Round and not delivering results, has impacted the credibility of the Organization in its negotiating function, because of course what we have discussed here in many ways relates to the negotiating function. As we all know there are other functions of the Organization, the dispute settlement, the monitoring and surveillance, the capacity building, etc., that, if perfectible, are doing relatively well. So, in this regard, the reason why I think Bali is so important is because it is

probably one of the last chances to restore the credibility of the world in the capacity of Members of this Organization to reach agreement on Doha. Now, I have been listening very closely to what all Members have been saying, and all Members say that they want to conclude the Doha Round. All Members, without exception. And I have to start from the basis that that is of course the case. The role of the DG should be to try to assist Members in delivering on the Doha Mandate, because this is what Members say that they want to do. So, in this regard, if it has taken 11 years, or if it will take 12 years or 13 years or at some point, unless Members agree otherwise, I do think that it is important to continue working on Doha. Because the thing about Doha is that, of course, it includes a number of issues that, you know, its resolution is long overdue. If one can think about areas such as Agriculture and others, these are very important issues. So, not by not reaching agreement, it means that they will go away. They will still be with us. So, eventually, in one format or another, we would need to deal with these issues.

**Q: We would like to know what your vision is of WTO's role with respect to the challenges of the 21<sup>st</sup> century and particularly to ensure that trade becomes a tool for achieving development objectives and not an end in itself? (Dominican Republic)**

A: I think we have witnessed, as I said, or we are witnessing very important changes in the world today at the political level, economic level, technological level. A number of these changes are impacting production and trade patterns. A number of them do in fact open a number of opportunities. I think they open opportunities for all Members and in particular for developing Members. I am thinking about three of them. I am thinking about global value chains, which I have already talked a little bit about. I am also thinking about South-South trade and investment activity. Trade among developing countries has grown tremendously. There is still a lot of potential for trade to continue growing among this group of countries. And I think this is something that can bring in the development I mentioned in a very important way. And the third development which I think is relevant is, of course, international trade in services. I already referred a little bit to this. So, these are three of the most salient changes that are taking place, or the most, of how the changes have impacted trade and production patterns in the world. I think that in each of these areas you can bring in a development dimension that is very relevant. To me, the most important part of all of this is probably strengthening developing countries' capabilities to participate in the trade system. Because, as I said, I know very well, and I can relate very well to the challenges that are associated with size and level of development. But in the experience of my country, and I have been able to participate or to visit many countries and a number of them providing trade capacity building, in my experience, the way forward is through integration into the world economy. That is true, in particular, for smaller countries that cannot find in their domestic markets the scales that are required to grow. So, rather than closing borders to trade, the challenge is how can we continue to support developing countries' integration. I think Aid-for-Trade initiative is one way. But strengthening developing countries' capacity to actively participate in the system with this important call is very important as well.

**Q: Given the limits and resources of SVEs, how can the WTO address the concerns of SVEs relating to participation in the DSU process, and the enforcement of judgments? (Saint Lucia)**

A: I need to say that a discussion, a review of the DSU is taking place, and part of that discussion of course is around how to enhance the possibility of developing countries, and SVEs in particular, in participating in the system. I think again that the way to go about this is to basically reach an agreement on some of the proposals if Members are willing to do so. I would like to say, from the experience of a smaller country, that we have used the Dispute Settlement mechanism of the Organization. I remember back then, I think it was in 1996, Costa Rica was one of the countries, was certainly the first small country to use the mechanism, in this case against an import restriction in the area of underwear that was established by the United States. And it was quite a challenge for Costa Rica to activate the mechanism and to effectively use the mechanism. The story is a success story in the end. But I do recognize that smaller Members have a difficulty. I must say also that in the experience of Costa Rica, the WTO Trade Advisory Center has been quite instrumental in supporting the country's participation in the system.

### 3. Summing up by the Candidate<sup>8</sup>

In closing, allow me to express my gratitude for this opportunity to share with you my views on some of the key challenges facing our Organization, as it ponders the choice of its new leader. The challenges we have identified and discussed today are important issues confronting the world economy. They are the key elements which speak in favour of more effective global governance. Most of these issues are complex and multi-faceted. Some vastly exceed the boundaries of trade diplomacy and require dialogue and mutual understanding going beyond trade. And there certainly exists amongst you, Members of the WTO, like in the wider international community, a plurality of views on them.

While I do not pretend to have all the answers, my aim today was to share with you my honest assessment of some of the most pressing issues in trade governance that the multilateral community must be prepared to address in the coming months and years. I have given copies of my presentation in the three official languages to the Secretariat, and I understand that they will be at the back of the room.

While you will have hopefully found some commonality with the views, rooted as they are in conversations that I have been having with many of you and with more to come, it would be presumptuous to expect the entire Membership of this Organization to agree with every element of my diagnosis or proposed cure. I very much welcome the diversity of views and contrasting perceptions that are today before us. Such diversity, combined with the strong sense of common purpose I detect, form the basis, the starting point for mapping out the forms of collective action required to produce the future of shared prosperity that we all aspire to. In shaping this future, the contribution of each and every one of you, of each and every one of us, will be absolutely essential if we are to reinvigorate and strengthen the WTO's ability to promote inclusive growth and development.

I would like to conclude by saying that I believe I am ready to assume the challenge of becoming the DG, should this be your decision. Throughout my career, my heart has always been with the WTO and the values of fairness and collective action that are embedded in the DNA of multilateralism.

I come from a small country, one that has made integration into the world economy a critically important pathway for its development. In doing so, we have shown persistent faith in the multilateral trading system's unique ability to promote and uphold our interests. Costa Rica works hard at being a good international citizen and I, as a citizen of this great nation, am ready to assume the position of DG with independence, with passion, and with responsibility to care for, lead and strengthen this institution for the benefit of its Members and the citizens of the world.

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<sup>8</sup> Under the modalities for the conduct of the meeting communicated by the Chair to all delegations on 15 and 18 January, each candidate had the opportunity to make a concluding statement during the last five minutes of the question-and-answer period if he or she so wished.

## ANNEX C

### Meeting with Ms Mari Elka Pangestu (Indonesia)

#### 1. Presentation by the Candidate

I am looking forward to exchanging views with you today and in the forthcoming weeks because I believe that we all have the same objective and vision.

**That is trade is the key driver of global economic growth and development and the WTO plays a crucial role in preserving confidence in an open, fair, rule-based and balanced multilateral trading system. In a world of competing interests, the multilateral trading system stands as the guardian of an inclusive economic growth and development.** After all removal of trade barriers under the multilateral trading system has been a key driver of economic growth over the past 50 years and that trade has led to lifting millions of people out of poverty.

In my presentation this afternoon, I would like to outline the challenges facing us and share my vision as to how we should face them.

**What are the challenges? In my view we are facing four challenges:**

**First** is the need to ensure trade remains as an engine of growth and jobs, especially given the global uncertainties. This means ensuring that we maintain confidence in an open, rules based, fair and balanced multilateral trading system, and keep detrimental protectionism at bay.

**Second** all of us in each of our countries, I think without exception, face the real or perceived notion that greater opening up has not benefitted everyone equally, whether between countries or within groups, regions and sectors within a country. We all see it and feel it, from occupy Wall Street in the US to the demonstrations I used to see in front of the Trade Ministry. This is both a political and policy problem.

We have had a positive experience in Indonesia and other countries in the region as to how trade combined with other reforms and investment, has been key to our growth and development, creation of jobs and reducing poverty.

At the same time we have also faced issues with regard to how to ensure benefits of opening up that is inclusive. We have learned that trade policies need to be combined with complementary policies to ensure that the benefits of opening up are widely shared and that the adverse effects are anticipated. Of course we have not gotten it all right yet – it's a process and development issues remain a central part of our policy objectives.

**Third** the world is different place compared to when we started preparing for the Doha round. WTO has more members and countries have developed at different speeds. We now have a world with multipolar engines of growth and a range of levels of development – from least developed to emerging economies. The most recent World Bank Global Economic Prospects notes that imports from high growth developing countries have compensated for weak domestic demand in the developed countries. Two thirds of increased extra European trade in the exports of French and German companies comes from developing countries, and that trade between developing countries are growing faster than between developed and developing countries, thus leading to the outcome that 50% of developing country trade is with other developing countries, compared to only one third several years ago.

Moreover within countries there is also a similar divergence of growth and development. As there is uneven benefits between regions, sectors and groups.

And the way we do trade is also vastly different now compared to ten years ago. The traditional way of trade and investment is a process of graduation from primary products to more processed products and manufacturing, from low end and labor intensive production to more human capital and technology intensive production. However, now we are seeing a more complex global value chain (GVC) with greater fragmentation due to technology, access to resources and markets, and reforms. There is greater role of intermediate imports of goods and services as well as efficient

supporting services in ensuring competitive exports and the value added that is enjoyed in any one country.

**Fourth** the WTO is still the premier forum for multilateral negotiations, and yet we have been trying to complete the Doha negotiations for over 10 years. How can we reengage and find the consensus, optimism and support to complete the comprehensive multilateral round of negotiations which will benefit all members? How can WTO continue to be relevant and credible in the midst of bilateral and regional agreements and other pathways to greater opening up? Multilateralism is at its lowest point. Yet the WTO is still a premier multilateral institution for the governance of international trade.

#### **How do we address the above challenges?**

**First the WTO is more than Doha. Any DG must serve its members, as well as serve as the guardian of the multilateral trading system.** The rules based framework and dispute settlement processes of the WTO has benefited all members, large or small, developed or developing, weak and strong. Small countries can take large countries to dispute settlement if perceived unfair. Furthermore it has helped to ensure certainty that new protectionist actions during the recession were kept in check and it has played a crucial role in settling disputes and correcting measures taken in violation of the WTO law. **Therefore, we must continue to strengthen the WTO rules based framework and dispute settlement processes for the benefit of all its members.**

**Second we must recognize that while greater openness has proven to be an incredible engine for economic growth, it has also created new challenges for countries, companies and people around the world.** As opportunities have risen, so too have the risks. How do we ensure that the WTO remains the premier institution to realize the vision of trade and development for the collective benefit of all its members?

We should firstly do a better job of selling the trade agenda. It is not enough to tell the story of the *potential* gain of billions of dollars of change in GDP that will benefit the country from opening up or the Doha package. The story must be made real as to how it affects the people directly. As the economist article from a few weeks ago indicated, only economists really still believe in trade. In other words we have to continue to do a better job in explaining and getting outcomes that actually can be felt in our countries – whether its growth, creation of jobs and reduction in poverty.

In responding to the different levels of development and the evolution of the global value chain, there should be differential policy responses at the national level and in the way we structure our negotiations. This is part of the dynamic that has been holding the multilateral trading system over the past decade. We have not been able to find the right pace. For some it has been moving too quickly, for others moving too slow.

All countries at different levels of development face structural adjustments to any process of opening up. Even the emerging nations that are growing rapidly, are also undergoing rapid structural change and challenged by distributing the benefits of growth. This implies a more nuanced way of structuring multilateral negotiations which accounts for the continuum of levels of development of countries and that countries which are growing faster, should give more whilst at the same time recognizing their structural adjustment issues.

It also means that we must always strive for balance between opening up and greater disciplines, to ensuring that the development needs of countries at different levels of development are accounted for in our negotiations and policy recommendations. This means a combination of effective S&D provisions, the Least Developed Country package and ensuring measures are there to safeguard food security and the livelihood of poor farmers, as well as effective complementary capacity building. For effective aid for trade, there needs to be coherence and cooperation between WTO and other international institutions such as World Bank, regional development banks, IMF and UN Agencies. The Indonesian experience points to the need for coherence and complementary policies between trade and other policies, between WTO and other international institutions.

Finally regarding the development of GVC, as the OECD-WTO report notes, it highlights the need for countries to have an open, predictable and transparent trade and investment regime whether it

is tariffs, non tariff measures and other measures that affect domestic and foreign suppliers alike. This is an important result that supports negotiations in trade facilitation, but what will be also equally important is to enhance the understanding of this GVC for the lesser and least developed countries who are not yet in the GVC. We need to think about the type of interventions and capacity building to bring in these countries into the GVC.

**Third we must move forward to complete the current round of multilateral negotiations.**

Doha was an idea, an aspiration and an ambition. It attempted to make globalization more inclusive, help the world's poor, further liberalize trade, design new rules and assist developing nations. The goals encompassed in Doha remain as relevant today as ever. And the benefits of a multilateral deal is the best stimulus the economy could receive – the estimates vary from \$100's billions to \$2 trillion depending on the components of the package. But needless to say it is a costless stimulus, which will create growth, jobs and reduce poverty.

The WTO is the cornerstone of the multilateral trading system and we should continue to strengthen and improve the effectiveness of the institution to effectively respond to the current and emerging challenges.

After more than a decade of Doha talks we know what the obstacles are and we can use these obstacles as markers as we stake out a new course for the global trading system. As we confront the challenge of how to best balance the benefits against the risks of bringing down further barriers in the global trading system, we need to find a way forward together.

**How do we move forward?**

**This is the time for change and I do not pretend to have the answers. And it can only be done when all members want to reach consensus and move forward with the goodwill spirit of wanting rather than just targeting consensus, and be flexible to have national priorities in mind of course, but be willing, especially the major trading nations, to go that extra mile for the greater good. It also means building trust back to want to talk with each other rather than at each other.**

I believe with this spirit and the support of members, we can find ways forward and stepping stones toward the realization of the full DDA package. I have no secret weapon or magic formula to ensure that we can move forward, other than lend my leadership, skills, and experience to find the consensus, balance and common opportunities that will benefit all members.

The DG has to be creative in finding levers and landing zones that benefit all members, and being pragmatic about it without losing sight of the final aim of the complete Doha package. Whilst taking pragmatic steps we should never lose sight of the grand bargain of an open, fair, rules based, balanced and inclusive trading system. The WTO remains the central forum for multilateral negotiations and must continue to provide the overarching framework for other potential pathways to opening up and facilitating trade, as well as addressing trade and development challenges. As we all know there are various pragmatic pathways being considered to reach the grand bargain. The first is early harvest or stepping stone towards the complete Doha Package. At the informal WTO Ministerial Gathering in Davos recently there was a common understanding that there needs to be a positive outcome at the next WTO Ministerial in Bali, and it calls for realism and pragmatism. An outcome is deemed necessary to ensure credibility and relevance of the WTO as a multilateral negotiating forum, and also to provide confidence to move forward to complete the whole package.

I believe this means choosing the issues that can be part of a Bali outcome need to be based on the principles of doability, inclusiveness, clear benefits and impact to all members and stakeholders, and clear integration of development aspects. As we know some potential issues that have been identified are the Agreement on Trade Facilitation, some issues related to Agriculture, as well as issues of special interest to developing and in particular least developed members. The recent World Bank study on global value chains shows that trade can increase six times more from a trade facilitation package compared with reduction of tariffs and yield \$1 trillion gains.

However, we must also be reminded that the outcomes in Bali are "stepping stones" on the way to conclude the comprehensive package and a way to build back credibility and support for moving

forward. **So early harvest should not be the only harvest – we should never lose sight of the big harvest and its potential gains.**

In all these issues it will be important to strive for balance and inclusiveness so that members who are not ready can get time and capacity building. We should never forget inclusiveness and capacity building. **This means S&D and exemptions, combined with capacity building, for Least Developed Countries which are simple, practical, transparent and effective.**

There are other suggestions and ideas to identify pragmatic pathways forward and to also respond to the priority issues of today's trade. One set of suggestions is the variable geometry agreements including plurilaterals, which is an accepted way to negotiate under the GATT. As long as the objective is for greater opening up and that it complements and is consistent with the multilateral framework, they can be considered as pragmatic ways forward. However, in principle we need to ensure that there is "good design plurilaterals" and this means amongst others, the principles that the final objective is to multilateralize the plurilateral agreement, transparency, inclusiveness and best practices and standards. Similar issues of capacity building to prepare those not included in the plurilateral or variable geometry agreements also need to be addressed.

**Fourth the reality is that the WTO will have to face emerging challenges from regionalism and bilateral agreements.** The reality of today is that most countries have bilateral and regional agreements on their national agendas. Without going into the why's of this trend, what will be important is how WTO needs to deal with these ongoing processes. Once again the principle is that all pathways to greater opening up in a pragmatic and practical sense be encouraged, as long as we once again maintain the principles of consistency and complementarity with the WTO.

It is important to keep in mind what constitutes "good design regionalism". The final aim of regional agreements is also to have a pathway for increasing multilateralizing the agreements (i.e. expanding by issues (comprehensiveness) and/or members). Some basic principles would include open architecture principles such as open accession, transparency and best standards and practices, which we have adopted in East Asia. The other important principle as in the WTO negotiations is how to have differential pathways and capacity building to ensure that different levels of development are accounted for.

Arguably regional agreements could also complement and act as a catalyst to completing the Doha negotiations. The existence of more comprehensive regional agreements and their progress, can act as an impetus to completion of negotiations just as one thought the negotiations of NAFTA and creation of APEC led to the completion of the Uruguay Round. Furthermore to the extent that these agreements addresses "Doha plus" issues would also inform the possible way to shaping future multilateral rounds.

#### **Fifth how should we better manage the WTO as an institution and organization**

There is always room for changes and reforms since reform and change is a process not an outcome. I will focus on being a good manager of the resources of the WTO to ensure that it is optimized to best serve the members. The DG is the "General" and he or she has a whole team and army that must effectively utilized to support his or her job to best serve members.

It is important to increase the effectiveness of the secretariat and continuing to provide the right level of service to members. Initiatives undertaken in response to budgetary constraints should be continued such as the IT and paperless initiative already in progress. In order for effectiveness of the secretariat we can think about improving the result based management system in the secretariat as well as conducting a members satisfaction survey.

I believe the secretariat's role is to support negotiations, legal processes such as panel and dispute settlement preparations and deliberations, and analytical capacity to better understand trends, concepts and impact. The Secretariat has excellent expertise which is needed for evidence based analysis especially given the greater complexities of trade and how trade is conducted, guarding its neutrality to build consensus. What needs to be done is to keep building and strengthen secretariat to support by way of evidence and processes that will help countries define benefits and costs of trade and find common ground amongst members.

The secretariat has well qualified human resources and expertise that can serve members in all these support areas and members should also be clear on where there are areas for improvement and effectiveness, which will lead to clear potential benefits for all member especially developing members who need it the most.

There is also room to strengthen and improve the linkages to have more effective capacity building and aid for trade, as well as coherence between trade policies and other policies, between WTO and other agencies such as ITC, UNCTAD and other international agencies such as IMF, World Bank and UN Agencies.

Other changes that are important to ensure continuing relevancy of the WTO, is to improve outreach to all stakeholders.

**Let me close by saying that with my commitment, experience and skills I would like to be able to contribute to ensuring that we have a functioning and relevant multilateral trading system.**

First and foremost, all through my professional career, in and outside of government, I have a deep commitment to the multilateral trading system. I believe in the broad vision of an open, rules based, inclusive and fair multilateral trading system, which delivers trade, growth and jobs.

Second I have the deep knowledge of the issues through my academic training and career, especially with regard to understanding the policy issues and challenges, as well as the challenges and opportunities of trade and development.

Third I have made the transition from an academic to the political and policy experience as trade minister in Indonesia for 7 years. Indonesia is from the region with the fastest growth in trade and I have been part of the process as to how trade has contributed to growth, creation of jobs and innovation. I have the political experience as a Trade Minister in a large developing country where we have seen the benefits of trade and development. But also faced challenges on the ground.

As the fourth most populous country and 16<sup>th</sup> largest economy in the world, Indonesia has stepped up do its part in contributing to global economic governance. It has done this in part through its G20 membership, and in the WTO as coordinator of G33, and being part of various groups such as Cairns, NAMA 11, WTO's G20 and the Green Room. And it hopes to do more.

Fourth I have the skill set and experience to coordinate and bridge differences between countries at different levels of development through my experience as the coordinator of the G33 and in a leadership role in ASEAN. I will do my best to build trust and be the honest broker between members at different levels of development and looking for pragmatic steps that can take us to the final goal where trade makes its proper contribution to growth and jobs.

## 2. Questions and Answers

**Q: On behalf of the LDC Group, we would like to ask how, as Director-General, the candidate would continue the full implementation of all of the decisions relating to LDCs, as contained in the Hong Kong Ministerial Declaration and those adopted at MC8 in favour of LDCs? (Haiti)**

A: I would prioritize to ensure that the issues that have been put on the table in Hong Kong as well as MC8 for LDCs, whether it's the monitoring of the S&D or the duty-free quota-free package that is for the LDC, will be addressed and will be made concrete and real, including all the capacity-building that is involved with making sure that the LDCs can be better integrated into the world trading system. I am a great believer in effective Aid for Trade. It must be made simple, credible, transparent and effective and obviously real. I think this has been an on-going issue whenever we are talking about Aid for Trade in many contexts, and for LDCs this is even more so. I think for the duty-free quota-free package, I know that there is a lot of discussion out there on how to make it really beneficial for all Members, and be aware as well as address the possible adjustment problems by some LDCs compared to other developed LDCs. I am aware of these issues and I think the way forward is to, I always believe that there is never diverging views that are so divergent that you cannot find a solution that will be beneficial for all LDCs as well as



obviously for the Member countries that are providing the greater market access. In terms of providing the effective Aid for Trade for LDCs, once again I would emphasize that we must make sure it's effective, it's real, it's transparent, it's simple, and that it can really help the integration process of LDCs.

**Q: The needs and interests of the other developing countries are at the centre of the DDA. In addition, in subsequent decisions, objectives were also specifically established for the effective and meaningful integration of LDCs and full integration of small and vulnerable economies in the multilateral trading system. Given the differences in perspectives between Members, it would be necessary that these objectives become a priority in preparatory work for Bali, so that the concrete trading interests of such Members which are already stabilized in the market access modalities and in the commitments agreed on tariff reduction and S&D become the core element that would enable the Round to finally move towards a conclusion. How would you promote such a strategy?** (Ecuador)

A: I agree. I think that whether it's making sure S&D treatment in the agreements and monitoring the implementation, as well as the duty-free quota-free market access and how it can be really made real for all LDCs, while taking into account the possible adjustment problems faced by some, needs to all be put on the table and made sure that they can work. It also requires commitment by all to make sure that we can deliver real market access as well as the capacity building and the easing of some areas, such as Rules of Origin for instance, to make sure that, you know, I always believe that market access alone is never sufficient. You can have zero tariff and no quotas to enter into the market, but if you don't have the capacity to produce or get goods to market or you are faced with very complex administrative requirements, you are never going to realize that market access. So it has to be combined with a realization as to how do you actually make the market access be realized for LDCs. And this requires, I think, effort from all sides.

**Q: What is your vision for the Arab region, knowing that ten Arab countries are still not Members of the WTO?** (Oman)

A: My vision is obviously, as a Member-driven Organization and a global trading system, we want all countries in the world to be able to accede to the WTO. I think we would do all our utmost to help and prepare the way for all countries, including countries in the Arab region to be able to fulfil the requirements, do the consultations, facilitate the consultations as much as possible, be there to support the process as much as possible, to ensure that all the remaining ten countries from the Arab region can accede to the WTO. I think this is a very important area, how to ensure that we can have more Members be part of the WTO, because I think, once again, the benefits of the global trading system. I think, as my country did not go through an accession process, but I have experienced and seen how countries such as China, such as Russia, you can name many countries, or in my own region Cambodia, and now Laos, the process of accession is a very important process in really creating a framework for your country's policies, and the reforms as well as the complementary policies that you need to make sure that the way forward for your country to integrate into the world economy becomes a smooth process. So, while on the one hand, the requirements seem very stringent or very rigid or a very high standard, but at the same time, I think, most countries that go into an accession process should go into that process with the objective that this is to make my country's policies better in line with best practices and so that I can be part and be integrated into the world economy. We did not go through an accession process, but we have gone through, Indonesia I mean, in my experience both as an academic and as a trade minister, whenever we have had to fulfil, for instance, the commitments under the Uruguay Round, as well as our regional commitments, it has had a tremendous impact on how we, as policy-makers, can play the balance between, here is a commitment we have to fulfil, and this is actually, you know, the way you play it is very important. You say, we are not doing it because the WTO tells us to do it, we are doing it because this is clearly benefitting our country. Here are the benefits. So, you have to use the two very much in line with how it benefits your country. And you have to then also prepare a process of capacity building internally to make sure that the adjustment process once you become a Member and once you comply to all the rules and regulations and a process of negotiations are there. I think that is why some people, I guess, do complain that the process is very long, but I think it is long for a reason, that you do need the time to understand what you are getting into. You need the time to prepare your country for the accession. But in any case, once again, I would be very committed to facilitating, providing

whatever is needed to ensure that the remaining ten Arab countries can accede to the WTO sooner rather than later.

**Q: You come from a developing country but certainly also from an emerging economy. S&D treatment for developing countries is a key principle to the Doha negotiations. Some WTO Members grew fast during the last decade and improved the competitiveness of their economy substantially. How do you believe this change in the international landscape should be reflected in the DDA negotiations?** (The Netherlands)

A: I already indicated in my presentation that we do have to recognize that the world has changed. We have multi-polar centres of growth. We have countries that are at different levels of development because of the speed of development which has been variable in the last decade. A decade ago maybe it was much easier to say that you have developed countries or industrial countries, developed countries and LDCs. But now within the range of developing countries, you go from least-developed to lesser developed, more developed and perhaps emerging nations. We don't have to get into how you define each of those categories, but I think, in an Organization with 157 Members, there are definitely a range of levels of development, which need to be reflected in the way we negotiate. What it basically means is that S&D treatment is, basically means you are given more time, you are given exemptions, depending on the level of your development. I think you can have variable levels of development depending again on which category of countries you are. It can also mean that you have to give a bit more if you are more developed. But at the end of the day, all countries, even large emerging countries, I can say that in the experience of Indonesia, but I think a lot, the other large emerging nations also have similar issues, even though we are growing at a rapid rate, we are seeing the benefits of trade and how it has transformed our economies. We have become more competitive. We are part of the global value chain, etc. It does not mean that we do not have adjustment and structural problems. Because there are within our country really different regions, some which are already very developed, but others which are still you could say least-developed. And by the way, this is not just for, I guess, emerging nations. Even advanced countries face structural adjustment whenever they have to fulfil a commitment. So I think we just have to be very clear that all countries have structural adjustments, and how do we incorporate that into the negotiations, and make sure that it is balanced. Balanced in the sense that we are cognizant, we are aware of the different levels of development, the different challenges, whether it is structural adjustment, whether it is certain sectors, whatever it is, each country will have its so-called bottom lines or red lines. And this is what we need to do to understand it and to make sure that we can find a consensus that takes into account the red lines but also take into account the benefits of greater opening up. It is, I know, a delicate balance, and a delicate line to walk, but this is I think what we have been negotiating in the last ten years and I believe that all countries have these adjustment problems, but these countries are also, such as my own country, have been willing to give more for the global good, and I think that is really where wanting to reach consensus by giving a bit more for the global good is going to matter when we want to really complete these negotiations.

**Q: You mentioned in the introduction the many regional and bilateral agreements that we have witnessed over the last few years, and you did say that such agreements could complement and they could be a catalyst to multilateral agreements if the design was correct and if the ultimate objective was to get to multilateral agreements. My question is, what would you do to strengthen the role of the WTO in relation to such regional and bilateral agreements to the extent that you would be chosen as the future DG?** (Denmark)

A: To answer your question, I think the WTO first of all needs to recognize that these challenges exist. I believe that maybe two or three years ago the WTO actually did quite a comprehensive study on the impact of RTAs on trade, and I think the finding was that, while there was trade increase from RTAs, the large part of increased trade was still happening with global trade. So, in other words, I think there is still a great function for the multilateral trading system and global trade to be the framework that underpins global trade that will benefit job creation, growth and development in a broader sense. But we know the reality is that many countries are negotiating bilateral and regional agreements, and we must also see that, as a developing country that has gone through all these negotiations, you should never underestimate the resources that it takes to negotiate these agreements. And that is actually one of the issues for developing countries that we must be conscious of. It does take away the resources for you for negotiating the multilateral deal. So, I think this is something that, in terms of resources, may be something the WTO perhaps can play a role in terms of better informing us in terms of the negotiating

processes. But I think I know where your question is going to. Is there a role for the WTO in terms of contributing to these better design RTAs? We have been in many discussions on this issue. You do have a Committee on RTAs, which reviews RTAs that are being completed. I think at the moment on the one hand you can see a role for the WTO in terms of, at the minimum, documenting a notification process, documenting and reviewing, a greater transparency for what is happening in the regional and bilateral agreements. Whether or not it wants to get into more, I think that's really up to all of you Members to decide on the direction of whether you want to make Article 24 Enabling Clause or even Article 5 in GATS be the guiding principles for good regional RTAs or even have more principles there. But coming from a region where we have actually thought a lot about this so-called open architecture and good design regional agreements, there are principles out there, and the principles are very simple, actually. It's transparency. It's how you make a regional agreement at the end of the day more inclusive by allowing more Members to join with some process which is clear, and going for the best standards and practices. Because sometimes people feel that it is easier, it's sometimes our businesses also come to us and say it's more real, this is a real benefit, we are seeing our goods going in. How do you do that in a way which doesn't create what is famously known as the spaghetti bowl à la Bhagwati, in other words, if you have regional agreements with very different standards, regulations, rules of origins, schedules, for the same good, a company making one product can face different regulations and rules, and that will affect its production processes and the way the global supply chain works. So, that's why you need to go for the best standards and practices. You have to have, you aspire to the best, and hopefully the best actually should be informed, whatever it is. The best standards and frameworks should be the WTO. It should be the multilateral framework that defines the benchmark from which RTAs or bilaterals are measured. Because otherwise you will get into your, I didn't want to use these words, but you would get into your stumbling block, regional agreements stumbling blocks, and spaghetti bowl effect, which is one of the famous ways of describing what you don't want in, or what are bad design RTAs maybe, to use that word.

**Q: You know that one of the criteria in the procedures we have is that the DG must have proven leadership and managerial ability. So, can you go into some more detail about your management philosophy, and also how you see your leadership role? (Norway)**

A: I have managed from very small institutions, NGOs, all the way to large government bureaucracies. I think my management principle is basically that, while I am the leader, while I am the head of that particular organization, I will always work with the team inside that institution. You cannot work alone. You have to work with a good team. The good team means that you must be able to choose the right people to work with you, and also recognize what is needed by the institution. I think for this institution, as I mentioned, I am not here doing this on my own. I would be a good manager of the resources of the WTO to ensure that we can optimize whatever the resources, in terms of budget or people, to best serve the Members. I mean, that's a very basic management principle. And the DG is the General, but he or she has a whole team and army that must be effectively utilized to support his or her job, to best serve the Members. I think there is always room for improvement, to make sure that the Secretariat can be more effective, and provide the right level of service to all of you Members. I believe the Secretariat's role is to support negotiations, legal processes, such as the panel and dispute settlement preparations and deliberations, and analytical capacity, to better understand trends, concepts and impacts. I think the Secretariat, I myself have a lot of experience with people from the Secretariat, they have excellent expertise. I am a great believer in evidence-based analysis, especially given the complexities of the trade world and how trade is conducted these days. I think evidence-based analysis is needed so that we can be on neutral ground when we are talking about sensitive issues, when we are talking about issues which have very divergent opinions. What we need to do is to keep strengthening and building the Secretariat to support all of you better, and especially I think the Secretariat's role can definitely help the lesser-developed Members better, because they are in more need of those services. Going back to the evidence-based analysis, even though I am a Minister, if you are a Minister, you are in a political position. You have to face challenges. You have to face various interests who want different things. I have found that my academic training and policy-based research background very helpful, because what I do normally is, when I have ten different groups trying to influence me on a particular policy, I try to do my evidence-based analysis first, my objective analysis, the numbers and actually mapping the ten. And that actually helps me when I go into that room with the ten people, I can actually have a feeling of where each one of them are coming from. I can also figure out, most of the time, not always, where is the common ground, because you are trying to say, there are 10 of you, you can't all have what you

want, but I try to make sure that each one of you gets something. That's what consensus building is all about, and finding the balance. I have had a lot of experience of that in the domestic front. In the regional negotiations as well as, you know, as you know, Indonesia has been the coordinator of G-33, and we are participating in G20, CAIRNS Group, NAMA-11, as well as being the leader, taking the leadership in the ASEAN set-up. And you are talking about countries with very different levels of development, sometimes very divergent positions, and you have to find that common ground. I would like to share with you that my experience is that, while I may not look very tough, I am tough. Don't be fooled by this smile. I can be tough when I have to be tough. And when it comes to the crunch and we have to deliver an outcome, I will deliver the outcome. I don't give up easily. Maybe that's my final leadership skill.

**Q: What do you think the WTO's place should be in the architecture of world governance, and notably what should be the interaction of WTO with the G20 and other international organizations, such as the FAO, ILO, WHO, UNEP and UNCTAD? (France)**

A: I think the WTO plays an important role in world governance. Obviously a trade doesn't stand alone. It is not in a vacuum. Other policies impact on trade, and trade impacts on other areas of governance. But I think the WTO should maintain its focus on trade and trade-related matters, but coordinate and make and build linkages with the other organizations, so that for instance with the G20 obviously the DG is always invited to attend the G20 meetings, and in that meeting the DG will share the issues of world trade. I was a trade Minister in 2008 when the G20 came up with this transparency exercise in an effort to prevent the world from doing beggar-thy-neighbour policies, rampant protectionism. And that transparency exercise was decided in the G20 by all the leaders, and the WTO was asked to come up with this self-notification policies by the G20 countries. And I believe it helped to put, on top of the existing WTO rules and framework, I believe it helped to make countries conscious that, if you wanted to do things, it would be put on this list, and it would be discussed at the G20 meeting. I certainly used it as a trade Minister when I was getting 300 requests for additional measures. I would say do we really want our leader to go in to that room and have this long list that he or she has to explain? And I think that, and then you sit down with me. What is your problem? I can find a solution for you that doesn't mean we have to do this. It's a means that it was very important, and that was just an example of how the WTO and other global governance institutions can cooperate. There is obviously coherence and coordination between the WTO and other agencies. As part of the family which is trade-related such as ITC and UNCTAD, there can be improved strengthening of coordination. There are other international agencies such as IMF, World Bank and UN agencies. I think here the issues of food security, environment, climate change, currency, macro policies, and Aid for Trade, would be all those issues that are addressed by those institutions as well as of clear importance for us. There needs to be coherence and coordination with all those other international institutions. But I think the role of the WTO is to understand where the nexus is between any of these issues with trade, and what should be done by the WTO and what should be done by other institutions, hopefully in coordination and co-operation with the WTO.

**Q: If Members succeed in delivering an early harvest in Bali by MC9, what would be your road-map for the remaining issues? (China)**

A: That was, I think, a pretty hard question. I feel like I'm in an oral exam here. But I appreciate all your questions because they are really showing that you are really committed to finding solutions. As I said earlier, I think the early harvest should not be the only harvest. While we are focused on the outcomes and deliverables for Bali, we should also be thinking about what is the post-Bali mandate. I think we all know that what we really want to have is a mandate to complete the big package, the complete Doha package. And then we must outline what needs to be done. Obviously it's not going to be my view, it's going to be how we collectively, all of you Members, agree. We want to reach consensus on the remaining parts of the Doha package. And to do that, what do we need to do? And I believe still very strongly that Agriculture is a very important part of the Doha package that needs to be completed. And it is really one that delivers benefits to all, especially developing countries. And it is probably an area where you can't really negotiate that regionally. You can only do it multilaterally. You can't reduce subsidies just for certain Members of a regional agreement. It has to be done multilaterally, for instance. So there are still all the other components of the Doha. And if we believe that in July 2008 we reached 80% of the way, there was 20% left, maybe four years later maybe it's more or less, that's up to you Members to figure out where is the remaining last mile that we must walk to complete the remaining of the Doha package. But I believe that we do need to address a post-Bali pathway, and

it should be, at the same time, not making that take away the attention from us to make sure that we have an outcome in Bali. So, a lot of people are telling me, they are playing around with the word "harvest" right, so early harvest should not be the only harvest. But if there is no early harvest, then there is no harvest. But I still believe we all can still have the big harvest, which is the complete Doha package, if all of you Members want to reach consensus, and all of you will work with the DG to find that common ground that will bring us to that big harvest.

**Q: Should we fail at MC9 in our objectives of delivering a set of DDA issues, despite our best efforts, what would you consider critical to mitigate the potential negative fall-out, and how would you try to ensure the continued relevance of the multilateral trading system?** (Ireland)

A: We should not dwell on the negatives. At the end of the day it's all up to the Members. If you want consensus, if you want an outcome in Bali, then all of you have to work at it, and find the common ground, have the national priorities and red lines there, but be going in there with a flexible mind-set that you are here for the greater common good. But having said that, if you say that with all efforts it fails, then I think you have to face the reality that it is not a good outcome, in the sense that you will lose the credibility and the relevance of the WTO, some, I wouldn't say you lose it all, but you will lose some credibility and some relevance in the way people view the WTO. So, maybe a better way to put it is, for all of us to be very conscious of the cost of a failure. But if it does fail, I think you still have to have a plan B, in all cases you should have a plan B, even though I was famous for writing an article when I was trade Minister that there is no plan B, there is only plan A. I still believe that. The cost of failure is really great, so I think we all have to go into Bali with that mind-set. But you know, what is the plan B? The plan B, as I said, WTO is more than Doha. There is still a lot of value in the WTO as a rules-based and dispute settlement mechanism. But then what do you do with all the negotiations? Then I think all of us have to think about a plan B, which may be, if we did not get it in Bali, was that just a matter of, 80% of the way and only 20% left and somehow we didn't have the time, is it just a question of we didn't have the time? That we could presumably see a solution given a little bit more time? Or is it more intractable? Is it more fundamental? And that is, I think, an issue that we should face when we get to it. Or maybe it is something that we still need the complete package for it all to fall into place. I don't know. I don't know the answer. As I said, I don't have the answers. I don't have a magic wand. All I have is my commitment to be able to find whatever solution it takes. I am a great believer that we should avoid failure at all costs. We should always be able to find the solution if we can really sit down and find that common ground, and maybe Bali is 100%. Maybe you get 80% of 100%. But you still need to have some outcomes, and to have a way forward. Maybe that is the best way to look at it, that if you fail to reach the outcome that you set out with, you can still get perhaps 80% of the outcome or whatever percentage of the outcome, and have a way forward which is credible to complete the rest of the outcome and to complete the rest of the Doha negotiations.

