

The Significance of the WTO Singapore Ministerial Conference

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Photo: Kyodo News Service

The Singapore Ministerial Conference was a great success for the World Trade Organization and its members. But the achievement was hard earned and the lessons learned in Singapore must be incorporated in the future development of the WTO and the multilateral trading system.

The positive outcome of Singapore was rooted in the emergence of a shared leadership and shared responsibility, in which trade ministers from 128 countries refused to accept an outcome which was anything less than what was really needed for the future of the system.

It's true that ministers were confronted with very few issues and, aside from the critically important steps taken toward an agreement on trade in information technology products, they faced very few decisions requiring binding commitments. Nonetheless,

the agenda in Singapore held immense political implications.

The WTO's future work program, including the issues of trade and investment, trade and competition and transparency in government procurement, and the vexing question of labor standards and their relationship to trade, produce a sharp political debate within individual governments as well as among the organization's members.

In past meetings of the world's trade ministers, agreements were brokered via consensus among the world's industrial powers, Europe, Japan and the United States. The Singapore Ministerial Conference heralded a change from that long-standing practice. While mature industrial nations played an important role in Singapore, particularly on the Information Technology Agreement (ITA) negotiations, the emerging developing countries were of paramount importance in the development of consensus on the issues contained in the WTO work program.

The importance of this development should not be overlooked. The growing participation of the developing countries in the global trading system is effective of their growing role as trading powers. These countries are assuming leadership positions in the WTO commensurate with their enhanced trading status. The Least Developed Countries, too, were active in the process of achieving consensus, though clearly we must do more to bring the least developed nations more securely into the system.

After Singapore, no one can imagine that the will of one or two of the leading WTO partners will prevail without a very complex exercise of consensus building. That consensus was achieved in Singapore, and with it emerged the outlines of the ITA, the WTO's first merchandise trade liberalization accord, and a blueprint for the organization's work over the next few years.

The negotiations on the ITA attracted the bulk of the media attention in Singapore and perhaps that is not surprising. Such an agreement will lift tariffs on semiconductors, computer hard-

ware and software, and telecommunications equipment by the year 2000. Assuming that a final accord is reached by April 1, and the indications are good, the world's consumers can look forward to paying less for products that are the lifeblood of virtually every industry in the global economy. Consider for a moment that worldwide sales of personal computers exceed 50 million units, while global automobile sales amount to 35 million annually.

Making products like these cheaper and more accessible means extending the information age to parts of the world too often forgotten by those of us in the industrial nations.

The way in which these negotiations have been conducted is also significant. Unlike the negotiations involving traditional sectors like agriculture and textiles, it made no sense that an ITA would be marked by winners and losers. Negotiators sensed correctly that in a sector so critical to economic development, all parties were negotiating on the same side of the table.

On the issues of investment, competition and government procurement, the ministers acknowledged the growing linkages between these areas and trade and committed themselves to closer examination of these linkages. The future role of the WTO in these areas will be determined by future talks, but it is important to remember that the organization already has a mandate for dealing with these issues in certain circumstances.

Some people have complained that the message on labor standards that came out of Singapore was a weak one. I could not disagree more. Ministers from 128 countries were resolute in their confirmation that labor standards must be respected. They reaffirmed their desire that this issue be dealt with primarily in the International Labor Organization. The fact that the ILO has moved immediately to implement an action plan on labor standards and trade is an indication of the weight of the ministers' Singapore message.

The ministers also stated unequivocally that applying trade sanctions or eroding the comparative advantage of

low wage countries is not the way to address differences of opinion on labor standards. They agreed that economic growth stemming from open trading policies is the best way to improve labor standards around the world.

While the Singapore ministerial conference was an historic event for the WTO, the organization and its members have little time to bask in the success of the meeting. If anything, the work load for 1997 promises to be even more onerous than last year. Three crucial sets of negotiations are due to conclude this year. In addition to the final stage of talks on an ITA, member states will be engaged in discussions aimed at reaching global trade agreements in telecommunications and financial services.

