



Exim Bank Commencement Day
Annual Lecture, 2003



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"International Trade in Agriculture :
Emerging Scenario"



by
Rt. Hon. James B. Bolger, ONZ



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EXIM BANK Commencement Day
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“INTERNATIONAL TRADE IN AGRICULTURE: EMERGING SCENARIO”

Rt. Hon James B. Bolger, ONZ

Managing Director T.C. Venkat Subramanian, Bank Executives, distinguished guests, ladies and gentlemen.

Thank you for honouring me with the invitation to deliver this Annual Commencement Day Lecture. This prestigious event has understandably attracted outstanding speakers in the past and I am challenged by the impressive contribution they have made to a better understanding of India, its people and its place in the world.

Given the title of my remarks ‘International Trade in Agriculture: Emerging Scenario’, it is totally appropriate that I deliver them at this event given Exim Bank’s pre-eminent role in facilitating India’s international trade.

Let me commence by telling you a snippet of New Zealand’s history. Whereas the first civilisation in the Indus Valley occurred around 3500 BC, the first settlement of New Zealand, by people from the Pacific, didn’t happen until about 4500 years later.

Despite that very large gap, New Zealand and India have important shared history in that at one time we were both British colonies and that explains our deep links with Britain, our shared membership of the Commonwealth and our shared love of cricket.

What is less well known is that we have a shared history of passive resistance against British Colonial rule. In the 1870’s and 1880’s, in the district where I grew up, a remarkable form of passive resistance took place. The indigenous Maori who had been dispossessed of their land, as a gesture of protest, began to quietly plough their former land. When the first ploughmen were arrested, others came and calmly continued the ploughing. Hundreds were arrested and none offered resistance.

Soon the Colonial Government had had enough and on 5th November 1881, 1500 heavily armed troops, with another 1000 in reserve set out to overcome the remarkable settlement where these so called savages lived. The troops marched through the pre dawn hours to gain a measure of surprise in what they expected to be a fierce battle against ferocious warriors.

Instead of the expected fierce resistance they were met by children singing, and a complete refusal by the warriors to engage in battle. A remarkable man, the charismatic prophet Te Whiti o Rongomai, led the people of this village of Parihaka. Instead of battle, he suggested something quite remarkable, he offered to sit down and discuss how his people and the newly arrived Europeans might share the use of the land the Europeans so coveted.

Such an approach was beyond the intellectual framework of the then Military and Government leaders, as it still is in most countries, so instead of dialogue Te Whiti was arrested and eventually a special law was passed to enable the government to hold Te Whiti and some of his followers indefinitely without trial.

Before this law was passed some Members of Parliament asked that Te Whiti be allowed to address Parliament from the bar of the House. This too was refused. The British/Colonial justice system in New Zealand at that time didn't stretch to hearing both sides of the case if that was inconvenient.

Perhaps the real reason was that those in authority feared that this good and charismatic man might have persuaded the Parliament to adopt a new approach to the interface between the two peoples then in New Zealand.

Te Whiti's fame grew while he was in goal, and his term was relatively short. He was locked up for another period in 1886-87. Te Whiti o Rongomai died in 1907, a man of peace and protest to the end.

The inscription on his monument at his home village Parihaka reads: "He was a man who did great deeds in suppressing evil so that peace may reign as a means of salvation to all people on earth."

Almost one hundred years after the death of Te Whiti, peace sadly doesn't reign on earth and how we share the resources of the world and how we live and work with others of different faiths and cultures still challenges people of all nations.

By almost every conceivable measure, size, location, history, life style and outlook, New Zealand and India are very different countries. India is a vast and complex country and that being so quoting averages does less than justice to many aspects of life in India.

The differences are many but we are united by the universality of our needs and we are bound together by our shared humanity and our shared global

home. The issue of how we share the resources and wealth of the world is the underlining theme of my remarks.

My starting proposition is that the current distribution of the world's wealth, with 80 percent of the wealth going to just 16 percent of the world's population, with the remaining 84 percent of the population having to survive on 20 percent of the wealth is simply unsustainable.

I have no hesitation in nominating this as the biggest issue facing the world today and it cannot be resolved without sustained and intensive international cooperation. Two other related issues will also demand the close attention of national and international policy makers.

The first of these is the rapid ageing of people in the developed world. The latest population projections of United Nations (UN) show that fertility rates in the developed world have fallen from low to unsustainable. The developed world's birth rate is now 1.4 births per woman, significantly below the replacement rate of 2.1. Birth rates have also fallen dramatically in the developing world, from a birth rate of 6.0 in the 1960's down to 2.9 and falling.

