



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 10th Session of the Ministerial Conference of the World Trade Organization
Nairobi Kenya, 16 December 2015

The Delegation of the Holy See wishes to begin by expressing thanks and congratulations to President Minister of Foreign Affairs, Amina Mohamed and to the people of Kenya for the warm welcome and excellent arrangements that have been made for this occasion. My Delegation extends its appreciation also to the Chairman of the General Committee and the Director General for their tireless efforts in preparation for the Conference. This Tenth Ministerial Conference of WTO represents a time of hope. But for this hope to be realized, all present must remain faithful to the promises and commitments made to the poor in Doha. There has been less than satisfactory progress in the areas of trade for the poorest countries. As recalled by Pope Francis in his recent visit to U.N.O.N.: *“while recognizing that much has been done in this area, it seems that we have yet to attain an international system of commerce which is equitable and completely at the service of the battle against poverty and exclusion. Commercial relationships between States, as an indispensable part of relations between peoples, can do as much to harm the environment as to renew it and preserve it for future generations.”*¹

On this occasion of the 20th anniversary of the WTO, we observe that in the evolution of the talks over the last years there is a sense of detachment from the issues that are perceived as relevant by specialists and by the general public. The high hopes following the launch of the Doha round of negotiations rapidly gave way to disillusion and disappointments. After years of lengthy negotiations, these hopes have been revived by the Bali agreement, only to be subsequently dashed by the difficulties in implementing the Bali package.

We clearly live in unprecedented times. Globalisation is shaping and changing the world economy at a speed that is totally unexpected; some countries, in particular emerging economies, are experiencing social and economic changes that are of an order of magnitude far larger than previous historical experiences. This is certainly positive as most of those transformations are for the better and have allowed millions of poor individuals to be lifted out of poverty; however, these developments expose the limits of the WTO and other multilateral institutions. They appear slow to adapt to change

¹ Pope Francis, Address to U.N.O.N., Nairobi, 26 November 2015.

and are characterised by a decision-making process that is too lengthy and cumbersome.

In particular, there is the risk that the WTO, by focusing its efforts on negotiating details of complex trade agreements, could miss the point of the most relevant issues. The widespread implementation of regional trade agreements, some of which resemble multilateral agreements on a small scale, is a testimony of the fact that where the multilateral approach fails, alternatives are pursued.

Such rules have been among the guiding principles of GATT's negotiations and subsequently of the WTO, but over time they seem to be lost among the endless details of trade agreements. We therefore hope for the WTO to rediscover and re-emphasise its basic principles as stated in the preamble of the agreement that established the WTO: *Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development.*

The Holy See hopes for a change in this approach, that it would be more aimed at fostering inclusion and development of people in an increasingly interdependent world.

We encourage all member countries to simplify WTO procedures, guided by the principles of solidarity and the centrality of the human person, in order to reach a stronger and more inclusive participation.

Those same principles and rules should be effectively adopted by member countries which need to comply with their individual actions to the general principles of limited sovereignty. It is important that this concern be shared among all members at all levels. This concern, in fact, had already been raised by Pope Benedict XVI: *"Unfortunately, too much confidence was placed in those institutions, as if they were able to deliver the desired objective automatically. In reality, institutions by themselves are not enough, because integral human development is primarily a vocation, and therefore it involves a free assumption of responsibility in solidarity on the part of everyone."* (Pope Benedict XVI, *Caritas in Veritate*, 11).

Modernising multilateralism could therefore be achieved by rediscovering the roots of the multilateral ideal, which is ultimately based on the fact that all human beings are united by a common humanity rooted in the dignity of the human person. Following this premise, both individual actors and multilateral institutions can work together with the goal of reaching the common good.

Regionalism and multilateralism

As stressed above, during the last decades, there has been a proliferation of regional and bilateral trade agreements conducted in parallel with negotiations at the multilateral level. A few weeks ago, twelve of the largest trading nations in the world reached agreement on the Trans Pacific Trade Partnership; similarly, the US and the EU are in advanced stages of negotiations to close the deal on the Transatlantic Trade and Investment Partnership, a deal that contains a large set of measures aimed at significantly reducing tariffs and non-tariff barriers significantly.

Regional Trade Agreements (RTAs) have several advantages: by respecting article 24 of GATT, they are a step towards trade liberalisation; moreover, they can provide a framework that allows developing countries a gradual adjustment to the increased degree of competition implied by free trade; finally, they can be a valuable instrument to develop South-South trade which could be a crucial element in the development of several developing countries.

However, there are several risks associated with RTAs. The most relevant is that they risk being interpreted as a substitute to multilateral negotiations. In a sense, this is a case where pluralism is interpreted as being opposed to multilateralism and where the particular good is seen as opposed to the common good.

The Holy See strongly stresses the importance of recognising a primacy of multilateral agreements over bilateral and regional ones. Despite its limits and its complexity, the multilateral framework gives pluralism a universal dimension and facilitates inclusive dialogue. More specifically, in a multilateral framework weaker and smaller countries are better safeguarded than in a regional and bilateral setting where the counterparts are large and strong countries. In such asymmetric settings, advanced economies inevitably have more bargaining power with respect to LDCs, with the result that the latter are not able to grasp fully the benefits of the agreements.

Rules of Origin

Rules of Origin have prevented LDCs from grasping the full benefits of preferential trade agreements. These rules set requirements that are difficult to meet by developing countries. Such rules are often considered to be overly restrictive and inflexible, making it difficult for LDCs to take full advantage of the preferences they are granted.

