



Statement by His Excellency Archbishop Silvano Tomasi, Permanent Observer of the Holy See to the United Nations and Other International Organizations in Geneva at the 8th Session of the Ministerial Conference of the World Trade Organization
Geneva, 15-17 December 2011

Mr Chairman,

The Holy See Delegation extends its congratulations to the Russian Federation, Montenegro, Samoa and Vanuatu for their accession to the World Trade Organization.

Mr Chairman,

The eighth Ministerial Conference of the WTO takes place at unprecedented times for the world economy. The recovery from the financial crisis of 2008 lasted only few months and there are already clear signs of a slowing down of economic activity in advanced and emerging economies. If these signs are confirmed, the world risks to plunge in a double dip recession which could entail prolonged periods of stagnation and high unemployment.

The economic situation in advanced economies and in Europe is reason for particular concern. The debt crisis is forcing several European countries to implement tough fiscal policies, with the risk of worsening the economic cycle. In these cases, the weakest are penalised the most, in particular young adults, who experience an unemployment rate at the highest level in decades, and the poor confronted with a strong increase in inequality in all countries.

Evidence from the recent financial crisis has shown us that trade has been an effective tool in helping a rapid recovery. Now the primary challenge WTO faces is to sustain this approach and discourage countries to give in to the temptation of protectionism that promises to deliver some illusory short-run benefits while preventing more conspicuous long-term gains.

An additional burden could be imposed on the shoulders of the young and of the poor if they are deprived of such an effective tool for improving the economy as an open trade.

In this context, the Delegation of the Holy See would like to recall the ethical foundation of trade. Ethics is not an external element of the economy and the economy

does not have a future if it does not take into account the ethical dimension. The economy functions not only through self-regulation of the market and much less through agreements limited to reconciling the interests of the most powerful countries, but it needs also to take into account that it functions at the service of man. The production of resources and goods and their strategic management require a sense of ethics and of the common good since without them the economy becomes naïve, cynical and destined to failure. In fact, every economic decision has a moral consequence. The economy needs an ethical perspective centered on the person and able to offer sure points of reference to new generations. Economic and commercial activities oriented to development should be able to reduce poverty effectively and to alleviate the suffering of the most unprotected. On several occasions the Holy See has called attention to the urgency of a new and profound reflection on the meaning and objectives of the economy and of a far-sighted revision of the global financial and commercial architecture in order to correct problems of functioning and distortions. This revision of international economic rules must be integrated in the framework of a new global model of development. In reality, it is required by the planet's ecological state of health, and, above all, by the cultural and moral crisis of man, and the symptoms have been evident everywhere for a long time. As Pope Benedict XVI states: *"taking care of the needy means not just giving bread to the hungry, but also letting yourself ponder the causes why the other person is hungry."* Only with the acceptance of effective rules that protect the management of the economy in an ever more interdependent world, our efforts will be directed toward the pursuit of the common good.

Despite the seriousness of the general economic condition and despite the strong need for improving trade, we observe that trade negotiations are at an impasse. This stalemate has lasted for several years and there is no sign that the current round of negotiations will be concluded in the near future. There is a concrete risk that the entire Doha Development Round may end in failure jeopardising all the efforts devoted to the promotion of development through trade.

However, looking at the work conducted during the last years, as the "Easter package" clearly shows. Significant progress has been made in several areas, and an agreement can be within reach. In other critical areas such as agriculture, positions are distant and a solution does not seem to be close.

During the current year serious attempts have been conducted in order to reach an agreement on a smaller set of issues - the so called LDC plus package - in order to take a step forward toward the implementation of the Doha Development Agenda. Despite the failure of this new attempt, the Delegation of the Holy See supports the adoption of a pragmatic approach and the consolidation of the progress made so far. This option ensures that countries will reap the trade liberalisation benefits that, in some areas, remain significant. If the opportunity is missed, the poor will end up paying the highest cost.

The success of the Aid-for-Trade initiative gives evidence of the potential benefits deriving from trade and, on the other hand, of the cost of inaction. In fact, lack of decision seems to turn into an effective tool through which several countries are pursuing protectionist policies.

Another positive achievement is given by the group of countries whose accession has so significantly advanced that they are at the threshold of completion. The creation of an "Accessions Commitments Database" (ACDB) allows Members, acceding governments and the Secretariat, to rapidly and efficiently retrieve information on "commitment language", for all completed accessions under Article XII of the Marrakesh Agreement. Ensuring transparency and predictability in the accession process remains a key priority for the Membership and the Secretariat. In this sense my Delegation, appreciating all the efforts made by the Director General and the Secretariat, underlines the need for enhanced technical assistance and capacity building to help LDCs to complete their accession process, implement their commitments and become integrated into the multilateral trading system.

One area where progress will deliver significant and tangible benefits to poor and developing countries is that of the Rules of Origin (ROO). Negotiations to harmonise non preferential rules of origin were launched sixteen years ago, but an agreement has not been reached so far. A solution to this problem will determine a significant step towards a more stable clear and predictable set of rules for trade talks. Transparency and predictability are particularly valuable for developing countries which are much penalised by the complexity of the current set of rules.

Preferential Rules of Origin (ROO) should be amended in favour of poor countries. Often for these economies, the potential benefits deriving from the margin of preferences are not captured because of the presence of strict ROO. In practice ROO go against the realisation of comparative advantages since poor countries tend to specialise in very simple activities characterised by low added value. If advanced economies wish to use trade as an effective tool to lift countries out of poverty, they need to recognise that giving poorer countries a margin of preference is not enough without rules of origin that allow these economies to really exploit the preferences.

Mr. Chairman, after years of standstill, the Ministerial Conference provides an opportunity to start taking tangible steps toward the implementation of the Doha Development Agenda. WTO members must "think big" in order to conclude a broad deal, otherwise the risk of the marginalisation of the multilateral trading system will become real. A positive conclusion of the Round will represent a win-win situation: a chance for developed countries to strengthen the confidence in the multilateral trading system, to guard against the rise of protectionism, and to boost the global economy while reducing its asymmetries; a chance for newly emerging economies to lock in those

benefits permanently while avoiding new trade arrangements that may well exclude them; last but not least, a chance for the poorest developing countries to realize the gains of the Doha Development Agenda promised long ago.

Mr. Chairman, to sum up, the human family has not been created to serve the market, but the market, to serve the human family. If this principle is respected, even though times are difficult, fear will give way to hope.