Last year's UN conference on ageing noted that by 2050 seniors would outnumber children for the first time in human history. Linked to the issues of poverty and ageing will be the legal and illegal movement of large numbers of people in all regions of the world.

The world's changing demography poses huge challenges but great possibilities, if the world is prepared to take a more open liberal approach to

immigration. Looking at all the big issues this is arguably the most emotive, but when we reflect on the virtual free movement of citizens through the many countries that make up the European Union progress is not impossible.

Freeing up immigration would benefit those who wish to move, and also the countries with ageing populations who will very shortly need more immigrants to work, pay taxes and provide the services the elderly will require.

Such a move would also be significant in achieving a better sharing of the world's resources. The question is can leaders persuade their citizens to overcome their distrust and yes, fear of people and cultures they know little of? On the experience of the EU the answer is at least a partial yes.

This is a potentially explosive mix of people issues. Coupled with terrorism, they are of a complexity the like of which the world has never been called upon to deal with before.

There are no simple off-the-shelf solutions, rather they are issues of such a scale and magnitude that they have to be approached over many years and on many fronts, again at both national and international level.

I bring to my remarks on the necessity of more and deeper reform in national and international policy, my experience as a senior Government Minister with at various times responsibility for labour and employment policy, agriculture, fisheries, immigration, and policies affecting our indigenous

Maori people. I was Prime Minister for seven years from 1990 to 1997, during which time New Zealand carried forward wide-ranging reform in many areas.

I followed that with a term as New Zealand's Ambassador to Washington, 1998-2002.

I now chair a number of boards in both the public and private sector and I maintain my interest in global agricultural, food and development issues through my Chairmanship of the International Advisory Board of the St. Louis based World Agricultural Forum.

Perhaps most importantly I am the son of Irish farm workers who migrated to New Zealand in 1930, grew up on a small farm and I am pleased to say I am still farming today – the New Zealand way without subsidies.

Drawing on that background, I decided my remarks would be directed at a first principles approach on the need for further reform, especially in trade policy, rather than a detailed analysis of any particular aspect of India or any other country, but I will draw some comparisons to illustrate a point.

We gather at a time of great uncertainty with tensions high everywhere. Lurking in the background is the fear or threat of terrorism which we are reminded of every time we go through an airport.

The world watches nervously as the US and other major economies teeter on the brink of deflation. The technology driven stock market bubble burst at the

end of 2000 and the resulting downturn continued through 2001 and 2002. This slowed world growth and the WTO reported in April of this year that growth in 2003 would be less than 3 percent following only 2.5 percent in 2002. In 2001, trade volumes actually declined for the first time in 20 years.

In these uncertain times the calls for freedom and liberty grow louder, but to give substance to these calls we must put in place the building block of liberty which is economic freedom. Economic freedom is a dream not a reality for countless millions. To make it a reality we need to take definite and determined steps to open up opportunities for rich and poor countries alike.

These circumstances demand that world leaders pick up and run with the one big global agenda option that would guarantee a return to forward momentum in the world economy, and that is the Doha Development Round of trade negotiations under the World Trade Organisation (WTO).

Negotiations in the WTO must address the huge distortions caused by massive subsidies, high tariff and import protection offered by most developed economies to their food and fiber producers.

Last year, for example, America's 25,000 corporate cotton growers received \$4 billion in subsidies, three times the total US aid to Africa. African farmers in Senegal have to overcome a 150 percent tariff to export their peanuts to the US. The EU has a 200 percent tariff on beef, wheat into Japan faces a 350 percent tariff and the tariff on butter into Canada is 360 percent.

Current international trade policies have some of the poorest farmers in the world pitted in an unequal battle with the world's biggest treasuries. There is no freedom in that and it has to stop.

In putting forward the positive role more open trade can play, I do so conscious of the need to use land and water in ways that allow current generations to satisfy their needs, without jeopardising the capacity of future generations to meet theirs. Sustainability from this perspective is a resource oriented, long term global concept.

I will also suggest why India should play a leading role in promoting trade reform.

In urging reform, I recall what President Franklin Delano Roosevelt famously said when he surveyed what America confronted in the depths of the great depression of the 1930's, that 'there was nothing to fear but fear itself.'

As the world surveys the magnitude of the issues we must address today, many seem paralysed by a similar fear.

To meet the needs of the poor, we need leaders to replace fear with boldness, in the knowledge that boldness in policy development is a friend not an enemy of the poor. This is not a time for the faint hearted, for remember the poor are poor because of yesterday's and today's policies. How can we stand still when existing policies have so clearly failed? New policies and approaches are needed to achieve the seismic shift in the international order necessary to provide hope, opportunity, food and clean water for all.

