

WTO - World Trade Organization : Lamy: “Better statistics today will contribute to better policies tomorrow”

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Secretary General Gurria,
Dear Colleagues,
Ladies and Gentlemen,

Before entering into the substance, I would like to say "Thank you" to the teams of our two Organizations for their hard work and in-depth cooperation on this matter. The OECD has been a trusted partner in our collective endeavour to develop new tools to measure trade today. I am impressed by the results achieved in only four years, which is some kind of World Guinness Record for an initiative aiming at renovating such a traditional and mature field as trade statistics.

In addition to the WTO and OECD, there are many other contributors to our common objective of improving our statistical knowledge of trade in the 21st century, such as IDE-JETRO and the United States International Trade Commission. The list is long and I could not name them one by one.

What we are unveiling today is also the result of convergence built around a number of national and international initiatives, and I take the opportunity of Karel de Gucht's presence today to highlight the pioneering role of the World Input-Output Database project, which was supported by the European Commission. This project is also one that the G-20 has placed on its radar screen as deserving to be further developed.

What is the WTO's interest here?

I think it was Mark Twain who said: *"there are three kinds of lies: lies, damn lies and statistics"*. If I had to sum up the WTO's interest in this matter, it would be to ensure that trade statistics do not lie, or maybe, being a bit more modest, to ensure they lie as little as possible!

The WTO is a place better known for its administration of global trade rules, for the conduct of multilateral trade negotiations and for the settling of trade disputes.

However, in the last decade, we have increasingly observed that the patterns of global trade have changed, and the focuses of countries' trade policies have also adjusted. It is more and more difficult to explain global trade today with conventional trade theories or to understand welfare gains and distribution in a globalized world.

Traditional statistics failed to give a clear picture of today's way of trading in manufactured products. They also failed in fully capturing the huge role played by services in manufacturing. But most importantly, they were not good enough in ensuring that trade policy is properly informed by what matters to people: jobs. It is a fact that over the last two decades, global value chains have changed the old ways of organizing international specialization and understanding comparative advantages.

This is why in 2007, I asked our statisticians at the WTO to find a way of bridging this statistical gap. Since then, the 2008-2009 global crisis and its collateral "Great Trade Collapse" have concentrated the attention of the analysts on the importance of the issues at hand. As I mentioned, besides OECD and the WTO, a large coalition of organizations, research institutes and statistical offices have joined their efforts together to close this statistical gap. The release today of these first batches of data should be considered as a milestone in this long-term co-operation and endeavour of many players and stakeholders.

Let me mention three specific results that show how the measure of trade in value-added changes how we should understand trade and hence trade policy today.

First, the role of services. While services represent about 20 per cent of total trade, their share doubles when we consider their contribution to the value-added that is traded internationally. The services that are incorporated into the value of the merchandise include most of the new business functions which have made possible the development of value chains themselves, such as research and development, and modern logistics.

Understanding the crucial role of high value-added services in the success of value chains is particularly important for industrialized countries, as it indicates where their competitive advantages may be and where trade has created jobs for them. On the other hand, it is vital for developing countries as well, as it shows the importance of trade facilitation and good transport and logistics services in enabling trade in value-added.

The second result is the importance of imports of intermediate goods in improving the competitiveness of the exports. Today, in order to be a successful exporter, you need to be an active importer. Put in a simple way: "Imports create exports".

This has important implications for how we should understand today's trade policy. Realizing that imports of a country are good for its exports changes what trade negotiators call "defensive interests" and also how they evaluate the cost/benefit balance of adopting trade remedy measures. Furthermore, they may change the relevance of the good old reciprocity principle.

The third and last point refers to the re-definition of bilateral trade balances, when imports and exports are measured according to their true national content. As many of you already know, such politically relevant imbalances like the US trade deficit with respect to China are reduced by more than 30 per cent when trade is measured, as it should be, in value-added and not in gross commercial value. Once again, good trade statistics can provide a sound basis for good trade and macroeconomic policies, for good public debates that need to underpin policy choices, and it can help put multilateral trade negotiations in the right context. Individualistic policies, what political scientists call "beggar your neighbour" policies, are bound to have serious negative consequences not only for the neighbours, but for the country taking the measures itself.

Thanks to the new set of data released today, I hope that analysts and policy makers will have a better perception of these interdependencies. This is just the first step of a long journey. The data is preliminary but I believe we are on the right track, we are getting closer to the reality of today's world. I believe that, with our joint efforts, better statistics today will contribute to better policies tomorrow. In sum, turning trade numbers into trade intelligence.

Thank you for your attention.