

General Debate – Geneva, 25 July 2008

Panel 1: A sustainable and inclusive globalization

Statement by Harsha V. Singh, Deputy Director General, World Trade Organization

It is a pleasure for me to participate in this Roundtable. I represent Mr. Lamy here. As you all know, he is at the moment very busy with the ongoing negotiations at WTO. He sends his greetings.

The UPU and the WTO apparently have in common that they hold important meetings in Geneva at the end of July. Obviously, this is not the only aspect that the two organizations have in common, and I will address this in a short while.

My purpose here today is to provide an important element of context by discussing postal services as they are addressed within the international trading system. I do so because I believe that the multilateral trading system is a necessary element of a 'better' kind of globalization, as suggested by the theme of this Roundtable.

Indeed, I have the conviction that the WTO and the Doha Round generally contribute to the pursuit of such an important objective. First, through the impact of increased trade on development: market opening resulting from Doha, by its impact on economic growth would over time help to bring large portions of population out of poverty. The WTO encourages openness and the growth of international trade, which are extremely important for development and inclusive globalization. It is interesting to note that this is also one of the main conclusions of the recent report by the international high level Commission on Growth and Development. In contrast, trade restrictions are an ever-present temptation in times of distress despite their negative consequences, and protectionism mitigates against a sustainable and inclusive globalization.

Another broad contribution of the WTO, or the multilateral trading system, is that it helps to anchor globalization in a system of international rules, both transparent and non-discriminatory. These are essential so that the opportunities and benefits offered by globalization can be utilized by economies of various sizes and development levels. The WTO rules, in addition to encouraging trade, ensure a much needed predictability for economic operators and government regulators. The rules also provide a fair and credible process for the settlement of disputes.

Services in the DDA

If you follow the press reports of the recent discussions at the WTO, it is possible that you feel that the Doha negotiations have focused on Agricultural and Non-Agriculture Market Access (or NAMA, which is mainly industrial tariffs). The negotiating agenda of Doha negotiations is wide ranging and substantial work has gone into each of the areas of negotiations. It is noteworthy that since at least the Hong Kong Ministerial meeting, Members have mentioned three important pillars of the Round. Two of these are Industrial Tariffs and Agriculture, and the third is negotiations on trade in services.

In terms of the time sequence of the results of the negotiations, modalities relating to Agriculture and NAMA are to be achieved first, followed by final offers on services at a specified date. This is because given the nature of services trade, such modalities or formulas are typically not used in services negotiations. Rather, services negotiations are conducted through an incremental request-offer process. Thus, even if process appears slower and does not grab the headlines in the same way as for example, Agriculture, it should be clear to all that in the end there will need to be a satisfactory result on services at the conclusion of the Round.

The importance of a good result in services is emphasized for example by an important interim development, namely the signaling Conference. Together with the negotiations on modalities for Agriculture and NAMA this week, the Ministers will participate in a signaling Conference on services.

Services negotiations address a sector which has grown faster than world production and goods trade in the last three decades. The Doha Round's services negotiations touch on most service sectors. Since existing market access commitments in the GATS now fall well short of the importance of services in the world economy as it exists today, the benefits that the Round can yield are considerable. This is even more so because all sectors of the economy rely on infrastructure services, which include postal and courier services, to compete, to enhance efficiency and production, and to provide opportunities for inclusive benefits in society. Moreover, the benefits of open and effective

trade in services impact strongly on the economy as a whole. This makes Doha negotiations in the sector ever more relevant to globalization and inclusiveness.

Postal/Courier Services in the GATS

In the framework of the General Agreement on Trade in Services - the GATS - it is important to understand that for postal and courier services, market access discussions encompass the delivery of all relevant items - parcels and packages; documents; printed matter - whether supplied by a postal operator or by courier or express delivery companies.

As in other services sectors, market access negotiations in postal-courier services essentially proceed on a request-offer basis. Following the Hong Kong Ministerial meeting, a plurilateral request offer process was begun, meaning groups of interested Members make a collective market access request to a critical mass of other Members. For postal and courier services there is a plurilateral request, and the negotiations will take place based on bilateral and plurilateral requests and offers.

The plurilateral requests for postal and courier services focus on services that are provided in competition, and not those in the reserved areas, which vary from one country to the other, and that is also taken into consideration. So far, the results in terms of new offers have remained limited. Many Members appear to be awaiting the results on Agriculture and NAMA modalities.

Till now, fifty two WTO Members have commitments in force in the postal-courier sector, and only 16 (counting the EC -25 as one) have made offers of new or better commitments in the on-going negotiations.

It is entirely conceivable, therefore, that much more can be expected before the end of these negotiations. Substantial results in the form of more and better commitments represents a win-win situation for all. Indeed, market access commitments provide predictability and security to operators that conditions will not worsen in the future. Similarly, commitments can also serve to consolidate past, ongoing or future reform efforts.

Commitments also encourage competition, which is key because it leads to better services, to better allocation of resources, and to the creation of new commercial opportunities. Moreover, services underpin virtually every economic activity needed in the production and distribution of other goods and services. Postal-courier services are an example of such a service. Given the enormous quantity of goods transiting through the postal, courier and express services, delivery firms are also a part of the broader cluster of logistics services. These, together, highly influence the overall competitiveness of a country's firms and are a main channel for facilitating international trade. Efficient logistics services, which provide the necessary link between producers and consumers, within and across borders, have important impact on success in the market.

The GATS and the Non-Economic Role of the Sector

That said, the postal sector also has characteristics that distinguish it from other logistics services, for example its legacy as a public service, its important social role and the relevance of universal service, to name but a few. In that regard, I would want to underscore that what trade negotiators call 'liberalization' or 'market access commitments' under the GATS does not mean deregulation, nor does it mean privatization. Actually, it is generally recognized that good regulatory frameworks are necessary to reap the benefits of liberalization. Rather, liberalization under GATS essentially means exposure to international competition. Further, neither GATS commitments, nor any other GATS obligations mean that governments cannot regulate and ensure access to universal service. Such an approach is consistent with contributing to an inclusive and sustainable globalization.

Conclusions

The GATS, and the WTO, contribute to a 'better' globalization through better and more stable opportunities, within a framework of rules which provides *inter alia* for transparency, predictability, concern for meeting various domestic objectives, and a system of effective dispute settlement. This allows Members to participate in an inclusive manner. In addition to its framework of rules, the WTO also provides a fora to foster discussions and the sharing of experiences among governments, as well as between different national actors, about best policy approaches in a changing global environment. Interaction between governments at the multilateral level on such topics is important because it supports domestic policy-makers that are confronted with choices and adaptation in the face of globalization. The WTO thus contributes to a more inclusive and sustainable globalization.

The UPU and WTO interact in the context of common areas of interest. The UPU is an observer to the WTO's Council for Trade in Services, and WTO Secretariat staff has attended meetings at the UPU headquarters in Bern, and I may also recall Mr. Lamy's address to the UPU Strategy Conference in Dubai almost two years ago. These links between the two organizations need to continue. I wish you all the best at this Congress. Thank you for your attention.