If we should fail through a lack of vision, or will, or courage to effect necessary change and tensions continue to mount, then we can't ignore the possibility of facing the terrible destructive power of nuclear weapons that more and more countries, including India, argue they must have as some form of last desperate backstop.

How blowing the world apart would achieve anything is one of the great mysteries that is yet to be revealed to me. All I know is, that it is not an approach that either Gandhi or the prophet Te Whiti would have approved.

When the winds of change swept over the world in the post World War Two era, we witnessed the emergence of many new and independent nations.

It was a time of great hope when powerful commitments were given to usher in more equitable policies and so enable the citizens of the new nations to achieve both their potential and their ambitions.

Nowhere were these hopes felt with greater passion than here in India. Prime Minister Nehru's speech at the moment of independence on midnight, August 14th, 1947, captured this ambition as he set out his vision and hope for an India independent and free.

His words still resonate with conviction and passion for us today, when he said:

"A moment comes, which comes but rarely in history, when we step out from the old to the new, when an age ends, and when the soul of a nation, long suppressed, finds utterance."

He went on to remind his listeners that the task ahead included 'the ending of poverty and ignorance and disease and inequality of opportunity.'

India has come a long way since 1947, but I am sure that Nehru would not be happy that so much he had hoped for, is still but a distant hope for many. How would he as a man of letters view the fact that India's literacy rate is still less than 60 percent, with girls and women through deliberate policy having a much lower rate of literacy than men?

What would his thoughts be when he looked across at your neighbour China and observed that they had achieved a literacy rate of 81 percent, and a GDP per capita of approximately twice that of India? I am sure he would be saddened that so many of his people, for whom he had such hope, have been left in poverty because of failed policies. I share that sadness.

Many new nations having been exploited to varying degrees by their former colonial masters who lived in distant lands, sought to distance themselves from the world and adopt inward looking, protectionist, trade and economic policies.

In so doing they compounded their problems and delayed their development. The work of Harvard scholars Jeffrey Sachs and Andrew Warner showed that between 1970 – 1990, developing countries open to the world trade grew six times faster than those which were in effect closed.

The new nations were not alone in this approach.

Liberal countries like New Zealand also had what now seems an unbelievable range of controls and licensing systems. Protection was provided for nearly all manufacturing businesses through import controls and high tariffs. I am pleased to say they are now virtually all gone.

Leaders of that era saw the world through a mindset that distrusted the market. They were attracted instead to the allure of planning and regulatory structures which they believed would help them manage and meddle their way to a more equitable world.

That has or is changing but the change needs to go further and faster, and today's generation of leaders need to give policy expression to the knowledge that subsidies, support and protection for one group or nation are always at the expense of another group or nation.

It is tempting to blame global policies and institutions for failures. But my experience and observation convinces me that the core building blocks for a country's success lie in two primary areas, the design and correct implementation of domestic policies and the control of corruption.

The then Government of India clearly reached a similar conclusion when they introduced far-reaching reform from 1991 onwards, to overcome policy failure in many areas.

That breakthrough in policy has paid huge dividends for millions but clearly much more must be done. You don't need any visitor to tell you of the raw poverty that is the constant companion of millions of your fellow countrymen and women.

According to the Food and Agricultural Organisation of the United Nations (FAO) over 225 million Indians remain chronically undernourished and the UNDP reports that over half of all Indian preschoolers suffer from malnutrition. The human cost of past failure is tragically very high.

Fortunately there are many more positive signs as well. Since the reforms of the 90's the Indian economy has posted a strong 5 to 7 percent average growth rate. India also has a world class software industry, and a very large entrepreneurial middle class approaching the same number as the total population of the United States.

India is still missing out on what is crucial to maintaining strong sustained economic growth and that is Foreign Direct Investment (FDI). Foreign investment only goes to where it is wanted and then only to the country and investment proposal where the competitive environment is most attractive. Here the news is not good for India.

The World Competitiveness Yearbook 2002 in overall rankings, lists India at 42nd out of 49, with Brazil 35th and China in 31st place. New Zealand was 19th and the USA was 1st. On the three important categories, Government efficiency, Business efficiency and Infrastructure, India ranked 44th, 40th and 47th, again out of 49. Brazil ranked 38, 33 and 37th, with China at 30, 43 and 35.

The figures speak for themselves and in this crucial area for a developing economy I want to encourage policy makers in India to continue to press forward. Good results will follow the implementation of good policy.

The optimist in me says that as these failings relate primarily to domestic policy, then solutions can be brought through quickly, when there is a will to do so.