**Q: The WTO has received a lot of negative responses in the past, particularly from NGOs and right groups, who fear the weakening of national sovereignty. How do you intend to change this perception of the WTO, if you are elected as the DG?** (Brunei Darussalam)

A: I think it goes a little bit to the answer of the previous question. I think the relevance and the credibility of the WTO is in part related to what it can deliver. It is also related to a better outreach effort that it must undertake. I think the WTO has improved a lot in the way it has opened up to more stakeholders, whether it is NGOs, whether it is the business sector, whether it is the media. It has become less of a sacred institution. If you want to come into this institution it's like going into a fortress. But I think today it has a much friendlier face. We must maintain that. Because, as I said to you earlier in my presentation, winning the story of trade in a positive way, instead of seeing trade as a threat to development, to leaving the marginalized behind, leading to adjustment problems which are too difficult to deal with. We must try to flip it, and have a good story of the outcome and the benefits of trade. And to do that, you need to be open. You need to have very good outreach capacities, whether it is with all those stakeholders. I believe the WTO Forum that is held yearly, I have participated in those Forums, is a good opportunity. I think it is a three-day event where the WTO basically opens itself up to the public. I have had many experiences with WTO, and trade demonstrations. I was in Seattle as an NGO. I wasn't one of the ones protesting, though. They said I was too liberal to be an NGO. And so I have seen how the lack of understanding is at the root of many of the protests and demonstrations. At the time, our

Minister of Trade was Jusuf Kalla who was the Vice-President, and he actually went into the protestors and said, "what are you guys protesting about?" "I don't know, it's all those big bad guys, you know, the multinationals and whatever, they are taking away our jobs." It was a very simplistic view, and when we go and see the demonstrations in our own respective countries, there is also this, a great deal of understanding, so we have to do a lot more work at the multilateral level, at the regional level, at the national level, to de-mystify trade, and make trade, the benefits of trade really clear and real to the people who we want these benefits to go to. When I became Minister of Trade, one of my academic advisors from when I was a student, he said, I asked him, "what is my biggest challenge as a trade Minister?" that was exactly what he said: "Educating the people about trade and the benefits of trade". And he's right. I don't know how much I succeeded in my seven years, but it is, as you all know, not an easy process, but it is something that we also have to get right, and it will actually also help in the way we are able to take the positions that we need to take in the negotiations. I think I have heard, in the room of negotiations, many Ministers saying, sharing their grievances on this issue: "I can't do this deal, I can't go home and say I didn't get this, I didn't get the jobs that I promised I would give from this package". How many times have you heard Ministers say that? I think it's about jobs, it's about reduction of poverty, but you have to make it real. You have to find the stories and the case studies that make it real for the people. And I believe it's there. You also need to think carefully – countries and the way we structure negotiations, there will always be losers, there will be adjustment, there will be structural adjustment, there will be losers, there will be those who will be adversely affected. What do you do, what kind of policies do you need to address those issues too? It is whether it is a national policy level, or whether the way we structure negotiations with S&D treatment, giving enough time, combined with capacity building and so forth.

**Q: You have been travelling far and wide in your campaign. I have a two-part question, which is to ask you to share with us the external perception of the WTO, and from that angle, other than completing the DDA, you have been very clear on that, what is the one other most important change you feel we should collectively address as a Membership? (Singapore)**

A: In my travels, talking to governments as well as to people outside of the government, I think probably some of it I have already answered here, if you talk to non-government people, when you say Doha or WTO – this is why I carefully made the distinction that Doha is not WTO, and all of us should never forget that – but as soon as you mention Doha, I think people do a little bit of this rolling of the eyes, saying that just because it has been going on for 10 years, and there is a little – you know, we have to be real here in this room – there is scepticism, there are issues out there, when are you ever going to complete these negotiations, kind of question, how relevant is it for me. If you are talking to a business sector, it's about, what is it going to do for the business sector. If you talk to media, you will always get, oh well, this will never happen, kind of scepticism. If you talk to the NGOs, how are you going to address those left behind, how are you going to make sure the benefits are shared equally? And then when you meet governments, I think, I would say, by and large, all governments that I have met so far remain committed to the multilateral trading system. And I think that is a very important take-away, and that is why we all need to be very clear that this is still the grand bargain, this is still the broad vision of the WTO that we must all work hard to achieve. So, having said that, I think there is a disconnect, if you like. Government people know, and I think all the economists know, the other people don't necessarily know that what you need is a global trading system. You can have pathways, you can have regional agreements, but it will never be as beneficial as a global trade deal. So, I think we need to do two things. Obviously, we need to have outcomes, and the outcomes must be made real and beneficial. That is why, in picking the early harvest, if you take Doha as a package, I think it has been a package that has been crafted to ensure that there is balance in terms of the benefits for all. Maybe some Members feel that there should be a little bit more, and some say a little bit less, that there is still room there to work at. But how do you make it real for the business people, for the stakeholders? And that is why some of the items picked for early harvest are in that direction. I think Trade Facilitation, for instance, can benefit all Members – developed, developing – and it benefits the business sector. It resonates with the business sector when you talk about Trade Facilitation. And it should resonate with the small and medium sized enterprises in our respective countries, because by reducing these barriers, the ones who get punished the most by having to fulfil a lot of the administrative barriers, because it is a fixed cost, is actually the SMEs. So if you can reduce the border barriers, the administrative barriers, make it more simple, make it more efficient, it will help your SMEs. But having said that, I think we all know, the balance for the Trade Facilitation package is that it will benefit most countries, maybe all countries,

and it will benefit the business sector, it should benefit SMEs, give opportunities for SMEs to be part of the global supply chain. But some countries, which are not yet in the global supply chain, need to have that capacity building and interventions in investment, whether it is infrastructure or to raise their capacity in reducing the supply constraints, so that they can be benefitting from this Trade Facilitation agreement. I think we all know this is the balance. So I am just giving you an example of how an outcome that needs to happen to make sure that the WTO remains relevant and credible, is there actually in front of us, if we can find the right balance. But, as I also know, the Trade Facilitation package as part of the early harvest must also include other development aspects to ensure that the development needs in other areas of negotiations, whether it's S&D, whether it's in Agriculture, also need to be there, and the LDC package. So, this is the balance that we are looking for. I think, if you ask me, it's related to the answers to the previous two questions. I do get a lot of responses that are ranging from being sceptics and pessimists about WTO and Doha, and this is something that we have to face as an institution. So, delivering an outcome is the certain way of dispelling all this. Not to mention that we will hopefully see the benefits to our people. The second part of the answer is obviously what I already answered to the previous question. We need to have a better outreach exercise to explain that WTO is more than Doha, that there are other aspects of the WTO apart from Doha, there are benefits to trade that must be made real to the people, so that you can sell the trade story better, and therefore get more support for the whole notion of "more trade is better", not less trade.

**Q: Given your impressive record and long experience, what would be your priorities as a new Director-General, if you get elected?** (Kingdom of Saudi Arabia)

A: I think my short-term priority will be to ensure that we can get back on track to ensure, what I believe very strongly, that trade is the engine of growth, and for that we need continued confidence in the multilateral trading system, one that is open, rules-based, fair and balanced, and that we must keep protectionism at bay. So, in order for us to achieve that, obviously maintaining, continuing to strengthen the rules-based framework and dispute settlement framework of the WTO will remain and continue to remain important. And second, obviously, to be able to get the outcomes, whether it's early harvest towards the big harvest negotiations of the WTO, the multilateral negotiations, the Doha negotiations, the big package, and the benefits that it should yield to global trade and the global economy. I think that would be my major priorities. And to ensure that we have a team in place and that we serve all the Members as best as possible, and in all that we do we are conscious that we must ensure that we never forget that trade and development is the objective of the vision of a global trade deal as well as the functioning of the WTO. So how can we make sure that the programmes we do, whether it's Aid for Trade or capacity building, or the integral parts of the negotiations, make sure that the development needs of the various levels of development, various groups of developing countries are integrated into the way we approach our programmes as well as our negotiations. But at the same time, not losing sight of the benefits of opening up greater market access, and so on. You know, basically we are in a two-speed world, where the more advanced countries, the bigger companies, and people who are in the more developed countries, they want to go faster, because they can see the benefits, they can see where the greater opening up can happen. And then you have those who are still wondering: is my life going to be better, is the life of my children going to be better than my life? You still have people at that level. So, you have these two groups which want the negotiations and the opening up to grow at different speeds. We must be conscious of that and find the middle ground, the speed level and the adjustment levels that will be balanced between the two ends. And this is certainly a job for the DG to find the common ground and the common opportunities. I should say that, when you want consensus, it is not about, I am just trying to reach a deal here. You must think about it in terms of the common opportunities and the benefits that it will yield to the people in each of our countries.

**Q: What is your understanding of the concept of policy space?** (Chile)

A: My understanding of policy space is that what we can or cannot do, of course, has been changed since the Uruguay Round, basically. In the policy space of industrial policy or other sectoral developments, in the past you could use domestic content, you could use trade balancing requirements, you could do subsidies, you could do many things. But after the Uruguay Round, obviously the so-called policy space to develop certain sectors or have priority development of certain sectors or certain industries has been reduced. Is that good or bad? As someone from a big developing country which has faced this question over and over again, I think the answer is yes, we want to be as a developing country, we are not quite yet there to be able to say that we are

competitive in many things. We want to be, for developing countries like Indonesia, what we have had to go through was, how do you transform yourself from a primary commodity exporter – we were a major oil exporter in the 80s – to increase manufacturing capacity, to increase the processing of primary products, and then to go into more higher, more capital-intensive, more technology-intensive and more human capital-intensive types of production. I mean, that is kind of the traditional continuum of how countries want to develop their industries and become competitive. I mean, how did we do it? We did use some domestic content policies, as well as import substitution policies, but I think the result was not so great in the sense that they did not become efficient or effective, and in the mid-80s, what we did was to actually de-regulate everything, and provide more on the incentive side. So there is still policy space to give incentive, to provide a level field, reducing the costs of doing business was a big thing for Indonesia. One of the things we did in the mid-80s, which was very revolutionary, was to close down the customs, and then start a totally new institution that can serve our exporters better. That was across the board for all exporters. Things like that, you can do – provide a level playing field, reduce costs of doing business – and there is still room within the WTO rules for you to provide incentives. For instance, unfair competition, you can resort to trade remedies, you have trade remedies, you have safeguards which you can use. This is the way we should approach competitiveness. And then, of course, you have this whole Aid-for-Trade programme, because at the end of the day, I think, as a large developing country, what we have seen is that what makes our countries competitive is also the infrastructure, the investment that we have to make in physical infrastructure and human infrastructure. In other words, you provide the level playing field, you reduce the costs of doing business, and then you provide the human capital and the physical infrastructure support that allows various industries and services to grow, not a particular industry or a particular service. If you do want to pick a sector or an industry, you can do it, but it must be done, this is a big debate we all have, if you pick a certain incentive policy, it could be a tax holiday, it could be providing dedicated infrastructure, whatever it is, you have to be clear what is your objective in providing that particular industry or that particular sector. And there must be performance-based measures that, after a certain number of years, if that particular industry or sector doesn't become efficient or doesn't become competitive, you have to be able to reduce it or eliminate it. So, otherwise, we all have these problems, and we all don't have the budget space. You know, policy space sometimes, many times, equals budget space too. And if you don't have the budget space, you have to be very selective in what you do, or find ways to ensure that your particular industries or particular services that you want to grow can become competitive over some period of time. I'm sorry, I am probably not answering this very systematically, but I think the basic conclusion to the policy space answer is basically that you can still use some policies that are not constrained totally by the WTO rules, but even if you use it, you ought to use it in a way that is performance-based and has some time period to end it.

**Q: Of late, there has been increased focus on the impact of global value chains on growth, employment and overall development of participating countries. Do you believe that global value chains are necessarily beneficial for developing countries? And if not, what needs to be done to use them positively for developing countries? (India)**

A: Global value chains can be beneficial for developing countries if you can be part of it, and that you can be continuing to be a changing part of it. Because, I think, global supply, global value chain is a very fragmented and complex structure, which is very dynamic actually. And countries and companies move through this global value chain, and what needs to happen is that you have to have a kind of a holistic view to it, because what you are talking about is, how do I basically at the end of the day, how do I move goods from one point to another point, in the most efficient way? And it actually, in my opinion, also, because I am the Tourism and Creative Economy Minister, facilitating people-to-people movement is also a part of it. How do you facilitate the movement of goods and people so that your value chain and the benefits can be as widely spread as possible? And that in your part of the value chain, you are receiving the most value added. It means two things. If you look at the most recently completed study, it talks about the need to reduce the administrative cross-border barriers and the infrastructure needs, which is the transportation and logistics component of it. This means that you are not talking about tariff reduction, you are talking about domestic regulations and customs policies and standards and how you clear goods and how you can coordinate the institutions inside your country so that it can be working more efficiently. And it means investment in infrastructure. And it's not just the hard infrastructure, it's also the soft infrastructure. It is the transportation infrastructure, but it's also the logistics services, the distribution, the warehouse, and the human resources that are involved in delivering very good and efficient cross-border services, whether you are in government or



whether you are in the services sector. So, it's a big objective. And how should developing countries be able to catch up to this rather big job? If I can share our own experience, where we have had to face this in real time, because we had a commitment in ASEAN, where we had to have an ASEAN single window. So, we started with addressing the administrative, facilitating the administrative cross-border regulations. It was decided in 2006 that we, as a government, had to have a national single window before you went to an ASEAN single window. It took us three to five years, I would say, to come to the point where you have all the government agencies involved in one way or another on import and export regulations, to come together, have all the business processes be in line, and have a national single window. It's a process. What I am trying to say is that, it's a big goal, but if there is an objective and there is a commitment, we have to go through the process. You need to facilitate the lesser developing countries to be able to be part of that process. As you can see, there are two issues here. One is actually how do you have systems and regulations that can better facilitate the movement of goods? At the moment I am focusing on also people, so visa facilitation issues, for instance, is one of the areas that I am working now on as a Tourism Minister, to make sure that, just like you have goods, you have green lane, you have less risk goods compared to high risk goods, same with people. There is a lot of capacity building in terms of the use of systems, technologies, and training that can be done to make sure that you can start to begin to address that. I am talking about how developing countries can be brought into the global supply chain. On the other hand, the other big component is the investment in the physical infrastructure as well as in the services sector. That's probably a bigger job, but I would say you should start progressing in both areas if your country wants to be a competitive part of the global supply chain, and if you are a LDC or lesser developed country, I think the way to go is to identify a niche, which is the part of this global supply chain that I, as a small country, or I as a LDC, can potentially participate. It doesn't have to be the all. I think the thing about global supply chain is that countries should stop thinking that, I can produce everything in my country. And that's a big change in the mind-set. And countries will have to decide which part of it. But countries need time, need capacity building, adjustment problems that are needed in both areas should be the homework of all of us, nationally as well as in the way we do the multilateral negotiations, the way we design Aid or Trade, and the way we design the programmes that are needed for the lesser developing countries, to be an integral part of this global supply chain, and enjoy the value added.

### 3. Summing up by the Candidate<sup>9</sup>

Thank you for all your questions. They indicate to me that you are all very committed to this process and are prioritizing a way forward. I look forward to continuing to see as many of you as possible in the coming weeks to continue exchanging views.

I believe you want a DG who has the ability to get the job done – but not alone, together with members. The Director General's job is to guide the organization by continuously reminding us of the greater common good of trade, growth and jobs; be the guardian of the rules based framework and international trade governance; and continuously forging the common ground and opportunities to move forward.

I stand here before you ready to serve the members of this esteemed institution and most of all ready to work with all of you to safeguard and continue to build an open, rules based, balanced, fair and inclusive multilateral trading system for the benefit of the global economy.

I come with 25 years of experience and have lived, breathed and experienced trade and development up close. I was a Minister of Trade for Indonesia for 7 years and travelled the world discussing global trade. I am a tenacious negotiator as seen in my work with G-33, ASEAN, APEC and contentious domestic issues. I can be tough when I have to be and at "crunch time" I can focus to get the desired outcome.

I am from a large developing country and in a part of the world where trade has delivered its benefits so I have seen first-hand how trade can transform the economy. I was a child of the

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<sup>9</sup> Under the modalities for the conduct of the meeting communicated by the Chair to all delegations on 15 and 18 January, each candidate had the opportunity to make a concluding statement during the last five minutes of the question-and-answer period if he or she so wished.

1960's and still remember lining up for food rations with my mother and have seen how my country has transformed up close.

As the Minister of Trade, I have also had to face the adjustment challenges faced by Indonesia and its companies and its people – and be part of the solution. I always told people that I was the Trade and Development Minister and if I could make the life of one person better off I would have done some of my job. So I want to make many more people better off. I want to be able bring development economics off the pages of the text books and into people's homes, providing jobs, opportunities and growth in all your countries.

I would like to put these skills and experience at work to serve the WTO and to make peoples lives better off in all parts of the global economy by ensuring we have an open, rules based, balanced and inclusive multilateral trading system.

To conclude should I be entrusted to lead this organization, I would strive for the next four years to build a WTO that can continue to provide certainty and predictability, that can deliver trade and development to all, and meet all challenges we face today and tomorrow. I want to build trust and be the honest broker between all of you members with different positions and levels of development. I will listen carefully and continuously work with all of you toward finding common ground and opportunities.

And most of all I want to be there for all of you members and the people of your countries whose lives we can all collectively make better.

## ANNEX D

### Meeting with Mr Tim Groser (New Zealand)

#### 1. Presentation by the Candidate

If someone had suggested to me in 1985 when I came to my first GATT General Council meeting that almost 30 years later I would be back in front of the Council taking part in an international 'beauty contest', I might have been, shall we say, a little confused.

But here I am – and the metaphor of a 'beauty contest' is an interesting one. However, remember what they say – beauty, including political beauty, is skin deep.

This is an extremely difficult job. The Director General is not like the Head of the IMF or the World Bank. You don't have billions of dollars, or access to capital markets through conditionality to use as leverage to further the objectives of the institution. You don't even have important decision-making powers, other than on matters relating to the Secretariat. It has been set up as such – the WTO is a member-driven organization.

We, the Members of the WTO, have to choose a person to lead the WTO. Then we have to live with that choice for a full four years. There will be no opportunity for 'buyers' remorse'.

And this is a very important moment in the juncture of the WTO. Are we in a crisis? No. The challenge facing this institution is different. The problem we face is about our relevance. It is a deep problem.

#### ***Central Importance of the WTO and MTS***

Let's start by accentuating the positive. The WTO underwrites the multilateral trading system and is thus one of the central pillars of the global economy. As a Trade Minister of an Asian Pacific economy I spend most of my time in the Asia Pacific.

But when I feel enthusiasm for Asia Pacific is running just a little ahead of the evidence I ask them the following question: "who is China's largest trading partner?"

EU-27 is the correct answer.

So imagine you are someone working in a company in Latin America, the Asia Pacific or Africa exporting either commodities or components to Shenzhen, Chengdu or any of the great industrial centres of China. What you are exporting may end up incorporated in Chinese exports to Europe. So who does your job actually depend on? Well, it may be European consumers.

The fact remains that in spite of all the growth of regionalism, the overwhelming bulk of world trade remains non-preferential MFN trade underpinned by WTO rules.

The global value chain is not called 'global' without reason. And as we all deepen our regional economic groupings we all depend on this multilateral system to establish coherence amongst these regional groupings at a global level.

International multilateral institutions rarely cease to exist. Rather, if in trouble, they become less and less relevant and eventually become political and diplomatic backwaters. We cannot afford to let this happen to this institution.

#### ***My Vision for the WTO***

I have been asked by many in private discussions to outline my vision for the WTO. Let me try and answer this by highlighting the main roles of the WTO, leaving the most troubling issue – its negotiating function – to last.

### *Advocacy*

The advocacy function of the WTO is very important. It is ineluctably centered on the office of the Director General. Somebody has to get out there and fight protectionism, defend aggressively the case for an open, multilateral rules-based trading system.

This institution should be the absolute centre of trade policy thinking – the 'go-to' place for young and ambitious trade policy thinkers coming up through their systems. Twenty-five years ago we were in that space. We are not there today.

We need a DG who is deeply persuasive. And to be persuasive they need a personal track record of having put their country position behind them on the political shelf, and delivered negotiated results, not just speeches, to support open trade.

Yes, in the real world material interests matter, but advocacy, provided it is credible, can win the day. As a politician I deeply believe that. Never underestimate the power of ideas. It is summed up in my favourite French phrase – '*la puissance d'une idee en marche*'; 'the power of an idea on the move' is how I translate it.

We are not a small branch office of the international economic institutional machinery. So that advocacy role includes working with, and it has to be on an equal footing, the Heads of other major international economic institutions. The Director General must also be able to carry the brief for the WTO with senior Ministers, not just Trade or Commerce Ministers. At times, this will involve interaction with Heads of Government.

### *Implementation Function*

Clearly, the WTO has an implementation function. Now I am aware that clever negotiators stretch the boundaries of what is 'implementation'. So I suggest you do not try and decode this comment in the way that sophisticated Geneva insiders can do.

But who amongst us can deny the simple reality that this institution has to oversee and facilitate the implementation of agreements made in this House?

I do want to emphasise the word 'facilitate' here – we can't use the Exocet missile that is the WTO Dispute Settlement on every occasion. Every time we see countries falling behind in the implementation of their obligations, we can't just say 'off with their heads'.

This takes my thinking directly into at least one important part of trade-related technical assistance and capacity building.

### *Development, Trade-Related Assistance and Capacity Building*

Clearly we have bits of this puzzle in place that are working well, and bits not quite targeted at the real problem.

A small island developing country with islands separated by vast expanses of blue ocean faces different challenges to land locked small economies. The obligations they face may be the same, but the implementation difficulties they face will be very different. Or to use the usual but entirely appropriate cliché, one size does not fit all.

I have some ideas on how members could better use existing mechanisms to focus attention on the needs of partner countries in two main areas – implementation of their obligations and accessing benefits of multilateral trade liberalization.

The Development Dimension remains fundamental in all our work. Every member of the WTO is, or has been, a developing country. In terms of development and poverty eradication, we have made enormous, albeit uneven, progress in the last thirty years.

But for many, if not all of them, it would be inconceivable that they could have made so much progress without access to the relatively open global market for manufactured goods that the WTO system underwrites. Agriculture, is, shall we say delicately, a little further back in the process.

*Leadership and the Secretariat*

The Director General's responsibilities as the head of the Secretariat are not at the centre of the public debate about the problems facing the WTO; leadership of the Secretariat is certainly part of the solution.

I have led a range of institutions – Embassies, a Think Tank, and, as Minister of Conservation, a Department of State with a half billion dollar budget, hundreds of employees assisted by thousands of volunteers and which was responsible for one quarter of the land mass of New Zealand. All of these roles involved the setting of objectives, monitoring of performance, building effective teams and the subtle but crucial matter of setting the leadership tone.

Over the 30 years I have been involved with this institution, I have built up immense respect for the professional staff of the WTO. The WTO Secretariat is filled with incredibly able people. Competition to get into and move up through its professional ranks is intense. We need to empower them and use their capabilities.

To do this, we need the closest working relationship between the office of the DG and the professional staff and the key to that will not be to develop new formal wiring diagrams – who is reporting to whom. It is far more subtle than that. It is finally about leadership tone and accessibility.

*Judicial Function*

The closer we integrate our economies, the greater is the scope for disputes. The art in this is to channel them into a professional, unimpeachably neutral process.

Our most severe critics cannot make the case that this is of little consequence or not working well. But there are two issues we need to address.

The first is a resourcing issue. If I do become DG, the first thing I would do post Bali is conduct a scan of first order bottlenecks in the Secretariat with a particular focus on its judicial function to give me the information I would need on where the resourcing problems lie.

The second issue is far more fundamental. A rules based system implementing rules effectively is great. But if they are effectively implementing rules that have been overtaken by events, this is not sustainable. This takes me to the core problem: the WTO's negotiating function.

*The Negotiating Function*

When the Director General takes office on 1 September, he or she will have an immediate goal: to make Bali a success. The broad trajectory for the meeting will already have been set by the end of the Summer Break, for better or worse. There will be no time for the new DG to have a learning curve.

Assuming we navigate Bali successfully, we should recall that even a relatively modest result would help us. I have learned never to underestimate the power of even modest success to generate momentum.

But beyond that, be warned: I am not a 'man with a plan'. Think of me as someone with maybe a dozen different working hypotheses that, if we could get buy-in from the membership to at least one of them, might eventually fix the near paralysis in our negotiating function.

The core mandated issues that won't be fixed at Bali are not going to go away. We still have to deal with them. But new thinking will be required to find the right pathway. No Director General should assume office with an *idée fixe* on precisely how to proceed.

Look here to past successful strategists. The great Prussian Field Marshall, von Moltke, did not believe in rigid plans. One had, as a leader he thought, fixed strategic objectives to achieve, limited resources, and opportunities. An effective leader would constantly adapt use of those

resources to the situation as it evolved in order to achieve fixed strategic objectives – hence his famous phrase, *'a battle plan does not survive the first encounter with the enemy'*.

This is why, whenever I have been asked to facilitate or chair negotiations I have never liked prescriptive road maps, artificial deadlines that, negotiated today, can be renegotiated tomorrow.

Second, you need to understand my operational working methods with respect to Ministers and officials. Make no mistake here: the Director General must be able to operate in both worlds – the political and the official. The idea that you can take to Ministers hideously complex issues that are completely undercooked at official level and expect Ministers to solve them has been tested to destruction. Effective work with senior officials is absolutely crucial.

Outside the great religious texts, Shakespeare is the most translated author of all times. He said in Henry VI, *"How should you govern any Kingdom that know not how to use Ambassadors?"*

Ladies and gentlemen, I would be most grateful for your support, however you might express that to our trusted facilitators.

## 2. Questions and Answers

**Q: You have a finger on the pulse as a sitting trade minister. I want to invite you to address the question of development, how you see the present conversation on this important topic is going, both in terms of Bali as well as our broader work as an institution on the whole. How do you see a balance being struck between the needs of development addressing those concerns, as well as for pressing on with the *raison d'être* of the Organization?** (Singapore)

A: I would like to pay tribute to the work Singapore has done in leading discussions on this matter. I imagine at least some of you have researched the statements I have made and, if you look at MC8, you will see a very clear statement from me. We cannot, because it may be inconvenient, airbrush development out of the Doha Development Agenda. We cannot airbrush issues that are vital to development from the Single Undertaking. Now, I have flexibility in my mind about how we approach issues that we will not be able to resolve at Bali. This is clear. These are not, to use the phrase, under active consideration for the Bali package. But we all know we have to come back to them. So, development involves basically two dimensions. It is about policy space and it is about addressing imbalances that are fundamentally important to developing countries. With respect to policy space, this is nothing new. It was in the GATT, at the creation in 1947 - trade and development. We have added to this progressively as the years have gone by. I am aware that there is some interesting work going on under three basic headings in terms of policy space. They are the Cancún issues, there is a work programme going on to try and make some balanced assessment of priorities there. We still have got a mandate to deliver a review mechanism. And then there are agreement-specific issues that we have to attain. And some of them, we hope, will be politically mature enough to be part of any outcome in Bali. The only thing I insist on, is that let's agree that there are fundamental issues to development that will be left unaddressed in Bali, and we have to come back to them. And naturally I choose the one that I am most familiar with, which is in agriculture. Fundamental issues around subsidies, market access are fundamental to many developing countries, and of course developed countries, too. And that is my basic view of this issue.

**Q: International trade is influenced today more strongly by non-tariff measures than by tariffs. How do you think the WTO should tackle this problem? And what do you do as a Director-General to address it?** (Czech Republic)

A: That is absolutely correct, and we have a number of agreements which reflect that growing reality of the importance of non-tariff measures. I want to, however, state that one can take this rather, I mean, correct view of economists just still a little too far. First of all, with respect to agricultural tariffs, to say that we have dealt with this is ridiculous. The average bound tariff across the membership as a whole is 40.5%. Secondly, I think some of the very intriguing work that has been done in this house in recent years has shown how, even small tariffs in the context of the global value chain can have quite dramatic effects in terms of the cumulative protective effect. So, let's all agree that, dealing with non-tariff measures, and as a whole set of interesting issues here,

for example in the trade facilitation area, they are part of our deal. And, in that sense, I completely agree with the sentiment in the question. But let's not forget that we haven't done the traditional job yet.

**Q: The question is more a general one about the situation of the multilateral trading system. What is your assessment on the health of the multilateral trading system in the WTO? And how can you define your preferred realistic scenario on how the multilateral trading system can be re-invigorated in the short and long-term? (Italy)**

A: I think I made a clear position of principle on this. The bulk of world trade is still a non-preferential MFN rates underwritten by the rules of this institution. So, when we talk about the multilateral trading system, this is still the base. This still provides, what I call the way to make coherent the various regional agreements all of us, or practically all of us, are negotiating. I have never seen this issue about RTAs and the multilateral trading system as a dichotomy, an either-or. It has always been clear to me that they both need advancing for a number of reasons. Number one: there are certain issues that I think is deeply improbable you will ever be able to raise effectively, with operationally effective rules, outside the multilateral trading system. Yes, I have seen various RTAs with some agreements on anti-dumping, and some have even gone to the point of reaching bilateral agreement not to apply anti-dumping measures to each other. But fundamentally the rules around contingency protection and subsidies have to be negotiated multilaterally. So that is the first key point. RTAs cannot do all the job. Or if they attempt to, it will not be done well. The second thing comes down to the fundamental question of coherence. My example about the workers in Africa, Latin America, Asia Pacific, supplying components or commodities to China for re-export to China's trading partner makes the point. I liken these to vessels on the top of the sea, and we need the sea, which is the multilateral trading system, to be benign. Otherwise we will run into serious rocks. So that is my vision. It is part of a coherent approach to trade as a whole.

**Q: At the start, you acknowledged how difficult the role is, in part because of the constraints of being a Member-driven Organization, and yet in your remarks you offered a great deal of initiative. Could you describe how you will deal with issues where there is no consensus? The new issues of Singapore, now over a decade old, of investment and so on, do not enjoy a consensus. How will you forge a consensus beyond Bali and beyond the Doha Development Agenda? (Canada)**

A: That is a very important question, and I think I understand why there has been so much resistance and reluctance in this house to looking at issues outside the mandated issues. It is because people are worried that if you deflect political attention from the core unresolved problems to new issues, then you are providing a slippery slope, in which people do not address the problems that must be addressed. And I have always said, and not just in this negotiating context, that we are not going to move over to the new exciting 21<sup>st</sup> century agenda by leaving the detritus of the 20<sup>th</sup> century trade agenda aside. So, above all, I understand, given my experience as a negotiator for a country like New Zealand, why people are being resistant. But the problem with that approach taken too far is that this institution then confronts one of the aspects of the relevancy question. So, if there is too much resistance to even discussion of other issues, what do we think we achieve? What is the steam in the kettle? By stopping the valve, you don't stop the steam building up. It will come out somewhere else. So, for a number of issues, this should be the "go-to" place in the world for trade policy. It was when I first came here, decades ago. It no longer is, on some of these issues. We have to find a way forward, to have discussions against the background of some very clear understandings that this is not redefining the issues that still need to be addressed. And that is best done by confidence and quiet discussion, starting at all different levels of the Organization. As a small country, I know the sensitivities here. So I think that is the way forward.

**Q: CARICOM, like other small vulnerable economies, face inherent challenges and constraints that limit our participation in the multilateral trading system. Moving forward, what, in your view, are the key concerns and how can you or would you, as Director-General, assist in addressing them? (Trinidad and Tobago)**

A: CARICOM countries share some problems with countries that I am very familiar with in the Pacific. It is sort of the opposite, if you wish, of the landlocked country problem facing many LDCs. It is vast logistical problems for small islands. My answer would be two-fold. First of all, and I will

repeat this again and again, to have a very clear sense of the specific trade problems you face in shaping our response to the Single Undertaking and its mandated agenda. I have already elaborated on that. Then I think we logically start to look at trade-related technical assistance and capacity building. I have been into trade ministries of many developing countries over the years and frankly I often see, first of all, very few people, surrounded by WTO documents. Often they do not have a lot of personal experience. They are not exactly clear why their country or their economy joined the institution. So, I think we have to use trade-related assistance and capacity building to try and help these countries a little more deeply than just saying "here you are, here are your obligations, if you don't meet them, see you in court". And this goes down to the heart of what I want to see, a more facilitative approach to implementation. Not at the expense of throwing aside the ultimate point of this, that this is a rules-based Organization. It has to be a little more sophisticated than just say "off with their heads" when you see people falling behind. With respect to the agenda to help countries, I understand that one of the difficult issues in the TF agenda, for example, is, do we extend this inter-sea logistics infrastructure and there is no consensus to do that, for reasons I think I understand. But if you are going to identify the problems facing CARICOM or small island developing states in the Pacific, whose islands are sometimes separated by hundreds of kilometres of blue ocean, I think that this institution, through its informal links with other development assistance institutions, can start to help, to focus on specific development needs, and they will be specific, country-by-country. One of the ideas in my head, though this could be quite sensitive, is to try and use the TPR mechanism in this way, to try to, when we go into a specific LDC or developing country, identify what are the specific problems you face, and not just have a discussion here, which tends to be somewhat formulaic and political in its nature, but some follow-through. Well, we have analysed this country's problems. Isn't there an agenda of aid assistance, effective aid delivery, that we, the Secretariat, can now try to influence people with serious money, institutions with facilities? I don't think the answer here is to have a whole series of formal protocols, but it's a question of orientation.

**Q: For many developing countries, the promised gains from trade liberalization have not materialized. What role can the WTO play in promoting trade as a tool for development, and delivering on the promised gains for small developing countries?** (Dominica)

A: In one sense there is a very simple and short answer to your question, and that is: because we have not delivered the Doha Development Agenda. The Uruguay Round agenda, and I was our chief negotiator in there, was the first time that developing countries started to play a very active role, and we achieved some limited gains. I worked primarily with developing countries, as you would know, in the CAIRNS Group. And the goal there was to see the elimination of the MFA in trade and textiles, to see agriculture integrated into the system. And we achieved some, but limited, results. And when people say "but where were the benefits of this?" Well, to achieve the dramatic structural changes we achieved in the Uruguay Round, we recognize that the actual degree of liberalization on issues of interest to developing countries was rather limited. That is the origin of the built-in agenda. What is meant to fix that problem? The Doha Development Agenda. So, when people legitimately complain about the lack of benefits to developing countries, my first answer is a very straightforward one. We have to finish this Doha Development Agenda as a start, and then look to the more sophisticated issues that we have been discussing this morning, about how to facilitate developing countries, through trade-related technical assistance and capacity building, to access the benefits of it. That, to me, is the real agenda.

**Q: You are well-acquainted with WTO and the Doha Agenda, and you have been for a long time now. Looking back, from a retrospective point of view, could you tell me three actions that you could have done differently in order to achieve the success of the Doha Round?** (Chile)

A: No, I couldn't tell you that, because I don't think we did make fundamental errors in the Doha and the Uruguay Round. And I think we have established a structure that can carry us forward very effectively. I think if there have been mistakes in the Doha Round, it is all around the issue of losing momentum. And the answer to that is very complicated. But if you ask me to identify specific mistakes, no, frankly none come to mind specifically.

**Q: There have been questions in discussion over the last couple of days about the deadlock in Doha. There has been another major international negotiation that has also been deadlocked on climate change, and you have had the experience of working on that**



**set of issues as well. I am interested if you think that there are lessons, positive or negative, from the climate change discussions that would be relevant to us here in Geneva?** (United States)

A: Absolutely, but they are not simple to explain. And they are subtle lessons, rather than formal lessons. The underlying issues in climate change are: we have a massive problem, and this problem, just like the trading system, used to be completely dominated by the industrial countries. Emissions are no longer dominated by the Annex 1 countries. And yet we have, in the case of major emerging economies, still massive development problems to overcome. So, no developing country, including China, which is now the largest emitter, can look at piquing at this point. What we are trying to do in climate change, is establish a framework within which development objectives can be achieved without compromising the underlying poverty elimination goals of those countries, which will always trump climate change. I have been particularly focused on one aspect of it, which is, I have actually created, in the last three years, a new international organization. It is called the Global Research Alliance on Agricultural Emissions. And I proposed it in Poznan at the COP in 2008 and at the FAO in Rome. Thirty-odd countries, including many important countries in this room have signed up to it. And I have done this in my classic style, informally, keeping the fractured politics of the UNFCCC in its right place, and allowing a situation where, for example, in crop-lands research, we have Brazil, we have US leading that negotiation. In rice, we have Uruguay and Japan. In livestock, the Netherlands and New Zealand. We have France and Australia leading the deeply sophisticated work on metrics because you can't, in science, do anything without metrics. But behind all this is a simple proposition, which is, food security will always trump climate change for developing countries. So, when I analysed the problem, I said "what we need to do is to produce 70% more food, but do not expect any country to do this at the expense of food security". So you can see in quite subtle ways echoes of this debate, for example, in our institution here. When we look at the G-33 food security issues that are under consideration as perhaps part of a deal for Bali, again the same underlying conflicts arise. So, it is pretty difficult to express this – maybe some of you have had experience in both domains of this in multilateral diplomacy – but it is all about forging new relationships between the developed and the developing world, because it is no longer, either in trade or in climate change, just a matter of the major industrial countries. But in doing that, anyone formulating either specific approaches, as I have on agriculture emissions, or general approaches, that still loses track of the development dimension, will get nowhere.

