

## **Welcome Speech at ICC Reception Geneva 2 February 2009**

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Federal Councillor Micheline Calmy-Rey, Director General Pascal Lamy, Excellencies, Ladies and Gentlemen

I wish to welcome all of you and to thank you for being with us on this occasion. We are here to celebrate the 90<sup>th</sup> anniversary of the International Chamber of Commerce (ICC). This reception is the first in a series of celebratory events which will take place throughout the year across the ICC global network. We have chosen Geneva as the site for this first event because it is the seat of the World Trade Organization and many other multilateral institutions. To me this city is a symbol of a rules-based multilateral system and the global market economy and we are privileged to be here today.

We are grateful for the support we receive from the Swiss Federal Government, the Geneva City Government and many Swiss businesses. I particularly want to thank Andreas Schmid and ICC Switzerland for hosting this wonderful event, and Thomas Pletscher and Emmanuelle Nussbaum for making all the arrangements with the proverbial Swiss precision and efficiency.

We are also here to mark the founding of the ICC Research Foundation, which was initiated jointly by of Marcus Wallenberg, ICC Honorary Chairman, and myself. We are joined on the Board of Trustees by Rajat Gupta, Vice Chairman of ICC. What we wanted to create was a vehicle that would reinforce ICC's role of providing global intellectual leadership on public policy issues of major concern to business and peoples in all parts of the world.

This is a sombre moment for all of us as we contemplate where we are and the challenges ahead. That we are in the midst of crisis is now well understood. What is less clear is where we go from here and how to get there. There are obviously many turns on the road ahead and I would like to just say a few words on the role of world trade.

When it was founded in 1919, in the wake of the Paris Peace Treaty, the founders of ICC called themselves "merchants of peace" and saw world trade as a path to world

peace. The backdrop to its founding was the catastrophic effects of the First World War.

The vision of the founders of the ICC and the philosophy that trade and peace are strongly correlated rest firmly on both reality garnered from centuries of experience and on economic theory stretching back to the 18<sup>th</sup> century. We have also seen the beneficial effects of international trade in the recent past. More than 600 million people have been lifted out of abject poverty in the past three decades alone, with the majority in China and India. This has certainly helped to lessen the vicious cycle of poverty, anger and strife.

Yet, for whatever reason, trade has not only failed to capture the public imagination as a wealth and welfare enhancing public good to be preserved and strengthened, but worse, far worse, it has often fallen prey to being a target for attack especially at times of economic downturns. We have seen this happen over and over again and never more so that in the decade after the founding of ICC.

The 10<sup>th</sup> anniversary of the founding of the ICC came in 1929. We all know what happened. As bad as the Great Depression was, far greater human misery was experienced in the ensuing decade-and-half as the world engaged in protracted and virulent trade war. The vision of the founders of ICC, world peace through world trade, was not translated into reality.

In the aftermath of the Second World War, the pieces were picked up again. And in fact on this occasion they were used to erect a quite robust new world trade order. The GATT, even though an imperfect instrument, did fashion a rules-based multilateral trading system that bound together hitherto political and military antagonists into commercial protagonists.

The success was outstanding. North America, Western Europe and Japan, the three main pillars of the international trading order for the second half of the 20<sup>th</sup> century, not only witnessed immense wealth creation, but the very thought of any of these countries engaging in war, as they never ceased to do in the first half of the century, was relegated to history's dust-bin. Peace through trade was realised in that part of the world.

The next humungous step in the realisation of the world peace through world trade vision was the defining impact that trade had in bringing about the revolutionary

reforms in China 30 years ago and the victory of the market in bringing an end to the Cold War. Vast progress has evolved from this victory of the market. Countries that were hitherto antagonistic to world trade have moved to embrace trade. The membership of the World Trade Organization has increased dramatically. As a result, the global welfare gains have been enormous.

This is not to say that all has been smooth. There are a number of fragilities in the global system that can translate into quite daunting threats. It has also become apparent in 2009 that the system does not always function very well. There is now a very deep financial crisis that is becoming a systemic crisis. And once again the political, economic and social upheavals that are arising are putting into jeopardy the international trading system. There is a greater risk of rising protectionism now than possibly at any time since the end of the Second World War.

Over the years there have been many attempts to conclude the Doha Round. Most recently, at the G20 meeting in Washington DC on 15 November, the heads of government pledged to have their trade ministers reach an agreement on the modalities for a successful conclusion of the Doha Round before the end of the year. That has not happened. And there is the grave danger, already manifested in some ways, that there are new measures of protectionism taken while the Doha Round remains in abeyance.

Looking ahead 10 years, in 2019, the ICC will be commemorating its 100<sup>th</sup> anniversary. To seek to ensure that it will be a real celebration, there is a lot we need to achieve in the interval.

As we are now exactly one week into the Chinese New Year of the Ox, it seems appropriate that I should quote from that well-known Chinese proverb: “a long journey begins with a single step”. I think the journey over the next ten years will be long and at times quite difficult. But we must take the first step, and then the next step and then the step after that.

The ICC itself is taking some concrete steps. Working with WTO Director General Pascal Lamy, we have provided input to the G20 meeting on the need to make trade finance available. As the world business organization we have been mobilising business leaders to voice their support for a rules-based multilateral trading system and for the successful conclusion of the Doha Round. Through the global network of

our National Committees and Board members we have spoken to political and community leaders in many key countries on the urgency of concluding the Doha Round and the danger of rising protectionism. I would like to note that the valuable work of our many Policy Commissions provides the crucial intellectual input that underpins these undertakings.

In addition, through the ICC Research Foundation we are engaging in work with a number of reputed academic institutions and centres of excellence, notably Harvard Business School and the Evian Group at IMD, to undertake a series of studies and publications. These will reinforce our current activities to help guide the global business and policy communities to more effective action in promoting more inclusive trade.

You may have noticed the logo of our 90<sup>th</sup> anniversary. It shows the words “peace and prosperity through world trade”. In choosing these words we want not only to reiterate the vision of our founders but also to re-energise it in the context of today’s globalised world. Like them we believe there are strong correlations between world trade and peace. In addition, we take note that world trade today must be linked to the other global issues so that the resultant prosperity would be more inclusive and with less harm to our planet.

Excellencies, Ladies and Gentlemen, this is an opportunity for me to re-affirm ICC’s commitment to an open global economy and a multilateral rules-based system. As the voice of global business we intend to play an active role to help achieve world peace and prosperity through world trade. With that achievement, we will have something wonderful to celebrate in 10 years time, at the centenary of the ICC.

Thank you for your attention

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The next speaker is so well known to you that he does not need any introduction. He is a marathon runner whose stamina is being stretched to the limit with the Doha Round. Excellencies, Ladies and Gentlemen: let me to invite to the podium my good friend and Director General of the World Trade Organization, Pascal Lamy.