In an integrated world the global community has an interest in these issues because failed policies in many countries have directed focus on the new issue that I discussed earlier and that is the movement of people worldwide. To escape poverty and/or oppression a growing number of people either legally or illegally seek to find a new home somewhere else.

Despite the growing economic integration of the world, and the free flow of capital, countries are very sensitive about migration and illegal immigrants. That sensitivity has multiplied many times since recent terrorist attacks.

The September 11th, 2001 attacks on America changed the world. The terms terrorism and security now dominate world dialogue. The fact that such an attack was successfully mounted against the most powerful country in world history sent a particular chill around the world, but in fairness such an attack against any major capital would have sent similar shock waves to people and governments everywhere.

Since September 11th, the world has spent endless hours and spent countless billions of dollars on the issue of terrorism and security and will continue to do so. This is all understandable but it is an illusion to believe that real long term security can be achieved by erecting barriers, however constructed, or by investing billions in ever more sophisticated military hardware.

Forty plus years ago similar issues were addressed, on a cold January day in 1961 at the height of the cold war, when President John F. Kennedy delivered his memorable inaugural speech, where he said:

“To those people in huts and villages across the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required – not because the communists may be doing it, not because we seek their votes, but because it is right.”

He then went on to give another powerful reason for such help by saying “If a free society cannot help the many who are poor, it cannot save the few who are rich.”

That speech while restating the bedrock ethical reason for action, also added the pragmatic, but important proposition, that to save the rich we need to help the poor. The developed world needs to reflect anew on that observation.

President Kennedy’s remarks were delivered at the beginning of the Green Revolution when with the development of new hybrid grains, better knowledge and more fertilizer, the world was able to help poor countries achieve vast increases in food production and prevent widespread starvation.

In meeting today’s food needs there are important scientific, environmental and ethical questions that will figure prominently in any debate. There are the enduring questions concerning the ownership and use of land and water, now with an increased focus on water. To that we must add the application

and use of new technologies including Genetic Modification (GM), and the other controversial environmental topic, global warming. And then there is politics.

It is accepted by most if not all, that global warming is real and that has clear implications for agriculture and the environment.

The Kyoto Protocol drawn up in 1997 has been controversial in many quarters, yet as at May 2003, 84 parties have signed and 109 parties have ratified or acceded to the Kyoto Protocol. When Russia ratifies, as expected, the protocol will come into force.

The US – the world’s biggest polluter – is a notable exception from the Kyoto Agreement. That’s somewhat surprising given the possible implications for the US from global warming as identified by the US Environmental Protection Agency (EPA) on their website.

The EPA notes that sea levels are rising more rapidly along the US coast than worldwide. Studies by the EPA and others estimate that sea levels could rise by one foot (30 cms) by 2050, but that could occur as early as 2025. Needless to say a one foot rise in sea levels would gravely threaten communities and homes in many coastal regions.

Looking out to the next century, the EPA reports that an incredible two foot rise in sea levels is most likely, but an unbelievable four foot rise is possible. Let us hope that never happens, but the question of global warming is an issue that the world can’t walk away

from, as there is new and stronger evidence that most of the warming over the last 50 years is attributable to human activities.

One of the more serious enduring implications of rising sea levels is the increase in the salinity of ground water. Water supplies over vast areas of the globe will be affected. The implications for agriculture and the environment from such developments, while as yet unquantified are clearly huge.

The potential impact of climate change is one reason why it’s necessary to be open to the possibilities offered by science including Genetic Modification.

Here we have a major transition issue. In many countries, including mine, there are those who have a deep seated concern regarding the implications of genetic modification. For others, GM is a new tool we can use to increase production from existing plant species and for the development of plants better adapted to more challenging conditions, such as dry land farming and utilization of land affected by salt water intrusion.

It is self evident that developing countries faced with high levels of poverty will need to use all available tools including new technologies, where they can be safely used.

New Zealand established a Royal Commission two years ago to study genetic modification. The Commission received extensive submissions from interested parties from home and abroad. After many months of study, it produced a comprehensive

report with the key finding that: "It would be unwise to turn our backs on the potential advantages on offer, but we should proceed carefully, minimising and managing risks." The major theme of the report is about "preserving opportunities."

There are many views and it's good to have them aired. On balance, my chief concern is slightly different; it is that the major corporations, who do much of the research, will not put enough effort into developing solutions for the very small and very poor farmers who grow for their own use or for sale to others equally poor. To meet world food requirements, much of which comes from small farms, will require government agencies to address this issue.

The development of GM crops in the future won't by itself solve all problems just as the Green Revolution didn't solve every food problem in the 60's & 70's but it did enable untold millions to avoid starvation.

