



**Ministerial Conference
Twelfth Session
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MC12 OPENING SESSION

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1. I am so excited to be here. At some point in time we thought this Ministerial would not happen. And here we are. Let me welcome all of you. Welcome – finally – to Geneva! I want to start by confessing that I have quite a long speech. We had a little conspiracy with the Chair where he said he would lend me his minutes, so he has spoken for only 6 minutes and I am going to speak for about 25. I have a lot to say. This is my first speech. So welcome to Geneva. It is wonderful to see you all here in person. No matter how great technology is, nothing can beat an in-person meeting! I want to thank the Swiss authorities for their support and generosity in getting us here. I want to thank the General Council Chair, Ambassador Didier Chambovey, his predecessor Ambassador Dacio Castillo and the wonderful staff of the WTO for their hard-work in making this meeting happen.
2. This is my first WTO Ministerial Conference and it is a great privilege to stand before you as your 15-month-old DG - ready and willing to serve.
3. While I am proud to be the first woman, and first African and the first American in this role, what matters to me more is whether, on Wednesday when we conclude this conference, I am able to say that I was the DG who stood behind WTO Members as they came together and delivered results at a moment when the world really needed them to do so. Will the road to deliver at this MC12 be smooth? Absolutely not. Expect a rocky, bumpy road with a few landmines along the way. But we shall overcome them.
4. As we grapple with uncertainty and crises on multiple fronts - the war in Ukraine and the inherent international security crisis; health, economic, environmental and geopolitical crises, - this is a time to demonstrate that multilateralism works. A time to demonstrate that the WTO can deliver for the international community, and the people we serve.
5. Nearly five years have passed since our last Ministerial Conference. While many Members took some important steps forward in Buenos Aires – for example on using trade as a vehicle for women's economic empowerment – that meeting didn't really deliver. Although Ministers did commit to completing the fisheries subsidies negotiations, they could not even agree on reaffirming the importance of the rules-based multilateral trading system and the WTO's founding principles. A trust deficit dating back to the breakdown of the Doha Round and even before took its toll. The media coverage reflected this, and was brutal, with uniformly negative headlines about a failing WTO and failing Ministers.
6. Permit me to be blunt and say that Geneva has internalized many of these negative messages. The negativism is compounded by the negative advocacy of some think tanks and civil society groups here in Geneva and elsewhere who believe the WTO is not working for people. This is of course not true, although we have not been able to clearly demonstrate it, but it worsens the trust deficit that I have noticed in these past 15 months. Despite this, Ambassadors have been working very hard, trying to overcome, to work hard together and working to deliver. I want to say a heartfelt thank you to all the Ambassadors in Geneva. I hope as Ministers you can work even better together to complete nearly completed deliverables so this organization can be put back on a results-focused

trajectory. I would like you to spend just a little bit of the political capital you have stored for your bilaterals and regional deals, to support multilateral deals at the WTO.

7. Excellencies, this organization is worth investing in – that is why I came here. It is worth strengthening. The multilateral trading system is a global public good that we have collectively and carefully built up over 75 years. Though certainly not perfect, by historical standards it has delivered more prosperity to more people than every international economic order that came before it. Today, with history looming over us, with that multilateral system seemingly fragile, this is the time to invest in it, not to retreat from it. This is the time to summon the much-needed political will to show that the WTO can be part of the solution to the multiple crises of the global commons that we face.

8. Excellencies, the challenges we currently confront are also an opportunity. Between now and Wednesday, we have a chance to show the world that the WTO can step up to the plate. That we can act to correct this institution's problems, to reform and modernize it. That we can strike agreements in Geneva that will enhance the ability of all Members to respond to people's aspirations at home - aspirations for food, for health, for security, for better jobs, higher living standards, and a sustainable environment on land, in the oceans, and in our atmosphere. We must show the people who live in my village, who don't know what the WTO is, that the WTO matters, the WTO is about people and the WTO is for people.

9. Now, more than ever, the world needs WTO Members to come together and deliver. We also need to deliver for those who seek to join us – the many countries, especially from Africa, Central Asia, and the Middle East who want to accede to the WTO.

