



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 9th Session of the Ministerial Conference of the World Trade Organization
Bali, Indonesia, 4 December 2013

Mr. President,

First of all, my Delegation would like to thank the Government of Indonesia for the effective organization of this timely and important conference and for the generous hospitality of the Indonesian people.

Mr. President,

Five years after the onset of the global financial crisis, the world economy still struggles in hope of returning to a strong and sustained growth path. The rate of world output, which was 2.2 per cent in 2012, is projected at a similar rate in 2013. As in previous years, developed countries are expected to show the poorest performance, with an approximate increase of 1 per cent in gross domestic product (GDP)¹. Developing countries are expected to grow by between 4.5 and 5 per cent in 2013, as in 2012. This growth has been driven more by domestic demand than by exports, as external demand from developed economies has remained weak. Economic activity in many developed countries and a number of emerging market economies is still suffering from the impact of the financial and economic crisis and from the unsustainable financial processes and domestic and international imbalances that led to it.

Experience and economic research show that financial crises have a long-lasting impact on the economy. Not only the balance sheets of financial institutions are heavily affected, but also those of the government and of the private sector suffer heavily. In several advanced economies, this has resulted in an unprecedented increase in government debt and poses a severe constraint on future growth prospects. Moreover, the restrictive fiscal policies, which often are implemented in order to cope with the debt, have, in turn, worsened the already precarious economic condition of several countries.

While a minority is experiencing exponential growth in wealth, the gap is widening to separate the vast majority from the prosperity enjoyed by those happy few. This imbalance is the result of ideologies that defend the absolute autonomy of the marketplace and of financial speculation. Consequently, there is an outright rejection of

¹ Cf. UNCTAD Trade and Development Report http://unctad.org/en/PublicationsLibrary/tdr2013_en.pdf

the right of States, charged with vigilance for the common good, to exercise any form of control. A new tyranny is thus born, invisible and often virtual, which unilaterally and relentlessly imposes its own laws and rules. An even worse development is that such policies are sometimes locked in through trade rules negotiated at the WTO or in bilateral or regional FTAs. Debt and the accumulation of interest also make it difficult for countries to realize the potential of their own economies and keep citizens from enjoying their real purchasing power. To all this, we can add widespread corruption and self-serving tax evasion, which have taken on worldwide dimensions. The thirst for power and possessions knows no limits. In this system, which tends to devour everything which stands in the way of increased profits, whatever is fragile, like the environment, is defenseless before the interests of a deified market, which become the only rule.

In this setting, the promotion of trade could have a positive impact on several economies and thus set the stage for a stronger recovery and for a return to pre-crisis growth, as the weak internal demand can be supported by the external component. Each meaningful economic decision made in one part of the world has repercussions everywhere else; consequently, no government can act without regard for shared responsibility. As we have experienced over last years, it is becoming increasingly difficult to find local solutions for major global problems that overwhelm local politics with difficulties to be resolved. If we really want to achieve a healthy world economy, what is needed at this juncture of history is a more efficient way of interacting which, with due regard for the sovereignty of each nation, ensures the economic well-being of all countries, not just of a few.

The Bali package has the potential to be a vital step towards the creation of something new by WTO, something that can lead to other new opportunities – to innovation in our approach to multilateral negotiations. A balanced and fair-trade facilitation agreement clearly is within reach. It could be the first multilateral trade agreement produced by the WTO; moreover, this trade facilitation deal could represent the most significant development delivered so far by the WTO. It is well known that there are significant economies of scale that can be realized in this domain. Many time-saving techniques, such as computerized container scanning, are only available in high-volume ports; in addition, the marginal value of investment in trade facilitation may be higher when trade volume is large, since cost savings are passed on to a larger quantity of goods. Thus this has the potential of generating a virtuous circle where more efficient trade facilitation stimulates trade, and in turn trade improves trade facilitation.

A trade facilitation agreement, therefore, is as close to a 'win-win' condition as can exist in the real world. Both developed and developing countries would benefit, and the gains will be larger for the latter. By some estimates, a trade facilitation agreement is estimated to reduce costs for developed countries by 10 percent, but, for developing countries, by 14 percent. In fact, at its core, trade facilitation, is about connecting countries – their farmers and businesses – to the global economy. This is most important for small and medium-sized businesses that have the drive to succeed but lack the resources to maneuver through red tape. However, developing countries alone should not bear the costs of technological improvements to facilitate trade. A requirement that developing

countries choose between funding vital education, healthcare, or transportation programs in order to fund trade facilitation technology is unjust. Developed countries, which will share in the benefits, must share in the costs.

As we have seen over last three months, agreement is also reachable on additional development issues such as a monitoring mechanism for the implementation of special and [differential] provisions, and new guidelines on rules of origin and last but not least the concerns of certain developing countries about food security.