**Q: Do you think it is possible to make progress in market access matters in one or two of the three pillars of negotiation without irreparably damaging the progress and balances achieved during the 10 years of negotiation under the Doha Round?** (Uruguay)

A: At Bali, I think that's not under active consideration. Beyond that, yes, it is possible, but we would then have to address all of the difficult issues around linkages to other issues. And the job of a Director-General is not to declare *deus ex machina* what the solutions are, but to build that, piece by piece. And it is not just a question of dealing with the largest countries. Of course, we all know the underlying reality. We will never move forward without convergence amongst the largest developed and developing country Members, but nor will we ever move forward in this house without buy-in from small countries. And there are a number of reasons for this. My own experience leads me to this, representing a small country whose voice is not always heard so clearly. Alexander Hamilton, the man normally accredited with building consensus for drafting the US constitution, once famously said: "Men will often oppose a thing simply because they have had no hand in its making". This is about ownership. So, the way forward on such a sensitive issue as "could we harvest market access?" - and then thinking about how that is linked into other agenda items - requires a very careful facilitation to make sure that we build consensus at all ends of the membership spectrum. By the way, it doesn't have to start amongst the big guys. I have experience of this, starting with small, middle-sized countries providing the beginning of what I call nodal growth of consensus. That's how the whole Uruguay Round mandate was done. Actually, outside this house, when this house fell apart, in the EFTA building, when I was very deeply involved in that as the first non-EFTA country to move across from here into that house. So, I know from personal experience, there are different ways of doing this, but at the end of the day, we will all have to be on board because of Alexander Hamilton's point: "People will oppose a thing if they feel they have had no hand in its making". That's why we use this phrase, it's a cliché but it's true, "bottom up".

**Q: Do you think that the WTO legal framework is sufficiently clear with regard to the export restriction, or should there be a supplementary provision? (Croatia)**

A: I think the provisions are reasonably clear, but the underlying sensitivity of this is enormous, and I note that I am not sufficiently familiar with the detail of this negotiation on this specific point since I left as Chairman. But, if we are looking at perhaps picking bits of the export competition pillar up, I notice that some of our G-10 friends have raised this issue. Let's see where we get to. But I think it is not a legal problem. It is a political problem. Maybe there could be consensus on providing some further clarification of a legal nature. But at the end of the day, the matter of export restrictions is a fundamental and very difficult political problem. Of course, if I was sitting up here wearing a country hat, I'd give you a somewhat different answer. But I am putting my position on the shelf and trying to speak as a candidate for Director-General, and I absolutely believe that, if I can make a broader point here, the Director-General should have a very active role in public in defending, in general terms, the multilateral trading system, standing up for the values of this Organization, and being able to stand shoulder to shoulder to people heading similar institutions. But I have a deeply held personal view that Directors-General should be completely silent on highly sensitive negotiating issues because they are not a decision-maker. This is not a point about the Director-General; this is a point about anybody holding a facilitative role starting to enter into a public debate. We have a term in Maori, our Polynesian language: "mana". It's bigger than respect or standing, it has got a slightly broader context, and it's about power, informal power. The "mana" drips away like an ice-cream on a hot day. If you start to become the person who is dictating the result, you will lose your usefulness as a facilitator. So, my concept is that this the right way to solve a problem like this - not to start debating this in public. That is the role for the Members.

**Q: I have noticed that you mentioned the principle of a Single Undertaking but we know that some Members complained that the principle of Single Undertaking is one of the reasons for the stalled Doha Round. Do you share the argument? And if you are appointed as the next DG, will you stick to the Single Undertaking principle? If not, what kind of principle do you prefer? (China)**

A: I am very tempted to stop with a one-word answer, but I know that that would cause some confusion. But the answer is yes. However, at MC8, we have decided not to slice and dice the single undertaking, but to explore whether there are bits of it that we can move forward without prejudice to other generally more difficult issues. So we have evolved in the concept of the Single Undertaking – the French word "assouplir" comes to mind, "made more supple", I suppose, in English. But the core political point you are asking, no, we are not going to, as I said, airbrush this out of existence. We have to come back to the mandated issues. How we do it, I have enormous flexibility in my head. If I did get your support and become the Director-General, do not expect me, as I said, to lay down a battle plan that will not survive the first encounter with you in a meeting like this.

**Q: I would like to ask you why, in the Doha negotiations, special and differential treatment is a key issue for developing countries. Some Member countries of the WTO have grown very quickly over the past decade with major improvements to their competitiveness. How do you think this should be reflected in the negotiations since there has been this change in the international panorama? (Spain)**

A: I think you are asking me the most difficult question of all - the dreaded G-word: Graduation. Let's just reflect, first of all, before we get into that most sensitive of all issues. The underlying point you are making is that there are certain countries sitting in this room which have taken advantage of opportunities open to us all, and have done marvellous things to achieve rapid economic development. For decades I have believed that, while I admire every country for its own efforts, it would have been impossible for them to have done this without access to a relatively open world trading system for manufactured goods. And agriculture, I insist, though I put it delicately, is further behind. So, they have benefitted from the system. Now let me deal with the G-word. My view is that the political and moral base for this is well-established. If you look at the 1979 Enabling Agreement, I think it is paragraph 7 or 8, it says, in approximate terms: developing countries need policy space for all manner of reasons as they develop, particularly at the earlier stages of development, hence the lower level of obligations for least-developed economies. But as developing countries grow – this is my approximately correct rendition of the language – we will expect them to participate more fully in the international trading system and take on further

commitments. Now, we accepted this as a deal in 1979, and I insist that that is still the correct moral and political base for us to move forward. But, as we all know, there are two different conceptions on how to do this. And this is probably the most sensitive issue. One is, like a mechanistic mind would say, that we need to elaborate modalities for this. And the other is my type of mind, which is "don't even think about it". This has to be done through negotiation. And we will come to resolve this within the framework of the most delicate negotiations, on market access in particular, and subsidies and other issues when and if we are moving more decisively to address the underlying weakness of this institution which relates to the negotiating function. So I don't see this as sitting up there as some separate universe. This is part of the negotiation process, and I am a deep sceptic that it could be resolved in some mechanistic or formulaic way.

**Q: Thank you for touching on some of the core issues of LDCs. You are fully aware that the LDC issues have been there for long. The real task ahead is to translate commitments and decisions into action. Against this backdrop, what specific role will you play in implementing the key LDC-related decision, in particular those pertaining to market access, for the benefit of all LDCs? (Nepal)**

A: I had a discussion with your Minister in Davos on this issue, and you will recall my anecdote about your accession to the WTO. I am very pleased that finally some sanity has prevailed in this house around LDC accessions, because we went from one extreme, which was, we said to developing countries 30 years, "come in, we don't expect you to do anything", to the other extreme. I think we have fixed that problem, though maybe some of you would feel "a little too late for me". In terms of my personal commitment, I think you know perfectly well that I am extremely personally committed to developing countries. And I don't say this as rhetoric. You have a basis for making this judgement – LDCs have seen me operate. As the first Chair of the Sub-Committee on Cotton, I was completely dedicated to that particular aspect in the name of development. Secondly, I fully understand the specific problems of developing countries. This is not just rhetoric. I have delivered as far as I could, and always been extremely open. I am surprised nobody has asked me the elephant-in-the-room question. So, let me use this opportunity, if I may, Madam, to address it. So, I am the only developed country candidate. Well, I could leave this for the peroration, Madam, but with your permission, let me address it fair and square. As I have said to many of you going around to see your Ambassadors and your Ministers – and I will continue to say exactly the same thing in private as I am about to say in public – if this is a foreign policy question that we are trying to answer in the choice of Director-General, I am not going to be the Director-General of the WTO because I cannot tick a box that says "developing country". But if that is not the main question, but the question is "we developing countries are worried about this institution and its capacity to adapt to development, its capacity to do the Doha Development Agenda, is Tim somebody, not necessarily the only person, who could do that job?" That's a very different question. And you have to answer it yourselves. So, the box-ticking: no, not me. The substance behind it? Look at the track record. The issue of country is a very intriguing one. I mean, it is relevant in a border sense, not just a foreign policy sense. If you look at what experiences this person who has been the lead negotiator for his country has, and if they have some understanding, some sympathy for the problems developing countries face, well, New Zealand has been described many times as structurally a developing country, with the income level of a developed country. All of my campaigns have been working with developing countries. This is a statement of fact, not rhetoric.

**Q: The WTO is said to be a rules-based organization dealing primarily with trade regimes, however the interplay between public health, trade and intellectual property is a fact of life as can be seen in many cigarette disputes being handled by the WTO dispute settlement mechanism at the moment. On the one hand, some Members feel that their domestic measures are justified as a way to protect public health, whereas on the other hand, other Members feel that their trade is severely affected by such measures. Without prejudice to what is going on in the dispute settlement process, do you envisage any changing role of the WTO to deal with such clashes of priorities, i.e. public health over trade or vice versa. Do you think that it is high time to deal with such issue in a holistic manner? (Thailand)**

A: I lived through this TRIPS and public health issue right in this room and many smaller rooms leading up to this discussion. And I recall, with great pain, that issue. The way we tried to find the balance. By the way, I have to deal with this issue right now in New Zealand in some other negotiating contexts that are not multilateral. So, I deeply understand the sensitivity of this issue,

both to people that make pharmaceuticals and people who consume them. I am not going to make any statement ever on an issue under dispute settlement. I am not even actually aware that there was a current dispute on this TRIPS and public health under this mandate. There is no way I am going to comment on a legal issue under dispute.

**Q: You said you are the man with a dozen plans. Given that the appointment of the new Director-General takes place at a critical time in terms of preparations for MC9, could you please specifically describe what you would do as Director-General to ensure a successful Ministerial Conference and, in particular, to get a credible set of deliverables agreed by the Ministers? What is your plan of action?** (The Netherlands)

A: Well, the plan of action: let's be realistic about this. Whoever the Director-General may be on 1 September, there will be no time for a learning curve. I am sure I won't be the only candidate making this point. Second realistic observation: the broad trajectory will already have been programmed by the time the new Director-General comes into office, for better or worse. I cannot imagine, if I can use the metaphor of trajectory, arriving in an office saying, "oh, I see, so we're going to Mars, I think we should be going to Venus". So, the Director-General has to accept as the *acquis* what you, the negotiators, will have developed by the time of the summer break - this is a fundamental reality - and then make it work. Now, there are two problems. One is around the organisational and administrative matters: this is a major international conference. And the other is around finishing politically a package. Let me say I am not the slightest bit concerned on the first front. This Organization - you know my views on the WTO Secretariat - is outstandingly effective at doing this sort of thing. And I also, having lived in Indonesia for a number of years, know how good the Indonesians are. In fact, I said to a few of my Indonesian friends, it may not look like that 10 days before the meeting, but I have been to so many ceremonies, and so many conferences over the years in Indonesia, and I have never seen a miss. Believe me, this is not a political statement, it is a statement of fact. The Indonesian Government and the Secretariat will handle this without a problem, but it will be fraught for those who are responsible for it. I understand - to our friends from the Indonesian Mission - you are not going to have a great summer break. When it comes to the bigger problem, well, straight into it and start to meet with the parties. We know what the broad areas under active discussion are, and that will evolve over the next few months. So, they are self-elected. I have said to a number of you that I don't believe we should have some rigid plan to have a final cut-off date, because it won't work. But slowly and surely, if we have some type of stock-taking after Easter or thereabouts, people will start to forge in their minds a broad idea of the issues that might be moved forward, and then you will have to start creating negotiating linkages. That is how this house moves forward. And then the political contours of this will become available. And then, once September, the Director-General has to make an assessment of that package and work like hell to get something useful done.

**Q: Just as other candidates have referred to this point, I'd like to ask you, what opportunities do global value chains offer to developing countries, and what can WTO do to promote them?** (Paraguay)

A: I think it is a very intriguing question, and there are different aspects to it. First of all, let me state as a matter of principle that I can see big opportunities for developing countries here, as I can see big opportunities for a small economy like mine, which has got no capacity whatsoever to engage in vertically integrated production models. We can't, as a small country, and Paraguay, or a small economy, even though we are a developed economy in New Zealand, build a motor vehicle industry in a vertically integrated model. It is not possible for Paraguay, not possible for New Zealand. But without knowing the detail of the structures of your country in this area, given that you are a Member of a region that has many important automotive manufacturers, we can do automotive components. And I visit some of our little companies that do it, so they are able to get into the global value chain. They are usually tiny companies, 100 million dollars or less, a small number of employees, and they compete as much on the services package as on cost. So, they find bits in the value chain that we can do, even from the remoteness of New Zealand, and get into the Toyota value chain, into the Daimler Benz Chrysler value chain. We do it. We could not do it in the past. So, from the perspective of a small economy, developed or developing, there are opportunities. On the other hand, for developing economies, there are very considerable problems that go with it, and they are to do with the integrity of the supply chain. So, there is a huge development challenge, if you want to reach out and do it. You have to be sure that you can deal with the concerns of the people that manage the supply chain at the final end of the process, that you can reach quality standards and deliver on time. And I have just had the most fascinating

conversation with one of the biggest companies in the world, which looked towards this New Zealand company as more in design than in manufacturing, but said "we don't trust you, you're not big enough to do the step up to the mark". So, I have some answers for the vice-president in charge of supply chain in this particular case, and we will try and explore that, because part of my job as Trade Minister is not just a big high theory trade negotiations, but deal with practical problems, and I find it very exciting. But in Paraguay, without understanding obviously the structure of your economy, I am sure there are all manner of logistical problems, Paraguay being a landlocked country, that you have to surmount if you are to participate in the supply chain in your region. So, I think that comes back full circle to the question of a rather more strategic view of capacity building and technical assistance, with a view also to forging these informal links with other development institutions that may be able to zero-in on Paraguay's problem on this or that issue.

**Q: As Director-General what priority will you give to the issue of food security, and what type of appropriate mechanisms do you envisage establishing for facilitating access to food stuffs in difficult periods? (Haiti)**

A: You have heard my views on the matter of food security. It is of primordial importance, as I have said, in the informal organization that I have created on agricultural emissions. It is not negotiable. I understand for a country like yours this is the most fundamental human need. The issue of food security has got to be at the front and centre of the agriculture negotiations, and it is an issue that has evolved. I think that we can meet this objective of a 70% increase in food over the next 30 or 40 years. People forget the numbers on this. I may not have the greatest mind in the world when it comes to names and faces, but I have a very good memory on numbers, I assure you. So, we increased, in the last 45 years, to 2005, total food production by 142%. So, can we do 70% in the next 30-odd years? Of course we can. But it has to be done in a somewhat different way. There are environmental constraints. There are issues in hugely populated developing countries that have to be addressed. There are all manner of issues around water. And I believe that the international trading system can play a vital role in food security. I cannot put my past behind me. You know what my thinking is on this issue. I believe that there is a vital role for the international trading system in food security. This idea that we had in the past that food security was just about self-sufficiency, this is not realistic, and will become less realistic as we confront environmental and other resource issues facing developing countries, not just LDCs. Some of the more advanced developing countries have got serious environmental issues they need to take into account in food production. So, to me, food security is literally the most important issue. I hope I don't offend people by prioritizing it as highly as that. But to me it is the most basic thing. If you go hungry, you have nothing. So, this must be front and centre of our attention, but we need to be sophisticated, we need to be subtle about how we approach this.

**Q: What are your views or comments on the statement made that the deadlock in the Doha Round is due to disagreement among a small handful of advanced and emerging economies while the rest of us are caught in the middle? (Malaysia)**

A: I do not think that is a very sophisticated or accurate way forward. What I know, I have said it before and I will say it again today, is that, unless you get convergence – no longer just amongst the major developed economies, that date passed long ago – but amongst the major developed and developing countries, we will not have a deal here. But you can't expect them to do all the heavy lifting. We small economies have a contribution to make to this process. So, I am not going to put China, US, Brazil, India & co. in the dock and say, "it's all your fault, I'm sorry". I do not think that is productive, and I do not think it is accurate.

**Q: Given the limited resources of SVEs, how can the WTO address the concerns of SVEs relating to participation in the DSU process and the enforcement of judgments? (Saint Lucia)**

A: I assume you meant small and vulnerable countries. Well, small and vulnerable countries is an informal concept, and I would imagine that it has very strong crossover with the LDC group. The LDC group, of course, is a fixed list of, I think, 49 countries, and many of the smallest and most vulnerable countries will be amongst the ranks of the LDCs. So, while I hope I haven't left any small and vulnerable countries out, and I am sure that this is a self-designation category, I think the fundamental thing is to be sensitive to the least-developed country needs, and to do all the things that I have been talking about for the last hour to try and listen to their voice, listening

to their people. I know sometimes how difficult it is to get heard. Sometimes you may think small and vulnerable just describes small and vulnerable developing countries, but you try to represent New Zealand sometimes in these negotiations. You understand what small and vulnerable means, disassociated from income. Although generally the system has been good to us as a small country, listening to our voice, not always delivering what we wanted, I remember once being excluded from a meeting going on all night. I was outraged. I found out where they were and I slept on the floor outside. So every time these people in the room had to go for a bathroom stop, they had to literally walk over my body. It was a physical way of saying, "don't walk over my dead body because I am a small country". Literally, I am capable of that. So, you do not have to convince me about the need for small economies to be heard. We should demand the right to be heard on something that is vital to our economy; that is the test.

**Q: In order for the WTO to continue to remain relevant in this fast-growing global economy, what do you think are the most pressing needs to be reformed in the WTO?** (Brunei Darussalam)

A: I understand that a lot of these questions are prepared before we have sat down here, and this is interlinked with many of the questions that have been asked. So, let me just repeat what I have said. The Doha Development Agenda is the starting point of this. There are other issues that we have discussed here around trade-related technical assistance and capacity building. There are some more subtle issues around decision-making procedures and, if you want, I can expand on that. But those would be my immediate answer to your question, please refer to the answers I have given earlier.

**Q: The needs and interests of developing countries are at the centre of the Doha Development Agenda. In subsequent decisions, objectives were set, including effective and significant integration of LDCs and greater integration of vulnerable economies into the MTS. Due to the different perspectives amongst Members, the objectives set will now have to become the priority for preparatory work for Bali, so that the concrete trade interests of these countries, which are already stabilized in the market access modalities and in the agreements regarding tariff reductions and S&D, will be actually at the centre around which the Round can conclude. How would you promote such a strategy as Director-General of the WTO?** (Ecuador)

A: If I understand your question, there are basically two parts of it, corresponding to the division in most of our minds about pre-Bali and post-Bali. On post-Bali, I think I have already answered that question with respect to a number of earlier questions. With respect to pre-Bali, how do we ensure that developing countries' interests are taken into account? Well, in terms of this formula – which I think is quite a clever formula that you have evolved, "areas under active discussion", it's sort of supple formula that I instinctively like – I think there is ample scope to achieve the objectives you have put in your question. So, we are looking at TF, and there are some very sensitive development issues there. I think it is very intriguing how the concept of special and differentiation is being evolved within that framework. But I know how sensitive these issues are to some of you. We are talking about, in agriculture, bits of reform modalities that may or may not be right for picking out. Many of them have very important implications for developing countries. So, while we can't with confidence say that we will get a result, I think the field is there for us to get a result that will be development-friendly in Bali.

**Q: As from the 2008 crisis, WTO has been conducting a monitoring exercise of Members' trade measures. Do you believe that this mechanism is sufficiently reflecting the trends that exist, or do you think there should be some improvements?** (Argentina)

A: I was there in Paris when your Minister addressed this, in rather more direct terms than your subtle question put. I think, at a formulistic level, the review mechanism is excellent. But of course it is reviewing issues which are determined by the *acquis* of what is legal, and the issues of concern to your country are somewhat broader. Take export subsidies, for example. Actually, my country has suffered more from export subsidies than any country in the world. Because, if you look at the past, it is not an issue for us now because of current commodity prices, but if you look at the distribution of deepened restitutions over the past 20 years, it overwhelmingly focused on dairy products. So, we suffered more than any. And when, at the heart of the GFC in 2009, our friends in Europe and America went back into using it, can you imagine me, as a politician in New Zealand, dealing with this issue? Can I get up there and say, "oh no, they're perfectly legally

entitled to use these?" Can you imagine how quickly I would have died a political death if I had said that? So, I had to stamp my tiny little feet and say awful things to Europe and the US, but knowing perfectly well that they were within their legal rights, and there was no possibility of me mounting an effective attack through the judicial system because the judicial framework, from my perspective, is unbalanced, and still allows these measures to exist. And I could make, from an Argentinean perspective, some comments around some of your main agricultural exports, in terms of market access. But the reality is, we do a monitoring mechanism based on the *acquis* of the rules as they are negotiated. And if they are inadequate from an Argentinean perspective, and I know very well what the answer is, then we have to advance the negotiation framework and deal with the problem at source. But I do not think we would want to throw away the monitoring mechanism as long as we realize that is not enough.

**Q: I have been hearing your comments as to how to meet the needs of small and vulnerable economies. I'd like to be a bit more specific. In view of the ministerial mandate which was approved by Ministers in meeting the needs of small and vulnerable economies which are not Least-developed countries, what do you think that, as Director-General, you could do in order to ensure better compliance with this mandate?** (Dominican Republic)

A: In a sentence, more effective use targeted at your country's specific problems in the concept of capacity building and technical trade related assistance. That has to be the way forward, as well as listening to your country's concerns. We must be sensitive to the LDCs' status, but of course the Director-General must be open to the concerns of small economies that are not LDCs. And you have heard me say, with some passion, I would argue, that I fully understand this perspective. So, without in any way displacing the priority that we formally agreed for LDCs, the Directors-General must have their door open to listen to small economies who are not caught within this formula, listen very carefully to their specific problems, and then work through in a constructive way how we can best help them.

**Q: In light of the various new challenges that the world economy faces today, what do you think are the new issues that the WTO should start to address?** (Japan)

A: First of all, we are not starting from ground zero here. I think the work that Pascal has developed on the global value chain is enormously valuable and useful, and will help us across future agendas very considerably. I think you cannot simply say, when we know that there is discussion going on, say, investment in others areas, when we know there is discussion going on e-commerce, for us to be the "hear-no-evil, see-no-evil, speak-no-evil" approach, and pretend that we can be the go-to place, multilaterally, for trade, and do nothing about this, this is a serious mistake. So, it really comes down to a question of giving confidence to the membership, that we are not leaving behind the mandated issues, while starting a sophisticated, probably informal discussion on these issues, because they will be done outside this house if we don't. I do not think we are going to slip clumsily into a negotiation on e-commerce, for example, by having a discussion on e-commerce. I think that the discussion that I understand took place on mobile roaming rates is an interesting example, to be more specific about the point you made. Now, I have suffered from this issue. I have sat up there at the Intercontinental Hotel in the 80s, trying to ring my children to wish them goodnight as a father does, and then seen 110 franc bill for the phone call. Fortunately, I no longer use the Intercontinental Hotel's phone system. But I now have to worry about mobile roaming rates. So, should we discuss this? Well, if we don't, it is being discussed elsewhere. This is a little bit crude just to say "ils ne passeront pas". We need to be having a discussion on these issues, and I think there is a rich agenda, but please just remember my fundamental political point. We cannot leap over what I call always the detritus of 20<sup>th</sup> century trade problems and brush them aside to get to a new agenda. We have to deal with the past as well.

### 3. Summing up by the Candidate<sup>10</sup>

Well, I do not have a statement to make. I will just make a general observation that flows out of that last point, around the future. Anyone that has read my CV knows about my commitment to this institution. That is not under dispute, I believe. And you have heard my perspective on the underlying problem I face politically, and why I hope that at this stage in the selection process you would see me as at least one candidate who may, at the end of a very complicated process, command support across the house and the confidence of all Members. That's my underlying advertising pitch. I'd like just to finish on this phrase "new thinking". Of course we need new thinking. Anyone that said we do not need new thinking, I'm sorry, they should not be a diplomat representing their country. But we understand the sensitivities around that phrase, which I have just explored. Now, a scientist once said to me that, in the public debate about Darwinianism, the real point of our evolution is not survival of the fittest, it is survival of those who adapt. So, we know these monsters that we see now reconstructed from bones in our museums, fierce giants that were at the top of the food chain, they did not survive, but they were powerful, they were fit, they were strong. But they could not adapt. The danger facing this institution is not, as I said, an immediate crisis. It is a question of relevance. And this is a serious problem. We cannot forever expect the acquis. We stand on the shoulders of those who came before us. They achieved great things. But they did not address all the issues, particularly those developing countries are now demanding to be addressed. We must advance this Organization. We must adapt. That is the big challenge facing us. And I would like to have the opportunity to make a contribution.

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<sup>10</sup> Under the modalities for the conduct of the meeting communicated by the Chair to all delegations on 15 and 18 January, each candidate had the opportunity to make a concluding statement during the last five minutes of the question-and-answer period if he or she so wished.



**ANNEX E****Meeting with Ms Amina C. Mohamed (Kenya)****1. Presentation by the Candidate**

I am delighted to have this opportunity to present my candidature.

Within the next hour and a half, I will provide you with my vision for the World Trade Organization (WTO) for the next 4 years.

In 2005, as Chairperson of the General Council, I managed the selection process of the incumbent Director General and I know how demanding it can be. It tests and challenges the system. In the past, the system held. Eight years later, it is an even bigger challenge with 9 candidates. I am confident it will hold.

The Organization is in search of a Director-General, who will preserve the rules and practices, guard the system, facilitate negotiations and lead, when required by Members to do so – in a system that is and must remain Member-driven.

This is the 65<sup>th</sup> year of the rules-based Multilateral Trading System. At this stage in its history, the WTO in its 18<sup>th</sup> year is faced with 4 key questions:

- What is the state-of-health of the Organization?
- What lessons have we learned since 2001?
- What challenges confront the Organization?
- Going forward, what should the vision be to strengthen an Organization that is Member-driven?

As a starting point, candidates who seek the position of Director-General of the WTO should have a technical grasp of the issues, the mandate and rules of the WTO. But, there is more. The WTO is about being practical, obtaining results and delivering. These are the attributes I will bring into the WTO.

As a former Chairperson of the General Council, I am convinced that the Multilateral Trading System is structurally sound and in good shape. Work in the regular bodies of the Organization is *on-going*. I am convinced that the Dispute Settlement Understanding (DSU) is the most effective in Public International Law. The WTO remains the sole and undisputed guardian of the rules-based trading system. We have a technically competent and professional Secretariat. The WTO is an indispensable Organization for rule-setting, implementation and adjudication of disputes. If it did not exist, we would have to create it.

Although handicapped by the deadlock in multilateral trade negotiations, the WTO is credible. Trade is an engine of global recovery, growth and development. The rules continue to provide stability and predictability in global trade governance. The WTO has kept markets open, maintained a transparent, rules-based approach to international trade in a rapidly changing world and even in times of crisis and uncertainty. Since the on-set of the global economic and financial crisis, WTO reports have provided transparency that has kept protectionism at bay.

The Membership of the organization has expanded since 2001. This is an area of recent good news for the system. And yet, it is also true that these negotiations are as difficult as any in the system. And they are fundamentally Member-driven. No one can imagine the absence of the WTO in global economic governance.

If you decide to elect me as your next Director-General, I will work to ensure the consolidation and preservation of the current *acquis* of the rules-based Multilateral Trading System, its procedures and practices. These are of high value. While working to overcome our handicaps, we must work to protect the Organization beyond its proper remit, from negative critics, and from the toxic effects of protectionism.

The WTO faces some challenges that are manifested in different forms. Let me highlight a few of them:

- The DDA negotiations – how do we approach these negotiations after almost 12 years of effort and tow hat areas should we look for harvest?
- Non-Trade Barriers (NTBs);
- Defining the contributions of a rules-based system to development goals and priorities;
- The proliferation of Free Trade Agreements (FTA);
- Climate change;
- Food security; and.
- Poverty reduction.

### The DDA and Future Negotiation

In the context of development priorities in 2001 in Doha, we launched the most comprehensive Trade Round. The overall framework of the negotiations focused on development priorities. Nothing that all-encompassing had ever been contemplated. We have been hard at work on the Doha Round for 12 years. Where are we? What have we learnt? Many have taken positions on Doha. Some consider that the system overreached. Others think that the development objectives are incompatible with a rules-based system with a balance of rights and obligations. There is considerable hindsight wisdom. And the jury is still out. Several positions are *per se* academic. In all such massive undertakings, where the issues and questions still linger, there must be no rush to judgment, or finger pointing.

Some consider the Doha Round in abeyance, others deadlocked and others that it has failed. Factually, what has been obvious for long is that negotiations on the overall agenda are stuck. We cannot go backwards and we cannot move forward, unless we come to practical terms regarding where we are on the negotiations. This is the moment to do so.

Parts of the Doha Round are relevant. However it is time to re-structure and update it. We need to re-focus it to recovery and growth, targeting issues that can contribute to rapid growth, such as trade facilitation and reduction of non-tariff barriers, to address the recession and weak growth arising from economic crises.

I am convinced that a re-focused Trade Round should also contribute to addressing the major global cross-border challenges of climate change, food security, intellectual property rights and piracy among others.

### Trade Facilitation

As we prepare for the MC9 in Bali, members must act rapidly to conclude the negotiations on issues of interest to developing countries, particularly LDCs as well as Trade Facilitation. The arguments in favour of Trade Facilitation are overwhelming. The average cost of moving trade through boarders worldwide is 10 per cent. The average trade weighted tariff worldwide is 5 per cent. Currently, therefore, one has to pay twice as much in administrative operations, in order to move merchandise through borders, than one has in customs tariffs. It is worse for landlocked economies. The solution is to smoothen border crossing, eliminate road blocks and red-tape associated with inspections, and streamline customs.

It is self-defeating for negotiators to engage in hostage-taking in an area of negotiations that would be a win-win for all.

### Food Security

The WTO has a major role to play in achieving global food security. These contributions could be made through improved disciplines on subsidies; reductions in tariff peaks and escalation; tighter disciplines on export restrictions; and, improved coherence by the WTO with other Organizations working in these areas such as the Food and Agricultural Organization (FAO) and the International Fund for Agricultural Development (IFAD). However, the primary responsibility lies with national governments to create the right policy environment for improved investments in agriculture for greater productivity.

### Climate Change

Climate change is a major challenge to sustainable development and sustaining life on earth as we know it. The rules-based trading system can contribute to addressing this problem. The Doha mandate on trade and environment remains relevant. I believe that WTO Members could build on and strengthen the list of environmental goods proposed at the APEC Vladivostok Summit for further liberalization.

### Trade in Services

I believe that Services Trade is the most dynamic area of international trade. The speed of changes in the global economy is being strongly determined by technology and services inputs into the overall processes of production. Commercial services are at the heart of rapid growth in both developed and developing economies, accounting for over 70% of GDP and 50% of GDP in developed and developing economies respectively. However in my views we need to focus on particular services sectors that I believe are the drivers of growth and transformation namely, financial services, information and communications technology, transport and logistics services, and those services sectors that bolster production such as research and development, engineering, distribution and marketing.

I recognize a group of Members are providing leadership in this area. It is incumbent upon us to support them.

### Free Trade Agreements

Some consider bilateral and regional trade agreements as a challenge to the primacy of the rules-based Multilateral Trading System. There are currently over 300 of such agreements. Approximately 90% of WTO Members participate in these agreements, accounting for a substantial proportion of global trade. There are many reasons for the formation of FTAs. However, it is also clear that there is an inverse relationship between the speed of progress on WTO multilateral negotiations, on the one hand, and the proliferation of FTAs, on the other. Although there are benefits from FTAs, the real risk of FTAs is the erosion of the WTO disciplines of non-discrimination, and the reduction of the primacy and effectiveness of trade multilateralism.

However, the WTO has to co-exist with the reality of FTAs. This will require imagination and creativity. The less progress here at the WTO, the stronger the proliferation of FTAs. Those that will suffer in the absence of progress at the WTO would be the weak and the vulnerable. The solution is substantial progress here in the WTO.

### Negotiating Modality

The Single Undertaking principle with its merits has posed a challenge on the WTO with 158 Members. The Organization is still growing. The membership is diverse and at different levels of trade, finance and economic development. I am convinced that more flexible negotiating approaches and modalities may be required. We have to change the method of negotiation in light of the size and diversity of today's WTO membership. The political guidance by Ministers during the MC8 provides some basis on how to address some of the issues.

### Development Dimensions of the Trading System

I believe that there is a need to address the question of how a rules-based system can be reconciled with development priorities and a development work programme. Like several other candidates in this election process, I originate from a developing country. I am aware of core development challenges. However, we need to reflect deeply on the relationship between trade and development in a rules-based Multilateral Trading System, with a balance of rights and obligations and where Members have specific commitments and obligations.

Responding to the challenges of development, in a rules-based system, should not unintentionally lead to the fragmentation and weakening of the rules and disciplines. The level playing field that is sought in the system is for rules that are non-discriminatory, with exceptions as waivers and on a case-by-case basis.

Specifically, on the development aspects of our rules-based Multilateral Trading System and drawing on lessons from the past 12 years, I believe that we should build on those areas where members have made progress. These include cotton development assistance, technical assistance and capacity building and the WTO coordination of Aid for Trade, delivered by other Organizations that have the resources and capacity to do so.

Cotton is an item of importance to LDCs. The trade policy aspect will need to be addressed within the agriculture negotiations. Important gains have been registered on Cotton Development Assistance, within the framework of the Director-General's Consultative Framework Mechanism on Cotton. We should continue to build on these, to which both the donors and developing countries have contributed.

Trade is an engine for growth and development. Using trade to achieve growth is linked to domestic reforms for diversification, modernization and a re-balancing of economies. In the course of these reforms, policy space may be required. However, I believe that the grant of policy space in a rules-based system can only be on a case-by-case basis.

#### Vision and Priorities as WTO Director-General

As Director-General, I will focus on three priorities:

First, the establishment of a new WTO implementation and trade opening coalition. This will be an inclusive and transparent trade coalition that reflects the "enlargement", of the WTO membership through the recent expansion in the membership of the Organization. The new coalition will entail shared commensurate responsibilities in a rules-based system. It is no longer realistic to expect a few Members to shoulder the leadership burdens of driving trade multilateralism. There are duties for all.

Second, I intend to focus on an updated agenda for multilateral trade negotiations that is relevant to the contemporary challenges of recovery from economic crises, growth and employment, environmental protection, notably climate change, and food security.

Third, in consultation with Members, I intend to establish a WTO Business Advisory Council. The absence of a commercial push has been a source of weakness for the WTO, affecting its credibility and relevance as an engine of global economic recovery and growth. Without the support and impetus of Business, there will be minimal progress in the WTO. The Accessions of China and the Russian Federation bear testimony. I will be a pro-Business Director-General. Concluding the Trade Facilitation negotiations would be one of the key interfaces to better engage the private sector and global business.

I am a trained lawyer and a career diplomat. I have had the privilege of working on major issues on the agenda of global governance and diplomacy. I believe that I am eminently qualified by training, experience and a track record of delivery, especially at the WTO. A lifetime of exposure in professional diplomacy and negotiations on a wide range of global issues, place me on a sound technical footing, to lead the World Trade Organization, if members decide to give me the job.

I left Geneva about 7 years ago when I completed my final task as the Chairperson of this Council. But, I neither lost sight, nor allowed my attention to stray from the WTO issues. I went on to work in other areas of governance: environmental protection; constitution drafting, targeted at domestic conflict and dispute resolution in a multi-ethnic society; poverty reduction; diplomacy and foreign policy.

On this 30 January morning in Geneva, these are platforms on which I ask you the Members to evaluate my candidature. This is the basis on which I ask for your valuable support to serve the international community and contribute to the important work of the World Trade Organization.

In, closing let me say it again that a strong leadership role, in service to the membership, is vital. I borrow from the eloquence of Sir Winston Churchill, who once famously said, "The nation will find it very hard to look up to the leaders who are keeping their ears to the ground." There will never be a substitute for strong leadership. The challenge and strength of the WTO is that we are all "Leaders" at different levels. Members expect their Director-General to lead and that is what I intend to do.

## 2. Questions and Answers

**Q: I was interested in your discussion in particular about trade facilitation, and as we have looked at Bali, we have tended to look at three categories of issues: Trade Facilitation, Agriculture and Development issues. I am wondering if you consider trade facilitation to be a development issue? (United States)**

A: The short answer is yes, I actually consider Trade Facilitation a development issue. The reason is the one that I gave before: the cost of doing trade decreases tremendously if there is trade facilitation. And here I am talking about both the hardware of trade facilitation and the software: infrastructure, transport and communications, logistics, as well as smoothening of border crossings, removing of bottle-necks, harmonizing customs regulation. I believe very strongly in ensuring that in fact the benefits of trade facilitation are shared across the room, both by developed and developing countries. For developing countries, I do not actually think that there is an option away from trade facilitation. I think it is important that we understand that, for many of them, obviously there are resources challenges. And where these challenges are extremely acute, especially within the LDC group, we should actually come to their support and encourage them to join and ensure that they take trade facilitation measures. But I know for sure, coming from a developing country, that before we started engaging in improvement in infrastructure across our region – the East African region, and beyond into COMESA – the volume of trade between our countries was much less than it is today. And every time that we engage with the private sector and ask them what was the most important issue for them, they say it was trade facilitation, but they also acknowledge that there were challenges for these countries to actually implement trade facilitation measures without considerable support. The Membership has risen to the occasion many times before, in my experience and in the many years that I served in Geneva. Members came together to ensure that, where there was need for progress, they joined hands, they supported those that were less able to carry out and implement these measures, and these measures were eventually implemented. But I have no doubt in my mind that trade facilitation is a development issue. And I think that is why it was left on the table, even after the other three new issues of Singapore were dropped, competition and investment being two of them. But trade facilitation was actually left on the table, and it was left on the table with the consent of developing countries and LDCs. I was one of them.

**Q: You referred in your opening statement to the plurilateral approach being pursued by certain Members in the services negotiations. How do you think this initiative fits in with the MC8 political guidance to explore new approaches but in an inclusive manner? How do you view such initiatives would be able to resolve some of the Doha issues through a plurilateral approach as opposed to building multilateral consensus? (India)**

A: I said on 15 January of this year, when I launched my campaign, that in fact I was in favour of the early conclusion of a services agreement. And I was clearly of the mind that services is another area where in fact there is potential for very fast growth, and not just for the developed countries, but for the developing countries and LDCs as well. I come from capital. Some of our countries are totally liberalized as far as services are concerned. Others are not. But I also saw the immense benefits that came from a liberalized services sector, whether it is financial services, telecommunication services, information services, health services, education services, and so on and so forth. Obviously, as a multilateralist, it should have been so much better if this was done on the basis of multilateralism. And I am still extremely hopeful that in fact those that are negotiating this agreement will keep the doors open, that they will not do it on the basis of discrimination, that they will ensure that this can be moved into the multilateral plane as soon as it is feasible. But I also think that there is no option for the WTO that eventually negotiates a services agreement that is multilateral. And it doesn't matter whether you are actually talking about value chains or anything else. You still would need to make sure that everybody enjoys the same rights, takes on the obligations that they can at that time, and keeps the whole system on a non-discriminatory level. And so, do I think that we should all go plurilateral in all areas? No. But do I think that countries that are ready to move ahead in some areas, not in all areas, should do so and encourage others to come along? I think that there should always be a possibility. And it is not going to be the first time that we engaged in plurilateralism at the WTO. I think there were other plurilateral agreements that existed and that still exist, so this is not a new area. We are not starting something that has not been there before. It is not a precedent. But I think again that the

door should be left open so that others can join. That should be done on a non-discriminatory manner in as much as possible. Although, one understands that, if it entails a group of countries, then obviously there will be some restrictions that others may be subjected to. But I think it is not a new area, it is not a new precedent. We have been there before, and again, we should just encourage Members who are involved to keep the doors open and encourage others to actually sit around the table and join them in this effort.