10. If we do not deliver - if we allow or even embrace economic and regulatory fragmentation - the costs to your domestic constituencies will be substantial. Because, as Martin Luther King, Jr. said in a different context, and I quote "We may have all come on different ships, but we're in the same boat now... Either we go up together, or we go down together." I certainly don't want to go down, even if I'm in your company.

11. WTO economists estimate that if our interdependent world economy decouples into two self-contained trading blocs, the resulting reduction in specialization and technology spillovers will by themselves lower the long-run level of real global GDP by about 5%. To put this in perspective, the financial crisis of 2008-09 is estimated to have lowered rich countries' long-run potential output by about 3.5%. And this 5% estimate represents just the start of the economic damage. Additional losses would come from reduced scale economies, transition costs for businesses and workers, disorderly resource allocation, and financial distress. New trade and regulatory barriers within each bloc would add to these costs.

12. A return to the 'might makes right' in international commercial relations would be costly for the mighty, and even more damaging for everyone else. Lower-income countries would suffer the biggest losses in potential growth.

13. Trade decoupling would entrench the development setbacks caused by the COVID-19 pandemic, making it much harder for poor countries to catch up with richer ones. This would be a world of diminished opportunities, even greater political anger and social unrest, and intense migratory pressures as people leave in search of better lives elsewhere. The debt problems we are already seeing would get worse. It is in all our interests to keep the multilateral trading system going, so we continue to have clear and predictable terms of commercial engagement across members and alliances.

14. The geopolitical tensions we are dealing with are real. We cannot pretend otherwise, and I wouldn't. But at the same time, it would be a mistake to let these tensions spill over into our work here. If we do, the consequences on the WTO's work and the functions of the multilateral trading system would be severe. Times are difficult but when the going gets tough, the tough get going. I am optimistic that with the requisite political will, a word you will hear from me many times, we can tackle the negotiations in front of us, endorse the declarations, and take the decisions that will show the world that the WTO is part of the solution to the world's pressing problems.

15. Looking to the busy days ahead of us, Excellencies, we will immediately after this session begin an exchange of views on challenges facing the multilateral trading system. An unprecedented 103 Members and Observers have expressed interest in taking the floor in this session. In the

plenaries of the past, the average has been around 60. The high number of interventions is a testament both to the WTO's relevance and the challenging conjuncture we are in. I hope this session will enable Ministers to jump into action tomorrow to tackle the full agenda we have in front of us for MC12.

16. Starting tomorrow morning we will take decisions that respond to ongoing emergencies, particularly in response to the pandemic and to the food crisis. We will then have further thematic sessions on agriculture, in fisheries, WTO reform, the e-commerce work programme and moratorium. Together with informal meetings in different configurations, these are designed to position ourselves to deliver results.

17. As you know, Excellencies, your Capital-based officials, and your teams here in Geneva have been working very hard to lay the groundwork for success at MC12. You have received the various draft texts, declarations and decisions sent to you.

18. WTO Members must respond to global crises with a sense of urgency. In this regard, you will have to complete the work that will allow the WTO to have a holistic response to this pandemic and to future ones. This consists of two parts, a trade and health declaration and a legally binding agreement on a TRIPS waiver.

19. Getting these documents to you has been a painful process of tough negotiations after almost two years of little movement on the latter issue. I want to thank all of you – the so-called Quad countries, the ambassadors, negotiators, experts, Ministers who did the ground work that got us to this point, and the staff of the WTO who backed it up. What remains to be decided requires political will, there we go again – and I know you have it – to get us over the finish line. Getting agreement on the response to the pandemic will enable millions of people to access affordable vaccines and medical countermeasures in this and future pandemics.

20. The WTO must also respond to the looming food crisis. Droughts, floods, heat waves and other extreme weather events had already combined with COVID-19 and pandemic-related supply chain bottlenecks to lead to rising food prices around the world. The war in Ukraine has escalated this situation. According to the UN Food and Agriculture Organization, international wheat prices have increased 56% compared to last May. Overall cereal prices are up nearly 30%. Recent prices for vegetable oils are 45% higher, year on year. And the World Bank's index of fertilizer prices in low and middle income countries is 128% higher than it was a year ago.

