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978-1-107-05306-9 - The Geneva Consensus: Making Trade Work for All

Pascal Lamy

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THE GENEVA CONSENSUS

The Geneva Consensus highlights the vital role that open trade plays in generating global economic growth, a key condition for reducing poverty and creating jobs around the world. But trade can only act as a motor for growth if the correct mix of domestic and international economic and social policies is also in place. This approach – described as the ‘Geneva Consensus’ – requires deeper co-operation and policy coherence between the various international organizations active in setting or seeking to mould international economic, social and political policies.

The Geneva Consensus describes what has been done and what remains to be done to put this consensus into effect, and calls for more effective global governance to tackle the challenges of globalization. It also examines how trade relates to and influences key social, economic and political issues of our time, such as health, climate change, human rights or currency volatility.

PASCAL LAMY was Director-General of the World Trade Organization from 2005 until 2013. Between 1999 and 2004, he was the European Commissioner for Trade.

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PREFACE

In 1999, as I was preparing to appear before the European Parliament to make my case for becoming the European Union Trade Commissioner, I decided to use the term ‘harnessing globalization’. It was intended to capture the ultimate objective of international trade and economic policies at the turn of the century. It became central to my tenure as EU Trade Commissioner. It continued to be my guiding principle during my eight years as Director-General of the World Trade Organization (WTO). Globalization continues to unleash incredible transformational power in our societies, thanks in particular to scientific and technological advances. But this power needs to be harnessed, to be channelled, to be tamed, if we want globalization to be for the benefit of all.

Trade has been an extremely efficient conveyor belt of globalization. It has been a powerful instrument for promoting growth and development, for reducing poverty and for improving standards of living. And the WTO has been an essential instrument in harnessing global trade. It has been the key forum where trade opening has been negotiated and where the rules governing global trade and trade disputes among countries have been set. It is a successful example of global governance.

This book is a collection of memories from my eight years at the helm of the WTO. I have largely drawn from articles and speeches I delivered in my role as chief advocate

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for the values and objectives of the multilateral trading system. The range of topics covered is selective in that it reflects my own choice of issues I wish to explore. I have essentially chosen those that I believe are the most important for understanding the complex task of making trade work for growth and development.

I fundamentally believe that trade opening is essential for achieving growth and development, but the benefits resulting from open trade depend on the quality of policies in other areas. This is what I have dubbed the ‘Geneva Consensus’, a term I first used when I campaigned to become WTO Director-General in 2005. It centres on recognizing the incredible powers of trade openness and fair trade rules for all. But it also recognizes that trade opening, with all the benefits and also the occasional hardships that it brings, has to be embedded in a wider framework of domestic and international policies. I call this the ‘Geneva’ Consensus, as this city is home to both the WTO and the United Nations and embodies the very idea of a society of nations working together towards a shared goal.

The WTO cannot be an ivory tower. The high priests of international trade cannot remain ensconced in the comfort of their beautiful Lake Geneva headquarters. The WTO must integrate its work into the agenda of governments, civil society and other international organizations that are working for growth and development so that this work brings about positive results, and not just theoretical assertions. And the members of the WTO – 159 governments across the globe – must do their part by ensuring that trade opening is at the core of their domestic and international policies.

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Trade opening today is much more than just lowering tariffs and establishing tariff quotas. It is much more than just goods and services. In fact, today it is often difficult to distinguish between a good and a service. It is also about the interactions between trade and the environment, health, food security, jobs, even human rights. It is about how trade and currencies interact. It is also about how open trade is embedded into a framework of fairer global competition. Finally, trade opening is not just about creating opportunities. It is also about ensuring that opportunities translate into results by helping developing countries improve their capacity to trade.

An account of my eight years at the WTO would not be complete without mentioning the Doha Development Round. As I write this book, there is a very strong likelihood that this collective endeavour to update the rules of global trade could be given a decisive push with the adoption of a deal on trade facilitation – reducing ‘red tape’ for the exchange of goods and services across borders – at the WTO’s Ninth Ministerial Conference in Indonesia in December 2013. The chapter on the adventures and misadventures of the Doha Round comes at the end of this book. This is not intended to indicate in any way a lack of importance. It is just that the twelve preceding chapters provide the background for understanding the difficulties surrounding multilateral trade negotiations today and why it has proved to be so difficult to conclude the Doha Round.

This book would not have been possible without the support and dedication of my Chief of Staff during these eight years, Arancha González. Her observations and advice have

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Pascal Lamy
Geneva, August 2013