**Q: Can you identify three most difficult problems that have resulted in the stalemate of the DDA? And how are you going to help change the stalemate situation if you are appointed?** (Chinese Taipei)

A: I think the history of the multilateral trading system has actually been one of ups and downs, of crises and breakdowns. But also it has been one of pragmatic solutions that have strengthened international co-operation. I think we are in one of those places where, in fact, we are quite down, and we are faced with, not a crisis, but I think a hiccup. How has that affected the WTO? It has affected it by loss of credibility in some quarters, an explosion of FTAs, and of course a search for new avenues of doing business. I think we need to be clear that, if we stall, businesses and Members will have to look for other ways. Because we must develop progress, we must move. And so, if the negotiations are stalled here, I think the net result is that people will look for other avenues of doing business. And that, in itself, is harmful to the multilateral system, as I said in my statement. Apart from the fact that there is an explosion of FTAs, and that there is a lot of frustration, the other thing that you hear across the board is that it hurts development, because the Round that has stalled was meant to cure some of the development ailments that the international trading system faces. So there you have your three areas. Loss of credibility is one, an explosion of FTAs as people search for other ways of doing business, and a downturn in the development aspirations of developing countries and LDCs.

**Q: Special and differential treatment for developing countries is a key principle of the Doha negotiations. Some WTO Members grew fast during the last decade and improved the competitiveness of their economy, substantially. How do you believe these changes in the international landscape should be reflected in the DDA negotiations?** (Austria)

A: I think that special and differential treatment must be part of the harvest for Bali. But it's also true that, in the last decade, there has been a lot of movement, there has been a lot of growth in some countries, and we should all be grateful for that growth and for that progress that was made. As a result, some of those countries are today the engines of economic development. They are actually what is keeping some of our economies afloat. So, we must be grateful for that. These are countries that enjoyed special and differential treatment, and I think that, even if these countries were to take on additional responsibilities, it must be in the context of understanding that, within these countries, there also are challenges that must be addressed. I would also put my country amongst them, because in my sub-region, Kenya is considered to be the engine for economic growth. In the sub-region, what we did, as Kenya, was that we accepted to take on additional responsibilities. We accepted to take on some leadership responsibilities. But those are not responsibilities that were imposed on us. They were responsibilities that we took on because we thought we were ready to take them on. So, I think that it is important that the Membership discusses these issues and sees how they should be addressed. But I believe that these countries have already taken on a leadership role by providing, as I said before, the engine that has kept economies afloat, even in this period of economic crisis and financial crisis. Again, it is something that Membership has to sit down - we have ample examples of how this was dealt with in other regions. I think it would be useful that they take on additional leadership, but it is not something that can be imposed in the remit of our rule-making role.

**Q: Several wider issues related to trade that are not part of the Doha Round negotiations are becoming increasingly relevant to traders worldwide, and I am thinking, for instance, about trade and investment, trade and competition policy, transparency in government procurement, energy, raw materials, and food security. How and when do you believe the WTO should engage or re-engage on these issues?** (Belgium)

A: I think the issues that you refer to – competition, investment – have been on the table before. When they were on the table, I think the Membership agreed that it probably was not the right time to start negotiating and discussing them. I think there has been a total shift in how we

actually do business. It is probably something that needs to be taken into account in the very near future, it can obviously not be something that I would suggest should be put on the table right now. On procurement, you already have a plurilateral agreement, and that is what I was referring to before, saying that in fact it was not the first time that we were engaging in agreements that did not involve all of us. On food security, on energy, I think these are issues that the WTO must actually take into consideration. They are not issues that the WTO can handle on its own. These are issues, as I said in my statement, that WTO must take on board, but it must do so in co-operation and in coherence with other international organizations that have a clearer mandate to handle it; FAO, IFAD for food security. On energy, I think it is proper that we start actually thinking of rules, and that we start thinking of this as something that can be taken up in the post-Bali period. It is also something that cannot be taken up by the WTO alone. It has to be done in co-operation with other organizations. These are all new issues and, especially since the Doha Round has stalled, I think it is important that we start thinking of areas that can unleash growth, that can unleash trade, that can provide employment and that can provide the impetus that we need for economic growth. And therefore these are issues that can be looked at and should be considered by the Organization. But I think that the Organization has a clear mandate on what needs to be done currently, and the focus right now has to be on what we should do with the DDA, what we can harvest, how much stock we can take of it, what is relevant, what should be put aside, what can be harvested for the Bali conference. I think the other issues are all important, and there are over-arching global objectives to address this, and they must be addressed within that context.

**Q: Should we fail at MC9 to set a set of DDA issues despite our best efforts, what would you consider critical to mitigate the potential negative fall-out, and how would you try to ensure the continued relevance of the multilateral trading system? (Bulgaria)**

A: I think that the multilateral trading system is sound. I think it is relevant. And as I said, if the WTO didn't exist, we would have to actually create it. Yes, negotiations have stalled. But this we have had before, and we have been able to put it behind us and move and forge forward and make progress. So, I don't think that in fact that should be an excuse to rethink the multilateral trading system. It is still relevant, it is sound, it is in good health. The regular bodies of the Organization continue to work efficiently. The DSU is the most effective in public international law, and I chaired it and I know, and it has delivered. So, the WTO has in general done what it was supposed to do. The trade policy review body, we continue to actually upscale it. We now have reports that monitor what measures are put in place, whether they are measures that are protectionist in nature or measures that facilitate trade. So, I would not be one to even listen to the voice of those that think that the WTO is irrelevant, or because the negotiations have stalled, that it has lost meaning. It hasn't. I think it is just as meaningful as when it was founded as GATT in 1947. There was a reason that we needed it then, and that reason I think has just grown much stronger, and the fact that, even with all that has happened in the global economic sphere, we still are sitting in this room and talking about what should be done and how we should move forward, is a clear evidence for me, that the WTO remains totally completely and absolutely relevant, and will remain that way for the longest time.

**Q: What do you believe should be the place of WTO in the structure of global governance and, in particular, its interactions with the G-20 and other international organizations such as FAO, ILO, WHO, UNDP and UNCTAD? (France)**

A: I think the Preamble of the Marrakesh Agreement is quite clear about the relationship that the WTO must have with other international organizations, with other international institutions. I think it has to be one of co-operation, it has to be one of creating coherence in the international arena. The WTO already has, I think, excellent interaction, co-operation and relationship with the IMF, with the World Bank. I think it has an evolving relationship with the ILO and has been dealing with the trade and employment portfolio, with UNEP, where I am Deputy-Executive Director and where we have had discussions with the Division on Trade and Environment here in WTO, and we were actually convincing everybody that this needs to be enhanced to take on the new issues in the environment field, including issues that relate to the green economy and what needs to be done about it. I think that it has a relationship with the High Commissioner for Human Rights Office, and that's as it should be, because what we do here is intended to ensure the welfare of countries, but more importantly of communities and individuals. So, the relationship between the WTO and other international intergovernmental organizations has to be one of co-operation, has to be one of generating greater coherence within their mandates. It cannot be one where any of the

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organizations takes over the mandates of the others. It has to be one that's consultative, that's cooperative, including with WIPO on IPRs.

**Q: What actions could be taken by the WTO to strengthen the participation of small and medium-sized enterprises in world trade, in particular their integration into the world value chain? (Paraguay)**

A: Global value chains have become an ever more prominent feature of global commercial interaction. Goods that are processed in one country are moved for value addition to a multiple of other countries. And as that happens, SMEs from different countries are actually engaged in this process. So, what can we do for SMEs? I think fundamentally SMEs have to be dealt with at the national level. I think policies, with respect to capacity building within SMEs, to ensure that SMEs are much more engaged in business, should fundamentally be formulated at the national level. But I also think that, as a result of doing quite a bit of reading on this, if we are able to engage our SMEs much more in the global value chain, for countries, for regions, and for the globe, we will be able to generate much more wealth. In fact, I remember that in a report that was written by the World Economic Forum and the World Bank, the estimation was that, if we removed the barriers that associated with this movement of goods and services, in fact global GDP would rise up to six times more than if you completely removed import tariffs. So, it is an area of potential real growth for all of us, and therefore it must receive much more attention from the WTO than it has until now. If it received much more attention than it does currently, you would be able to actually bring the issue of SMEs on the table. But currently, at least from the experience of my country and in my region, where we are dealing with SMEs that contribute to value addition, or in fact starting the processing, the whole process of the production of these goods and services, it has mainly been something that governments at the national level have dealt with. In the regions, we have created mechanisms and measures to deal with them, to encourage them, to ensure that they participated effectively, because we felt strongly that that is where most of the wealth in many of the communities could actually be created.

**Q: The DDA negotiation has been going on now for over 10 years without much success. In your presentation you referred to Single Undertaking. Do you think it is timely or do you think it is appropriate for the WTO and its Members to consider moving away from the single undertaking approach and to other new approaches in order to move the process of negotiation forward as we prepare for MC9? And in this context, what are the new approaches that you may have in mind? (Brunei Darussalam)**

A: Actually, it is not even an original thought. The political guidance that the Ministers gave at MC8 was the recognition that in fact the stalled Doha talks would not move forward unless we were able to come up with innovative ways of dealing with the DDA. And I think they had in mind the fact that the Single Undertaking, however excellent it was when it was first put in place in 2001 when we were at Doha negotiating the Doha declaration, had not delivered in 12 years. And Ministers deal with national development issues on a day-to-day basis. They come from countries where they have development plans that run for five years, and in the fourth year of the development plan, they go, sit around a table and discuss whether it works or not, what parts work, what parts don't work, how it should be improved, and how you should add value, how it should be speeded up, what needs to be done, how has the environment changed, what are the atmospheric, what other issues have come up. And in that fourth year they chart a way forward. So, after 12 years of stalled negotiation, I think the Ministers were pragmatic enough to give political guidance on the need to start to move away from the Single Undertaking. So it is not an original thought. It is something that there was guidance that was provided at MC8, and I think that guidance was taken into account when you started working after MC8 differently from how you had worked on the DDA before, and how you started working on different issues and looking at where the low-lying fruit hang, and whether that was something that could be harvested in time for Bali. So, is the Single Undertaking relevant? I think the Ministers decided otherwise. They decided that it is something that we need to move away from, that has not delivered and they had taken stock, they had reviewed it, and they gave you guidance.

**Q: Your professional career has brought you to a very high position in an organization that is trying to respond to one of the major challenges of the 20<sup>th</sup> century, now the 21<sup>st</sup>, that is climate change and the environment. How do you think that the WTO and its norms could contribute positively to respond to the challenge of bringing together trade,**



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**development and the environmental challenges that involve the continuation of life in a small and vulnerable country such as my own? (Dominican Republic)**

A: I think climate change is one of the areas that we need to pay very close attention to. I think it has the potential of, and has actually had adverse impacts on development and on growth in many countries. It is an area that we should actually seriously consider bringing into the WTO. But again, as I said, it is something that cannot be worked on by the WTO on its own. It would have to be something that is worked on in co-operation with the international organizations that have a clear mandate for climate change. But there are vulnerable economies. And I think that, in negotiating trade rules, there would be a definite need to take the vulnerabilities of these countries into account and to ensure that there is enough flexibility in the trade rules to address some of the issues that are linked to climate change and the impact that it can have on development and on the way that we live. Actually, it is probably the only threat that is out there, that can completely change the way that we live. It has the potential of doing that. So, it is something that we should definitely take into account. But again it is only the membership that can actually decide how climate change should be addressed within the WTO. But it is an issue that has acquired a lot of importance. As Director-General, I would provide options to the Membership on how to tackle the question of climate change. Members, I think, have to start thinking seriously on how this issue should be addressed. Beyond that, I will tell you that for the countries, for instance, that rely heavily on fisheries or that rely heavily on agriculture, climate change has the effect of actually ruining their economic foundation quickly and without warning, as it has happened before for especially island states. So, we need to think about the subsidies, the helpful subsidies – some refer to them as such – on fisheries that the WTO has to address. When addressing issues of agriculture as well, one has to keep that in mind. Basically, what I am saying is that climate change is one of the areas where we need much more attention than we had before.

**Q: The WTO has long been in the crisis of lacking credibility and trust after several unfortunate attempts to make tangible outcome of the negotiation. MC9 will be our next effort. Do you have any observation of the current negotiating approach and what tangible outcome do you wish to make during your four years if you are appointed? (Thailand)**

A: MC9 takes place in December. For any DG that is appointed in September, I think the hope would be that by that time, the Ambassadors that are seated in this room would have made enough progress to allow the Director-General to claim credit for any harvest of MC9 at Bali. So, I am hoping, because I really do not think that there is an appetite anywhere for a failed ministerial meeting. In any case, it would be discourteous to the Government of Indonesia if we do not work hard enough to ensure that there was a result to be harvested in Bali. And therefore I would encourage very much the delegations that are seated in this room to make sure that they actually make the best effort to harvest something that would be constructive enough to ensure that Bali is successful. In three months a Director-General coming in could maybe expedite things, maybe get consensus on issues that would have almost been concluded, but I do not think that there would be so much that one could do. So, obviously the idea would be to encourage everybody to do as much as possible here. There are areas in which a lot of progress has already been made, and I think in those areas, with the right political will, you should be able to have a solid outcome. These are areas, as somebody referred to earlier, like special and differential treatment, the monitoring mechanism; areas in agriculture, for instance; NTBs; certain areas in the services agreement; trade facilitation. So there are areas where you can actually have an adequate harvest to ensure that Bali is successful. I think the Director-General who comes in three months to Bali would have to actually look at the bigger picture. Apart from Bali, look at what will happen post-Bali, and encourage then, hoping that by then you would have a solid enough package to take to Bali, to start then discussing urgently with the membership about the post-Bali agenda, and what should happen immediately after the Ministerial at Bali. I think a Director-General who comes in then would make that his business. I think that would be what his credibility should be derived from – what happens after Bali, what he is able to convince governments to agree to do after Bali, and that agreement obviously has to be reached at Bali. So, for Bali, I think that you have already done a lot of work. In the next few months, I am convinced that you will be able to get where you need to be to ensure that Bali is successful, but if I came in as your Director-General, then my work would actually be to focus on the post-Bali agenda, so that we are able together to plan on how to move the multilateral trading system forward. But you have done a lot of work, and I think that there is enough to make Bali a success. Frankly, there have been just too many downs, that we need an up in Bali. I want this job, and I want it badly, but it doesn't matter whether I get it or

not, but I think we really need, as an international community, as a global community, success at Bali in order to just give a shot of confidence to the international community. We need that success. So, I am urging you, I am pleading with you, to make sure that Bali is not a failure. I know that the Indonesians are preparing really hard for it, and I know that they hope that you are working just as hard as they are to make sure that it is not a wasted five days. So, again, in three months, doing something that has not been done in 12 years, it would be expecting too much of somebody who was coming in from the outside. But I think together we could work on Bali, on what you'd have already agreed on, and on developing a post-Bali agenda that is acceptable to everybody, that is doable and that can be delivered.

**Q: Could you develop a little further on the issue of agriculture and what are, according to your vision, the steps to be taken so as to pursue agricultural reform, which was started under the Uruguay Round, in the short and medium-term before Bali and after Bali?** (Argentina)

A: Agriculture was one of the areas that was left over from the Uruguay Round. We have had it on the table for the last 12 years. I think there are areas, as I said, where there is low-hanging fruits and where we can reach agreement before Bali. But I think agriculture is one of the areas where we must think of a post-Bali agenda, as well. Until governments and Members are ready to handle some of the more controversial issues in the agriculture negotiations, it would be foolhardy for me, as a Director-General, to give you a prescription. I can't do that. I think it is something that the Members have to negotiate and have to agree on. But it has been a difficult issue to deal with. I fully understand that, and I fully sympathize with the fact that we have not been able to reach conclusion on agriculture until now. But again, as Director-General, I would do what all the other Directors-General may have done in the past, but I would probably do it a little bit differently. I would put different options on the table, and convince governments that agriculture is one area that we actually need to have conclusion on. So, hopefully, shortly after Bali, that can happen. But at Bali, I don't see the possibility of concluding the agriculture negotiations. Again, some parts of it, yes, where you have made progress, and you have made that together, and so it will be easy to harvest that. On the other areas, I think you would have to conclude it like we have done many times before. When we went to Doha, we had outstanding issues, we had unfinished business. We had the implementation issues that we had included in the Doha Declaration. And I think that is going to happen again. Probably, it will not be the last time that it happens, because again, as we have paradigm shifts and as different issues acquire a different level of importance, we will give more attention to some issues at a particular time than to others. There are areas where there is potential growth, that is massive, and that will need to be given much more attention than areas where you think that there isn't as much growth. So, basically, what I am saying is that agriculture has been a difficult issue to conclude, that we have made some progress on it, that we need to continue making that progress. We need to start harvesting what we can, and then working on the next set of issues, harvesting those, and working on the next set of issues. But to have, I think, the agriculture negotiations all concluded at one place, at one time, it would be difficult.

**Q: You have already said quite a bit of what you would see to be doing in the future if you are successful in this. I still would like to ask you to provide a bit more of your thinking and principle about the role of the Director-General. What is your management philosophy? You will have around 600 people to manage, a budget of CHF 200 million I think, at same time you will have to relate to the Ambassadors here and the politicians at home. So if you could expand on that I would be very grateful.** (Norway)

A: I think the Director-General of the Organization, just like the Executive Directors in the GATT are the guardians of the multilateral trading system. I think their primary focus has to be the consolidation and preservation of the *acquis* of the rules-based multilateral trading system. The other role that they have is to keep focused on trade policy trends that have any impact at all on the global economy, and to bring that to the attention of the membership. I think it is also important to know that the Director-General is actually expected to lead. And that is why he is Chairman of the Trade Negotiations Committee. I was Ambassador here for six years, and I think I had a wonderful relationship with all the DGs that served as head of this body. Currently, I am the Deputy Executive Director of UNEP. We actually have more staff than the WTO. I think managing the human resources and the financial resources that you referred to is not done just by the Director-General, that is why the Director-General has a team that he works with. He needs to lead that team. He needs to learn to delegate to the team. He needs to listen to that team. He

needs to consult with that team. And he needs, together with that team, to sit down and come up with the plans for running the Secretariat. At UNEP, we have developed a strategic plan, a work plan. We have a system of performance contracting. I think that is something that's being introduced in the WTO as well. It is important to be able to manage the Secretariat and to continue to give it hope, because I think it is difficult for members of the WTO Secretariat who on a daily basis have to continue to work for the membership, to have to cope with these stalled negotiations for so many years. So, it is the role of the Director-General to reassure the Secretariat that the shortcomings in the non-conclusion of the negotiations have nothing to do with their day-to-day work and that, in fact, because of their day-to-day work we are able to make the progress that we are making in the areas that we are able to progress on. But the WTO is an Organization that was set up to negotiate and establish trade rules. It was set up to implement and adjudicate. And the Director-General must be able to lead that process. He or she must be able to put options on the table when things get tough. He or she must be able to carry out consultations on a continuous basis and to ensure that consensus is built around even smaller groups of issues, and then try and move that out. He or she must be a leader. I think the Directors-General of this Organization have done well in the past. They have set a standard that has to be followed. But I think that we need to keep in mind that there is a clear mandate for the establishment of multilateral trade rules, the need to make sure that those rules are implemented, and to ensure that the system that adjudicates these rules is firmly and properly in place, that there is proper facilitation that is provided for a stable consensus-building negotiating platform. And that platform has to be available to the Membership all the time. I hope that I have answered your question. That is how I see it.

**Q: Still to talk a little bit about management. As new DG, would you foresee changes in the management of the WTO Secretariat? And if yes, which ones? (Switzerland)**

A: I have to be honest. I worked with the WTO Secretariat as Chairman of the Trade Policy Review Body, Chairman of Dispute Settlement Body, and as Chair of the General Council. And I found the Secretariat to be extremely professional, very supportive. Since I have worked elsewhere as well, and in Geneva I worked with other organizations as well, I think I can say that with a lot of confidence. I think that every organization, every institution, no matter how well it is doing, no matter how fundamentally sound it is, needs, from time to time, to be improved. It is a very dynamic world we are living in. It needs to be improved. We need to make some adjustments. We need to provide more tools, as these tools become available and as resources become available. So, in areas such as those, I think together with the Secretariat, we would look at ways of improving them, and we would look at ways of actually deploying the resources, whether they are technological resources or otherwise, to ensure that we are much more effective, that we can do more, that we can do it better, and that we can serve the interests of the Membership much more efficiently and effectively as days and as time goes on. This applies to all organizations. It is not a criticism of the WTO, but I think all organizations, all countries, all entities, need readjustment, they need improvement. They need to use the new technologies and tools that become available. As resources become available, we learn to do things differently, we learn to do more, we learn to do them much more effectively and much better than we did before. So, I hope this answers your question: better, more.

**Q: What will be your action plan to guarantee market access for LDCs and small and vulnerable economies? (Haiti)**

A: I do not know whether the Director-General ever offers anybody market access. I think it is something that the membership does. The Director-General encourages the membership to be much more responsive and much more available to the more vulnerable economies in their midst. So, as it is right now, you already have some flexibilities that have been provided to LDCs. You have access and concessions that have been provided, some on a quota- and duty-free basis, and others on other basis. So, as Director-General what I would do is just encourage Members to be much more sensitive to the needs of the more vulnerable Members of the WTO, and that they provide the support that these countries need. But it has to be done within the same understanding that this is a rules-based multilateral trading system, and this would be provided in the form, obviously, of flexibilities and waivers. But again, it is important that we are sensitive to the needs of the more vulnerable Members of our community here. As Director-General, I think all you can do is encourage, you can probably help in putting some options on the table, but you really cannot offer concessions to countries. LDCs are a recognized group within our Agreements, and the reason why they are a recognized group is because there is acknowledgement that you

need special consideration and special assistance and support. So I think you should be quite comfortable that, since that exists clearly firmly in the Agreement, all that I can do is to support that and to encourage Members to deliver for you.

**Q: In which way the proliferation of interest groups in the WTO may affect the work of the institution itself? (Chile)**

A: I think that any time in an institution like this one you have interest groups that are pursuing the interests of a very restricted number of countries, that in fact is harmful to the Organization. So, in what ways is it harmful? It actually allows for a certain level of exclusion, of discrimination, of opaqueness if you like, because the whole principle of transparency is affected. So, the way that I would answer that question is that interest groups, especially if they are intended to exclude the majority of countries from participation, would be harmful to a multilateral trading system that is intended to be open, transparent and non-discriminatory and for all its Members.

**Q: What do you think the priorities and the role of the WTO should be in the area of creation and capacity building of developing countries? (Uruguay)**

A: The WTO has been engaged in capacity building in the area of trade negotiations. And it has done this for a while now, for a long time. I remember clearly that, when I was here, we established trade policy courses for African countries, and there were three-months trade policy courses that were intended for middle-level negotiators, and that was the area where we had the biggest problems, where we had the biggest gaps because we had some trade negotiators who were at a very senior level, and then we had those that were actually being trained in our own institutions. But there was a gap right there in the middle and that is what we focused on. And so, we established these trade policy courses with the help of the then Director-General, Mike Moore, and there were three months trade policy courses in Nairobi for the English-speaking African countries, and in Morocco for the French-speaking African countries. I can tell you they were invaluable, because in the period that we had at least the trade policy course in Nairobi, we were able to train a whole cadre of trade negotiators – I think many of them are actually in Geneva now. This is something that must be enhanced across the board because it will actually support negotiations and it will support progress at the WTO because there will be a clear understanding of the Agreements. When we started, I can tell you for sure that those that came to the courses had no idea at all of what was contained in WTO Agreements. So, the WTO was very generous, the Secretariat sent trainers to the courses. But also from different institutions, very credible institutions across the globe went to these trade policy courses and trained these trade negotiators. I think at the end of it, Africa was much better off for having had these trade policy courses. So, I think the WTO must continue to support capacity building and more importantly in the area of actual negotiations, so that countries are better represented here, and they are able to communicate much better with the capitals on what is happening here. It is a good area of focus for the WTO going forward.

### **3. Summing up by the Candidate<sup>11</sup>**

I am a trained lawyer, and I am a career diplomat. I have had the privilege of working on major issues on the agenda of global governance and diplomacy. I believe that I am eminently qualified by training, by experience, and a track record of delivery, especially at the WTO. Although I did not go into that, I can tell you that I was a very strong delegate here, that I was able to contribute critically, constructively and openly to all the negotiations that took place while I was here, and I have had a lifetime of exposure in professional diplomacy and negotiations on a wide range of issues. And I think those place me on a sound technical footing to lead the Organization if you decide to give me this job. I left Geneva seven years ago, when I completed my final task as the Chairperson of this Council. But I never lost sight, nor allowed my attention to stray, from the issues that you dealt with on a day-to-day basis and, in fact, whenever I had the chance, I supported you at capital. I went on to work in other areas of governance – environmental governance, constitution drafting, targeted at domestic and conflict dispute resolution in a multi-

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<sup>11</sup> Under the modalities for the conduct of the meeting communicated by the Chair to all delegations on 15 and 18 January, each candidate had the opportunity to make a concluding statement during the last five minutes of the question-and-answer period if he or she so wished.

ethnic society, poverty reduction, diplomacy, and foreign policy. For my country, I delivered a constitution that had evaded us for 20 years, a constitution that has allowed us to entrench democracy in the country, to give hope to the aspirations of millions of my countrymen. But it has also provided a model for other countries in the region to follow. On this 30 January morning in Geneva, the platforms on which I ask you to evaluate my candidature are open competition, rational debate, fairness, and a fair hearing. So, on that basis, I ask for your valuable support. I have been a public servant. I would like to continue to make my contribution, and this time I would like to make it from the Secretariat of the WTO. In closing, let me say it again, that a strong leadership role in service to the Membership is vital. And I borrow from the eloquence of Sir Winston Churchill, who once famously said that "the nation will find it very hard to look up to leaders who are keeping their ears to the ground". They will never be a substitute for strong leadership. The challenge and the strength of WTO is that we are all, all of us here, leaders. We are leaders at different levels. Members expect the Director-General to lead, and that is what I hope I can offer you. I thank you for your attention.

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**ANNEX F****Meeting with Mr Ahmad Thougan Hindawi (Jordan)****1. Presentation by the Candidate**

Please allow me in the beginning Madam chairperson to express to you how profoundly honored and privileged I am to be standing in front of you here today in this meeting aiming at launching the process for selecting the new Director General of the World Trade Organization. I am truly humbled by the recognition and nomination, and I genuinely thank you and the members for giving my colleagues, my fellow nominees, and I the chance to stand before you to introduce ourselves and highlight our vision for this great institution. I would like in the beginning to thank you Madam Chairperson, member states, and Director General for your excellent leadership and command of the General Council meetings in general and this selection process session in specific. I am fully confident that your visionary thinking, wisdom, and methodical approach will result in the successful conclusion of the selection process in the matter that would best serve the organization and its members.

Also Ms. Chairwoman, and before I start presenting my vision for the future of WTO, I would like to express how honored I am to be competing among such a distinguished group of people. They are not here right now, but I just wanted you and the distinguished delegates to know that I feel privileged to be competing among such a prominent group of international officials, experts and practitioners who are all committed and have proven records towards the cause of trade liberalization. I am genuinely and deeply honored to be competing with them in the same group. Looking at this panel of distinguished nominees, ladies and gentlemen makes me reflect back on the debate that has been taking place over the past months on whether we should honor the unwritten desire of rotation between developed and developing countries for the top WTO position, or we should focus on merits, capabilities, competencies, and qualifications.. Looking at this distinguished panel of nominees ladies and gentlemen, I tell you with great confidence that the two are not mutually exclusive, they do not contradict with each other; and that we can have both. A WTO Director General from a developing country, who is highly capable and competent by virtue of his or her education and past experience to lead the organization effectively during the coming years.

When I started writing my speech reflecting my thoughts on where we are coming from in terms of the profoundly changing global economic environment, the successes and failures of the past; where we are standing right now wavering between optimism and pessimism, and most importantly where we are heading in the future, in terms of the challenges and opportunities that lie ahead, our global common objectives, and how to go about achieving them.... When all these thoughts were going through my mind, I could not but think of Charles Dickens in "A tale of Two Cities" when he said: "It was the best of times, it was the worst of times... It was the age of wisdom, it was the age of foolishness.... It was the epoch of belief, it was the epoch incredulity.... It was the season for light, it was the season for darkness.... It was the spring of hope, it was the winter of despair..... We had everything before us, we had nothing before us... we were all going direct to heaven, we were all going direct the other way." End of quote. To me, these simple words summed up my thought process. At the end of the day, it is all about "Choice" and "Commitment". Our choice, collective choice, whether we genuinely believe in and want to strengthen and progress the cause of globalization and free trade; and if so, our commitment, collective commitment, to do whatever is necessary and needed to achieve this noble goal.

We all know, Ladies and gentlemen, that world trade has gone through tremendous and profound changes over the past decades. The huge advances in the ICT Sector, the spread of multinationals with their globally integrated production lines shifting the concept of competition from one between countries to that between the value chains of these multinationals and the emergences of several regional and bilateral agreements all contributed to world trade. A recent World Bank research estimated that world exports of 2011 were approximately 40% higher than those in 2001. (in spite of the financial crises) and approximately 150% that it was in 1995. Manufacturing products' exports grew exponentially raw material exports grew steadily, while agriculture exports have been largely static During these dynamic and vibrant global economic environment, our organization was born in 1995, with a clear mandate to "be the international organization whose primary purpose is to open trade for the benefit of all"..... open trade... all trade... for the benefit of all. The core and fundamental values of Non Discrimination, fairness, transparency, and

predictability were sustained from its predecessor, the General Agreement of Trade and Tariff (GATT). Yet the WTO was different in so many ways. The "expanded scope" which mandated the WTO to address several new issues that were not addressed in GATT including agriculture, services, IPR, Non-Tariff Barriers to name a few. The "Single undertaking" principle, the "All or Nothing" approach was one of the most significant principles that aimed at and was successful in integrating the majority of developing countries more fully into the multilateral trading system. The "Dispute Settlement Mechanism (DSM) of the WTO was another major improvement of the GATT system which was staid with overly long delays from establishment to conclusion of panel proceedings, ability of disputants to block consensus, difficulty in securing compliance with panel rulings. All that changed with WTO'S DSM operating under strict time limits, no veto to power, new Appellate Body and a procedure to promote timely compliance through monitoring compliance actions and allowing for proportionate retaliation in case of non compliance. The institutional structure is another major difference. Where GATT was a trade accord serviced by a secretariat, the WTO is a serviced organization with a clear mandated and structure, greater legal coherence, biennial ministerial meetings which allow political leaders to provide useful direction to the work of the WTO. All that in addition to the significantly higher number of signatories. While GATT 23 members only, the WTO has now 157 members.

The WTO has been successful in large extent. Most of what has been agreed to during the Uruguay Round has been implemented. The overall positive impact on the global economy in terms of worldwide reduction of tariff and non tariff barriers and substantial multiple fold increase of global trade has also been profound and notably felt. The road was long and bumpy, full of obstacles and challenges, many of which still exist today. Yet, with a clear vision, un-waivered commitment, dedication and perseverance, the WTO was able to overcome the majority of these challenges. The two key challenges that I foresee continuing and needing the utmost concern and attention of the WTO, its General Council and the Ministerial meetings in the future are: 1. The Doha Round Challenge/ Opportunity and 2. WTO's Internal Reform.

The Doha Round Challenge / Opportunity:

The Doha Round was launched in 2001 with a fundamental core objective of improving the trade prospects of developing countries. Analysts and critics have used several terminologies to describe the round. They used words like "deadlock", "gridlock", "impasse", "stalemate", "undoable", "collapsed" or even "limbo", to describe the round. Some even pronounced it "dead", calling for "a dignified burial for the decade-old trade round". I do not subscribe to any of these descriptions and conclusions. The Doha Round is a process, a negotiating process... A multilateral trade negotiating process that covers a wide range of issues... A process with its highs and lows. Sometimes going faster or slower than other times, which is natural and should be completely expected. After all, the Kennedy and Tokyo Rounds which involved a significantly fewer number of countries and issues took years of negotiations. The Uruguay Round with 133 countries lasted eight years. So, looking at this historical benchmark, one can not but wonder, was it really a realistic target to expect that the Doha Round, with its expanded scope and membership, will be concluded in 4 years? When highly motivating unachievable targets are set from the beginning, frustration and disappointment will follow. This does not mean in any way that the process is dead. I fully subscribe to Mr. Lamy's conclusion in a 2010 statement when he said: "The only thing that is surprising in the Doha Round is that anyone is surprised".

Despite the fact that the The Doha Round is technical in nature... The key challenge facing it is political as many correctly perceive it. Should new trade liberalization prioritize market access or prioritize implementation and development. It is a matter of "Leadership, Choice and Commitment"...

The cost of a failed round is so huge and detrimental that no one developed and developing countries, can afford. A Complete failure will lead to complete loss of credibility and confidence in WTO as a whole, hence it will severely impede its ability to progress forward with any new multilateral trade rounds in the future. Moreover it will undermine the organization's legitimacy and relevance hence its ability to maintain its current respectful posture with respect to its other core, effective, successful, well respected and adhered to functions including dispute settlement and trade policy review.

Can the world afford such detrimental results??!! I un-equivocally, unhesitantly, and unapologetically say: "No it cannot...".

The Second high priority challenge / opportunity that the organization faces is its ability evolve.. to change.. to reform itself... from within to be able to effectively and efficiently meet the external future challenges that lie ahead. There is a wise saying that goes: "If you do not change.... You will change." I totally subscribe to this point of view.

The reform areas that I am proposing are categorized in Five main categories and (22) specific areas of reform as follows: 1. WTO Key Functions, 2. WTO support functions/ Institutionalizing the Institution, 3. WTO Governance and Structure including DG and Secretariat roles, 4. WTO Key Principles and Approaches including Single undertaking, and consensus voting, and 5. WTO Interaction with Stakeholders.

## **2 WTO KEY FUNCTIONS**

### **The dispute Settlement Mechanism**

All agree that the establishment of this highly respected system enables all members to resolve trade disputes in a fair predictable and relatively rapid manner. It has been highly successful in fulfilling its main functions of fostering the resolution of trade disputes. The regular use of the system by both developed and developing countries gives a strong indication of their confidence in a dispute settlement mechanism that many consider to be a role model for the peaceful resolution of disputes in other areas of international political or economic relations.

Some Challenges that face this highly successful system relate to the ability of the Secretariat to provide technical assistance to developing countries enabling them to fully understand and utilize the mechanism. Secretariat ability to satisfy this mandate is limited, as it is in other mandates due to scarcity of resources.

Overall, the system remains to be highly successful. Because DSM helped many developing and developed countries already, all are taking care to comply with its rulings.

### **The Trade Policy Review Mechanism, Notifications and Surveillance**

The Trade policy review (TPR) mechanism is invaluable to WTO's mission and objectives. Over the years, it proved to be highly successful. The Secretariat's work of providing listing of notification requirements and members compliance and circulate them on semiannual bases, supported by an annual report by the DG. A core task of paramount importance for the WTO is to be able to generate, compile and publish such information and data. Strengthening this function in addition to strengthening WTO's cooperation with other international organizations such as the World Bank, UNCTAD, and ITC in this respect is of high importance.

### **Building Capacity for Developing Countries**

I strongly believe that this is an issue of great importance and concern to the majority of members of the WTO. The over whelming majority of developing countries have made a strong and unwavering commitment to liberalize their economies. Yet many of them still lack the necessary knowledge tools that can allow them to make this integration a successful one that will have a noticeable positive impact on global trade. The WTO has been successful in organizing numerous technical cooperation missions at home countries as well as courses for government officials at Geneva every year. Efforts, that are widely recognized and appreciated. The major initiative for conducting these capacity building efforts has been the "Aid for Trade" program. A key challenge for the future will be to seek continued and sustained funding through highlighting its importance and impact on world trade. I believe that such a challenge should be on the high priority list of WTO members in the future.

Some propose spinning off that component into a separate entity in order to enhance the effectiveness and efficiency of WTO's technical assistance functions. Such a suggestion can be considered by the General Council in the future in consultations with WTO's key stakeholders in parallel with sustaining and strengthening the "Aid for Trade" program.



## Accession Process

It is of profound importance to have one rule to govern the accession process. Having more than one standard will have a detrimental impact on the credibility of the system. At the same time there are many who perceive the accession process as being too long and over complicated. In the time when we are steadily moving toward universal membership under the multilateral trading system, and focus is made on supporting developing countries globalization efforts, it would be conducive for members to think of innovative ways to streamline the accession process without compromising its effectiveness or creditability.

### 3 WTO SUPPORT FUNCTIONS/INSTITUTIONALIZING THE INSTITUTION

The second major category of WTO reform deals with institutionalizing the institution. In the 21<sup>st</sup> century, no organization can and should operate without a well defined corporate vision, identity and culture and without adopting management practices in accordance with international best practice. Some argue that because the WTO is so unique in so many ways in terms of the nature of the organizations, its mandate, global reach and impact, and functions; that such uniqueness would justify it not having such as corporate identity and culture and adopting such managerial practices.