21. Economies everywhere are facing inflationary pressures with high food and energy prices hitting poor people the hardest. Though Russia and Ukraine make up less than 3% of world goods trade, they loom large in exports of key foodstuffs, accounting in 2019 for 25% of internationally traded wheat, 15% of barley and, together with Belarus, 20% of fertilizer. Many low and middle income countries import a substantial percentage of their food and agricultural inputs from this region. For example, 35 countries in Africa import food products and 22 import fertilizer from the Black Sea region.

22. Low-income countries face a catastrophic situation if action is not taken at both the national and international levels.

23. WTO Members can contribute by allowing the free flow of food and agricultural inputs, especially for humanitarian purposes. The draft ministerial decision on exempting World Food Programme humanitarian purchases from export restrictions and the draft Ministerial Declaration on Trade and Food Security give you Ministers a chance to make WTO Members part of the multilateral solution to this crisis that we face. This must be coupled with support to poor countries rich in land and natural resources to produce more of their own food. In this regard we appreciate the various initiatives at the World Bank, the African Development Bank, the EU Presidencies FARM Initiative to provide such support. I hope you will collectively do the right thing and approve these proposals before us tomorrow.

24. Turning now to some long-standing issues. Agriculture is so central to the functioning of each and every country, poor or rich, big or small. Domestic politics surrounding the sector are often fierce. Agriculture negotiations have been going on for two and a half decades or more – longer than fisheries subsidies – with few breakthrough agreements apart from the last one on export subsidies in Nairobi in 2015.

25. Many mandates and ministerial decisions in agriculture have gone unimplemented, and in fact, for almost a decade now, there has been no agreed text to work on – and consequently no text-based negotiations.

26. Many Members or groups of Members have their own special areas of priority within the agriculture agenda: public stockholding, domestic support, special safeguard mechanism, market access, cotton, and so forth. With no consensus this year on how to deliver on mandates or priority areas, we have attempted to put in front of Ministers a draft decision that will ensure work continues on agriculture post-MC12. I want to thank Ambassador Gloria Abraham Peralta and the staff of the Agricultural Unit and the Secretariats Delivery Unit for their hard work that has gone into making this happen.

27. We hope Ministers will adopt this decision to give impetus to the agriculture negotiations and to the implementation of already agreed and existing mandates.

28. This notwithstanding, several Members and groups of Members have put forward their own priorities on agriculture for decisions or adoption. I hope Ministers in all this will find a way forward for agriculture post MC12. We must not let agriculture drop by the wayside because of our differences.

29. Turning now to fisheries, I want to start off by thanking the Chair of the Fisheries Subsidies negotiations, Ambassador Santiago Wills and the whole team supporting him for their work on the prospective agreement to curb harmful fisheries that contribute to overcapacity and overfishing, and to eliminate subsidies that contribute to illegal, unreported and unregulated (IUU) fishing. This prospective work beautifully illustrates the WTO's founding purpose enshrined in the Marrakesh preamble: which is to enhance people's living standards, create employment, and support sustainable development. This agreement is crucial to the 260 million people around the world whose livelihoods depend directly or indirectly on marine fisheries. It is also central to the sustainability of our oceans, where the latest studies show close to 50% of stocks for which we have data are overfished.

30. Delivering fisheries is delivering SDG 14.6! I repeat that 21 years is enough. How long will we wait to contribute meaningfully to the world's sustainable development goals? Will our children forgive us, will poor fisherwomen and men forgive us, if we allow our oceans to be depleted?

31. The UN Ocean Conference is two weeks from now, and the world has sent word that they will demand accountability from the WTO there. So dear friends, honourable Ministers, let us rise to the occasion and deliver once and for all an agreement to discipline harmful fisheries subsidies.

32. Now on WTO reform. It is clear that our core monitoring, negotiation, and dispute settlement functions have not evolved in a manner that adequately captures the fast economic and technological developments of our time.

33. On negotiations, it is important to reaffirm that the multilateral approach, the single undertaking, is by far the preferred instrument. But is it the only one? Might a toolbox of different negotiating instruments or approaches be appropriate? The multilateral approach has delivered little in recent years, prompting many to turn, out of frustration, to plurilaterals. Our consensus decision-making approach, while democratic and egalitarian – qualities which are totally to be applauded – often leads to gridlock since just one Member can hold up what might be a potentially good agreement supported by many more. We must reflect hard on how to modernize our negotiating function and innovate new approaches, whilst improving existing ones. I repeat again – the multilateral instrument is the best one. We have to invest in it.

