

World Export Development Forum 2010

Report of the Opening Ceremony

Thursday 9 September 2010

Hosted by:

Mr. Bo Xilai, Party Chief of Chongqing
Mr. Huang Qi Fan, Mayor, Chongqing Municipal Government

Welcoming remarks:

Introduced by Patricia R. Francis, Executive Director, International Trade Centre (ITC)

Speakers:

Mr. Yi Xiaozhun, Vice-Minister, Ministry of Commerce of the People's Republic of China (MOFCOM)
Mr. Wang Jinzhen, China Council for the Promotion of International Trade (CCPIT)
Mr. Huang Qi Fan, Mayor, Chongqing Municipal Government
Dr. Supachai Panitchpakdi, Secretary-General, United Nations Conference on Trade and Development (UNCTAD).
Mr. Pascal Lamy, Director-General, World Trade Organization (WTO)
Mr. Balasubramaniam Muthuraman, Vice-Chairman, Tata Steel, India

Ms. Francis welcomed participants to the 10th World Export Development Forum (WEDF) devoted to the theme of adapting to post-crisis world trade patterns and lessons for export development.

Chongqing's selection as the venue for WEDF2010 was because while many described the city, China's 4th municipality, as an inland opening to the Chinese highlands, some viewed it as a landlocked state in its own right.

The city's developmental success was evident with total international trade of some US\$ 7.7 billion, and foreign direct investment in 2009 of more than US\$ 4 billion.

The first invited speaker was Mr. Yi Xiaozhun, who said that international trade was an important impetus for the recovery of the world economy following the recent financial and economic crisis. Through trade, many countries, including China, had achieved sustainable economic growth.

Mr. Yi noted that unlike in the recession of the 1930s, the recent crisis had not seen widespread adoption of protectionist measures. However, he said there had been some increase in protectionism, and China had been a major target.

The Vice-Minister stressed that China was committed to open trade and was not pursuing trade surpluses. The country was accelerating economic restructuring aimed at increasing domestic demand, and this would create opportunities for other countries to increase their exports to China and thus contribute to world economic recovery.

Mr. Wang Jinzhen said that he hoped the WEDF would make an in-depth analysis of the global trading landscape and of appropriate trade promotion measures. He said China was currently trying to increase the number of brands it exported, and his organization was actively seeking opportunities for small and medium-sized enterprises (SMEs).

At the same time, China was carrying out economic and industrial restructuring to boost domestic demand and create opportunities for importing. He noted that China was currently the second largest importer in the world.

Mr. Huang Qi Fan spoke next saying that Chongqing had enjoyed an annual growth rate of 15% in the last three years, which had risen to 17% in the first seven months of this year. He was confident that this momentum of growth could be maintained.

The Mayor of Chongqing's Municipal Government described proactive fiscal policies adopted by the authorities to encourage and stimulate domestic demand and investment in assets, with a view to improving livelihoods. He noted collaboration with a number of multinational corporations operating in the city, such as Ford, Hewlett Packard (HP), British Petroleum (BP) and Cisco, he said that local firms were also being encouraged to seek out investment opportunities in countries such as Brazil and Australia, which would help increase imports from those countries.

Dr. Supachai praised the efforts of ITC to help poor countries develop their capacity to export and join global supply chains. He said it was not just a question of exporting more, however, but linking export growth to employment and enhancement of the skills of indigenous companies.

He said he looked forward to analysis by ITC of positive experiences of successful trading countries in Asia, Latin America and Africa and sharing these lessons learned with the rest of the world. Examples of positive export development, linked to domestic development strategies, could be replicated elsewhere.

The UNCTAD chief said the increase in South-South trade was a development of real importance, with the greatest growth in global demand coming from the South. Where countries such as Brazil, India and China were doing well, they were pulling other countries up with them.

Mr. Lamy spoke of trade's role as a transformational driver of economic growth and poverty reduction, but noted that if it was to work to the benefit of all, strong disciplines were needed in order to create the fair, level, transparent and predictable trading context entrepreneurs needed.

The global trading system regulated by WTO had been stress tested during the recent crisis and seemed to have passed, with protectionism largely avoided.

Discussing the problems of the 49 least developed countries (LDCs) in joining global supply chains, WTO's Director-General stressed that market access on its own did not guarantee market entry. Supply-side constraints still prevented many countries from entering markets.

Representing the private sector, Mr. Muthuraman said that the recent global financial crisis was hastening the restructuring of the world economic order and a global economic rebalancing was under way.

On the one hand, the combination of low savings rates, high consumption behaviour and high fiscal deficits, coupled with inherent lower competitiveness, could result in a very slow recovery in the developed world.

On the other hand, countries in the developing world, which had the advantage of low labour costs, were now becoming technologically savvy and increasing their productivity levels, while also becoming major consumption points.

An additional factor to consider was growing pressure to readjust currency values as a result of the much faster GDP (Gross Domestic Product) growth rates in some developing countries compared to the developed world. It was not easy to predict how all these developments would pan out, in terms of speed and intensity, but there would certainly be a major impact on world trade.

Speaking briefly of the Tata Group, Mr. Muthuraman said that it was formed in India 150 years ago, with a founding philosophy that the prime purpose of a business corporation was to improve the quality of people's lives. To do this, a business needed to be run well and profitably so that benefits could be returned to society.

Winding up the opening session, Ms. Francis said that as the world faced the combined crises of finance, food and climate change, it was imperative to assess the impact of behaviour and review our structures and systems.

To ignore one aspect of the crisis for the benefit of another could result in short term gains, she said, and to ensure that the market truly worked for the people it served, global, regional and local parties needed to agree on a common set of equitable goals and responsibilities.

The unique role of ITC was to ensure that the private sector, and especially SMEs, participated in and benefited more from trade, thus ensuring inclusive development.

The Forum gets down to work tomorrow with a keynote speech delivered by the noted global strategist, Professor Pankaj Ghemawat, author of *Redefining Global Strategy*.