While I totally agree and concur with the logic of WTO's uniqueness, yet I disagree with the notion that such uniqueness should justify and prohibit the organization from implanting and institutionalizing a proper corporate culture, and developing and implementing management systems that will excel the organization's performance. Accordingly, I genuinely believe that the WTO should, as a high priority, develop such a corporate culture and structure through:

1. The development of a comprehensive strategic plan for the organization that contains proper and well defined vision and mission statements, core values, long and short term strategic and operational SMART objectives and KPIs and action plans to be accurately and sustainably implemented.
2. A comprehensive and integrated organizational performance evaluation and assessment system. Such a system could be based on monitoring the achievement of the organization's strategic and operational KPIs in addition to stakeholders perceptions including members, business community, partners, employees, public...etc.
3. A comprehensive human resource management and development system that will insure that the most capable staff is recruited and retained. This involves developing and implementing a strategic HR plan and systems that covers HR planning, recruitment, career paths, performance evaluation, training and capacity building, salary structure, financial and non financial incentive schemes, and internal communications.
4. Systems, processes, procedures and templates documentation in accordance with international standards.
5. Strengthening WTO's ICT capability to serve their members in the most effective and efficient manner. There are countries who are WTO members but do not have representatives in Geneva. There are some who are not able to attend the important meetings of the different Council's, boards, committees, and groups. Some even miss on the General Council and Trade Negotiations Committee. This issue can be resolved by enhancing and strengthening the organization's ICT capabilities to enable them to participate through video conferencing in the most effective and cost efficient manner.
6. The budget of the organization, as its manpower, is among the lowest compared to other international organizations of similar structure and importance. The issue of WTO's budget is always a highly sensitive issue one of distribution of obligations and rights again. Nevertheless, member countries must always keep in mind that the WTO is a crucial instrument for managing an increasingly globalized economy, hence their minuscule share of national budgets produces that far outweigh the cost of investment. This high return on investment should be reflected in appropriate annual increases in the budget accompanied with enhance internal effectiveness and efficiency of the organization's performance.
7. And finally, improvement is a continuous and never ending process. As a wise man once said "in the race of excellence, there is no finish line..." There is a wealth of knowledge of suggestions on how to reform and continuously improve the organization as previously noted. The sources for such very valuable suggestions are numerous. From internal councils, committees, and board reports, representatives' comments and reports, Secretariat staff suggestions as well as external partner organizations, academics, experts, writers and critics,

business community, and public at large. In spite of this wealth of knowledge and its numerous sources, yet there is no structured and institutionalized system for capturing all of these suggestions in a timely and continuous manner, analysing and studying them, and putting them forward for the General Council and Ministerial meetings for their actions and decisions. This is in my opinion one of the most internal systems to be developed and implemented as it will insure the continuous evolution of our organization.

#### 4 WTO GOVERNANCE AND STRUCTURE

While I totally and fully concur with the principles of a “member driven” organization and the “honest broker” role of the DG, yet I genuinely believe that the correct question should be on how to enhance DG’s and Secretariat effectiveness in order to empower and enable them to assume their fair, neutral, and transparent honest broker role and serve their “member driven” organization more effectively. Article VI (2) of the Marrakesh agreement calls on the ministerial conference to “adopt regulations setting out powers, duties, condition of service and term of office for the DG”, a thing which has not been done yet. Some critics argue that due to the uniqueness and sensitivity of the organization, a DG does not need a Job Description. I do not concur with this argument. Yes, the DG has to have the necessary high competencies and capabilities to lead and manage the organization, but that does not warrant or justify not having a job description, a thing that will negatively impact the long term interest of the institution and its members. The same arguments apply for WTO’s secretariat. Approximately (600) highly skilled and qualified staff who are completely devoted to WTO’s mission and are well respected by all. Yet, they are extremely spread thin among the organizations functions; administering and servicing the agreements and standing committees, dispute settlement, negotiations rounds, trade policy review, Appellate Body, Economic Research and Statistics Division, administration and finance... etc. They comprise the institutional memory for the organization. They provide valuable advice to delegates, business groups, NGOs.. etc, and they present the organization to the outside world. Some argue that a “Member Driven Organization” would warrant a passive role of the Secretariat where its role should be solely for support and not take the initiative. I do not concur with this point of view. Yes, the Secretariat has a duty of absolute neutrality with respect to rights and obligations of members, and it may not take decisions or actions in a manner that prejudices those rights and obligations. However, I believe that a more passive and timid role will lead to losing effectiveness and efficiency on the longer term, hence impeding the Secretariat’s ability to service its members who will be the principle losers of such an approach. A “member driven” organization means to me that the Secretariat should be proactive in accurately and sustainably identifying members’ needs, requirements, and aspirations and proactively taking all actions necessary to meet those needs. The DG and Secretariat should be proactive in promoting and praising the multilateral trading system and its benefits to all stakeholders through all means available (speeches, publications, presentations, outreach to the business community and NGOs...etc). They should be proactive in monitoring trade policy development, alerting members to protectionist trends; similar to what they did during the 2008 financial crises. As for the number of DG deputies, it has been customary to appoint (4) deputies which allows for some geographic balance. Some argue that this is too much, and in a “member driven” organization with a passive Secretariat, one deputy DG is sufficient and will contribute to cutting costs. I see merits in maintaining (3) deputies. One of whom to be the most senior, a CEO equivalent who would run the Secretariat and chair respective committees and who would be of opposite development orientation from the DG. The other two to lead the technical assistance function and engagement with stakeholders / WTO information dissemination function which I believe of high importance.

Overall, I strongly believe that a comprehensive review of the DG and Secretariat roles and functions should take place by the General Council based on members’ needs, requirements, and aspirations with the sole objective of enhancing their effectiveness and efficiency and empower them to perform their tasks with great competence.

There are other ideas that the General Council may consider in the future including stimulating the “Consultative Council” as an advisory council with members representing different stakeholders. Also the frequency of ministerial meetings to be yearly instead of every two years especially in light of the political challenges that current negotiations are going through. The same logic is also driving suggestions to conduct “Economic Summits” for world leaders every two years. This will have a very positive impact in setting a clear vision for the future of multilateralism, solve political differences relating to distribution of rights and obligations hence it will restore confidence in the system and convey a very positive message to external stakeholders. The number and roles of the

DDGs can also be discussed by the General Council to enhance effectiveness and efficiency as well as put emphasis on areas of importance like Technical assistance to developing countries and stakeholder engagement.

## 5 KEY PRINCIPLES AND APPROACHES

### Single Undertaking

The "Single Undertaking" principal was one of the major and noticeable differences and improvements over the "a la carte" practices of GATT. One of the core objectives of the unique "take it all, or leave it all" approach has been to incentivize, stimulate, accelerate, and deepen developing countries' trade liberalization efforts and integration with world economy, and so it did. Another key benefit is that it allowed for a win-win-win situation whereby everybody gets a piece of the pie whether developed, emerging or developing and least developed. Market access, implementation, and development issues can be negotiated in a comprehensive, integrated and linked manner. Some skeptics of the "Single Undertaking" approach are arguing that the principle is complicating the process now with 158 members and counting with numerous issues on the table to be negotiated. A genuine and honest debate has to be sustained among members on this core and fundamental issue keeping focus on the long term impact of the adopted approach on the well being of global trade liberalization.

### Consensus Voting

The "Consensus" principle has a long history in GATT. I fully appreciate the objective and benefits of such a principle. First, it ensures full ownership of the members of the issues being discussed and negotiated on, hence there can be no future excuse or justification for lack of compliance. Moreover, the principle prevents the interests of the "few" whether "weak" or "strong" to be stream rolled" by those of the "many", hence it is an added fairness safeguard measure. HE Pascal Lamy indicated that there is "consensus about consensus". Some argue that the concept of "VETO POWER", whether put in the hands of the few, the many, or in the hands of all is an undemocratic practice. It may have a negative impact on the effectiveness and efficiency of the system. The key question here is that: is there a system that will allow a higher degree of effectiveness and efficiency yet allows for flexibility and the interests of the few to be recognized, appreciated and preserved. An important issue for the General Council to consider.

## 6 WTO INTERACTION WITH EXTERNAL STAKEHOLDERS

Proactive and continued positive engagement with all stakeholders is of paramount importance to enhance transparency and spread WTO's message to the world especially the part dealing with "to the benefit for all", hence filling the communication gap with clear and positive messages. Member countries have a huge responsibility in this respect. However that does not negate the fact that WTO itself has to be more proactive in its engagement and more vocal in spreading the message. WTO DG and Secretariat have to intensify their efforts with the media and with member countries to launch national and regional awareness campaigns about the WTO. Other proposed suggestions which may be considered by the General Council include: 1. Opening up WTO's Executive Council for more representation from stakeholders, 2. Publishing WTO agreements in "User Friendly" language for the business community and the public at large. 3. Establishing suggestions and complaints management systems and satisfaction assessment systems to allow WTO to receive, analyze and effectively and promptly respond to them. 4. Strengthening linkages to higher education institutions to develop and deliver trade liberalization courses and extend outreach educational programs to the private sector. 5. Strengthening cooperation with other international organizations (WB, UNCTAD, ITC...etc) especially with respect to research and providing technical assistance to developing and least developing countries.

After viewing the WTO's key challenges of the future, and the proposed vision and clear plan to deal with such challenges and excel our organization into the future, a fair question, distinguished delegates, would be: in light of these challenges, vision, and plan what would I be able to bring and add to the WTO in the case of my selection? What edge would I have over other highly competent and capable contenders?

The things that I will bring with me to the WTO DG position ladies and gentlemen are in two folds, one relating to my country, Jordan, and more importantly what it represents, and the second relating to my own personal merits.

With respect to the first factor, I will bring with me my country's neutrality, diplomacy, strong political and economic relations with all, developing and developed countries. I will bring my country's heritage as well as modernization; its history and forward looking; its appreciation for the needs of developing countries as well as its strong commitment towards trade liberalization and market access. I will bring what Jordan has always stood for, being an honest and fair broker among contending parties; acting as a bridge between the East and the West; the South and the North.

As for my own personal merits, I will bring with me my strong unwavering conviction and commitment to the cause of trade liberalization. I will bring a proven track record of 25 years, 18 of which were in senior positions in the government devoted to trade liberalization. I will bring strong negotiations experience and capabilities that I utilized as one of Jordan's key negotiators of its WTO accession as well as its key regional and bilateral FTAs including the ones with the Arab World, the US, Europe, and numerous developing countries. I will bring 8 years of robust private sector experience with multinationals and a leading regional consultancy firm that I proudly established and lead. A firm that is devoted to organizational reform. Such strong and relevant private sector experience is unique to my fellow contenders, and I believe will be highly conducive and of high value to WTO's future reform efforts. I will bring my academic knowledge devoted at and specialized in restructuring sectoral policies for productive sectors in developing countries with the aim of integrating them within global economy. I will bring with me proven leadership and management skills recognized nationally and regionally. I will bring a fresh outside look of someone who was not part of or directly involved in the system for the past years, nevertheless one who is fully aware of all its particularities from his experience before. I will bring energy, freshness, enthusiasm, innovative out of the box thinking, methodical approach and a clear vision for the future of the organization. If I am honored and privileged to get your confidence, I look forward to closely working with you all to deliver on our promise. I believe in what this great institution stands for. I will be an impartial, fair, honest broker and partner to all working hard to understand all views, increase alignment, narrow the gaps and most importantly continue to move forward.

## 2. Questions and Answers

**Q: What is your assessment of the main reasons behind the difficulties in the Doha Round negotiations? And what is, in your view, the possibility of making concessions? And by who is it, so to say, possible to make such concessions in order to complete the negotiations? (Bulgaria)**

A: I strongly believe that the main challenge of the Doha Round is political, as the issue of contribution of rights and obligations. The core issue is: should the new trade liberalization focus on market access issues or implementation issues or development issues, as the Doha Round was established and was kicked off focusing on this notion of development? There are many who argue that 80% of the Doha Round has been concluded, yet the remaining 20% is the tough part. Yes, I believe that a successful conclusion can take place. Of course, there are many options that are currently put on the table. There are some who are calling for an early harvest – or what they call a mini-Doha – to be approved. The logic here is: to approve something is much better than to approve nothing and continue in this so-called deadlock. There are others who may argue that the Single Undertaking principle was a core fundamental principle of the World Trade Organization. They would argue that the Single Undertaking process, its main objective, was to fully integrate developing countries into the world economy. And it so did over the past years. One other key objective of the Single Undertaking approach is that it has these linkages between market access, implementation, development, trade rules and so on. So, this will enable everybody to win. It will be a win-win situation for everybody. Everybody will get a piece of the pie, in a sense. So, whether the Single Undertaking approach, or approving an early harvest, or a mini-Doha, whatever approach is selected by the General Council – again, this is a Member-driven Organization – you, the Members, you decide on what approach you see as appropriate for the future of this Organization, having the long-term impact on multilateralism in mind. As Director-General in the future, I will provide the forum for continuous negotiations on this issue: shall we stick to the

Single Undertaking or shall we go for other approaches? I will provide the support, I and the Secretariat, who are a group of extremely competent people, will provide the support, the assistance, the statistics and analyses in order to serve you, the Members, to decide on whatever approach is acceptable. Two things I need to stress are: the benefits of concluding Doha Round and the costs of not concluding the Doha Round. There are several World Bank statistics that are arguing that concluding the Doha Round with whatever has been agreed upon so far will lead to increases in overall trade growth internationally by \$360 billion, out of which 160 billion from new market access. So, the opportunity is huge to conclude the Doha Round with whatever has been agreed upon. Again, the costs of failure are detrimental to everyone. It will impact the credibility of the Organization, its ability to move forward to very important new issues, and it will negatively impact the currently very successful operations and functions of the World Trade Organization, the DSB and the trade policy review. Even if the early harvest was adopted, the General Council may also focus on studying how to go about concluding the remaining sticky issues of the Doha Round, so as to start negotiating the new issues with great confidence and with higher probabilities of success.

**Q: We would like to hear your views on the role of plurilateral initiatives in the context of the multilateral trading system. How should these plurilateral initiatives be designed in order to create opportunities for the WTO and the multilateral trading system? (Belgium)**

A: There are two points of views. One, supporting the Single Undertaking for the points that I just mentioned in my answer to the previous question, i.e. the linkages between the different parts, the market access, the implementation, the development component, accelerating the integration of developing countries within global economies. So, these are the pros of sticking to a Single Undertaking approach. Some are arguing that the Single Undertaking process might, in some cases, complicate the process. It might elongate the process, especially with so many issues on the table, and so many countries negotiating these issues. So, plurilateral agreements are put forward as one of the options that some perceive as being effective, as being an opportunity to get a success story in a quicker manner than sticking to the Single Undertaking approach, since you will have a fewer number of countries negotiating such agreements and a relatively narrower scope for discussions. There are merits in such arguments. Again, you are the Members of the Organization. This is a Member-driven Organization. It is not up to the Director-General to say which is the more appropriate approach. Each argument has a counter-argument, and there are merits in all the arguments. So it is up to you to say which one is the more appropriate approach, keeping in mind the long-term benefit and prospects of the multilateral system. So, it is in your hands. The role of the DG is to provide the forum for you, the Members, to decide which approach you feel is more appropriate.

**Q: We have seen the proliferation of FTAs over the years. With the difficulties in the Doha negotiations and the growing numbers of WTO Members and the difficulty to achieve consensus, many Members have started to look at FTAs and have signed a number of FTAs. Do you think that the WTO is at risk of becoming less important in the near future? (Brunei Darussalam)**

A: During the mid-90s, Jordan, my country, as many other countries in the world, developing and developed, pursued this line of bilateral and regional free trade agreements in parallel with its pursuit to the multilateral system and its efforts to accede to the World Trade Organization. At the time, we did not feel that there was any contradiction between the two. We felt that we could stimulate growth by adopting these bilateral and regional trade agreements and, at the same time, complement our efforts within the multilateral trading system. We just made sure that all of our agreements, bilateral and regional, are in full compliance with the WTO rules. Again, when you negotiate an agreement with one partner or a limited number of partners, on a limited number of issues, there is a high possibility of a speedy conclusion and of reaping the benefits of such bilateral and regional trade agreements. Of course, I do not foresee bilateral and regional free trade agreements stopping in the future. Yet, at the same time, I believe that if we ensure that such agreements are in harmonization and in full compliance with the transparency mechanism that ensures that such agreements do not contradict WTO rules, then things can progress. Again, I need to stress this: you are the Member countries, it is a Member-driven Organization, it is up to you to decide the approach. The only thing that we need to keep focusing on is the long-term benefit and the long-term impact on the multilateral trading system.

**Q: Several wider issues related to trade that are not part of the Doha Round negotiations – in other words trade and investment, trade and competition policy, transparency in government procurement, etc. – are becoming increasingly relevant to traders worldwide. How and when do you believe that the WTO should or could engage or re-engage with these issues? (Finland)**

A: As you correctly said, we are living in a dynamic environment. We are living in a vibrant economy. Things are continuously changing and will continue to do so in the future. The issues that you correctly mentioned – the climate issue, the investment issue, and so many other issues – are of extreme importance and should be dealt with within this great Organization. The question is, as you correctly said, when to go about negotiating and discussing them, how to go about concluding what we have in our hands, the Doha Round, before we can move very strongly and very effectively in discussing newer issues. So, I believe that we need to get a success story. We need to build up the momentum in order to ensure that future negotiations are successful. So, we need to set them for success. And we can do that by ensuring that we are concluding the Doha Round with whatever approach that you feel is appropriate so as to enhance the prospects of success for the negotiations of these very important new issues that should be taken seriously as soon as possible.

**Q: Do you think that the WTO legal framework is sufficiently clear with regard to export restrictions, or should there be a supplementary provision? (Estonia)**

A: This is a very important point that needs to be discussed further. I think discussions regarding this issue have progressed and there are significant pluses that have been achieved so far. But I think continuous discussion has to take place. The Members should take the decision and the Secretariat and the DG can provide the support for such an important issue.

**Q: The current trend of global value chains in goods and global supply chains in services has challenged the WTO Members to adjust their trade policies, such as tariffs, rules of origin and regulation, in order to benefit from international trade. Transparent and just global trade rules are increasingly required. How would the WTO face these new challenges and ensure that trade continues to contribute to development? (Indonesia)**

A: As I noted in my introductory remarks, we are currently living in a very dynamic environment and one of the major things that have occurred over the past two decades is the emergence of multinationals, with their international value chains, with their international forward and backward linkages. So, the notion of competition has dramatically changed. It is now an issue of competition among different value chains; not only the North-North co-operation, not only the North-South co-operation, but such value chains are enhancing the forward and backward linkages among the South-South co-operation between developing countries, which will increase and enhance the value adding prospects, which will enhance the positive impact on growth in these countries, which will contribute significantly and positively to solving many of the core problems that we are facing, such as employment and poverty. The development component is a core component of the Doha Round. The aim is to enhance the trade prospects for developing countries. I believe this is a very crucial issue for the World Trade Organization. It has focused on this issue of development in the past, and I believe that the Organization should maintain its focus on development through the special and differential treatment and the less-than-full-reciprocity rules that are embedded in the system. The needs and aspirations of LDCs and small and vulnerable economies should be taken into account. I believe that the World Trade Organization has done a lot in terms of technical assistance and in terms of providing such much-needed assistance to developing countries. Technical assistance missions are sent to numerous countries. The WTO has received many government officials from many countries in the world in order to attend courses in this respect. The Aid-for-Trade programme has been able to utilize \$200 billion since 2005. So, great initiatives have been done by the World Trade Organization over the past years relating to this issue of development. I believe that the General Council should maintain focus on this very important issue: how to grant assistance and how to actually achieve this obligation and this right to developing countries to integrate their economies. I sorely believe with great confidence that the majority of developing countries has made a significant commitment to liberalize their economies and to integrate their economies within the world market. They just need the assistance. Sometimes they lack the technical tools. Sometimes they lack some of the awareness components. So, as an Organization, it is the right of the developing countries to get

such assistance. So, this is an important issue and, as Members of the Organization, this is an issue for you to keep focusing on and decide how you want to go about strengthening this development component further in the future.

**Q: I would like to ask the question relating to this Organization's decision-making base of full participation, inclusiveness and transparency. But we have a green room process. What is your balance between the two processes, and what would be the criteria for you to choose Members for the green room? (Chinese Taipei)**

A: The consensus concept, as you know, is a very fundamental and very core issue of the WTO that has its long history from the GATT. I think there are huge benefits of the consensus system. One, it ensures the buy-in of all Members to the questions that are being discussed and that are being negotiated. When you have full involvement, when you have full participation, you ensure the ownership. Hence, you ensure minimizing the assistance for the future with respect to the implementation. You ensure full engagement in the implementation process. So, the consensus leads to full ownership, which facilitates the future implementation of the process. The green room is a tool whereby the decision-making process builds up gradually in order to reach that consensus. I do not see a major contradiction between the two processes, as long as we do the approach in a fully transparent and a fully participatory manner. And, as for the Member states, if you believe that there should be a sort of guidelines regarding the membership and green rooms, who participate and how, to ensure comprehensive participation representing all the major groups within the Organization, you are a Member-driven Organization, and you can decide upon these rules. I will provide the forum. I will provide the support as Director-General, as well as the statistical support and the analysis support of the extremely competent and qualified Secretariat. But as long as, as you correctly said, transparency and consensus are major issues, the issue for you to decide upon is how to ensure that both do occur and both do complement each other.

**Q: In your introductory remarks, you rightly mentioned that the core principle of the WTO is the full integration of all Member states. Against this background, what specific steps will you take to reverse the marginalization of LDCs, to meaningfully integrate them into global trading system by ensuring their fair share, which stands currently below 1%? (Nepal)**

A: If we are talking about the accession process, if we are talking about how to ensure the universality of the Organization, to incorporate all of the other remaining countries who are outside the Organization, this is one part, I believe, of your question. And the second part relates to the development component, especially to LDCs and the SVEs, if I understood your question correctly. As for the first part, the accession process, I genuinely believe that there should be a clear and well-defined guideline governing the accession process. It is a very risky issue to have a double standard that may affect the credibility of the whole process. Yet, at the same time, there are many who believe that the accession process can be complicated, can take a long time to conclude. An average of 10 to 12 years for a country to acceded to the World Trade Organization is perceived by some as being too long, very difficult for the nations to maintain the momentum and maintain the interest in such an approach. So, I believe this is a very important issue for the Member countries to keep focusing on: how to ensure that the guidelines are set and are very well defined, yet at the same time to ensure the effectiveness and efficiency of the system in a manner that will allow for streamlining the process and allow for special and differential treatment, taking into account the needs and aspirations of the small and vulnerable as well as the least developed countries. The second component, how can we integrate those very small nations in terms of contribution to global trade within the international economy? Again, the Doha Round is based upon a development component. I truly appreciate and understand that least developed countries have their uniqueness, and such uniqueness has to be taken into account when dealing with such nations. The issue of development, the issue of technical assistance, the issue of special and differential treatment, all such tools should enable countries to integrate their economies and liberalize their trade. However, I have to say that everybody has to contribute to the multilateral system, whether small or big, all, according to the level of development, has to contribute to the system. Yes, it is the rights of developing countries to get assistance from the WTO to enable it to integrate itself more, but at the same time, any country should take its share of contribution based on its level of development.

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**Q: I would like to ask how you see the role of the Secretariat, and is it possible to enhance its capacity but preserve neutrality and not interference in the Member-driven Organization?** (Ukraine)

A: One of the five major categories that I am proposing in my plan relates to the governance component, the DG's role and the Secretariat's role, and the other parts of the governance structure of the Organization. I truly concur and totally approve of the concept of a Member-driven Organization. The WTO is a Member-driven Organization; Members take the decisions of the Organization. Nevertheless, I do not agree totally that a Member-driven Organization would require the Director-General and the Secretariat to take a timid or a passive role. To me, a Member-driven Organization means that the Director-General, as well as the extremely and highly competent staff of the Organization, should identify the needs and requirements and aspirations of the Member states and should proactively try to implement initiatives, to implement and to achieve those needs and those aspirations of the Members. This is how we serve Member countries best; much better than the passive and timid role. The Director-General and the highly competent Secretariat should be much more vocal in spreading the word and the positive message of the World Trade Organization, so as not to leave a communication gap or a communication vacuum. Yes, the Member states have a very important role in this respect, but also the DG and the Secretariat also have a role, a very positive and proactive role to play in this respect. I'm giving only one example, when the 2008-2009 deep financial crisis hit, there was an internal mechanism to monitor and follow up on the protectionist measures taken by some countries in terms of bail-outs. That was a proactive measure by the Secretariat that was highly appreciated by the Member countries and, I think, was highly beneficial. It prevented, in a sense, the world from spiralling back into protectionist measures that we witnessed in the past recessions of the 1930s. So, I think the Secretariat have to understand the needs and aspirations of the Members and act proactively in serving the Members. The WTO Secretariat is composed of 600-plus staff, extremely spread thin over so many functions: core functions, following up on agreements, the dispute settlement, the Appellate Body, the technical assistance component. I think they deserve from all of us all the respect for all of the diligent and hard work that they have been doing so far. We need to keep on incentivizing them to do their best in a manner that will serve Member countries best.

**Q: Regarding the relationship between trade and the environment, do you think that the GATT rules are sufficient or should there be changes in order to meet the needs of environmental policies? Do you think that developed countries' environmental measures could create trade barriers for developing countries?** (Argentina)

A: The issue of environment and climate change is an issue of high importance. All of us are impacted, one way or another, by the environment. On the issue of whether the current regulations are sufficient or not, there are many who perceive that they are not. That is why they are suggesting the issue of trade and environment and the issue of climate change to be among the high priority list of the new issues to be discussed in any future round. So, I believe, it is crucially important for the WTO and its Members, at the appropriate time, when we get this success story and proceed forward on how we are going to deal with the Doha Round. I think that this issue is a very important issue that should be discussed by the Member states in order to reach a resolution or an agreement that all can agree on. The DG and the Secretariat can provide the support, can provide the analysis of whatever argument, for example on who has the most impact, positive or negative, on the environment. The Secretariat can provide the analysis and the statistics to Member states so as to equip them to make very informative negotiations on the issue. Definitely, this is a high priority issue that should be discussed as a high priority in the future.

**Q: The global economy is not yet out of the woods. Unemployment will be persistent and a problem for all national governments. Hence, there will be political pressure for protectionism, which will understandably remain in the near term, including through non-tariff measures. Over and above what is already in place today, what more can or should the WTO do to ensure that markets remain open and continue to be open?** (Singapore)

A: The issue of poverty, the issue of unemployment, the issue of growth and how to overcome the detrimental impacts of the financial crisis of 2008-2009 that many countries in the world are still recovering from and attempting to recover from, is a core issue. It is a fundamental issue for all developed and developing countries. It is a huge challenge that all of us, all Member states, are



facing. So, the issue is: how to focus on how to continue and maintain trade liberalization. I believe, as I said before, that there are several measures that have already been taken by the World Trade Organization that provided a safeguard, that provided a sort of impediment, that did not allow the world to go into the protectionist measures of the past. Yes, there were bail-outs in some countries. Yes, there were some measures of protectionism. Yet, they were limited in scope and limited in duration. So, I believe that one of the high successes of the Organization is that it was able to achieve that. It was able to prevent the world from spiralling back into protectionism. What I would, again, suggest, in order to enhance this very positive achievement of the World Trade Organization, is the conclusion of the Doha Round. We need to get a success story. We need to get the wheel running, in a sense. It is an issue of political direction. It is an issue of the contribution of rights and obligations. And where there is a political will, things can progress forward. So, maintain what we have done, progress forward to conclude the Doha Round and press forward with the new issues.

**Q: In your introductory comments, you referred to small and vulnerable economies. Could I ask you to speak a bit more about your views concerning these economies, and how the WTO, in its mandate, can help these countries achieve growing integration in international trade?** (Dominican Republic)

A: Again, the development issue is a major issue that the World Trade Organization has been focusing on and should continue focusing on, especially with respect to LDCs and SVEs. I fully appreciate, sympathize with and understand the needs and requirements and aspirations of least developed countries and small and vulnerable economies. Again, I strongly believe that the commitment is there, by those countries, to integrate their economies within the world market and within the global market. Yet, they need assistance. The WTO Agreements highlighted as a right for such countries to get such assistance, to get such special and differential treatment and to get the less than full reciprocity that they need in order to enable them to integrate their economies better and to reap the fruits of liberalization. The World Trade Organization can continue and maintain doing what it has been doing, and strengthening it. I talked about the issue of technical assistance. I talked about sending missions to assist those countries in a manner that will build the capacity for those countries. I talked about the training courses for government officials and about the Aid-for-Trade programme. The Institute for Training and Technical Cooperation (ITTC), as well as the Advisory Centre for WTO Law, provide such assistance and such training to such countries, to LDCs. We need to keep the momentum. We need to strengthen the efforts of the World Trade Organization in granting such technical assistance. One of the suggestions that was put forward by some in order to enhance the effectiveness and efficiency of this technical assistance component was to spin off that function in an autonomous entity, whereby all our partners, the World Bank, the UNCTAD, the ITC, and the OECD, might participate. That could be a solution to enhance the technical assistance operations to developing countries and especially LDCs. So, again, this is a very important issue, a very core and fundamental issue, and the Member states themselves should discuss and negotiate among themselves how to strengthen such an activity because of its impact. I totally agree with the sentiment that any assistance to those countries is not charity. It is a right for those countries to have such assistance. It is a right embedded within the WTO regulations and the WTO rules. As an organization, as Members, we need to always focus on this important issue to investigate ways to strengthen this function and make it more effective and more beneficial for LDCs.

**Q: Each DG has a strategic view on how negotiations should be held on a multilateral basis, as the DG automatically becomes the Chair of the Trade Negotiation Committee. Could you perhaps tell us what your strategy would be as Chair of the TNC? How would you differ from those who have preceded you?** (Honduras)

A: As you correctly said, the DG chairs the TNC Committee and this is a very important role that he or she has to maintain in the future. I think that Mr Pascal Lamy has led that Committee in very difficult times. He tried to understand the different points of view and tried to negotiate and tried to bring the arguments closer. He achieved the progress, but still we do not have a conclusion for the Doha Round, which is a high priority challenge for the future to conclude. I will continue and strengthen my engagement with all Members. I will try to understand more their points of view relating to the different issues. As I said in my introductory remarks, all arguments have merits and there are counter-arguments and counter-counter-arguments to each argument. If there is the political will, I strongly and genuinely believe that we can bridge the gap. So, I will strengthen my close co-operation and close connection with all delegates, with all Members, with

all political decision-makers, in order to try to get that political consensus on how to move forward. There are numerous suggestions about the political dimension of the negotiations and how we can push them forward. There are suggestions, for example, to have the ministerial meetings once every year, instead of once every two years. There is a suggestion to have a leadership summit. Since we need the political direction and the political vision of the leaders of the countries, why not do a summit for political leaders to put this issue of very different contributions of the countries? Of course, there are counter-arguments, and the issue of the complexity and the practicality of conducting such meetings. But they are suggestions, and they are worth the discussion and the debate by the Member countries in order to reach a conclusion on what could be an incentiviser in terms of strategy on how to push the negotiations forward. Of course, I mentioned before that I will be much more vocal in terms of spreading the positive message of the WTO and trying to close the gaps and enhance the alignment between the different points of view.

**Q: I was interested in your introductory remarks and some of your discussion about possible internal reforms. One of the issues that you mentioned on that list of five topics was voting. I am interested in a fuller understanding of what you might be thinking about in terms of changes to the voting process.** (United States)

A: Again, the consensus voting is a core and fundamental principle of the World Trade Organization that has a long history from the GATT, prior to the WTO era. I think that the consensus approach has tremendous benefits and tremendous objectives – positive objectives – that it achieves. The first key objective and the first key and core fundamental benefit is that it ensures ownership of all Member states to the issues that are being discussed. When you have ownership, full involvement, full integration, full participation in the process, you have commitment. And when you have commitment, you have successful implementation, and you have less resistance in the implementation phase. Another key very important benefit for the consensus voting is that it prohibits the needs and aspirations of the few to be steam-rolled and to be stepped upon by the needs of the many. So, this is an additional safeguard measure that ensures that all points of view from all Members are taken into account. Some argue about some possible drawbacks of the system. Some are arguing that giving a veto power to one, or a few, or the many, or all is an undemocratic practice and could have a negative impact on the effectiveness of the process. Some are arguing that there could be an effective approach implemented for non-DDA issues, non-negotiation issues. All I'm saying is: I fully support the consensus approach; it is a core approach. I believe that many have said that there is consensus about consensus. So, this is a very fundamental approach with huge benefits to all Members. Yet, I think that Members can discuss ways to enhance the effectiveness of the approach, to make sure that the approach does preserve the needs and aspirations of the few, but at the same time that it is effective and ensures a realistically timely conclusion of the issues that are under negotiation. But again, it is a very fundamental and core issue that everybody has consensus on. It is just the issue of enhancing the effectiveness of the approach.

**Q: We have been negotiating the Doha Development Agenda for over a decade with many stops and starts. How do you see the future of the DDA and the development mandate?** (Jamaica)

A: As I noted in my introductory speech, the Doha Round and the conclusion of the Doha Round is a challenge of high and prime importance. There are so many suggestions put on the table, as I highlighted in my introductory remarks and in answering many of the questions that were put forward on this issue. The benefits are huge for concluding a Doha with whatever has been agreed upon so far, the Easter package or vis-à-vis concluding the tough remaining 20% as some perceive them, or an early harvest, or a mini-package. If we have an early harvest, what are the issues that should be included in such an early harvest? I believe that there should be a balanced distribution among all issues. An early harvest should contain market access issues, implementation issues, and should focus primarily on development issues, because the core of the Doha Round was on development in addition to trade rule issues. So, this is an extremely important issue and the Member states should discuss among themselves how to proceed forward. The DG and the Secretariat will provide all the support and all the assistance to the Member states in order to enable them to reach a conclusion in this aspect. And, again, it is the issue of the political direction. We need the Bali Ministerial meeting late in 2013 to focus on this issue and to give the appropriate and correct political decision and political direction to the Organization on how to proceed forward vis-à-vis the Doha Round.

**Q: As former Head of the SME Development Committee in Amman, do you think the WTO has been responsive to the needs of businesses, more particularly the SMEs and other vulnerable business enterprises? (Philippines)**

A: I believe that lots of things have been delivered by the World Trade Organization to developing countries in general in order to enable them to enhance their internal capabilities, to meet the challenges of globalization. Yet, I believe that this is a very important issue that needs to be strengthened much further, that needs to be amplified in order to cover the many developing countries that there are in the world. There is funding for the Aid-for-Trade programme. As some indicated, there has been approximately \$200 billion utilized within such fund. But there is a huge challenge to be able to maintain and sustain such funding in order to enable the WTO to perform all functions specific to this development component. Out-of-budget funding should be discussed and we should envisage and try to find ways to secure such additional funding outside of the regular budget of the Organization. Co-operation with our partners, the international organizations, through which we can grant technical assistance to developing countries, is one of the issues. I know that the issue of the budget is highly sensitive, but the issue of reasonable, realistic, incremental increases in the budget of the WTO to enable this wonderful Secretariat to perform their job is also an issue to be discussed by the Members to reach a decision about the issue of spinning off some of the functions to enhance effectiveness and efficiency. So, yes, a lot has been done. Yet, much more is needed in the future in order to touch upon the notion of development and notion of assistance to developing countries, and I think the Member states should focus on this issue as a prime issue for the future. Again, anything that the developing countries need is their right. Nevertheless, we need to also focus on the issue that I stressed before, that all countries – small and large – should contribute to the multilateral system. Yes, it is the rights of the small and vulnerable as well as LDCs and developing countries, yet at the same time, they have to make their contribution based on their level of development to ensure the long-term success of the multilateral system.

**Q: If elected Director-General, how would you propose the Membership deal with or address the issue of varying levels of development within the broad group of developing countries, and most specifically non-LDCs? (Saint Lucia)**

A: This is a very important issue that, I believe, should be put to the political leaders to answer that question: the linkage between the level of contribution of a country – developing or developed – with its level of development. Some are arguing that it should be the level of development, as the country richer in a sense than other countries, and some arguments are tackling the issue of the rate of growth of that country. Regardless of the decision, it is for the political leaders to decide. It is not for the DG to decide what is an appropriate level of contribution of each country to the multilateral system. But, again, if the political will exists, I think that that task is not a mission impossible. We can have a fair, realistic distribution of contribution based on the level of development that is fair for all countries regardless of their level of development.

**Q: I admit to being a bit unclear and I will take you up on your initial invitation regarding internal reforms. You identified it as one of your two fundamental priorities. You said there is at least 22 areas. There is an old saying in English, of course, if it ain't broke, don't fix it. And in many respects, dispute settlement surveillance and so on, I think there is a prevailing view that there is not that much broken. So, could you give us a better sense of why internal reform is so fundamental to you, and where you think it's broken? (Canada)**

A: As I mentioned in my introductory remarks, I was hoping for such a question to enable me to elaborate on the five main categories and the 20 areas of development, and hopefully, within the circular that I am going to distribute, the details of such a plan will be highlighted. But I will try to utilize these minutes to the best of my capability. You are correct. The number one category relates to the core business of the Organization. And the core business, in many ways, is highly successful. The dispute settlement mechanism is a highly successful and a highly respectful system. Many countries are using it, whether developing or developed countries, which is a strong indication of the success of the system and the respect that the Member countries are putting on such a system. Areas of improvement for this issue are, again, the issue of technical assistance: how can we enable developing countries to understand more fully the system to be able to utilize it further? Some are arguing for a fast-track, for example, for disputes, for small cases. Some are arguing that the single retaliation is not practical for developing countries. How can a small

developing country who is winning retaliate against a much larger country? It will have a more detrimental impact on the winning country than on the un-adhering country, if there is a case. So, it is a very highly successful system. Yet, there are some suggestions for improvement. The TPR is a very successful system, as I highlighted in many areas in my speech. It prevented spiralling back to protectionism. We have partnership relationships with our international organizations. We need to strengthen that further. One of the core internal issues for reform, I put it under category 2: the institutionalization of the institution, which relates mainly to the support function, not the core function of TPR, dispute settlement, accession and the other core functions. In the 21<sup>st</sup> century, no organization can survive and continue without a clear and well-defined corporate culture, without an identity, without a strategic plan. I have a mix between 18 years of public sector and 8 years of private sector, which is, I think, an added value. So, we need to look internally to our Organization. We need to develop a strategic plan with well-defined long-term and short-term objectives with a performance management system, key performance indicators (KPIs), stakeholders' perceptions of the Organization. We need to have a proper human resources development and management system. We need to incentivize the highly competent Secretariat in order to be able to perform better. ICT issues: many of the Member countries don't have delegates. We can utilize internet capabilities, video-conferencing, to allow Members to attend very important sessions like the General Council or the important committee meetings. During the past years and past months, I have encountered numerous suggestions for improving the Organization. From the Sutherland Report to Members' statements, lately, the Talal Abu-Ghazaleh Report just a couple of weeks back, you have food for thought. You have the fruits to capture very beautiful suggestions and you, the Members, decide on what the priority is and how to deal with that priority. I spoke of the budgets before. So, in conclusion, with respect to internal reform, yes, I started my statement by saying that the Organization has been extremely successful in so many ways - the dispute settlement, the TPR, there are so many other factors. Yet, improvement is a continuous process. There is no end-line for improvement. We cannot say that we reached the top. No, we should always look at this issue of internal reform and try to identify ways and means to improve our situation. So, as they say, there is no end-line in the race of excellence. You need to continuously improve yourself and improve your resources in order to be able to meet very dynamically changing external environmental factors. So, this is, I think, one of the core issues in addition to the Doha Round, the issue of internal reform, keeping the momentum is a highly important issue.