The volatility of food prices in recent years has caused great harm to farmers, both in the global North and South. The complexity and cost of operating grain reserves is well known. However, the lack of insurance against market failure could result in enormous costs for emergency assistance. Worse yet, such a crisis could cost lives – lives lost to hunger as an immediate consequence, and lives blighted for several generations by the effects of malnutrition on fetal development. In recent years the Holy See consistently has expressed concern about food security, as stated by Pope Francis in His Message for the World Food Day “...an invitation to rethink and renew our food systems from a perspective of solidarity, overcoming the logic of unbridled exploitation of creation and orienting better our commitment to cultivate and look after the environment and its resources, to guarantee food security and progress towards sufficient and healthy food for all.” The “text on public stockholding for food security purposes” follows along the same lines² and could represent a good basis for the future negotiation in the post-Bali Agenda. We invite all delegates to support and finalize an agreement that would provide a more secure, stable and equitable access to food for countries that need it.

Mr. President, the Bali conference occurs after a long series of failed Ministerial Conferences. We are collectively responsible for making it a successful conference. For too many years, multilateral negotiations have been stalled by a limited amount of issues that are effectively impeding the success of the whole package.

As a result, many countries opted to liberalize trade through Regional or Bilateral Trade Agreements. The number of such agreements has increased exponentially during the last 15 years. Currently there is a clear tendency to further enlarge these RTAs to form mega-regional trade agreements such as the Transatlantic Trade and Investment Partnership, or the Trans-Pacific Partnership. Certainly, the enlargement of regional trade agreements is a step towards further trade liberalization but we have to bear in mind that these agreements inevitably threaten the desirability to reach an agreement on a truly multilateral basis. In fact, by entering a regional trade agreement a country reduces the incentives to extend its efforts on trade liberalization at a multilateral level. Most importantly, we know that only the multilateral system is a clear, equitable system that provides effective guarantees for small and poor countries that tend to be penalized in a Regional Trade Agreement where it is asymmetric. Among the most damaging concessions developing countries make in regional and bilateral agreements are those

² Doc. JOB/TNC/29

enhancing the monopolies on life-saving medicines,³ which reduce access and affordability and those that provide excessive legal rights to foreign investors, limiting the policy space for nations to promote sustainable and inclusive development.⁴

Mr. President,

In conclusion, we all should be aware of the fact that we currently find ourselves at a crossroad in multilateral trade negotiations and probably in shaping the future for the WTO. Two contradictory paths could be taken at this crossroad:

In one, we fail to deliver a meaningful post-Bali Agenda. In this way not only will we lose yet another opportunity, but also many offers of flexibility, for this package will disappear for an indeterminate period of time. In this scenario, the role and the credibility of the WTO itself will inevitably start to be questioned. How can we ask individuals and firms to believe in a multilateral framework that in a period of almost 20 years has yet to reach the closure of the first negotiation round? The loss of the WTO as a negotiating forum of course, would have the greatest impact on the smallest and the poorest economies. Big countries will always have options. Fair or unfair, that is a reality. As Pope Francis urged in his Apostolic Exhortation⁵ *“The need to resolve the structural causes of poverty cannot be delayed, not only for the pragmatic reason of its urgency for the good order of society, but because society needs to be cured of a sickness which is weakening and frustrating it, and which can only lead to new crises. Welfare projects, which meet certain urgent needs, should be considered merely temporary responses. As long as the problems of the poor are not radically resolved by rejecting the absolute autonomy of markets and financial speculation and by attacking the structural causes of inequality⁶, no solution will be found for the world’s problems or, for that matter, to any problems. Inequality is the root of social ills.”*

The second path, to be taken as we exercise our common responsibility, will result in a more hopeful scenario. Over the last months some progress has been made on the Doha agenda and new proposals have been put on the table. It is possible, therefore, to bring about, through this conference a turnaround in trade talks, so that the WTO can regain its central role in addressing new problems, tackling new opportunities, and, most importantly, in promoting more free and equitable trade, not as an end unto itself, but as one of many tools to end poverty for all.

³ See, e.g., “All costs, no benefits: How TRIPS-plus intellectual property rules in the US-Jordan FTA affect access to medicines,” Oxfam Briefing Paper No. 102, March 21, 2007, <http://www.oxfam.org/sites/www.oxfam.org/files/all%20costs,%20no%20benefits.pdf>.

⁴ See, e.g., UNCTAD, “Towards a New Generation of International Investment Policies: UNCTAD’s Fresh Approach to Multilateral Investment Policy-Making,” IIA Issues Note No. 5, July 2013, e http://unctad.org/en/PublicationsLibrary/webdiaepcb2013d6_en.pdf

⁵ Apostolic Exhortation *Evangelii Gaudium*, par.202.

http://www.vatican.va/holy_father/francesco/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium_en.html#_ftnref173

⁶ This implies a commitment to “eliminate the structural causes of global economic dysfunction”: BENEDICT XVI, *Address to the Diplomatic Corps* (8 January 2007): AAS 99 (2007), 73.