34. The way we negotiate agreements, with talks dragging unnecessarily for several years, is in turn linked to fear of being caught in our dispute settlement system – so every word, every comma (perhaps quite rightly, I am not a lawyer) is parsed for its legal meaning or potential interpretation. Top of the WTO reform list for most Members is reform of our dispute settlement system and its two tier approach with the Appellate Body. I am happy to say that outreach among Members at technical level has now begun to point to what shape or form such reform might take.

35. Our monitoring, notification, and transparency functions also need to be strengthened, and capacity built where it is needed by developing and least developed countries for more effective participation. Excellencies, there is little doubt that if we want a WTO for the future we must place these aspects of WTO reform at the centre of our work.

36. A crucial part of reform is making sure the WTO delivers for our developing and least developed country Members. That is why reaffirming the importance of special and differential treatment within the WTO is so significant. Our founding agreements call for positive efforts to ensure that developing and especially least-developed countries are able to use trade to drive their economic development.

37. Trade is an instrument for development - it is not an end in itself. In fact, tapping into international markets for value-added goods and services has been history's most proven path towards development. But too many of our Members have not been able to start or stay on this path.

38. That is why special and differential treatment remains necessary. It would be great if Members that don't need S&DT because they are on the right track make clear they won't avail of it, so that flexibilities can go to those who need them.

39. The priorities of LDCs naturally deserve particular attention. Some of them have done well enough to graduate, and are keen to smooth any bumps that might come with that step. We must also not forget the issues of the Cotton-4, which provide a test of the WTO's ability to deliver for the poorest countries.

40. Other aspects of reform include dealing with industrial, agricultural and other types of subsidies and level playing field issues so that the rules-based multilateral trading system can continue to be predictable and transparent, ensuring fair competition and a free flow of goods and services.

41. Reform also means using trade as a tool for socioeconomic inclusion by supporting women and micro, small, and medium-sized enterprises (MSMEs) to become part of regional and global value chains. In this regard, I hope we can overcome our differences in our outcome document, so that women can feature as a part of what we say.

42. Trade is going digital and trade is going green. Reform means making the WTO fit for purpose to embrace and navigate these new areas. Forging agreements that underpin the services economy, e-commerce, and green trade in line with the net-zero carbon emissions target for 2050 will all be essential. I am happy to say WTO Members are already delivering in these new areas, be it through the Services Domestic Regulation Agreement reached last December, the e-commerce and investment facilitation negotiations, or the structured discussions on environmental sustainability, climate change, and trade. And of course, the Informal Working Group on Women.

43. One important decision before you in the area of digital trade is the issue of the moratorium on levying customs duties on electronic transmissions. I have never received so many letters from business associations all over the world as I have on this issue. I hope Ministers will have the courage to make the right decision in this critical area.

44. So what are we seeking at MC12 in terms of movement on WTO reform? We are seeking a decision on process. What approach should the WTO follow to pursue these reforms? What approach would facilitate agreement on the substance of reforms, a work programme, and a timeline for starting to deliver changes by MC13? Excellencies, it will be important for this organization's credibility to achieve consensus on the process for reforms.

45. Excellencies, the agenda before us at MC12 is an exciting one. But it is also a difficult one. In the next three days we will have to work hard to forge consensus and deliver on the agreements, declarations, and decisions before us.

46. Ministers, my dream is that we deliver on this agenda. But it was Ellen Johnson Sirleaf who said, and I quote, "The size of your dreams must always exceed your current capacity to achieve them." She's right. But dreams are also achieved one step at a time. All of you know that system overload is a real risk in any negotiation. Three deliverables are better than two, and two are better

than one. But even one result is a bigger step towards our dreams than all of us going home empty handed.

47. Let me conclude, Ladies and Gentlemen, Excellencies, by saying we can and we should deliver. Nelson Mandela said "It always seems impossible, until it is done." Please let's go and do it! Let's make MC12 a conference at whose end we shall celebrate success and know that we have laid the foundation for a life post MC12 going towards MC13.

48. Thank you, Ladies and Gentlemen and thank you again to the WTO Secretariat staff for making this happen.