**Q: With your experience in excellence management, how are you going to conduct the internal reform in WTO? And what is your vision for the 10 Arab countries that are still not WTO Members? (Oman)**

A: I think I started with the question from the Ambassador of Canada touching upon the internal excellence issue. I come from a mixed public sector and private sector experience. The notion of restructuring and reform is a crucial mandate to an organization. We cannot only focus on one aspect and not relate to the other aspect. I spent the past eight years going into multinationals and reforming them and restructuring them. Whether an organization is big or small, government or private, manufacturing or service, NGO or inter-governmental organization, there is no excuse for not improving it continuously. This will be a clear mandate if I am honoured and privileged to be selected, in addition to the other very important issues to be discussed. As an Arab, I am privileged and honoured, of course. The position of the DG is international. I will be fair and neutral to all Arabs and non-Arabs in a very similar manner. But if you are asking me what is the message that can be conveyed to the Arab world – as you know, 11 out of 22 Arab countries are not yet Members in the World Trade Organization, most of the 35 remaining non-Members of the Organization are from our part of the world – I think it will give a very positive message of acceptance, of integration, looking at what has been going on in the Arab world for the past two years, the Arab revolution. It started, as you know, as an economic issue and not a political issue. A Tunisian man, not able to put bread on the table for his children, decided to burn himself, and that is how it started. Then it transformed into dignity and pride and democracy, and then discrimination, very much similar to the Organization's core values and principles. So, I think it will give a very positive message. It will encourage the remaining non-Member countries to join. It is a sign of acceptance and it will enhance the universality of the Organization.

### 3. Summing up by the Candidate<sup>12</sup>

If I may conclude, I have not read anything in the past one and a half hours, but allow me please to quote. When I started preparing my speech a couple of weeks ago, I could not help but referring back to Charles Dickens' statement in his novel *A Tale of Two Cities*. And when I was writing the speech, I kept referring back to these statements. Allow me just to share them with you as a conclusion of my intervention, as a conclusion of my speech. Charles Dickens said in his novel, and I am quoting: "It was the best of times. It was the worst of times. It was the age of wisdom. It was the age of foolishness. It was the season for light. It was the season for darkness. It was the Spring of hope and it was the Winter of despair. We had everything before us and we had nothing before us. We were all going direct to Heaven and we were all going direct the other way." To me, this summed up my whole thought process. It is an issue of choice and commitment. Choice, our collective choice whether we truly believe in the case of trade liberalization, of multilateralism. And – if we do believe in that very justifiable cause – our commitment, collective commitment, to do whatever we can to progress this issue, this very justifiable cause, forward. I thank you, Madam Chair, for giving me this chance, and thank you, distinguished Members, for giving me this chance to speak to you.

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<sup>12</sup> Under the modalities for the conduct of the meeting communicated by the Chair to all delegations on 15 and 18 January, each candidate had the opportunity to make a concluding statement during the last five minutes of the question-and-answer period if he or she so wished.

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**ANNEX G****Meeting with Mr Herminio Blanco (Mexico)****1. Presentation by the Candidate**

- ***The WTO: A successful institution***
  - Based on legally binding rules, the multilateral trading system as embedded in the World Trade Organization, has been key for trade becoming a dynamic engine of world economic growth and development of developing countries during the past seven decades.
  - Maybe its most important success in recent years has been resisting protectionist pressures during the financial crisis and its aftermath, avoiding the repetition of the experience during the Great Depression.
  - As the main economies of the world stabilize, trade is becoming again an engine of world economic growth.
  
- ***We got it right when we established the WTO in Marrakesh: Three pillars, with development as its core***
  - First pillar: Monitoring the implementation of a vast treaty system. No other international organization – not even the other Bretton Woods institutions – has such a wide array of functions.
  - Second pillar: Dispute settlement mechanism. It has been more successful than even the International Court of Justice. Members have abided in most instances by the panels and Appellate Body resolutions.
  - Third pillar: Rule-making and market access negotiations. Unfortunately, the lack of progress in Doha has tainted the perception about an otherwise successful performance of the Organization.
  - Development at its core: In Marrakech and Doha the development dimension has occupied a central stage. Although the WTO has the tools to provide developing countries, and particularly the least developed countries, with a powerful lever for development and job creation, Members still have to fully deliver to make this a reality.
  
- ***What is missing?***
  - The world economy has dramatically changed in the past few years. Not only a financial crisis with disastrous consequences to world trade occurred, but also there have been structural changes in the production of goods and services and in the way businesses are conducted.
  - While the other Bretton Woods Institutions have been adjusting to the new realities, the WTO has, with certain important exceptions, remained stagnant. We have not produced any new rules since the Uruguay Round. We have a twelve-year old agenda dealing with fifteen-year old issues.
  - New and ever more imaginative behind the border protectionist measures have been established by Members.
  - If protectionist pressures do not subside and we do not implement enforceable rules, there is a real risk that the Dispute Settlement Mechanism becomes overburdened.
  - One of the responses to the lack of progress in the multilateral front has been an exponential increase of regional trade agreements to deal with the new realities in world trade.
  - Progress in implementing multilateral measures devoted to help economic development, in particular for the neediest amongst Members has been limited. The Organization and its Members need to make further efforts to benefit those which need the most. Trade is a powerful tool for development and there is an urgent need to provide countries the possibility to reap its benefits.

- ***The way forward***

- If you select me as Director General of the WTO, my main task will be, guided by the Members, to rescue the Organization from the perception of being in the cliff of irrelevancy.
- In this road, what I propose in a nutshell is as follows:

- i) Short-term horizon: Bali

- It is a must to make the MC9 in Bali a success, with concrete results in substantive issues. By the time the new Director General takes office, Members have to have progressed enough in setting the basis of an agreement. My commitment is to get involved immediately and fully in whatever remains to be done, working closely with the Members.

- ii) Medium-term horizon: post-Bali and Doha

- Once that Bali has succeeded, there are two tasks to be performed. The first and most urgent is the negotiating pillar. Reaching an agreement in Bali on certain issues will not mean that the remaining issues of Doha will disappear.
    - Members have to decide how to deal with them. The Director General is not a negotiator but should be an effective bridge-builder. Ten FTAs with 34 countries guarantee that I am a bridge-builder. We have to successfully conclude and leave the negotiations behind us as soon as possible.
    - The second task is related to the functioning of the regular bodies. If elected, I will consult with Members and the chairs of the different bodies on how to make them more efficient and relevant. This includes not only improving transparency issues, but also using the fora we have at our disposal to have in-depth discussions of the issues that are part of the WTO's general mandate.

- iii) Inclusiveness: integrating RTAs

- The third horizon relates to the integration of the RTAs network in the WTO system. It is about how to ingrain within the WTO the solutions those agreements are bringing to the new, behind the border measures to trade in goods and services and seek ways to adopt them. I am aware it is not an easy task and cannot be done from one day to the next. But it is certainly something that requires serious and thorough consideration by Members. Successfully concluding the Doha negotiations will very much help in this endeavor.
- In all three horizons there is the unavoidable responsibility of Members to ensure the full and prompt implementation of all multilateral measures that have been agreed upon to help economic development, in particular those benefiting the neediest among Members. It is about effectively implementing special and differential treatment; solving the problem of commodities hard-hit by subsidies provided by developed countries; granting effective market access to products and services coming from developing countries, specially Duty-free-quota-free treatment to the least-developing-countries, as well as giving substance to the services waiver.

- ***Why me?***

- I am a firm believer in the multilateral trading system and, therefore, I am fully committed to the work and objectives of the WTO.
  - I have a long experience as a negotiator. I was the chief negotiator in the Uruguay Round from 1988 to its conclusion. As Mexico's Minister of Trade and Industry, I took part in the establishment of this Organization. I witnessed the failures of Montreal and Brussels but I took also part in the success of Marrakesh. It is remarkable that this success was due in

- large to the excellent job performed by the then Director General, Peter Sutherland, who, by the way, when elected had not been involved in the day to day negotiations.
- As Vice-Minister and Minister of Trade and Industry, I led negotiations of ten free trade agreements, with much richer countries than mine and also with less developed ones. I succeeded because I understood their respective realities. I was capable of building the necessary trust and bridges to conclude the negotiations.
  - I dealt with ambassadors and senior officials and, when necessary, with ministers and even heads of state. I will do the same if elected as Director General of this Organization. Problems are solved and solutions should be crafted by ambassadors in Geneva, and I plan to work close to you. When required, though, I would not hesitate to support your work in capitals at the necessary levels to seek the appropriate flexibilities on the stumbling blocks of negotiations.
  - I am aware of the concerns and views of developed and developing countries and I understand their trade needs. I will be an "honest broker".
  - I have worked in the private sector for the last twelve years, dealing with the trade challenges faced by small companies and larger corporations when they want to import and export goods and services. As such, I have closely followed the WTO work and the negotiations during the past years. I am also the Chairman of a company which, on a daily basis, analyses all trade measures affecting the main countries in Latin America.
  - With my experience both in government and in the private sector and with my skills, I bring fresh eyes, fresh ears and fresh ideas. I am determined as from September 1<sup>st</sup> to build a stronger and relevant Organization which contributes to world economic growth and to the development of developing countries!

## 2. Questions and Answers

**Q: Could you give us your views or your understanding of the relationship and implementation between the WTO agreements and the UN agreements within the global governance system? (Honduras)**

A: I believe that nowadays, especially given the benchmarks of effectiveness and productivity to which all organizations have to strive, it is fundamental to work hand in hand, the WTO and all other organizations which have any relevance for trade. Especially, I think, that the work that has been done between the WTO and the G20 is of great relevance. It has been seen like that. The work that the WTO does with all of the other organizations should be intensified and should be kept under strict efficiency ways so as to get the most of the resources that are spent on these organizations.

**Q: With regard to the liberalization of trade in environmental goods, I would like to ask you if you believe that the APEC Agreement could facilitate the process in WTO on liberalization of environmental goods, and how? (Finland)**

A: I do believe that APEC, in their decision to open up the trade on environmental goods, has given a good step. I also understand that here, in WTO, there is a proposal that is under discussion; there are some technical issues. The WTO, I think, could at least look into the way in which this great step in trade and in protecting the environment has been done and accomplished at APEC. So, in summary, yes, I believe that the step that APEC has taken is useful. It is a very good signal of the importance that we should put into doing everything that we can possibly do to promote trade and to promote the betterment of the environment.

**Q: We have seen special and differential treatment for developing countries as a key principle of the Doha negotiations. Some WTO Members grew fast during the last decade and improved the competitiveness of their economy substantially. How do you believe these changes in the international landscape should be reflected in the DDA negotiations? (Germany)**



A: I firmly believe that trade is an effective lever for growth and an effective lever for development, and that the special and differential treatment clauses which abound in the multilateral trading system have been of great use. However, I also believe in the need to have specific clauses of graduation for countries – for countries that are progressing and those countries that do not such special help – so that the resources and the political efforts are spent on those countries that need it the most.

**Q: I want to ask you what you foresee in terms of planning for technical assistance, financial support and capacity building for the LDCs, given the constraints that are represented by their limited infrastructure. (Haiti)**

A: I am convinced that opening of markets for least-developed countries that is not supported by technical assistance or capacity building and, at the end, also by investment on the needed infrastructure and in the needed productive capacity would not be useful. I do understand that the WTO has done quite a good job in putting together its resources with other institutions, both in reference to technical assistance and capacity building. I also know that this Organization is working with development banks, with the World Bank, more hand in hand, although I think that we have to deepen those efforts so that, as you have asked, how can a country that does not have the infrastructure build that infrastructure so as to take advantage of the opening of markets?

**Q: Thank you for your commitment to LDC issues. I greatly appreciate that. You know that the accession to WTO has been painful for many LDCs, considering their capacity to offer in terms of terms and conditions. We know that the recently adopted guidelines would result in expeditious accession. But still we consider that there are enormous challenges for LDCs in meeting certain obligations. So, do you think that there is a need to build on the accession guidelines to make the process quicker, simple, transparent and justifiable? (Nepal)**

A: I understand that you and your country have gone through that exercise recently. I know that it could be demanding for countries that have limited capacity. And, in that sense, I do believe that we should streamline as much as possible the procedures and give the technical assistance that may be needed for countries that do not have the capacity to entertain that negotiation. Obviously, once a country is in, the commitment of resources from this Organization and other organizations should be there to support their efforts to comply with the commitments that every country has taken.

**Q: Given that you will be appointed, if chosen to be Director-General, at a critical point of time in terms of preparations of MC9, could you please specifically describe what you would do as a Director-General to ensure a successful conference, and, moreover, to ensure in particular that a credible set of deliverables is agreed at that time? (Netherlands)**

A: As I was saying in my introductory comments, by September 1<sup>st</sup>, we will certainly need to have the technical part of this negotiation pretty much ready. I understand that several topics that may require political input may be still pending. So, if indeed the technical elements of the negotiation are pretty much solved by 1 September, I will dedicate myself to help you, Ambassadors, get the right mandate and the right flexibilities to finish the package, so that we are ready for Bali.

**Q: Do you consider that the WTO needs any sort of institutional change in order to improve its effectiveness, and how would you realistically introduce those changes? (Bulgaria)**

A: I do believe that every organization has to be continuously looking at what are the best practices, benchmark practices, so that it can use its resources in the best possible way, both at the Secretariat level and also in the organization of the participation of the different Members. At this point in time, I do not have any topic in which I believe that this Organization may have had a major failure. I consider that the Organization is working appropriately, that the principles and practices that have been used can lead us to good port in the biggest challenge that we are facing as of now, the conclusion of the Doha Round negotiations.

**Q: What is your assessment of the decision-making process of the WTO? And do you have any suggestions to improve the process without jeopardizing the rights and obligations of WTO Members?** (Kingdom of Saudi Arabia)

A: My experience and my participation during the Uruguay Round is that the principle that decisions are taken by consensus, although it may take some more time, is an operating principle that has shown its great benefits for the Members of this Organization. I would not consider changing that because I believe that any change could introduce potentially damaging elements to this Organization.

**Q: I think I heard in your introductory statement that you said that we needed to integrate the very large number of regional trading arrangements somehow into the multilateral trading system, particularly as concerns behind the border barriers, and that some new rules were needed on this. I wonder if you could elaborate on those introductory remarks.** (Hong Kong, China)

A: There are several ways that have been discussed and I am sure that you are aware of some academic work in this field. I think the most important element and the most important point that I was trying to make is that, at this point in time, the only relation between these agreements, this extended network of agreements, and WTO is through the Articles XXIV of GATT and V of GATS, and that simply looking at the agreements to see if they comply with the obligations of WTO is not enough. There is so much decisions, so much substance, so much energy in many of those agreements, some of which have gone beyond the WTO, that it would be a waste of energy, a waste of opportunities to bring them into WTO. I know that that word "bring them into WTO" may sound a little empty, but there are many ways to do it and obviously it would be the decision of Members to consider some of them, because I understand that some of those proposals that have been done at the academic level may bring some strong opposition from some of the Members of this Organization.

**Q: I just want to follow the question from Hong Kong, China. We heard a lot of debate about the relationship between multilateral trading system and the regional and bilateral arrangements. So, I would like to hear your view that, do you think such an approach, taking the service plurilateral negotiation as an example, could pave the way for the successful conclusion of the Doha Round or strengthen the multilateral trading system?** (China)

A: I do believe that the services agreement is an exercise that, if successful, could establish a way to move in this Organization, especially if it is open, especially if countries can participate in this negotiation and obviously especially if least-developed countries are dealt with in the appropriate fashion. I also understand that there is some opposition from some countries to do this type of exercises of plurilateral agreements. However, I also understand that some of these agreements respond to different realities in different countries. Given that, and given the fact that our Organization is as successful, in many cases, when it establishes rules which are credible, which are permanent, and which lead companies to invest and generate jobs, my answer is that this agreement that is being negotiated or could be starting to be negotiated by a group of Members could be a successful step in opening trade and potentially in strengthening the multilateral system, if it is done appropriately.

**Q: We would like to know your opinion on the mandate of small and vulnerable economies and their programme in the WTO, and which treatment these countries should have so as to be fully integrated in the multilateral trading system?** (Dominican Republic)

A: I believe that the fact that the special needs of small and vulnerable economies have been identified as a group is very important. I also believe that useful work in helping these countries integrate in the multilateral system would be most usefully done and most effectively done by identifying the specific needs of the different countries. Most probably, the realities of these countries, as we all know, are different, and therefore I find it quite hard to believe that one solution fits all. So, my concrete answer is that the most productive way to proceed is by doing a very open exercise, country by country, identifying the specific needs of that country and solving them.

**Q: I would be very interested to hear your thinking about your role as DG, if you are successful. Of course, you all know that the role of DG is a crucial one. At the same time, it is a very sensitive one. And with your long experience in the GATT and the WTO framework, I am quite sure you have some ideas both concerning the leader as the leader of the Secretariat and as concerning a presenter of the WTO line and in the negotiating framework with the colleagues here as well as Ministers. (Norway)**

A: Indeed, in my experience with different DGs both in GATT and in WTO, it is a fascinating job, one of keeping a Secretariat that is run as effectively as possible, with benchmark standards, delegating effectively responsibilities at different levels, especially at the Deputy Director-General level. That work has to be complemented, as you very well said, with the job of being a facilitator, being very close to all of you, Ambassadors, in the work that you undertake, to be also a breech-maker between the different positions. But, at some point in time, I believe that it is also very important, to help you, Ambassadors, with the strict mandates that you receive from capitals. Having been a Minister, I remember that we used to give very specific mandates to our Ambassador, here. And sometimes, as you very well know, that mandate does not fully reflect the position of the interest groups in the country and, furthermore, the positions of the interest groups in many of our countries do not represent the bottom line. So, one has to be capable of working with you, but then at some point in time saying: look, we have to work with your country, I want to work with you, Mr Ambassador, I want to go to capital with you, I want to work with your Minister, I want to work with your industry, to get the flexibilities that we need here in Geneva. That would be the way I would proceed.

**Q: The implementation of the WTO agreements, specifically the S&D provisions, remains weak. Do you have ideas, visions on how this matter can be improved if you are elected as the DG? (Malaysia)**

A: As I also said in my introductory remarks, I believe that it is very important, with respect to the different bodies of this Organization, to make them more effective, more efficient. And that is part of the question that you are asking: how can those bodies work better, so that the implementation of agreements and commitments already made can be done really and done effectively for the developing countries? That is an important part, I believe, of what has to be done. The other one is that, as Director-General, one has to work with countries, with different Members, especially those that may be stopping the progress on that dimension of implementation of the existing commitments that Members already have.

**Q: If elected Director-General, how would you propose that the Membership deal with or address the issue of varying levels of development within the broad group of developing countries, and more specifically non-LDC countries? (Trinidad and Tobago)**

A: I do understand, as I said in my initial comments, that the resources and political efforts have to be made to help those that need it the most, and in that sense, this division or characterization of levels of development as least-developed countries and developing countries is useful. I also understand that within developing countries there are some countries that have been quite successful in their development efforts. I know that there is no agreement about how to treat those countries that have been more successful – and I am referring to the so-called emerging economies – but I also believe that those that have progressed the most should play a more important role in making concessions than those that have the lowest levels of development.

**Q: I would like to ask a question concerning the relationship, which could mean a concept of connection and networks. If you are selected, how do you develop the right relationship with the Members to move the DDA negotiation and enhance the multilateral trading system? (Thailand)**

A: I think that I already answered at least part of that question to Norway. I said the amount of work and the way that I would work with Ambassadors here, and how, together with the Ambassadors, I would go to capitals, when we see the need, to look for further flexibilities that will allow us to solve the stumbling blocks in any of the negotiations. That would also be my answer to you.

**Q: Given the limited resources of SVEs, how can the WTO address the concerns of SVEs relating to participation in the DSU process and the enforcement of judgements?** (Saint Lucia)

A: I also do believe that, in part at least, I answered that question. I do believe that those that need support, those that need technical assistance, those that need capacity building, should be done on a package that fits that country, specifically in this case that you are questioning: the case of the use of the dispute settlement mechanism of our Organization. I do believe that, even in those cases, what we have to have is a clear diagnosis of what is lacking in the different countries, so that they take advantage of this powerful instrument in our Organization.

**Q: I was interested in your opening remarks about the significance of trade for promoting growth and development. We have had the impression, in my country, that trade opening is taking place through all sorts of methodologies around the world today – unilateral opening, bilateral opening, plurilateral opening, every-lateral except multilateral. Why isn't trade liberalization taking place multilaterally right now?** (United States)

A: Well, that is the question, as somebody said in the past. I do believe that the most important issue is to look to the future and to look at what needs to be done. I think that whatever has happened during these 12 years, we are really at a crossroads. As I said at the beginning, this Organization is at the risk of becoming irrelevant to the main users, which are the private sector. In your country, in mine, I am sure in many of the other countries, they see these 12 years of discussions here, of ineffective discussions and of no results, as a sign of a failure of this Organization and as a dark cloud in the future of the Organization. So, I think that it is very important to send a message that will change this perception. I am sure that for all of you, also internally, there must be a not-so-optimistic perception, and that perception is also outside Geneva, in your country, in my country, in all countries. So I think it is very important to start doing something, and that beginning is Bali. Without a positive message sent in Bali that we can do here in Geneva, it will be very hard to have any successful multilateral negotiations, and it would be very hard to rebuild the credibility of this Organization. So, I will start by Bali. If Bali is a success, I think we will send a message of credibility to all of the world, to your country, to mine, all of the world. And if we send that message, we can then start looking at what is on the table, and how we can bring the big spaces between different positions closer, during consultations here and, as I said, making our private sectors and different interest groups get interested in the process in Geneva, and help us breach the different positions and help us obtain a substantial result to the Doha Round.

**Q: What would be your distinctive feature as compared to the other candidates that you are competing with?** (Chile)

A: I think that I bring several things. I know the other candidates have been in negotiations. But I have been the head of really historical negotiations; negotiations that were the first, such as NAFTA or the agreement between Mexico and the European Union. And in that sense, we opened up quite a bit of field for other countries to go. That is important. The fact that I was Minister of a country like Mexico in a very difficult period, in which we managed to bring the economy back from a very deep crisis and, at the end, we were growing – and since then we have been growing quite effectively – is another one. But I think the complementarity between the experience in the public sector and my experience in the private sector: I have experience with large companies, where I have been a member of their advisory board, a member of boards, I have been advising large companies, and also have been working with small companies, we have been advising developing countries and, as I said before, we have the experience of giving consultancy services on trade, on how to open up markets and how to do investments abroad and investments in Mexico. I think that the user viewpoint that I have on agreements is also something that could be of great advantage here in Geneva, in WTO. Why? Because, as I said before, those that are feeling that this Organization has become irrelevant are the users of this Organization. And the main users of this Organization are the corporations that need new rules, that need to incorporate the new realities in the world to this Organization, so that it is useful and so that it sends the right signals, the right rules to make investment decisions. And, in that sense, I can also be a very effective bridge with the private sector, not only in my country, but in many other countries in which we have worked and in which we are working as of now.

**Q: In your presentation, you devised three time horizons: Bali, post-Bali and beyond. On the "beyond" horizon, you emphasized the issue to integrate the free trade agreements network into WTO. Are there other issues WTO should deal with after the DDA conclusion?** (Switzerland)

A: I do believe, and I mentioned very fast and briefly, that the new, more creative barriers behind border is something of a great challenge for this Organization and, in that sense, rule-making that will take into account those new barriers behind the border is a topic that the Organization has to undertake. For sure, that is something very important for the "beyond" Doha. We all know that there are many topics that have been mentioned. I do not think that any of the other topics are ready for any substantive work in the sense of application or negotiations here. But, as I said, I would be open to consider other topics. I think that one has to be very careful of overwhelming the agenda and the work here in Geneva, and most importantly one has to be very careful of introducing any topic that may be the way of bringing protectionism back into the world.

**Q: The Single Undertaking is an important concept that was negotiated to address the sensitivities of the developing countries, and to bring a balance in the overall agenda. Do you believe that this concept is still relevant? And do you believe that it can help us in achieving a fair outcome of the Doha Round?** (India)

A: I do believe that the Single Undertaking concept – which in part is not only something that is unique to WTO, but is also used in many other agreements where there is a package that is agreed to work on, a package that somehow keeps the balance between the parts to the negotiation – is useful. However, realities are realities. And in this Organization, there was in the Eighth Ministerial Conference a decision to move forward with other modalities. And I understand that, in part, the negotiation of services comes from that. Obviously, it is very important to keep the balances between the interests, so that the private sectors of the different countries keep the pressure on governments and keep the interest in the negotiations. However, there is also this trade-off of parts of the whole that may be moving and parts of the whole that, if you take them away, may not potentially break down substantially the equilibrium. I know that the participation of certain countries in the services agreement is seen as quite a bit of a concession to especially developed countries, but what is interesting, to me at least, is that the composition of the group that is negotiating services is not simply developed countries but is a mix of developing and developed countries, a mix from different regions of the world.

**Q: How do you think the dispute settlement mechanism can be improved, in particular as regards implementation of DSB decisions?** (Ukraine)

A: I know that there is quite a bit of a long list of topics that have been discussed in the past with respect to ways in which to improve the workings of the dispute settlement mechanism. I also know that there has not been substantial progress there. But I do believe that, in general, the mechanism has been quite useful and effective, either by taking countries to reaching an agreement, to reaching a settlement, or going all the way to the Appellate Body and reaching a final decision. And very few of those have been not abided by the countries. So, I am a little bit lost in the sense of understanding specifically what you, Ambassador, refer to, because my sense is that, in general, the dispute settlement mechanism has been effective and their decisions have been abided by.

**Q: From your experience as a negotiator, what is your assessment of the present impasse in the negotiations in the agricultural DDA sector? And what do you think should be done to move over this hump?** (Philippines)

A: My experience in negotiations is that once there is a stumbling block in an important topic, there are mandates given so as to freeze the results of all other important topics. Maybe that is what is happening, specifically with respect to agriculture. I understand there is a big stumbling block in reference to NAMA and that may have contaminated also the agricultural negotiations. I understand that there are very difficult issues by themselves in the agricultural negotiations, but it seems that, like in many other negotiations that I have participated in, once there is a stumbling stone in one group, negotiations in other groups tend to be paralysed.

**Q: I have decided to change my question this time. My question is: do you think it's time to add Arabic as an official WTO language in order to enhance participation of Arab countries in WTO?** (Oman)

A: Thank you for changing the question for me. You made it even harder. The other one I could have answered. This one I certainly cannot. Anyway, thank you for the question.

**Q: In your view, what is the role of special and differential treatment in WTO today?** (Ecuador)

A: I think it has been an extremely useful concept throughout the history of this Organization. I also believe that words sometimes are not enough to help those countries that need most help to go beyond their levels of development. So, I am convinced that, at this point in time, the concept is important, that in many of the chapters that are pending in the Doha negotiations, some of the implementation of the Uruguay Round has not been done, probably, as effectively as possible with respect to the concept of special and differential treatment. But I think the road is quite clear. The road for effective special and differential treatment is one of access to markets combined with capacity building, with technical assistance and, very importantly in many cases depending on the specific needs of the country, with the help of funding from the public sector or in combination of private and public partnerships. I think that is key to make the opening of markets an effective leverage for development, to have those three elements to help these countries have the capacity to use the opening of markets.

**Q: I have a question on protectionism. We have strong political commitments in various international fora, including the G20 summit, and WTO is equipped with a relatively well-functioning dispute settlement body and regular protectionism monitoring reports. Nonetheless, we are witnessing that a number of protectionist practices are still exercised by many WTO Members. Do you think that the WTO system is sufficient in keeping protectionism at bay? If not, what would be the best way for the multilateral trading system to address such protectionist measures?** (Republic of Korea)

A: I agree with you that the dispute settlement mechanism has been very effective. I also believe that many of these behind barriers of trade, or what is sometimes called murky protectionism, may be putting a little bit too much pressure on the dispute settlement procedure. We run the risk of many of these cases to be taken to dispute settlement procedures, overwhelming this excellent part of the WTO. So, what needs to be done is to negotiate new rules which specifically take care of some of the main new barriers to trade. The more specifically defined they are, the least temptation it would be for different countries to use those barriers, because it would be much easier for the dispute settlement to proceed and to decide if a country is using or not a protectionist measure that does not abide by the rules of WTO. So, we need to work on rules-making to limit these new protectionist measures.

**Q: You painted a very stark picture of the WTO at a crossroads, heading into Bali. Were you selected, by the time you take office the die may be cast and, notwithstanding political engagement, Bali may not result in a success. What is your Plan B? How would you, as Director-General, deal with the prospect of imminent failure?** (Canada)

A: The Plan B has always had to be there. However, one will have to be at that point in time to see what needs to be done to rescue whatever is left. I believe that, if we do not succeed in Bali, my sense and, from the conversations that I have with different groups of the private sector of my country and other countries, their perception is that something is fundamentally wrong here, in Geneva, at the WTO. If, once again, we are not capable of getting together, even in a small balanced package for Bali, I think damage would be terrible. But the only answer that I can give to your question is: one will have to sit at that point in time and work with all of you, visit some capitals and try to re-establish credibility with all the efforts that I could make and all the connections that I have in different countries. But, for sure, it would be very difficult.

**Q: What is your assessment of WTO's image among the business community, civil society and media, and what steps would you take to improve it? What would you do to ensure re-engagement and greater involvement of the business community in the WTO?** (Croatia)

A: I think that, in some way, I have answered your question. It is not what one can do to bring back credibility to this Organization, it is what you all, Ambassadors, and your Ministers and your Heads of State can do to bring back credibility to this great Organization. As I just said a few minutes ago, without the commitment of all of you to have a successful Bali, the credibility of this Organization in front of the private sectors, in front of different groups, in front of the world press, would be very difficult to recover.

**Q: Since 2008, this Organization has been working hard against protectionism. What are your thoughts about the continuing presence of protectionism in agriculture, and in particular what would be the impact on the credibility of the Organization if by the end of December 2013 we won't have eliminated the subsidies as was called for during the Hong Kong Declaration? (Argentina)**

A: I think there are different levels of aspiration for Bali. Yours is a little bit, I would say, on the high side. We have to be realistic. What we need for Bali is a package that does not break the idea of Single Undertaking, a package that advances the interest of groups of countries – developed, developing, least-developed – but a package in which interests may be balanced. I understand that subsidies to the export of agricultural products is a tremendously important issue for many countries, for your country, and especially for least-developed countries. It is something that has to be solved. But I do believe that, to have a successful Bali, the first thing we have to do is to be realistic, to define a meaningful package that can be achieved and to work and have the commitment of you, Ambassadors, of your people in capital, your political heads in capital, and bring this first step so that the credibility of this Organization improves and that the possibility of achieving high objectives like the one you just mentioned can be there.

**Q: For many developing countries, promised gains from trade liberalization have not materialized. What role can the WTO play in promoting trade as a tool for development and delivering on the promised gains for small developing countries? (Jamaica)**

A: In some ways, I do think that that issue has been touched upon by some of the Ambassadors that presented questions before. I do believe that to have effective access to markets, least-developed countries and small economies need to have the package that is composed by capacity building, by technical assistance and, depending on the realities of different countries, also financial resources to help either promoting investment in productive capacity or investment in the different facilities that are needed to effectively be able to export and use trade as a lever of development.

**Q: You have very successfully managed to capitalize on the revolving door, moving between government and business. Given your broad network, you would have encountered lobbyists and industry groups in your present campaign. I would be interested to hear what kinds of messages and challenges they are trying to impress on you? And, in that respect, can I invite you to address what kind of a relationship the WTO should have with the global trading community in your view? (Singapore)**

A: At this point in time, I have met here in Geneva, in some other capitals, in some other fora, with representatives of governments. But I can certainly tell you that, through the daily work that we do in our businesses and the relations that we have in different countries, we are faced by the image that I have mentioned several time, the image of a WTO that is not worth investing on, working and trying to make an effort to make more flexible positions. That I have sensed. And I have sensed that for many months now, before I started touching upon and contacting the different countries. I do believe that it is crucial, as I said, to get a successful Bali, so that we can start making different groups of the private sector of the main countries – of those countries that have the most important differences in positions – aware and involved in these negotiations, and to convince them of the importance for every one of them, for every one of those countries, for those interest groups, to have a successful Doha Round. I think it is fundamental to keep a very close communication with the main productive sector, with the main interest groups, so that, not only they realize that this is a relevant institution, but so that they can promote flexibilities in the different capitals.

**Q: If it should happen that parties to a dispute cannot reach an agreement on the panellist, the DSU provides that the Director-General should determine the composition of the panel by appointing the panellist. In fact, 60% of panellists in the past were**

**appointed by the DG. So, as Director-General, if you are appointed, how would you ensure that the process and set of criteria for the appointment of panellists is fair and impartial and accommodates the needs of both parties?** (Chinese Taipei)

A: That is a substantial point, especially given the fact that nowadays a great proportion of the cases that go through a panel have gone through the Appellate Body and, in many instances, the Appellate Body has ruled differently from the special groups that were created for some of these cases. So, it signals something, an element that the new DG, together with all of you, has to address. Something can be improved in the working of the Dispute Settlement Mechanism. Now, with respect to fair treatment, I do believe that, if one has a list of panellists which fulfils the highest standards of capacity and of no-presence of potential conflict of interest, then there are many different ways in which a Director-General may choose the members of a specific panel. I do believe that here doing it as random and as transparent as possible should be part of the solution.

**Q: The report of the Office of the Internal Audit recommended the WTO Secretariat to improve the planning and prioritization of activities for efficient use and optimal allocation of resources. What would be the best course of action, in your view, to follow up this recommendation amidst the growing expectation on the WTO support to enable Members taking part in the multilateral trading system effectively?** (Indonesia)

A: My perception is that the many successes of this Organization are based on having a Secretariat that is highly effective, that works fairly well. Obviously, any organization can be improved. That is something that I have done in the past when we ended the administration in the year 2000. The ministry which I was heading was under strict benchmark rules. At the time, we were ISO 9002 for about 98% of the contacts that we did with everybody, with all the stakeholders of the Ministry. I am just saying that because I do believe that, even if an organization is functioning well, even if my sense and what I heard of the Secretariat is that the Secretariat has a group of professionals that are excellent in their capacities, everything can be improved. And I will make it a very important point, given the limited resources that this Organization and any organization has, to use the resources in the best way. And obviously that goes through having the most effective management system at the Secretariat.

### **3. Summing up by the Candidate<sup>13</sup>**

Let me just make very brief comments. I think I would bring to this Organization some assets that I have mentioned, but I will not miss the opportunity to mention them again to you. The first one is experience as a Minister of Mexico, a country that has used trade as an important leverage for development. I have experience in negotiating agreements; not any type of agreements, but I mentioned two agreements that were unique at the time and that established a way for many other countries to negotiate with the big economies of the EU and the US. I have also mentioned, and I believe this is a great asset, the 12 years of experience in the private sector. But I would like to end giving you a quote of Dr Martin Luther King, which I think is highly relevant to the sense of urgency that we face in our Organization. He said: "We are faced by the fact that tomorrow is today. We are confronted with the fierce urgency of now." If you select me as your Director-General, I will work with you, side by side, to solve the fierce urgency that our Organization faces.

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<sup>13</sup> Under the modalities for the conduct of the meeting communicated by the Chair to all delegations on 15 and 18 January, each candidate had the opportunity to make a concluding statement during the last five minutes of the question-and-answer period if he or she so wished.



## ANNEX H

### Meeting with Mr Taeho Bark (Republic of Korea)

#### 1. Presentation by the Candidate

##### *I. Introduction*

It is my great honor and pleasure to be here and meet with you today. Taking the liberty to speak on behalf of the other candidates, I would like to say that all of your time, effort and patience is very much appreciated.

I would like to start with a brief example of something I witnessed personally. On the evening of December 6, 1990, we reached an impasse at the Ministerial Meeting in Brussels which was held to wrap up the Uruguay Round of negotiations. The next morning, a major newspaper mistakenly reported that an agreement had been reached. This was based on the belief that trade negotiations would always somehow manage to be finalized.

Today no newspaper would make the same mistake, as stalemates in negotiations are becoming routine. In spite of the current difficulties, however, history consistently affirms that we can move beyond failures. To move forward with your efforts in Geneva, today, I would like to share with you my thoughts on first, the Doha Development Agenda, second, the development goal, third, the challenges of the multilateral trading system, and finally my candidacy.

##### *II. Open Dialogue for Trust Building*

Before addressing the first topic, I would like to put forward a fundamental message, which is the need to rebuild trust. Whenever we face difficulties, I believe that problem-solving must start from going back to the basics. For the WTO, this means recreating a vibrant culture of Geneva-centered negotiations. To be clear, this does not mean holding meetings for the sake of meetings or responding to artificial deadlines. Rather, we must seek to restore the original Geneva-culture, whereby we discuss our differences frankly to explore possible solutions. Communication and harmony are the key words. Conflicting positions are inevitable in negotiations. But any disagreements about the means should not obscure our common goals: promoting trade, reducing poverty and enhancing development.

As I deeply realize and understand the current difficulties, my starting point is modest: to serve as an advocate for open dialogue. My aim as Director-General is to help WTO Members continue to engage and better understand the positions and restrictions of others. These actions shall aim at higher goals, first of all, to strengthen the trust, between you and the Secretariat, and among yourselves. Once we have worked hard towards generating this critical level of trust- and you can be assured with the highest confidence of my role as an honest broker- there will come the moment when we will be able to move together towards a final agreement of the DDA negotiations.

