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28 October 2008

If there is a silver lining to the worldwide financial crisis, it is that no one can doubt any longer that we are operating in a globally integrated economy. Every twist and turn of the financial news of the last few months has served to reinforce our understanding that we are all in this together, and no solution that is purely national is likely to result in long term success.

We must find ways for countries, financial institutions and individuals to begin to trust one another again, in both aspects of trust, integrity AND competence.

This requirement applies equally to trade. It makes it more compelling than ever that we maintain and expand an effective rules-based multilateral trading system. And yet, as we meet here on this October day in Brussels, it is 14 years since the Uruguay Round was signed. In that time, world exports have more than tripled to over \$17 trillion, increasing from 20% to 31% of world GDP.

China, which was not even a participant in the last round, has seen its GDP increase by 650%, and its exports by more than 850%. The number of Internet users has grown from 20 million to 1.5 BILLION...the EU from 12 members to 27.....Not to mention Africa where South Africa's apartheid is history. So a great deal has changed in those 14 years, without it being reflected in new, major multilateral trade agreement.

Some observers have warned that without a new agreement from the Doha Round, market openings could be halted, or even reversed, creating new protectionist barriers that will disrupt the global economy, reduce trade, and raise prices for consumers and businesses alike. Given the history of the Great Depression, in which a banking crisis provoked a spirit of protectionism, resulting in a round-robin of ever greater financial losses, we must learn from our predecessors' mistakes and avoid a similar path.

IBM remains a strong supporter of the Doha Round, and we continue to believe that a Multilateral Trade Agreement, covering agriculture, industrial goods and services, would be the best possible result we could achieve. But I think we also must be honest, and question the motivation of some key players in this drama and seriously evaluate our chances of achieving such an agreement any time soon.

However, the desire for economic growth remains strong. Trade is one of the most direct and dependable ways of driving growth and employment. With the slow pace of negotiations in the Doha Round, countries large and small have a powerful incentive to pursue that growth on their own, wherever they can find it. So we have seen many shifting the focus to the negotiation of bilateral agreements. Including the EU.

As a pragmatic business person, who focuses on results, I can understand and sympathize with the need to try something different when things are not working. But are bilateral agreements the only way to go?

At IBM, we don't think so. As a company that operates in 170 countries around the world, we would need 14,365 bilateral treaties to preserve and protect those trading relationships. And that's not counting at a sector level.

Many of the companies speaking today face similar realities. So bilateral negotiations are clearly no substitute for a broader set of negotiations. In my view, bilateral agreements are a third best option, and become alternatives when political will is weak.

I believe that we can maintain the focus on the multilateral system of the WTO, AND make real progress toward achieving significant trade agreements, if we start thinking about narrowing the scope of the negotiations to smaller sets of issues among countries that are willing to negotiate and agree on real market liberalisation – known as “plurilateral” agreements in the WTO.

What benefits would accrue from expanding our focus to include a set of plurilateral agreements in specific sectors? I'm convinced that such a shift would accomplish at least three important goals.

First, it could significantly heighten the probability of success, by concentrating on areas where agreement is most likely, eliminating the sorts of debates and dead ends that have so far retarded our progress.

Second, if the discussions are successful, the resulting agreements would create models for expanding into areas where the negotiations have so far been more difficult, making the process faster and more relevant to the realities of today's business activity, and winning stronger support from the business community.

And third, it would also enable us to engage major developing countries, such as China, India and Brazil, more effectively in the negotiating process. These and other countries now play a much larger role in the world economy than they did in 1994 or 2001, and they must become full partners in setting trade rules for themselves as well as for the rest of the world. But without further progress, that essential goal will remain unfulfilled.

For all these reasons, IBM believes that if we cannot conclude the broad Doha Round, then the right next step is to CONTINUE to act globally under the multilateral system, by moving toward plurilateral agreements in specific trade areas within the WTO.

But which areas?

To be honest, any sector in which negotiations can proceed holds promise to reinvigorate the WTO process. But the area in which we see the most promise is: services.

I'm not speaking here only about IT services. I also mean distribution services, tourism, transportation and communication, financial services and business process support activities. All together, services such as these and many more, now constitute the largest portion of economic activity.

Clearly, services are very important to IBM, both in terms of our current business, and our future opportunity. And I wouldn't want to suggest that IBM's view on this is entirely without self interest. But we are only one of the innumerable companies with a strong and legitimate interest in encouraging the liberalisation of trade in services.

Today, almost anything that can be designed, made or owned outright is being turned into a service. Even something as tangible and as precisely manufactured as a large aircraft, can be offered as a service, as airlines and national defence establishments now consider contracts for a specified number of hours of airtime, rather than buying and taking ownership of actual planes.

As the number and type of services expand, our trade agreements must come to reflect and incorporate that new reality.

Worldwide, the export of services grew by 18% in 2007, even faster in the EU, which accounted for nearly half of the world's exports in services. In fact, seven of the world's top 10 services exporting countries are in the EU. And EU Member States are among the leading countries as both a source and a recipient of foreign direct investment in services.

If any part of the globe has a stake in seeking and securing the liberalisation of trade in services, we do.

So, let's put aside the recriminations and the finger pointing. Let's finish the Doha Round by next summer. And in the meantime, let's begin to look seriously at alternatives, in case we are unable to achieve our common goal of concluding the Doha Round as a single undertaking. And in particular, we should identify specific areas of commerce where a broad set of countries agree on the inherent benefits of rules-based liberalisation. We could start by building on the good work that services negotiators have already done in the Doha Round.

In other words, let's shift our strategy from trying to get countries to do something they don't want to do, and focus instead on generating enthusiasm around things they WANT and NEED to do.

In that way, I believe we can reinvigorate the WTO process, so that others will recognize the success of our efforts, and follow their own self-interest in joining us.

When we look back at how the worldwide financial crisis has evolved so far, it is encouraging that the nations of Europe have shown considerable leadership and teamwork in stepping forward to address the problem. However, further steps are needed to stabilise our economies, and lay a foundation for growth.

In particular, we need the same kind of leadership on the subject of trade. And maybe...just maybe...such leadership, combined with global action and co-ordination, will also begin to restore the foundation of trust that we all so desperately need.

Thank you.