In several cases, LDCs are collectively able to meet the requirements set by the Rules of Origin of developed countries, however, individually they fail to do so. Since the Bali conference, LDCs have been advocating on several occasions the need for a multilateral framework for reforming the design and implementation of rules of origin

by advanced economies in preferential trade agreements. Efforts should be increased in order to reach an agreement by the Nairobi conference. Particular attention should be given to the possibility of tailoring the definition of Rules of Origin according to the level of development and industrialisation of the country or to the possibility that requirements for LDCs should be binding collectively and not individually.

More generally, advanced economies should multiply their efforts to design preferential treatments for LDCs which are effectively accessible to them. All too often, in fact, preferential treatments remain only on paper and are not effectively used by LDCs because they lack the tools and the possibilities to comply with them. A more effective dialogue between LDCs and preference granting countries should be encouraged in order to maximise the possibility for the former to take the most of the benefits of trade.

Agriculture

The agriculture sector plays an important role in the economy of most LDCs, accounting for 24% of the GDP and more than a third of employment in LDCs. A key negotiating priority has therefore been to support reform of agriculture rules including market access, domestic support and export competition.

Accomplishing the main objectives of the agriculture negotiations, i.e. substantial improvements in market access, phasing out of all forms of export subsidies and substantial reductions in trade-distorting domestic support, would constitute a positive outcome for LDCs, who remain vulnerable to the effects of trade-distorting agricultural policies followed by other Members. WTO Members have recognized the special needs of LDCs by providing them with specific flexibilities. However, the simple removal of agricultural subsidies in developed countries is not enough and may produce negative consequences for the poor. Therefore, the reduction of distorting subsidies should be accompanied by international support aimed at increasing agricultural production in an inclusive and sustainable way. In this respect, the example of cotton with its dual track approach of addressing simultaneously the trade and development aspects has been a unique and successful initiative by the WTO and could potentially constitute an example for other products.

Service waiver

Following the 2013 Bali decision on the operationalisation of the services waiver, negotiations have progressed in identifying the tools to be applied in this context. Among such tools, emphasis has been given to the expansion of the access for temporary movement of workers under the Mode 4 of GATS. Regarding negotiations on temporary migrant workers, special attention should be given to the selectivity of those measures. Selective measures often result in large brain drains from LDCs which

in turn may hinder the accumulation of human capital and growth in these countries. Greater effort should be put in finding tools that accompany the service waiver with the development of the service sector in LDCs that could potentially employ returning migrants.

More generally, the temporary movement of workers is part of a global phenomenon of international movement of peoples (due to a variety of economic, environmental and political causes, including violent conflict) of such large proportions that is reshaping the societies of whole countries and regions. However great care should be taken when dealing with this issue, discriminating against economic migrants. As stated by Pope Benedict XVI: *“Obviously, these labourers cannot be considered as a commodity or a mere workforce. They must not, therefore, be treated like any other factor of production. Every migrant is a human person who, as such, possesses fundamental, inalienable rights that must be respected by everyone and in every circumstance”* (*Caritas in Veritate*, 62). The fundamental nature of the human being has therefore to be at the centre of any negotiation dealing with migration and labour movement.

Trade and development: an ecological approach

It is well known that trade is intimately connected with development as it is one of the most robust and effective channels for enhancing economic growth. In discussing trade policies all countries should be aware that we are all part of the same human community and we all make use of the same global resources. *“Whether believers or not, we are agreed today that the earth is essentially a shared inheritance, whose fruits are meant to benefit everyone.”* (*Laudato Si'*, 93)

The recent encyclical letter of Pope Francis is rich with suggestions and indications on this theme. Here we offer to the debate two specific issues. The first is the importance of the environmental dimension of the policies implemented. *It is essential to seek comprehensive solutions which consider the interactions within natural systems themselves and with social systems. We are faced not with two separate crises, one environmental and the other social, but rather with one complex crisis which is both social and environmental. Strategies for a solution demand an integrated approach to combating poverty, restoring dignity to the excluded, and at the same time protecting nature”.* (*Laudato Si'*, 139)

The second is the importance of labour. In implementing policy actions to tackle the current economic challenges, we need to bear in mind that the first objective should be the increase of employment. Labour enhancing policies are not only important for the development of countries and regions, but mostly for the development of the talents that each human being has. *“We were created with a vocation to work. The goal should not be that technological progress increasingly replace human work, for this would be detrimental to humanity. Work is a necessity, part of the meaning of life on this earth, a path to growth, human development and personal fulfilment. Helping the poor financially must always be a provisional*

solution in the face of pressing needs. The broader objective should always be to allow them a dignified life through work.” (Laudato Si’ 128)

These are clearly challenging issues that require an enormous effort in coordinating the initiatives of different multilateral institutions; however, they can be the beginning of a new approach to trade and development centred on an integral ecology respecting both human and social dimensions.

Mr. President,

In conclusion, the Holy See Delegation remains confident that a sense of common responsibility, as shown in the previous Ministerial Conference, will bring us to reach an historic result in Nairobi. In this regard, before the Assembly of the UNON the Holy Father expressed his desire that: *“the deliberations of the forthcoming Nairobi Conference will not be a simple balancing of conflicting interests, but a genuine service to care of our common home and the integral development of persons, especially those in greatest need”*. In the context of a “family of nations” those countries economically more developed can provide assistance that will allow for attainment of the development which corresponds to our shared human dignity.