##### *III. DDA: Bali Ministerial and Thereafter*

Now, looking at the DDA, it is without a doubt the most important task of the WTO at present. It is also clear that 2013 will be challenging as the Ministerial is fast approaching. The Bali Ministerial at the end of the year will need to yield some tangible outcomes not only to realize the actual economic benefits, but to restore the confidence of Members as well as the broader credibility of the WTO. Through the month of August, we need to lay a solid foundation for its success. We should then build upon that groundwork and yield real outcomes, at least, in areas such as trade facilitation as well as some agricultural and development issues.

Expectations hinge on whether and how we can seize the momentum to revitalize the remaining agenda of the Doha Round after the MC9. I believe that all the pieces will be on the table by then. What remains is to take a fresh perspective on how to sort them out. It is at this point that we can move beyond the past stand-offs and the divisions among the WTO Members. The outcomes from Bali will help foster the right atmosphere to address the remaining issues on the DDA, because they shall be considered as a stepping stone toward accomplishing the ultimate single undertaking.

#### *IV. Importance of the WTO in Development*

Throughout all of these negotiations, development is the core pillar. I have taught international trade and development to young government officials from Africa, the Middle East, South and East Asia and Latin America. In communicating with them, I emphasized that development means, first, raising standards of living, as set out in the Preamble to the WTO Agreement. Development must improve the welfare of all people, not just particular sectors or industry groups. To some countries development means joining and moving up in the global value chain, and to others, stabilizing their financial systems. To many countries, it still means lifting themselves out of poverty. The WTO can contribute to achieving all of these concepts of development through greater trade opportunities, capacity building, and predictable rules.

Trade has special meaning for developing countries, as it can be an important tool for economic development. Special and differential treatment must be in keeping with that aim, and should be about creating more opportunities for the products of developing countries.

However, that does not complete the picture. To benefit from the global market, the supply side constraints of developing countries must be addressed through aid for trade. I am convinced that it will be useful to strengthen the WTO's relationship with development agencies as well as multilateral and regional development banks. In this context, aid for trade can be promoted through close cooperation between the WTO and other international financial institutions like the World Bank. These are efforts that I plan to strongly emphasize, if honored as the new Director-General.

#### *V. Challenges of Multilateral Trading System*

I would now like to address a number of challenges facing the WTO in its seeking to strengthen the multilateral trading system.

##### *1. Keeping up with 21st Century Issues*

While the WTO addresses traditional issues, we all recognize that the world is rapidly changing. 21st century issues, such as green energy, the global value chain, food security, standard and safety, natural resources, and water management, all have direct and indirect effects on trade. To keep abreast of such changes, the WTO must also evolve in an organic way, while staying within the boundaries of its mandate as a trade organization. On this point I would like to emphasize that active communication with the private sector and civil society is of growing importance. This is especially true if the WTO is to have the capacity to identify their needs and demonstrate that international disciplines on trade can help address changing needs.

##### *2. Outreach and Building Support for Trade*

Another more fundamental challenge is the unfavorable sentiment toward trade liberalization among many constituencies. Without question, the interest and support of all levels in Member countries are essential for the success of trade negotiations. In this regard, domestic politics should be shaped to garner support for trade. Support from the multitude of businesses that will directly benefit is also indispensable. The ultimate beneficiaries- consumers and the general public- need to see these benefits, and not fall victim to misinformation concerning trade.

Therefore, a critical role for the Geneva community and the WTO Secretariat is to proactively disseminate practical information on the benefits of trade. The annual Public Forum is a useful occasion for this. Further, my recent experience in dealing with opposition to trade agreements in Korea would serve in helping to map the outreach activities of the WTO and Member countries. I have done so by utilizing both traditional methods of engaging in a dialogue with sectoral groups including farmers, as well as new media such as social network services.

##### *3. Institutional challenges*

The other challenge, perhaps most frequently called for from outside the WTO, is the enhancement of the institutional efficiency. On the one hand, I will continue to listen to those suggestions and critiques through such channels as the panel of stakeholders. On the other hand, I would fully

consult with the membership about how to accommodate those items of the reform agenda without harming the merits of the WTO's existing assets.

Although the WTO has not yet brought negotiations to closure, it has made many valuable inroads. The recent increase in WTO disputes is actually a sign of growing faith in the WTO system, and reaffirms its relevance in a global economy. Importantly, the WTO has been effective in keeping protectionism in check and containing trade disputes within the system. The consensus method, despite its shortcomings, is still the most rational, open-minded way to reach a decision and should not be easily forsaken. I believe strongly that the WTO Secretariat is a precious resource for all Members. Remaining careful not to deviate far from proven past practices, as Director-General, I would implement necessary adjustments and weigh possible improvements through full consultation with and endorsement of the membership.

#### *4. Preferential Trade Agreements*

Last but not least, Preferential Trade Agreements present both challenges and opportunities. Many experts have argued, and I agree to an extent, that PTAs do not replace but rather complement the WTO. The WTO can, and should do its part to help PTAs become more compatible with each other and with the WTO framework. This is achievable also through close communication among ourselves, because most of the PTA parties are none other than WTO Members.

#### *VI. My Candidacy*

Before concluding, I would like to add a few words with regard to my candidacy for Director-General.

The WTO is about trade and it must retain its centrality within the international trading system. The Director-General of the organization therefore must have a strong, proven background of vigorously advocating open trade. In particular, the new Director-General must be able to inject new energy and fresh insight into the WTO's mission. Taking into account my experience and commitment, I believe that I can serve effectively in this capacity.

Specifically, I have worked as an academic and a practitioner of trade, as Trade Minister and as Chairman of a trade remedy agency. I have experienced both the offensive and defensive side of trade policy, and have conciliated different interests of exporters, importers, producers and consumers. Then and now, I value fairness, transparency and the trust that is built through open dialogue. I would indeed look forward to bringing these qualities and personal experiences to the job of Director-General.

Lastly, I am realistic optimist. Part of this stems from my own background. I was born during the Korean War and grew up in a poor and shattered country. During my lifetime, things changed dramatically. I witnessed firsthand what can be achieved. I firmly believe that any country can move forward if provided with the right kinds of help and circumstances. Korea did not reach its current level of development on its own. We had help and we had access to world markets.

We also made mistakes along the way. We learned from them, however, that we needed to be more open to trade and investment in our own markets. Importantly also, we became an enthusiastic supporter of WTO negotiations as well as a participant in a broad range of trade agreements with both developed and developing countries.

Having lived through advances and setbacks in economic development, it is with the belief in trade and the commitment to development that I offer my candidacy for the post of Director-General of the WTO.

## **2. Questions and Answers**

**Q: I would like to raise an issue on special and differential treatment for developing countries. This is a key principle, of course, of the Doha negotiations. However, some WTO Members grew fast during the last decade and improved the competitiveness of their economies substantially. How do you believe these changes in the international landscape should be reflected in the DDA negotiations? (Sweden)**

A: This S&D issue in the DDA negotiations is a very important issue. As you mentioned, the treatment of emerging large Member countries – how we treat them, do we treat them differently or we have to stick to the principle we used to maintain? – is a very important issue we have to discuss because, regarding the developing country status, except the LDC status, we don't have any clear criteria. I know that we tried to make some improvement in terms of defining different sub-groups of developing countries at other international organizations, but it is awfully difficult to set up the criteria to define or classify different groups of developing countries. However, if Members show their concerns and interest in any direction, I think we have to discuss this at the negotiations, because, in some cases, we already tried to reflect some of the concerns of some groups of developing countries. But your question has a different aspect, because you are talking about the larger, more competitive and capable developing countries. But, still, I think we open the discussion among Members and try to make some consensus on how to deal with these cases.

**Q: WTO is not a perfect organization, but if you are chosen to be the next DG, what would be your priority that needs to be reformed to make WTO a better and stronger one? (Thailand)**

A: I understand your question is regarding the Secretariat, rather than the Geneva community as a whole. And, actually, I have some ideas if I am elected Director-General. But first of all, I have to consult with Members, horizontally and with open mind for an open dialogue, and identify what should be the priority to reform this Secretariat. As far as I understand, the qualification and professionalism at the WTO Secretariat is excellent. The only thing is, maybe, we can change the environment, so that they work in a more rewarding kind of atmosphere for the work they are doing, because they are professionals. And if I can add a couple more points, in terms of representation of the Member countries, particularly developing Member countries, I should look at and review the current situation and I want to do much more fair representation of the Member countries, especially in the composition of the Secretariat. And another idea we can think of is to review the programme which is at the Secretariat at this moment to provide consultation or training kind of assistance to developing countries. We will see how these are going, if we review this programme and if you have something to improve, then, we will do that with the consultation with our Membership.

**Q: Our question concerns the concept of development. Some academics indicate that a big obstacle to the progress of the Doha Round has been the ambition of incorporating development as an objective of this Round. What is your view on that stance? (Chile)**

A: In my presentation, I said that in the negotiations, especially for the Doha Development Agenda negotiations, I think development is a core pillar of the negotiations. But to be very frank, development could be achieved through international trade. That is the kind of mandate that we have at the WTO. So, using all kinds of mechanisms or programmes or even negotiations, we should help developing countries to achieve development through increased trade. We provide more market access for developing countries, especially for the products produced by least-developed countries. But at the same time, to achieve this goal, I think we have to also address the supply side constraints of developing countries. For this, I think we have to use the Aid-for-Trade programme, which was initiated by the current Director-General, Lamy, in 2005. I think it's going on pretty well. However, we need to enhance the quality of the programme, especially in co-operation with other international organizations like the World Bank. And I said in my presentation, this is the area I want to strengthen if I am elected Director-General. In other words, we have many Aid-for-Trade programmes by advanced countries, donor countries and also through multilateral development agencies like the World Bank and other organizations. But we know that the amount of financial assistance is not really increasing rapidly, given the world economic condition. Given that kind of constraint, I think we have to enhance the efficiency of the programme so that we can focus on more trade promoting areas, so that developing countries can utilize this mechanism to update or to strengthen their supply-side infrastructure, especially for exporting and, at the same time, importing.

**Q: What are the challenges that you would take up immediately as the WTO DG? (Malaysia)**

A: In terms of priority, I think, if you look at the timeframe, the new DG will convene his duty from 1 September. So, we have to evaluate the situation regarding the DDA at that time. If we

have a very positive progress, then the new DG's job is to deliver this programme through MC9. And, if this is positively developed, then maybe we can think about the remaining agenda of the DDA. Maybe, we can think about, broadly speaking, some kind of roadmap after MC9. But this is all contingent on what kind of progress we make until the end of August. So that is the kind of thing I think of as an urgent and priority aspect for the new DG. And after that we have to think about other issues.

**Q: I am interested in your views regarding the role of the WTO. What should the WTO undertake in global governance? And, if appointed, what measures will you undertake to improve the current level of consultation and co-operation between the WTO and non-governmental organizations? (Chinese Taipei)**

A: First of all, I think the WTO has been serving very effectively in terms of global governance in the area of trade. But we have been preoccupied with these current negotiations for so long, we feel like we are a little bit outdated. Of course, we do not have any other extra energy to tackle other issues. It all depends on the achievement or result of the Bali Ministerial, but if we have some clear idea about this year's Bali deliverables and post-Bali plan for dealing with the DDA as a whole, as a Single Undertaking kind of package, if we have some confidence, then in consultation with the membership, I would like to suggest that maybe WTO should start to address some of the important issues. I talk about 21<sup>st</sup> century issues, but this does not mean only issues which are interesting to certain global countries, but it can vary, the cross-cutting kind of interest of many different countries. So, we can provide some kind of discussion, a study. It does not mean that we have to immediately go to make rules under the WTO mandate. In doing so, I think we can open our interactions more effectively with non-government organizations or civil society or even business community to exchange our views and let them know what we are doing and also what their interests are for the futuristic kind of situation we have to deal with as a trade organization.

**Q: The impasse of the Doha Development negotiations has triggered the proliferation of regional trade agreements (RTAs), which to a certain extent has created a more geographically-concentrated trade. Currently there are 357 RTAs, an increase by 400% compared to the 1990s. Article XXIV of GATT 1994 permits the establishment of RTAs with the objective of expediting the trade liberalization process. However, it turns out that the proliferation of RTAs stands to undermine the multilateral trading system and create the so-called spaghetti-bowl effect. In the meantime, the bets on whether the Secretariat should undertake results of the impact of RTAs to the multilateral trading system continues in related committees. How would you reconcile Members' preference to establish RTAs *vis-à-vis* the multilateral trading system? (Indonesia)**

A: That was a long question and also a difficult one for me. Basically, I do not want to explain the current situation where we have the multilateral trading system and we have a proliferation of bilateral FTAs or regional FTAs. How do we explain it? This is the reality. I don't want to say that "because of this, this is spreading", "because of that, we have to worry about it too much". But what I want to say is that, from my own subjective view, looking at this kind of phenomena, there is a tendency. The pendulum towards regionalism went too far. Professor Bhagwati mentioned the spaghetti-bowl all the time, but I think we went too far in that direction. Probably, it seems to me, we see some kind of positive sign. They are returning to a little more multilateralism. I say this is a positive sign because many different bilateral, individual FTAs are now being integrated into larger RTAs. It is not the perfect kind of situation, but this is the kind of effort or trend we can see is going on at the moment. So, who are the partners or members? They are all WTO Members. So I think we have to discuss about this among ourselves, also with the Director-General and Secretariat. What do we do about this? We have to do some more – "we" means the WTO should do its part to help the PTAs be more complementary or in conformity with each other and also within the WTO framework. But we do not actually finalize the negotiations on the criteria for substantially all trade and other detailed kind of elements in the negotiations. But without that kind of base, we can simply monitor or receive the notification and try to evaluate. But we don't have any base to evaluate. In any case, I think they are trying to also achieve more open trade themselves. Of course, they are discriminating against non-Members. I hope that for this kind of regional agreement or integration, their final destination must be the multilateral trading system. That is the kind of thing we should achieve. The DG and the WTO itself should help those PTAs to be compatible with the WTO system and to each other and hopefully, later on, they can be easily integrated into WTO. That is the basic direction I am seeing regarding these PTAs.

**Q: We would like to know, were you to be Director-General, what elements would contribute to the progress and conclusion of the Doha Agenda before and after the Ninth Ministerial Conference in Bali?** (Dominican Republic)

A: I must admit that in my contribution for this MC9 deliverables I have some limitation, because the new Director-General will come in after August, and you will know around August whether you can deliver something or not. So, it all depends on the situation from now until August, how much additionally the DG can do for the success of MC9. But about the post-MC9 and the remaining process for Single Undertaking – maybe it sounds a little bit naïve – but I think we have to talk to each other in a more open format. For example, I discussed this in my presentation, if I gain trust from all Members, then I will encourage them to engage in more discussions among different Members so that they can enhance their understanding of the other groups' positions and restrictions much better. In that situation, the DG cannot lead them to a certain direction. But as a coordinator, facilitator, we can play some role to make some progress on certain issues. So, as the DG, I would like to make some contribution, not by leading them or influencing them, but as an honest broker who has gained trust from all Members, then maybe using my experiences and my academic background, I can persuade each other's position in a much more honest format. Then, maybe, we can reach a more futuristic and forthcoming kind of solution. This sounds a bit abstract, but this is how I want to build trust through open dialogue among Members and also between the Secretariat and the Members.

**Q: You talked about the 21<sup>st</sup> century of supply chains, energy and so on. Clearly, trade and investment follow each other. Will you advocate the WTO dealing with trade and investment, or will you put yourself solely in the hands of the Members to decide that for you?** (Canada)

A: If you refer to investment as an area of one of the Singapore issues, then maybe it is a little bit difficult to discuss here. However, you know that the OECD tried to make some kind of rules on investment under the name of MAI, Multilateral Agreement on Investment. They were not able to produce anything. But as a person from Korea, I visit many of my trading partner countries. I see that investment really promotes trade through, as you rightly pointed out, the global value chain, especially between developing country and advanced or more developed developing countries. I think that without investment, a developing country does not want to have input from certain partners as a final good. They invite investment and, then, they create another opportunity for trade. So, I think investment and trade should go hand in hand. So, I really emphasize a growth of investment in the area of international trade. It does not mean that we should go ahead and do a negotiation on investment as rules at the WTO. We should discuss this with the membership. But, it seems to me, especially through a global value chain, investment in both ways is very important to create many segment of trade in the world.

**Q: What are your views on the role of plurilateral initiatives in the context of the multilateral trading system? How should these initiatives be designed in order to create opportunities for the WTO and the multilateral trading system?** (Hungary)

A: On the plurilateral approach, maybe some people say that this is undermining also the multilateral trading system, but, as long as we use this intermediate step to help the multilateral trading system, maybe we can admit this kind of approach. I said that we have to have some kind of pre-condition to accept this. In other words, you should keep in mind that this plurilateral discussion should be progressed with the mind that later it has to be compatible with the WTO system. And also it should be ready to accept or receive more Members from the WTO membership. So if we do this kind of arrangement, then maybe the plurilateral approach could be regarded as a fresh and more creative approach to complement the multilateral trading system. But it should be based on open membership, and it has to be consistent and compatible with the multilateral trading system, which is very important for this case.

**Q: My question relates to dispute settlement. The number of disputes is growing in the WTO. How do you see this development? Is it a positive sign that the system is working, or a worrying sign that trade barriers are on the rise, or something else? Considering that the number of disputes puts the WTO under particular strain, when it comes to increased workload, if you are selected as the Director-General, what measures would you take to ensure that the WTO can continue to deliver quality services in this crucial area?** (Slovak Republic)

A: I will answer your question in reverse order. Regarding more resources for strengthening the WTO dispute settlement system, it is very important, but I do not know whether it is going to be an easy task even as a new DG. But we have to discuss within the WTO system, in the membership, especially the Dispute Settlement Body members. But about the increased number of disputes in the WTO I mentioned in my presentation, it could be interpreted in both ways. Maybe we are worrying because the world economy is not doing very well, so maybe disputes are coming more and more. So we can see in that direction. Or we can say that the numbers themselves are increasing slightly, they have not increased outrageously, but are increasing. That means maybe we have some confidence among ourselves, in the all membership, in the dispute settlement function of the WTO. So we can interpret it in both ways. But one thing which worries me is this: we do not have any clear kind of rule. I am talking about the gut feeling, that we have disputes on certain issues where WTO does not have even existing agreements, does not have clear criteria or base. Then, maybe we can produce some kind of case law, which may affect the disputes which are coming later and we could distort the final results of some kind of cases. So I think, for that matter, we have to also discuss effectively through the Doha Round negotiations, because this is one of the issues we have to tackle through the negotiation.

**Q: Do you agree with the perception that small economies, such as those in CARICOM, have lost their policy space under the WTO rules? (Trinidad and Tobago)**

A: You are referring maybe to small and vulnerable economies or just small Member economies? Anyway, the policy space could be interpreted in many different ways. If you have, for example, tariff negotiations, your country was a developing country, so your bound tariffs are very high, so through the series of multilateral negotiations, it came down, but still your applied rate is lower than your bound rate. Then maybe you can consider this as policy space. This is how I interpret it. Not only for small countries, but it can also apply to big emerging developing countries, too. I think that for this kind of cases, we do not have any specific rule yet, so we have to discuss, hold negotiations. But for the small kind of developing country case, then we are willing to address the specific concerns of those countries in the specific negotiation area. But we cannot, generally speaking, divide or create more sub-groups by clear definition among developing countries. So, maybe we should pay attention to specific concerns of some specific Members. I think we can still do that through negotiations.

**Q: For three days now we have listened to a certain extent to a similar to-do list. Therefore, I am interested in hearing from you your "not-to-do list" if you become the next DG. In other words, what are the things that you will make sure you will not do as a DG that others might do? (Kingdom of Saudi Arabia)**

A: The DG is a person who sits by the driver's seat, rather than in the back seat. But he should be a very friendly, honest and trustworthy person to talk to the driver. So, all other things which are not applying to that kind of case, I should not do. In other words, as a DG you want to influence some Members to lead to certain direction; that I should not do. We all make a decision in consultation with the Members. However, you can play some facilitating or coordinating roles so that we can come up with a more positive futuristic kind of outcome. I mean that I should pay some attention, but it is not easy to do that unless you gain some trust from Members.

**Q: Despite the answer that you have just given a few seconds ago, there are Members who suggest new ways to move out of the Doha Round deadlock. We have plurilateral or sectoral approaches that move away from the Single Undertaking principle. What is your opinion on the impact of such proposals on the multilateral trading system? Because it would seem that they would create a WTO *à la carte*. (Ecuador)**

A: It also depends upon the views you have toward this kind of development or discussions. As I said before, I would like to see these kinds of other developments, sectoral or plurilateral kind of developments. There is some interest of certain countries, I know that, but we have to accept that these are also creative and intermediate ways to complement, in the long-run, the DDA kind of agreement. In other words, this kind of development or discussion can move the current negotiation in a more balanced way, so that we can finally reach the Single Undertaking. So I want to emphasize this. No matter what happens at the Bali Conference, we should work all-out to complete the current Single Undertaking mandate, and then we think about something else. So, I think in that context, the Bali Ministerial is very important because of what kind of package we are

having. I think we should have some meaningful package; then we can actually gain, first of all, the economic benefits. I think we have to talk about this, otherwise, there is no reason why we are doing this. Also by doing so, we can gain and will restore some confidence among ourselves and within the Secretariat, and then we can also restore some credibility for the WTO to the outside world, so that we can show them that we can do something. In that case, we can actually try to think about the roadmap for the remaining agenda of the DDA. I think that it is very important to finish the Doha Development Round of negotiations as it is. But those kinds of sectoral or plurilateral discussions should be consistent with the mandate, otherwise is outside the mandate, it should help the progress made toward final destination of the DDA negotiations. That is how I see it.

**Q: Following up to this last answer, I would like to ask you what you think of the negative possibility of the Bali Conference. Should we fail at MC9 in our objective of delivering a set of DDA issues, despite our best efforts, what would you consider critical to mitigate the potential negative fallout, and how would you try to ensure the continued relevance of the multilateral trading system? (Italy)**

A: Before I came to Geneva, I just stopped by one day to attend the trade ministers meeting. Many people agree that the failure at MC9 is not our option. This is how we committed to work toward the success of MC9. But if we cannot deliver anything through MC9, then what will happen? We can think about many things. But I think this time we may have a much clearer idea of where we are. Even though we cannot deliver something in December, we may move towards a certain direction for the successful package. The only thing is the timing is not right, because we may need more time. At least we have to have that kind of situation, rather than a complete fail, and then the WTO will be drifting in the future. In that case, how can you do, how can you treat, how can you cure, how can you revive your spirit or the energy in the Geneva community towards that kind of situation? I do not want to see the complete failure of MC9. I really want to see some progress in the few months from now on and then we can deliver something. So we will have a much clearer idea of what will be going on near August and near December here in Geneva. So I hope that, even though, in the worst case, we cannot meet the MC9 deadline, we can wrap up in a few months up to MC9. I think that is the way we should discuss with you. So, I do not see any chance of totally failing at MC9.

**Q: On the subject of development, how do you think that in the WTO we could promote those issues of concern to landlocked developing countries such as freedom of transit, the integration in regional and global value chains, technical assistance, real and effective access to markets? (Paraguay)**

A: Global value chain, this sounds like new terminology, but the concept of value added was in the international trade textbooks for a long time. But simply at that time, we want to use value added as a kind of measurement of how much you protect domestic production factor. So, nominal tariff does not represent the actual rate of protecting your domestic factors. But now we are using it more positively. In other words, to make any goods, you have to go through many different processes, including goods, intermediate goods and parts, and also services, transportation, all this kind of things. So, I think it opens up more opportunities for any kind of economy to participate in that kind of value chain. So, I think it is good, especially for developing countries. However, I mentioned in my presentation, there are two different aspects to help developing countries through international trade. First, we have to offer more market access to them. And second, even though we offer market access, if you cannot have the capability to supply things for exports, then you are constrained. So, for these two aspects, WTO can participate in helping developing countries. So, I want to emphasize once more that, as far as trade is concerned, Aid-for-Trade, a very nice kind of programme, is there. I do not know how effective it is, but the programme is there, and what we want to do is to make this programme focus on those kinds of areas for developing countries, so that we can have much better results. In that context, I mentioned that maybe in your domestic economy of donor country, trade ministries and finance ministries are different. Maybe the finance ministry is in charge of giving donations to other countries. Maybe they are dealing with Aid-for-Trade in a general aspect. But we have to talk to each other, trade ministry and finance ministry, so that we can use the money more efficiently. That is one context. The other one is, more externally, WTO should strengthen its relationship with multilateral development agencies like the World Bank. The World Bank is covering the huge programme of Aid-for-Trade. So, maybe if we have a more globally coherent kind of programme,



which is focusing on using Aid-for-Trade programmes, focusing on relaxing or improving the supply side constraints of developing countries, then maybe we can achieve some objectives.

**Q: In your statement, you identified among the four challenges facing the WTO the need for the WTO to evolve and to address 21<sup>st</sup> century issues. How do you reconcile this position with the fact that, today, there are still many 20<sup>th</sup> century development issues carried over from Uruguay and which we are still trying to be resolved in the Doha Round?** (Philippines)

A: You are quite right. We are still struggling with the 20<sup>th</sup> century trade issues without having final solutions or progress. But the world is progressing while we are dealing with this kind of negotiations. So I am not saying that we just simply go to address these new 21<sup>st</sup> century issues as of now. But, if we achieve some kind of meaningful progress, then at the same time, we open some window in parallel to address this kind of issues, so that we, as the international governance body in the field of trade, should make some discussions in those areas. So, I just want to say that we should not just sit there without doing anything and only preoccupied with trade negotiations. We have to make progress. If that is guaranteed or that is observed, then maybe we can open up another avenue to address this kind of new issues. And the decision of whether WTO should work more closely or in a more systematic manner, it all should be discussed with the Members.

**Q: We have been negotiating the DDA for over a decade, and we are all committed to a conclusion. However, how long do you think we can continue without success before a complete loss of interest and relevance? Would a time come to make an ultimate decision?** (Saint Lucia)

A: A very important question, but I cannot give you any specific answer in terms of timing and years. We are in a very critical juncture, almost at a crossroad, regarding the WTO, because some people say we are forgetting about the WTO. Some business people say that they are moving far ahead of the WTO negotiations in their own businesses. So, we have to think about this in a sequential way. That is why I really underscore the importance of the Bali Ministerial. If we can make some progress by delivering some kind of package, it should be balanced and should be reflecting, as much as possible, Members' interest; a nicely balanced kind of result. From then on, we can say that we evaluate the remaining agenda of the DDA. Our ultimate goal is to finish everything, but it depends on the outcomes we can achieve through Bali, and then we can think about the roadmap from then. So, if we have a big package at the Bali Ministerial, then maybe we can think about wrapping up in several years or something; or we can still have to wait some more without a definite idea of when we can finish, but we can go ahead and do another instalment, just like the Bali Ministerial. So, I think we have to discuss among ourselves what to do from Bali, but we have to see first what kind of outcome we can deliver by December this year. This is very important to start.

**Q: OECD and WTO have produced new trade data on value added trade. How could, in your view, these findings change the work in WTO?** (Switzerland)

A: I attended the G20 Trade Ministers' meeting in Mexico. And at the time, the OECD and WTO jointly announced that this kind of work was being done. I think the idea is very good. But to get some credibility out of this kind of study, I think we have to work a little more. In other words, you have to include more countries. Of course, central banks are involved by providing input/output table, things like that. Korea is also involved. But to give an example of certain things which may show you many different segments of the value chain is very useful to understand what is going on in the world economy. But to use this kind of statistical base for the purpose of our negotiations, I think we should do a little more. But I think this is a fascinating job. So, we have to wait a little more, how this kind of study can be deepened.

**Q: My question follows the question put by the Ambassador of the Philippines with respect to the 20<sup>th</sup> century and 21<sup>st</sup> century issues. Do you feel that the WTO can continue with the process of trade liberalization, excluding the reforms in agriculture and ignoring the Hong Kong commitment to eliminate agricultural export subsidies?** (Uruguay)

A: You ask a very difficult question. This is the issue we have to solve through the negotiations. I attended the Uruguay Round negotiations from late 1980s until early 1990s. I came to this place

very often. At that time, the issues were very complicated also. But if I learnt what is going on in the DDA negotiation, if you look at the subjects, there are very different positions among different countries. That is why we are taking too much time until we resolve anything. If you ask whether we can further liberalize trade in other areas while we cannot resolve anything on agricultural issues, I think it is not really plausible. We have to discuss this within the context of the DDA negotiations. Until then, we cannot see any other direction because things are now being discussed and negotiated at this moment. But hopefully we can make some kind of compromise by concessions made by every Member participating in these Doha Round negotiations.

**Q: As DG, what would be the priority that you would give to food security and what types of appropriate mechanisms would you envisage in order to facilitate access to food during difficult periods? (Haiti)**

A: I do not know whether you are referring to a specific negotiation issue which is now on the table on food security. For that, I do not have any specific ideas and it is not appropriate to touch upon these issues. But food security in general is an important topic we have to address. So, to be very frank, Korea, the country I am representing, is not producing enough food, so we have to be concerned about this. But for these general issues, I think we have to open up our discussions as a new issue among Members. So, I am very sorry not to give you any specific opinion beyond this.

**Q: Do you think that the transparency in notification obligations concerning trade measures needs to be strengthened, and how could this be done? (Croatia)**

A: I think the transparency in notification obligation should be strengthened. For example, after the financial crisis in 2008, WTO and other organizations were very effective in monitoring the newly introduced trade restrictive measures, and we can see the rough idea of what is going on in terms of protectionism. But simply the numbers of newly introduced measures are not giving us a correct evaluation. In other words, we do not need any judgement call: which country is doing which, or the thing they are doing is wrong. But we want to do a little more impact analysis, so that we can actually have a clear assessment of the current world trading system in the context of increasing or staying or reducing protectionism. So, I think in that context, we have to increase or strengthen some of the roles that the WTO can play through a trade policy review process or the Committee on Trade and Development, I do not know which department should be tackling this, but I think we have some room for improvement.

**Q: S&D treatments have traditionally been defined in transition periods and exemptions. Do you think that S&D could be provided in other ways to developing countries? (Jamaica)**

A: Traditionally we have mechanism how to apply S&D from the point of implementation obligation so that we will give some flexibility to them and, on the other hand, we have to give some special preferential access to the importing countries for the developing country. Basically, these are the two kind of principle we are following through the S&D mechanism. But to develop a new idea about offering additional favours or treatment, I think we have to discuss about this. I do not think we have to change the basic fundamental principle regarding S&D, but in that category, we can certainly open up some discussion regarding Members' concerns in specific negotiation area. But it all has to be decided by Members through negotiations.

**Q: What can WTO do for countries with economies in transition, given the fact that the WTO has no specific provisions for such cases, since they are neither developing countries nor LDCs? (Ukraine)**

A: Certainly you are saying that the countries in transition should belong to a developing country category. Maybe there are some exceptions, but generally speaking, I see that as the case. It depends on how much market economy system you introduce in your own economy during the transitional period. But basically speaking, I think through these DDA negotiations we realize that we have potentially some specific groups under the heading of developing countries: small and vulnerable economies, recently acceded Members, and the economies in transition. But I said at the outset, it is very difficult to define, based on certain clear criteria, which country belongs where. So, instead of spending much energy, I think we should listen to the specific concerns of the economies in their negotiation area. If Members agree to treat the case a little bit differently, then maybe you can agree. But I do not think the WTO as Organization is to produce

different classification or sub-groups among developing country. Maybe it is not the perfect situation, but this is the kind of maximum we can do at the moment.

**Q: If you were to become Director-General, given the increased number of WTO Members in recent years, what is your view with respect to governance within the WTO and, on that basis, what would be your strategy as the Chairman of the TNC?** (Honduras)

A: More Members means that our Organization has more legitimacy and that we also represent universal participation as a global governance organization. So, we welcome this. Some people say that because of the increased number of Members, it is hard to make any decision. I do not think that way. We have more diverse Members, which means that we have a more dynamic kind of organization. The thing is, if you have more Members, I think transparency is very important. For the last many years, this kind of situation has been very much improved. But still we want to see how this works effectively. Especially, we can have some meetings by inviting the representatives of each potential group, so that in that kind of context we increase our transparency. They are using the word "concentric circle", but this kind of the other way around of transparency, should be also improved. I just want to say that at this moment.

### 3. Summing up by the Candidate<sup>14</sup>

I thank you very much, Madam Chair, and all the Members for today's opportunity to share my views with you for the future of the WTO and the multilateral trading system. It is a great honour for me to be part of this DG selection process. We need to go back to basics. We need to resurrect the good faith, mutually trusting Geneva culture. Through today's presentation, I have underscored the importance of open dialogue at all levels and among all stakeholders to overcome the present impasse. Trust among us will then follow. I have underscored the importance of MC9 this December in restoring the global confidence in the multilateral trading system. With the success at MC9, we will then move forward to face the bigger challenge: to bring the DDA negotiations to a close. I strongly believe that we can still have a chance and the ability to get there. Throughout my professional career, I have developed diverse experience in the field of trade. I have looked into trade from many different angles of the full range of stakeholders. Trade and development has been the lifetime theme of my research and practice. I do not claim that I have a magic formula to address the difficult questions we are now facing. But now you have a better glimpse of what my leadership at the WTO Secretariat would look like for the next four years. Let's meet and brainstorm together. We will find a solution together. There will be no finger-pointing and blaming, only constructive discussions can guide us to final exit. Again, I thank you very much for the time and opportunity today.

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<sup>14</sup> Under the modalities for the conduct of the meeting communicated by the Chair to all delegations on 15 and 18 January, each candidate had the opportunity to make a concluding statement during the last five minutes of the question-and-answer period if he or she so wished.

**ANNEX I****Meeting with Mr Roberto Carvalho de Azevêdo (Brazil)****1. Presentation by the Candidate**

All of you know me as the Brazilian ambassador to the WTO. Some of you know me since the days when I was a first-secretary posted at the Brazilian Mission here in the late 90's, and all the way to vice-minister for trade and economic issues, coordinator of the G-20, chief-negotiator for Brazil in the Doha Round. I arrived in Geneva when the WTO was only two years old; and frankly I never left. Even when posted in Brasilia, most of my time was spent here in Geneva, negotiating in the WTO.

Throughout all these years and in all those instances, whenever I was in this building, I was here as a representative of my country. You all saw me defending the interests of Brazil.

This is the first time that, in this building, I will be sharing with you my personal vision of this Organisation, my thoughts about the multilateral trading system, my assessment of where we are today, and the path forward.

So, let me start with my views on trade.

I firmly believe that trade is an integral and indispensable element for growth and development of any economy. The ability to compete in global markets is a reliable indicator of the sustainability of any economic model. On the other hand, trade cannot be a goal in itself. It must happen in a way that improves living conditions of families in the real world.

As to the WTO, it is my view that a DG must truly believe in the principles that guide this institution. The preamble of the Marrakesh Agreement states that WTO members will negotiate mutually advantageous agreements that reduce tariffs and other barriers to trade. I do believe in this.

The preamble also maintains that our work must aim at raising standards of living and ensuring full employment. I also believe in this.

Finally, the preamble stresses that we need to ensure that developing countries, especially the smallest, must secure a share of international trade commensurate with their needs. You know I do believe in this.

I also believe that the work of this Organisation is most important in uncertain times, like today. The WTO disciplines are the best defence we have against protectionism and against the actions that aggravate the situation of the poorest and most vulnerable economies. What we do in the WTO has a direct impact on the quality of millions of lives around the globe. But remember, what we don't do, also affects them.

We know quite well the three-pillars of the Organisation. The first one monitors the implementation of existing Agreements in the appropriate subsidiary bodies. It works well, although it could be improved, especially in the area of notification procedures.

The second pillar covers the dispute settlement mechanism. And this is an area that I know deeply. I was a direct participant, also serving on and chairing panels. It is, however, extremely complex and costly to participate in it. We must find ways to make the mechanism work also for the poorest countries. The Organisation can help with actions from within, but also facilitating arrangements outside its walls in the areas of assistance and training for example.

The third pillar is the one that allows for the evolution of the system, developing new rules and agreements, usually by means of multilateral rounds of negotiations. This is the pillar that concerns me most, for it has been effectively paralysed since the WTO was created in 1995. We are approaching two full decades of stagnation on the negotiating front. The system must be updated or it will soon become incapable of dealing with the demands of today's changed world.

We hear many analysts express concern with the proliferation of negotiations of regional agreements, free trade areas, or plurilateral understandings. Whatever the reasons behind these initiatives, I firmly believe that the countries entering those initiatives would gladly negotiate a much broader and more encompassing multilateral deal. What we must do is ensure that the multilateral trading system remains the main tool for trade liberalisation.

It is true that we are now attempting to harvest, at the Bali ministerial, some outcomes in selected areas of the DDA, including priority development issues, trade facilitation, and some agricultural deliverables. This is a critical effort, but the multilateral system needs more than this to remain relevant and credible.

Then why have we stopped trying to solve the deadlocked issues? And I would suggest two major reasons.

First, the negotiating gaps will remain unbridgeable if we keep looking at them from the same perspective.

Second, we lack trust. One side does not believe that the other side truly wants to find a solution, and vice-versa of course.

So, under these circumstances, the obvious question is surely: where do we go from here?

I see at least three areas that we need to work on.

First and foremost we must try to achieve a successful negotiated outcome for Bali. Besides the very tangible material gains, that success would boost our confidence that we can still talk to each other and that we can do it in a constructive and productive way.

Second, we all need to believe that any Bali outcomes will not be the end of the road. A post-Bali process could include DDA and non-DDA elements but, whatever the roadmap, it must prioritise the issues of interest of the poorest countries.

Finally, we must resume our efforts to breathe life into the Round – and this must happen immediately after Bali. We all know that the WTO is bigger than the DDA, but the reality is that the system will remain clogged unless we can find a way to unlock the Round. I would suggest that, for a change, we stop avoiding the most difficult and intractable issues. Above all, we cannot throw away the development agenda that was strenuously negotiated to ensure delivery to the poorest and most vulnerable members of this Organisation. We can't turn the page and leave them behind.

Most, if not all of you, must be wondering now how I could possibly believe that this is now doable given our track record over the past several years, especially with the lingering effects of the 2008 international financial crisis. In fact, I do believe that the time is right for a number of reasons.