The deadline for a deal on telecommunications was February 15 and while negotiators were optimistic, agreement was not yet certain. There can be no flagging in our efforts to achieve this deal. Coupled with a successful ITA, an agreement in basic telecoms would cover more than \$1 trillion in global trade. In the industrial world, telecommunications may today be the most important input into the production of goods and services. In the U.S., for example, companies spend more money on telecommunications services than they do on oil.

For the poorest countries, an agreement to liberalize telecommunications trade offers the opportunity to accelerate development through the use of affordable new technologies like cellular networks. In fact, a World Bank study states these technologies can permit developing countries to "leapfrog" outdated infrastructure and implement telecoms systems at a lower cost per capita than costs already invested in the industrial world.

Most importantly a deal on telecommunications would facilitate a human dimension to globalization by increasing the possibility of extending knowledge to every village in the world. Information crucial to the health and education of our children and grandchildren would be more widely available than ever before. Through the



Photo: Singapore Tourist Promotion Board

Singapore International Convention & Exhibition Center, site of the first WTO Ministerial Conference.

enhanced dissemination of knowledge, democracy can be preserved and promoted.

As we have already missed one opportunity to agree on a telecommunications deal, it is essential that this second chance not be missed.

Financial services talks are due to conclude by the end of this year. Negotiations will not begin in earnest until April, so the outcome of the talks is, at this stage, difficult to predict. What is easy to say, however, is that an agreement would represent a major step toward providing international rules and disciplines for this dynamic sector. With such a framework in place, investor confidence will grow and the capital so essential for growth and development can flow more freely.

In conjunction with other international institutions, the WTO will also be arranging over the next few months a conference for the least developed countries to analyze ways in which these nations can be brought more firmly into the global trading system. By developing trade policies best suited to taking advantage of the multilateral system's myriad opportunities, these countries can raise living standards for all their citizens.

Last but certainly not least, 1997 will be a year in which members work toward enlarging the membership of the WTO. A total of 29 countries has applied for accession to the organization including China, Russia, Saudi Arabia, Vietnam and Ukraine. Bringing such important countries into the system is essential if we are to truly be the World Trade Organization.

The three sets of essential negotiations, the conference for the least developed countries and the process of access represent our organization's immediate future. But next year affords the WTO and its member states a chance to reflect on the past while pondering how the global trading system might be better managed in the 21st century. Next year marks the 50th anniversary of the multilateral trading system and we need to recall, particularly for younger generations, that we have built a system that is at the heart of the economic progress so many of the world's countries have enjoyed since the end of World War II.

Hundreds of millions of people in Asia, Latin America and the former Soviet empire have become producers of goods and services in demand worldwide. They are also consumers of

goods produced in nations around the globe. Sound economic policies, including liberal trade regimes, have raised living standards across Asia and Latin America. It is no accident that some 70 countries have chosen since the mid-1980s to unilaterally open their markets to imports.

While reflecting on the merits of the system, we should also use the occasion of the 50th anniversary to examine ways in which we can adapt our organization to meet the needs of our members in the 21st century. In Singapore a number of developing countries complained, rightly, that they should be more involved in the negotiation process. How to make the system more representative and more efficient while preserving the consensus-based system is one of our most important challenges.

Our procedures were developed more for tariff reduction negotiations among 20 to 30 members than for discussions on environment, competition and investment involving more than 100 countries. The need for reform is particularly relevant in light of the fact that so many countries are now poised for WTO membership.

Given our broader mandate and growing membership, we increasingly require a political dimension to our business. Greater involvement at cabinet level will be critical to the process of continued liberalization and building popular support for the organization. A message of hope from our political leaders about the opportunities inherent in the multilateral system and the advantages of globalization is very important to the world's young people. Young people feel a sense of inequality and injustice perhaps more than any segment of our society, and we need to assure them that the WTO system is a universal system which applies rules and disciplines in a fair and just way.

The success of Singapore has served to strengthen our young organization and the system itself. But there is much to do to build on these gains. It would be a tragic mistake to miss this opportunity.