I would start with the fact that we have had enough time to convince ourselves that no one is going to change his mind – certainly not anytime soon – about how they see what is on the table in the DDA. We have to deal with the gaps, as they exist.

Furthermore, global conditions will never be perfect for negotiations. When world economic growth is strong, some argue that there is no real incentive to negotiate. When growth is poor, the theory is that members will be less inclined to open their markets.

We cannot wait for all stars to perfectly align in a negotiation that involves over 150 parties. Countries will always be in different economic cycles.

In short, we must work with what we have and I honestly think this is doable. I've had private and quiet conversations both with Ambassadors here in Geneva, and elsewhere with trade ministers (in Davos just last week) and with other high-level decision makers. It is evident to me that they all wish we could revive the Round. And this is not a minor element.

This is one of the areas where I'm certain I'll be a good fit if you trust me with the DG position.

Do I have a ready answer on how to unlock the talks? No, I don't. But most of the times when I helped unlock negotiations I didn't have a pre-conceived solution either.

When a stalemate exists I not only listen carefully to what all delegations are saying, I also think about the motivations driving them, about previous positions they adopted in similar situations or similar topics, about their sensitivities, and even about the characteristics of their negotiators. Often a very subtle thread of commonality can be detected if you know the history and the details of the negotiation. Then it is a matter of being creative and of having the trust of the other negotiators. They must truly believe that you are seeking a viable and balanced solution. At this point, solutions that were not there at the beginning of the talks suddenly become promising avenues and frequently lead us to a satisfactory solution to all.

Given our circumstances, I don't believe we have the time to train the next DG on the job. Come September, your DG will have to hit the ground running; and running fast and with the ability to engage all of you in this enterprise.

I believe my credentials allow me to be optimistic in my belief that I can help you. Over these last 16 years, I have not only consolidated the technical expertise that any DG should have, I have also developed a network that goes from ground level negotiators all the way up the political decision making ladder. At all these levels, in full trust, I have open-minded, constructive, and insightful interactions with a view to finding room for consensus.

I have always used these skills to comply with my instructions and to achieve the negotiating objectives set out for me by my government and my constituencies in Brazil. I believe these skills served them well. As DG, I would put these skills at your service, to achieve the goals you set out for me.

Let me now turn briefly to the fact that the Director General is the chief manager of the Organisation and that this aspect of his work also involves significant challenges.

The incoming DG will have to keep and, wherever possible, improve the high-level of quality of the staff, always rewarding merit and competence. At the same time, we cannot overlook the fact that this is an intergovernmental organisation, where members must shape its structure and culture. In this context, geographical representation is a key component. I will look into gradual ways of making the composition of the Secretariat reflective of the membership in terms of both nationality and gender, always in keeping with two overarching principles of excellence and cost-effectiveness.

For the benefit of all, including the staff personnel, the DG must insist on full disclosure, so that members have access to any information they require regarding the management and the administration of the Organisation.

The Organisation must help with the development of human resources and technical capacity in members that need such assistance. Aid for Trade must be enhanced, in particular where LDCs are concerned. And in this context, we should strive to increase the number of initiatives under the Enhanced Integrated Framework.

In concluding, Madam Chair, most of you know me very well. In fact, I am proud to say that my candidacy was not born in my head. It was not born in Brasilia either. It was born right here in Geneva, when other negotiators felt that I could help this Organisation as Director General and insisted that I accept the challenge. I was honoured by this encouragement that actually came from all sides of the negotiating table. All this weighed heavily on the decision in Brasilia to launch my candidacy.

If you trust me with the honour to be your next DG, I will use my experience and skills in a constant pursuit to reconcile what seems to be irreconcilable, with fairness, independence, transparency, bearing in mind that this is a member-driven Organisation, where all members, including the smallest, must be part of the driving force.

## 2. Questions and Answers

**Q: Having been a career diplomat and a long-time negotiator, and coming from a major emerging economy with strong positions in many DDA issues in agriculture, services and NAMA, what would your approach be in serving the entire Membership as Director-General? (Philippines)**

A: I think this is a challenge; not for me, this is a challenge for any DG. Anybody who sits here has a background, has in other capacities worn other hats. You wear different hats all the time. I think the point I am trying to make is: when I sit here, I will be absolutely sure that I am no longer representing Brazil. If I sit on this chair – and when I sit on this chair if you trust me with that position – I will be representing you. The only thing that I would hope is that I would do it in a way that would be reflective of all the interests of all the Members around this room. The fact that I have been a negotiator for so long, I think helps me with that because I have talked to each one of you before. Sometimes you see a new Ambassador coming here and sometimes I know what he is going to say even before he says it, because I probably know his instructions. I have seen his predecessors defending their positions so quickly, so forcefully, that I know what they think, even before they know what they think. But that's the reality. And I hope that I can use that to help the membership to move forward, to move expeditiously, as quickly as we can, as a catalyst; not showing necessarily the way and saying "this is what you have to do and that's what you have to do", but listening and helping you go where you want to go. So, I honestly do not see that as a problem; on the contrary.

**Q: I would like to raise the issue of special and differential treatment. Special and differential treatment for developing countries is a key principle of the Doha negotiations. Some WTO Members grew fast during the last decade and improved the competitiveness of their economy substantially. How do you believe these changes in the international landscape should be reflected in the DDA negotiations? (Germany)**

A: Of course, S&D is a big part of the DDA negotiations and it has been negotiated intensely, or was being negotiated intensely by all of you, until we got stuck. But I think that no-one can deny that the world has changed, and that countries which were at a certain level of development all of a sudden have changed and now they are at a level which is much higher, others the same, others lower. These things move. And I do not think we can avoid a discussion that some countries can and will certainly do more in terms of negotiations than others will. I do not think that anybody expects in negotiations that in the category of developing countries everyone fits there in the same way and that everybody contributes in the same way. I remember when, back a couple of years ago maybe, we were negotiating the sectorals. We were talking about sectorals that time in NAMA, which is a very critical part of this component, and we were not, at that point in time, expecting everyone to make the same effort. I do not think anybody did. Even the countries that were sitting there, even the emerging economies that were sitting there, were not expecting to make the same effort that everybody else was going to do. The question is not how do you uniformly decide what is the effort that everybody's going to do. If you really want to unlock negotiations, if you really want to go forward, what you have to do is: what is that each one of them can do? That is my concern when you try to do something which is absolutely horizontal. It is helpful. And most of the times our disciplines begin with an absolutely horizontal approach. It is impossible to do otherwise. We have 158-9 Members now. So, we can't have an absolute perfect uniform approach. You have to, during negotiations, recognize that Members will have to make different efforts, depending on their capacity. The question is: how do we ensure that we are not raising the ambition to a point where Members cannot meet it? How do you ensure that everyone is really doing the best they can? That they are not, on the one hand, having free-riders and, on the other hand, that you are not having people who are being asked to do the politically impossible? So I think we have to be pragmatic about this. I think if we try to begin to design boxes – this box fits these countries, that box fits those countries, that other box fits those other countries – it's going to be impossible, and frankly, in my view, unproductive.

**Q: I thought I heard you say that there were two main reasons why the DDA was at an impasse. One was lack of trust and one was what I would put as "new thinking" or "lateral thinking", approaching issues from different perspectives, is I think what you said. And then you elaborated slightly on your approach at detecting threads. But I wonder if you could elaborate a bit more what you meant by, if I understood you**

**correctly, approaching issues from different perspectives to try and get solutions?** (Hong Kong, China)

A: If I am honest with you, any answer I give here will kill me. If I say that we are talking about new benchmarks, people will say "he is talking about the modalities, he is going to kill the modalities". If I say about different structures, they are going to say "the mandate, he is killing the mandate". I do not know what those new perspectives will be, but there will have to be new perspectives. I do not think anybody here believes that we can sit down today with what we had on the table before and say "alright, now things have changed so much that we now can do it". No, it is not going to happen. It is as simple as that. I do not think at the minimum that the mandates can be changed. Politically, I do not think it is do-able. I think the basic mandate cannot be changed. However, there is a lot of room for work within the mandate. How we look at this problem, what other perspectives we can put to it would depend largely on you. Not on me. On you. The best that I can do is listen to you, as I said during my presentation, and see whether in these conversations I can detect a little bit of something that seems to be common to all of your perspectives. The basic thing, from what I have seen so far, is that this Round is only going to be concluded if we ask people to contribute to the extent that they can. Nobody is going to make an effort which is politically impossible for the good of the Organization. We all love this Organization, I love it, but countries are not going to give up political positions which are really entrenched domestically for the greater good of the Organization or for the greater good of trade. It is not going to happen. So we have to be realistic. Did we, at some point in time, cross the line? Did we, at some point in time, begin to ask for things which are really impossible? We have to ask that question. I do not know what the answer is. Maybe not. Maybe we were playing games; I doubt it. But we have to ask those questions. And each one of you will probably have a different answer for those questions. For a long time we have been avoiding discussions about market access. I think, honestly, there are two ways. Either we look at them seriously and see what it is that we can do. Are there different ways of perceiving this, looking at it, or not? If you do not start by asking this question, then all talk that you have been having about reviving the Round and concluding the Round is just talk; nothing more than talk. So, if you want to do it, if you really are serious about this, you have to sit down and have this conversation.

**Q: As one of the key words of this Organization is "no surprise", I would put the same question to you as I put it to the other candidates, what do you feel WTO's place should be within the structure of world governance, and more particularly interactions between the WTO and the G-20 and international organizations such as FAO, ILO, WHO, UNEP and UNCTAD?** (France)

A: I think that one element that your question poses is what is the WTO? What is the role of the WTO? The WTO is you. It is not the Director-General. So, how do you want to work with these other organizations? As far as, for example, the Bretton Woods institutions are concerned, I think that, almost by constitution, the WTO is part of it. It was supposed to be the ITO, the International Trade Organization. It did not materialize and you had the GATT and now you have the WTO. So, I think, not only institutionally, you are supposed to be part of that triad. In terms of substance, for example, what we do here is closely linked to things that happen in the IMF and the World Bank. So, I think this dialogue has to happen. Clearly, it has to happen at the level of the Director-General, but it should also happen at the level of the Secretariat. I think the Secretariat has to be there, has to be listening. In many of the meetings we have here in the WTO, more than once I have seen situations when delegations say "but what is it that is happening in the World Bank? What are people talking there?" And it would be useful for the Secretariat and the Organization to know, at least, what is happening there. The Brazilian Ambassador to the UN is a very close friend of mine and every once in a while we will have a conversation about what is going on. And I know that the WTO sits there. The Secretariat is there and is listening. And there are a number of issues that we discuss here which have repercussions there as well. That is clearly the case for example of the WHO: medicines and standards of medicines and safety, intellectual property issues in terms of medicines. In WIPO, we have things that we were talking here in the Round, for example, traditional knowledge, biopiracy, prior informed consent, benefit sharing, all these things are being discussed in WIPO as well. I can't possibly conceive the WTO to be absent from those discussions. For example, UNCTAD is one that I think the WTO could have a closer relationship with in the area, for example, of technical co-operation. I think UNCTAD is much better equipped for technical cooperation issues than the WTO for the way it has evolved to begin with. But it does not mean that the WTO can't, together with UNCTAD, figure out ways to help countries that need technical co-operation or technical assistance, with expertise and maybe then with other areas of the



programme that is more amenable to the activities that UNCTAD is ready to develop. So, I think it is critical that the WTO is clearly involved; not dictating, not participating actively necessarily, but certainly at the minimum listening and getting information about what is going on in all these other organizations.

**Q: We all know you are a gifted diplomat here in Geneva, but, considering that the WTO Director-General needs to have the capacity to operate at a political level while mastering the technical details of on-going negotiations in order to facilitate the forging of compromises, how would you rate your capacity to operate in both of these functions, the political and the technical one?** (Netherlands)

A: I can't possibly imagine a DG that will be useful to you, particularly in the circumstances that we live now, that can't operate on the two levels. He has to operate on both levels. If he operates only at the political level, he is not going to help you, I guarantee you that. If he operates only at the technical level, he is not going to help you, either. I myself have been doing this for quite a while, as you all know. I was chief negotiator for a number of years for Brazil, including here. You know that at the technical level I am very hands-on. I know the issues. I study the issues. So, I do not think that would be a problem. At the political level, I have done or created a network which is absolutely critical if you want to operate at that level. For example, even domestically I had to talk to leaders of the private sector, I had to talk with coordinating agencies, other ministers, not only my minister but the other ministers in my Government. Outside, during negotiations, often I have been talking to ministers themselves, ministers of trade, other ministers of other issues. Just last week, I think in less than 24 hours I talked to eight ministers, and it was not in a gathering, it was bilateral meetings. I do not know about other Ambassadors, but I do not feel that I am talking to any being from outer space; it is essentially another negotiator. And some of them I have known for a long time, because these people they come and they go, and they come back again, and many of them we know from previous incarnations in the trade life that we have lived. So I do not think honestly that I would have any difficulty whatsoever in operating at either of those levels, and, in that sense, if I did not feel that I could do that, I would not be here, I guarantee you that. I would not be even asking you to support me to be the next DG.

**Q: Several wider issues related to trade are not part of the Doha Round negotiations, for example, trade and investment, trade and competition policy, transparency in government procurement, energy raw materials and food security. But these issues are becoming increasingly relevant to traders worldwide. How and when do you believe the WTO should engage or re-engage on these issues?** (Poland)

A: The easy answer would be: whenever you, Members, are ready. It is you who decide when the WTO is ready to talk about these issues. Not to get away from the question, I would try to give you my personal perception about this. We have been negotiating the Doha Round for almost 12 years. I do not think we can stop the presses, I do not think we can stop the machine altogether. The WTO is an organization that can contribute in many different levels to update the agenda of the multilateral trading system to the realities and demands of the world. And the world changes, it doesn't take sometimes five years to notice very significant changes. We are talking about at least 20 years without negotiations. So, the world has changed significantly in the last 20 years. Some of those issues are much more pressing now than they were when we started this. Being a little bit technical, if I am not mistaken, right after Cancún, when there was the breakdown in negotiations there, those three Singapore issues – trade and investment, competition policy and transparency in government procurement – were brought to the General Council. I think there was a decision in the General Council talking about that. Those three issues, they are different from the others, because there is a decision from the General Council that mentions, if I am not mistaken, about no negotiations on those issues while the Round is going on. People at that time did not know the Round was going to take so long. But clearly there is a decision there. It is a decision of the General Council. It is a very important decision, I think. You are the General Council. If you feel that that has changed and that we need a new approach, we can do that. But if I am not mistaken, that decision mentions only negotiations, it does not mention anything else. It does not mention conversations, exchange of views. The interpretation is up to you of what the decision means. So, in my view, that differentiates those three issues from the others. I do not think that the WTO should close its doors to any issue that Members want to discuss. At the end of the day, it will be you, the Members, that, by consensus, will decide whether you want to discuss any particular issue. So, at the end of the day, you will decide which issues can be discussed. The

problem is: how do you discuss? Where do you discuss? Some of those issues, for example, do not have a subsidiary body that is obvious. For example, where are we going to discuss energy? In which subsidiary body? Sometimes you don't do that, you don't have that. Sometimes you don't have even a working group to do it. So, you have to think, not only about the issue, but also how you are going to discuss it, under what perspective. Is it environment? Then, is it the CTE? Is that the kind of thing that you will be looking at? Or is it a different kind of perspective? For example, sales of energy, services, or goods, depending on what kind of energy input you are talking about. So, it is a complex discussion. If I am DG, I will be absolutely open-minded about issues that Members want to discuss. But you will have to figure out yourselves. I will help if I am the DG to make things manageable and trying to make the conversation that you want to have happen. But you will have to decide which issues to prioritize, which issues you want to talk about.

**Q: For many developing countries, the promised gains from trade liberalization have not materialized. What role can the WTO play in promoting trade as a tool for development and delivering on the promised gains for small developing countries? (Jamaica)**

A: This question can be answered at so many different levels. Let me start with market access. I think one of the critical things that is of importance to many of the smaller delegations are the conditions to enter the obvious consumer markets. In the Round, many of the smaller developing economies would benefit tremendously from the provisions of what we had in the DDA to begin with, in terms of, for example, agriculture. Some of the commodity exports would benefit from that significantly. Other developing economies, smaller economies, have problems that range from transportation, interconnection, services, tourism, agreements. It depends significantly on what they do. So, I think that the rules themselves and the market access commitments, the opening for products which are of specific interest to those delegations, to those countries, would in itself be a very important step. I think the other element is understanding the situation of those smaller delegations and the challenges that those small countries face. And that goes across the board, not only in terms of national interest, but also in terms of even participating in the multilateral trading system. The delegation that I head has about 16 diplomats most of them dealing with WTO. And it is not enough. If you want to really cover everything, there is so much work to be done. And for most of the LDCs, SVEs, their delegations are a fraction of that. And it is absolutely impossible that they will cover everything. And I know from experience that just going to the meetings, just listening to people, is important. You learn things, you hear other perspectives. You even see other countries who face the same problems that you do. And sometimes in their interventions you see solutions or you see things that you would like to have for yourself. So, even participating in the meetings is very important. But how do you do that when you have very small delegations? I think that the WTO can and should try to ensure a bigger participation. We have to try to ensure, for example, that meetings do not clash. Delegations can't be in two-three different meetings at the same time. So, we try to organize the meetings better so that they do not clash, and smaller delegations can participate when they have issues of their interest happening in three or four different rooms in the WTO. So, we have to be sensitive to that. The other thing that we can do is train people. Sometimes it is not only a matter of not having enough people. Sometimes you have the space in your delegation, but you do not have people trained at home that can come and participate in these meetings. So, I think the WTO could help in offering ways of training people, so that you have, even back in capitals, people who can help the mission here, either coming to Geneva or doing the homework in their own capitals. I do not think that there is a magic solution for that; it is extremely difficult. But I am absolutely sure that the WTO Secretariat and the DG can help in that regard.

**Q: We all know your qualifications, so it's very interesting to pose a question. I would like to take you up on what you have said in your introduction about the regional trade agreements. We all try to say and live by the fact that they should be integrated into the multilateral trading framework. But all the initiatives we see these days pose rather fundamental questions about the regional groupings. Have you any ideas or thoughts about how one could live with that situation in the future? (Norway)**

A: I do not think you have one straightforward answer for that. I think that regional trade agreements, free trade areas, plurilateral initiatives, each have their own characteristics, and each happen at a particular point in time, and each have justifications or a logic that is explained within the region or within the substantive context that they are taking place. I think you would have to take a look at each one of them. For example, there are situations – and I saw that in my region –

where economies that had been closed, with a very closed model of economic development for several years, decades sometimes, wanted to open up. There was a genuine attempt to open up. I was a very young diplomat at that time, I remember those discussions almost as a student, I said "this is a stepping stone." If we can't open to the world all of a sudden, maybe we can begin to open to the more regional players who have similar levels of competitiveness, and maybe after that we move on to a next step and so on and so forth. I think in that kind of process, if it is genuine, it is really helpful. However, if you are building a free trade area or a customs union or whatever it is, which is essentially designed to protect the markets and to raise barriers, despite the disciplines saying that you can't do that, but we know there is always a way of using the rules to our advantage. So, if that is the purpose, then no. Then I think that is negative. I do not think that that is helpful, because you have deviation of trade, you introduce distortions in the international trade flows. So, it would depend on how you do that, how you measure that. On market access, if you are talking about commitments which only have to do with market access, that is easier. There is obviously an element of trade deviation. But when you begin to have these multiple agreements with new disciplines in different areas, that is more complex, because they do not always have the same disciplines. They have different standards. If you are an exporter, for example, and you have to meet all those different standards, it is difficult to comply. It is costly to produce products that meet different standards in all those different unions and agreements. That is more complex. The more you get into rules-making in those agreements, the tougher it is to comply with them all if you are not in it. I sometimes see people mentioning analysts and scholars saying "what we have to do is get all these agreements and incorporate them into the multilateral rules." That, in my view, would be a Herculean exercise, because, as I said, they have different rules. It is not like all these regional trade agreements or free trade areas are developing very similar type of disciplines which can then be harmonized and it will be a benchmark. Even if it could be harmonized, the moment somebody tries to bring something into here, there will be people saying "I didn't negotiate that. I don't have any commitment with that. Why am I going to accept that?" And so the resistance begins even before they look at what is written there. So, it is going to be difficult. I do not think it is impossible. I just do not think we should be simplistic about it. So, the answer, in my view, is to make sure that the multilateral trading system negotiates, that it goes back into a negotiating mood. If we can have these negotiations happening here, particularly in terms of rules and disciplines, then we do not have a problem. Then it will be the other way around. It will be those agreements trying to comply with the multilateral disciplines. Now, that is much more do-able in my view than the other way around. That's my feeling anyway.

**Q: Concerning the accession process, it still takes years for acceding countries to become WTO Members. What is your view on how to improve the accession process in an efficient manner? (Thailand)**

A: I think accessions are a problem today. I really do. I don't know, I can't tell, because I haven't participated in each one of them, but clearly, in some cases, they take much longer than necessary, in my view. The question is: how do you expedite this? Because at the end of the day this is a negotiation also. This is a negotiation between the acceding Member and the existing Members on the conditions for accession, the kind of commitments that each one will have to undertake. And it is lengthy. It is difficult. It is sensitive. It does not take long because it is something unimportant. It takes long because it is sensitive. Making commitments that there will be no "buyer's remorse" or something like that. Once you have signed it, that's it. It is very difficult to then re-negotiate the rebinding, and we know that because we are having some of those processes happening now. It is difficult to then change the conditions. So, it is very sensitive, it is very complex. I wish we could have a more standardized approach to this, but it would be extremely difficult to achieve that outcome. We did have something somewhat like that for the LDCs and I think that was a tremendous result. The Members and delegations that worked on it worked hard to find something that could provide predictability for the LDCs who want to accede to the WTO. And I was hopeful that maybe something like that could be engineered for the other accessions. As a DG, what I would tell you is that I would hope that this Organization would be as representative as possible, that it would have as many Members as possible in its rooms, representing all types of trends, cultures, economies. And so, if I can in any way help to expedite the accession process, I would do my best to facilitate that.

**Q: What do you understand as policy space within the WTO? (Chile)**

A: That's a question that could be answered in very many different ways. Perhaps, the simplest way would be to give the technically correct answer. In my view, the technically correct answer is:

the space that a Member has to develop public policies which are compatible with the multilateral disciplines, but which cover space in terms of agreements on market access, for example, the bound tariff, the effectively applied tariff, and there is a space there which can be used. This happens as well in other types of disciplines where the multilateral system would be a ceiling and you can use everything below that ceiling in terms of the country's policies. That is the technical response. Some people tend to equate policy space with space for protectionism. That is the way that it is interpreted. And, as I told you, technically, those two things are not the same. Sometimes you have disciplines which can't micro-manage everything that a country can do to address a particular policy, to address a particular issue. That is very common, for example, in the services negotiations. In services, for me, domestic regulation is policy space. Now, how do you, for example, determine what is the exact latitude of policy space if you look at the commitment that's undertaken on the schedule and the policies that are actually applied at home? That is the area of policy space that I think is less clear, less obvious and does not necessarily mean protectionism. It just means regulating a particular kind of commitment. It could be extremely liberal in its regulation, it could be a lot less liberal. Both very liberal and less liberal, they are both policy space. It is the space that is left for you in the agreement. So, I think we have to look at this. It is a word or an expression that had a very bad connotation over time, but technically, that is not what it means really.

**Q: We know your career as representative to the WTO and that you're familiar with the issues dealt with in this Organization. Looking forward, what are the main challenges you feel that the multilateral trading system is facing? And, if you were Director-General, what would be your vision in order to meet these challenges while at the same time promoting trade and development? (Dominican Republic)**

A: In my presentation, I tried to somehow give to you my general views about what I believe are the main challenges for the Organization. Of the three pillars – implementation of the existing agreements, dispute settlement and negotiations – I would say that one of the biggest challenges, or the biggest challenge by far, is in the negotiating pillar. I think that there you have to make critical decisions in the future months. I do not think that you can escape that. I think that, as a DG, what I would try to do is try to revitalize the negotiating pillar because, at the end of the day, that is the pillar that allows the system to evolve. You can't have a stuck system. In time it will have to evolve. In the other pillars, dispute settlement, for example, I think it is critical that we make the system as user-friendly as possible; make sure for example that smaller delegations can participate and have access to that mechanism. Easier said than done. It is difficult for a country like Brazil – and I headed the dispute settlement unit for a while in Brazil. It is a big country. It has resources that have been dedicated as a priority for this area. And it is still very difficult because the economies of scale in terms of dispute settlement are not there. To have, for example, a law firm or an in-house dispute settlement team that operates full-time, you would have to have a number of disputes in the WTO that I do not think any of you would wish for. So, you have to rely somehow on private expertise, on the private sectors, on law firms. And they are very expensive. The system should change in a way that we can simplify it to the extent that Members then will be more easily participating in it. In the Uruguay Round, in the dispute settlement negotiations, the approach that they took was: let's do a system which is very simple, very straightforward, so that we keep the lawyers out. We all know how that ended up. You have to face it. We are not going to simplify the system. So, what you have to do is make sure that people can use it despite the way that it evolved. Now, on the other area that you mentioned, the development aspects of trade, I think the WTO can and should be looking, for example, at ways to intellectually help smaller countries who have particular difficulties in finding a space in international markets. I remember when we started a discussion on global value chains and clearly some small countries found that that was a great way of inserting themselves into the international economy. But at the same time, in the same meeting, in the same room, you will see some other smaller delegations saying: "but I don't see any of that, none of that is happening to me. Why?" So, this discussion, for example, has to happen. I think that the WTO Secretariat, for example, in touch with other international organizations who also have been doing studies on that, can deepen this discussion about how do you ensure that smaller delegations who do not have economies of scale to look only for the domestic market, that necessarily will have to be dealing with the global markets, how do you ensure that they have clarity about the necessary steps in terms of infrastructure, in terms of personnel, in terms of development of businesses, in terms of investments, to participate and be integrated in this model? And I do not think that many of those smaller countries know what they have to do. They do not even know what it takes. And you have to tell them what it takes. Do you want to participate? These are your conditions; these are your

natural inclinations, economically; and this is how, maybe, you can profit from that. I think there is a lot of room that the WTO could use in terms of resources that we have to help these delegations. But this is a very small fraction of things that we need to do or could do in answering your question.

**Q: Given the limited resources of SVEs, how can the WTO address the concerns of SVEs, specifically with relation to DSU participation and the enforcement of judgements?** (Saint Lucia)

A: Let me tell you my personal experience with SVEs. I was here in Geneva the first time around, before Doha was launched, when the SVEs were not even a group yet. But there clearly was a group of countries that had very similar difficulties, very similar challenges before them, even integrating in the multilateral trading system. And I think I can congratulate the SVEs for the long road that they have already gone. At this moment, I have been participating in meetings where they are present and they are more active. They make proposals. They coordinate. They participate in meetings. They make their voices heard. And I think that that in itself is already a big plus. It is a big step forward. And that is, for example, the kind of thing that I heard somebody the other day say "all these groups, there are so many groups now". I think it is healthy, actually, because it is one way of getting countries to articulate their positions, to be heard, to learn from each other in these groups, when you talk and you discuss, you learn, you hear different perspectives. I think that one of the best things, for example, that happened is the articulation of the smaller economies and the smaller delegations in these groups. I think it is a very important step. I think that the membership has to be more sensitive to the specificities of these countries, of these economies. And even among groups like the SVEs, if you look at each one of the members of the SVEs, they have very different challenges, very different situations, very different perspectives and realities. And I think that the best thing to help them is to be able to listen to them, understand what each of them has as challenges and aspirations. If we do that, I think we are on the way. I, myself, think, for example, that you can't have any set of agreements today if you do not think about those small delegations first. Beginning with Bali, by the way, if you do not give attention or listen to what these countries would like to get, would like to see as the positive result in Bali and after Bali, I think we would not be conducting a fair process.

**Q: In dispute settlement at the WTO and with the constant upraise of new jurisprudence, there is the fear of new criteria for interpretation and precedence which could overwhelm the ability to assimilate and apply the relevant disciplines in the WTO, because it complicates the use of trade remedies. As WTO Director-General, how would you hope to overcome this problem?** (Honduras)

A: Understanding the disciplines of the WTO today is a task which is a lot more complex than it was when the WTO came into being. I remember that the first time that I was posted in Geneva one of the issues that they gave me was the Rules Committee. So I had to go the Rules Committees, anti-dumping, safeguards, and subsidies and countervailing measures. And my boss at the time, he got the legal texts and he said "read them". I was a very studious diplomat. So, I went home with that book and I read all three Agreements. I went back to the office and I told him, "ok boss, job done, I read everything". And he said "so, did you understand it?" and I said "not a word". And he said, "if you had told me otherwise, I would have fired you". So, it's impossible to understand the texts just by reading them. That is the reality. One thing you need to do to begin with, if you are going to read the text, you have to have the manual on how to read the text. And the manual on how to read the text is essentially the findings of the panels and the Appellate Body, which is a stack this high. So, forget it. You are not going to understand the text. The only way to do it is working with them. And you will understand one provision at a time if there is a very deep discussion about that provision in one of the meetings that you go to. Otherwise, you are not going to understand it. So, the best thing that people can do, is training, and training on the job. It is something that you will not learn simply by reading. So, if I were the DG – and I hope someday I will – the only way that I think you can make this happen is by letting people come to the WTO, participate in the meetings, listen to the discussions, see, talk to people, hear things. You are not going to understand the disciplines themselves, but at least you will understand where to look. You will understand how to go around the halls, the rooms, who to talk to, etc. We ourselves sometimes have a provision and I do not have a clue, and it has never been interpreted. We call the Secretariat and say "does anybody here know the history of the negotiation of this thing?" Because if you don't, then what it means is whatever any of you believes it means. That's the reality. In the Brazilian Mission, we had a programme for internships

to train people from the private sector, from the academy. What we tried to do in the Mission – and that was precisely to develop capacity – was to bring people to the WTO, bring them here, let them walk the halls, let them go to the cafeteria, talk to people, listen, go to the library, attend meetings. That is the only way that people can do that. I think the best thing that the Director-General could do is to facilitate the immersion of people who want to be trained in the Organization. I do not see any other way, really. Maybe I am missing something, but my experience is that the only way is being here and talking to people.

**Q: Since the economic crisis in 2008, we have seen how various forms of protectionist measures have been introduced. It would be appreciated if you could provide your views on the responses that the multilateral trading system, represented by the WTO, should take.** (Republic of Korea)

A: In my presentation, I mentioned briefly that the WTO is the best defence against protectionism. I told you before, I do not believe in protectionism. But most of the times protectionism is in the eye of the beholder. Some people say "that's a protectionist measure" and another will say "well, not really, that's an adjustment measure" or "that's a police space measure". It is very difficult to pass judgement on any particular measure. What I assume is that countries behave the way they do because they have domestic constraints, domestic pressures, domestic politics that they have to attend to. So, the only real effective tool that I believe we have to constrain the ability of governments to introduce measures that are negative to trade is the WTO disciplines. This is where the line is drawn. And the best way to lower the discretion of countries to introduce measures that could be understood to be protectionist is by evolving the disciplines. And to evolve the disciplines, you have to negotiate. And to negotiate, you need a good DG.

**Q: You mentioned in your presentation that building up of trust and confidence would be an important ingredient towards the conclusion of the Round. There is a growing sense of disappointment, especially among the poorer developing countries, that they have already waited a long time, and they do not know how long they will have to wait further. In what way, as DG, will you be able to facilitate this process and to ensure, or to try to build bridges, so that the hopes and aspirations of the poorer developing countries are met?** (India)

A: I think that the WTO fortunately has evolved particularly in embracing and taking on new Members, Members which have been at the margins or even outside the multilateral trading system for a long time. Some of them are newcomers and some of them have been here for a while but they are still newcomers because the ability to participate is also very important. I think that, number one: you need to have a system that works for them as well. Otherwise it is an unfair system and honestly I am not a believer of that. So, you have to have a fair system. The second thing is: what is the best way to have these countries benefit from the system? I think the best thing is the ability to participate. It is difficult for you to even know what you want from the system if you do not know the system, if you do not know what it can offer. I think it is a very fortunate development when I see these smaller delegations articulating themselves among groups like the ACPs, the SVEs, the LDCs. That is a very important element of participation in the system, because then they participate in the meetings. I, for one, think that any major issue that is being discussed in this Organization has to give an opportunity for these Members to participate and to listen, even if they are not at the centre of the decision, at the core of the decision, they need at least to understand what is going on, to see what is going on, and to listen and eventually to vocalize their concerns and their aspirations. But if we are not proactive, if the DG is not proactive about that, these delegations, these countries will continue to be marginalized because they just will not have an opportunity to participate. So, you can't just sit there and expect. I have heard that approach before, "well, they have to do their job, they have to do their homework". It is not that simple. That is not the way it works. In the real world – and we hear, talk a lot about the real world – that is not how it happens. So, you have to ensure that they participate, that they listen, that they have an opportunity to be a part of the conversations, a part of the debate, even if they are not a major piece in that particular discussion, but at least they will listen, they will understand, and that is the way that they will see what the system can offer them. If they do not participate, then it will be impossible to even understand what they can derive from the system. So, I personally think that participation is one of the big challenges for those countries and delegations.

**Q: Do you intend to bring more professional staff to the Organization to ensure diversity and balance between developed and developing Members, if you are selected as the DG? (Indonesia)**

A: I mentioned in my presentation that I believe that there should be two overarching principles, which are cost-effectiveness and excellence. I think the cost-effectiveness part of the equation will be very important because, in light of the budget constraints that the Organization is facing and that the Members are facing at this point in time – a very critical time – it will be very difficult to think about expanding the number of people who are in the Secretariat, etc. I think efficiency will have to be the name of the game for a while. Nonetheless, my intention would be to gradually – it is not going to be something that overnight we are going to do – give the Secretariat a face which resembles your face. Looking from here, this is a very diversified face and I think the Secretariat would have to have a similar face. But it will be a gradual process and it will have to comply with those two things: excellence, so you can't compromise the quality of the services; and cost-efficiency, we have to be realistic about what we can do in terms of hiring.

**Q: The question I had prepared has been answered by Ambassador Azevêdo. However, perhaps he could elaborate further on possible scenarios before us as we look towards the Bali Ministerial and the post-Bali. (Argentina)**

A: Honestly, I think it is do-able for Bali. I think that it would depend a lot on the ability to, again, regain trust and talk to each other in a constructive way, listen to each other. My hope is that the next DG, in September, will get a process which will be in its final stages. If that is not the case, then a whole new scenario opens up, which is: what happens if we do not have anything, and if it is a mess? That is a big problem. I think that we would have to manage that when we get to that. If the new DG steps in and sees a big mess, the first question will be: is this mess "un-messable"? I am not sure that it will be. But he would have to immediately, with you, begin to figure out a plan B. And that plan B cannot be a destructive plan B. It has to be something that really gives hope. And I can't tell you what that plan B will be at this point in time. It would depend on how much of a mess you have made until then. So, let's see what the situation is at that point in time. But this plan B would have to be worked out when the time comes. If plan A pans out, I think then we are in good shape, because if you have that, I think that a post-Bali scenario does not have to be something really millimetrically planned, but you have to give essentially a credible message of what it is that you want to do. What is the biggest fear for Bali? The biggest fear for Bali is that there are a large number of delegations in this room who think that Bali will be it and, after that, nothing more. We turn the page; we throw away the development agenda; we throw away the Doha Round; we throw away everything; and we start afresh. That is the fear, and you have to handle that. If you can give a message that gives comfort to these delegations that this is not going to happen, that this is not the intention, then we are fine, because I believe the new DG will have to move to the Round immediately and see what it is that we can do. And in just doing that, you are already giving a lot of comfort to people who think that we have given up. And if we show that we have not given up, that is already the very first small but extremely important step into giving confidence to the Membership that we are going to move forward. That's my view.

### **3. Summing up by the Candidate<sup>15</sup>**

You know me, and there is very little that I can say here that will change your views about me. I could come here and say all the right things. I could have written a 15-minute presentation, concluding remarks, where every one of you will see yourselves in a way which is crafted so that nobody will be offended. Why take risks, right? But I did not think that that would be what I should do here. I thought that what I should do here was speak to you with an open mind, tell you what I think. You may disagree with me. If you disagree with me, you take decisions accordingly. But I thought that was the right thing to do. So, let me tell you now very honestly what I believe the selection process is about. It is about what you want for the future of this Organization. It is as simple as that. You may want to keep working the way you have over the past several years or you may want to change things. If you want to change things, I think I can help you. The WTO today does not need road shows. It does not need to explain to the world how important and

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<sup>15</sup> Under the modalities for the conduct of the meeting communicated by the Chair to all delegations on 15 and 18 January, each candidate had the opportunity to make a concluding statement during the last five minutes of the question-and-answer period if he or she so wished.

relevant it is. It does not need to explain or convince the world that trade still matters and that trade is a key component for economic growth and social development. It does not need any of that. When the WTO came into being in 1995 with the Dispute Settlement Mechanism fully operational, the world took note and a lot of attention was given to the work that we did here in Geneva. When the DDA was launched, the world took note and followed the negotiations very closely. When we were gathered here in an attempt to give the DDA its final push in July 2008, I remember the halls were teeming with journalists. It was difficult even to walk through the halls. Everybody was paying attention to us, the private sector was around, there were a lot of people in Geneva. The reason we are outside the radar today is not because the governments, the public or the economic operators forgot what the WTO is, or they suddenly do not believe in trade any more. That is not the reason why we are out of the radar. The reason that we do not attract attention today is because the WTO is not delivering. It's as simple as that. No amount of speeches, no amount of public relations, no amount of propaganda, marketing, is going to change this reality or make the negotiations advance. That is not the way. For the WTO to matter, it has to deliver meaningful outcomes that have an impact on the real world. And we have not done any of that for almost 20 years now. In my view, this has to change. I am ready to offer you two hands if you believe and you agree that we need a hands-on Director-General. I will be fair. I will be impartial, independent, open-minded and ready to listen. One think I learned in my country with all its contrasts and different interests of stake-holders is that, for a process to be legitimate and functional, it has to truly be inclusive and has to take on board the interests of all stake-holders. And those lessons, as your DG, I will not forget. And those principles, I will not abandon.

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