The September 11th attacks showed with stark clarity that terrorists can strike anywhere. Of equal importance it showed that much greater attention needs to be paid to the circumstances that give rise to such hatred. We know with absolute certainty that no child comes into the world hating anyone, children have to be taught to hate.

The counsel of despair is to build higher walls to protect the few. The counsel of wisdom is to tear down the walls that deny millions the necessities of life and access to basic justice.

Some difficult political choices have to be made. If countries make decisions based only on what satisfies short term selfish political interests, then by what

logic do they expect those who grow up in circumstances where thousands die daily from preventable disease and starvation, and where there is little or no hope, to be interested in, much less share our horror of random acts of terrorism. They live with their version of terror every day of their lives.

This is not only an issue for rich countries. There are many living in privilege and wilfully ignoring injustices in the developing world as well.

President Kennedy's words apply equally to both. "If we cannot help the many who are poor, we cannot save the few who are rich." Those words now have a more prophetic if haunting ring.

My position is unambiguous and that is that the terrorist networks must go. But that of itself is not enough. It's a way point, not an end point. The world needs to replace terrorist networks with a network of countries, leaders and individuals who will work with passion and commitment to usher in a more just world, and so replace despair with hope.

I now invite you to think about issues like agriculture and the environment in this broader context. The issue is not only about producing food in a responsible manner, it is also about the commerce of food distribution, about minimising disadvantage by having a more open and ethical world trading system.

Free nations are rightly prepared to take great risks, to put the lives of their citizens on the line and collectively spend billions of dollars to combat terrorism.

To confront your enemies on the field of battle requires undoubted courage, but dare I suggest that for governments to confront their friends and political supporters with the stark message that they intend to cut tariffs, reduce subsidies and open up markets so as to encourage the more rational use of land and to improve market opportunities for the world's poorest farmers, requires an extra special brand of courage and moral leadership.

I know that such leadership is demanding but it's absolutely essential that the world address these issues, because as we speak one billion people live in absolute poverty and 24,000 die every day from hunger.

It is a myth to claim as some do that such poverty is due to globalization. Rather the reverse is true, the poor are poor not because of too much globalisation, but because of too little. Too many barriers still remain that prevent workers in poorer countries benefiting from their labours.

Pope John Paul II put it this way. "The struggle against hunger and malnutrition requires that all countries come together and adopt new and binding regulations responding to the changed demands of trade and international exchange and not to the interests of a small number of countries."

That was the hope in 1948, when in the shadow of World War Two, world leaders decided to establish the World Bank, The International Monetary Fund and The General Agreement on Tariffs and Trade (GATT), now the WTO. These three organizations were established to assist growth and development and global economic security.

Consistent with that ambition, export subsidies for non-agricultural goods were prohibited under GATT, but unfortunately were permitted in agriculture. The result is predictable. Global tariff on industrial products is about four percent and import quotas for such products have essentially been abolished.

In agriculture it's a different picture. Global tariffs average 62 percent and much of agricultural trade is still distorted by subsidies and quotas to the detriment of developing economies. In response Brazil, Thailand and Australia joined forces last month in requesting a WTO panel to examine Europe's sugar subsidies. The Australian Minister noted that Europe spent more than \$A 12.7 billion on price support and export subsidies to maintain its position as the world's largest sugar exporter.

This type of policy makes it hard or impossible for farmers in poor countries to sell their produce to rich countries. A ruling against Europe could force the EU to dump the sugar subsidies altogether which would be a huge benefit to many developing economies.

It has always amazed me that there is often strong protest and action against the WTO in poorer countries. Rather than protest, there should be support as developing countries need the WTO and 'a rules based system' of international trade. They need an independent international process to which aggrieved countries can submit a case in the knowledge that the facts of the case will be fairly examined and a finding issued. Without such a process, small and developing countries are in the impossible position of competing against wealthy countries with huge treasuries.

A more open approach to trade won't solve every problem but it would help to make the process of international economic integration work better for more people.

I know from New Zealand's experience that developed countries can successfully and profitably farm without subsidies, quotas or tariff protection.

I also know that this poses a particular challenge for a number of developed countries whose farmers receive an increasing proportion of their net income from farming their governments rather than from farming their land.

It need not be like that. Leaders have the opportunity in the Doha Development Round of the WTO to make a change. For that to happen member countries will need to leave historic baggage behind and be willing to compromise if all are to benefit from further trade liberalisation.

Multilateral trade negotiations under the WTO are the only way to design a smooth transition to more market determined farming practices.

There are so many compelling reasons to change. The OECD confirms that agricultural support now costs taxpayers and consumers over \$US 350 billion worldwide. To put that staggering amount into context, it is twice the value of the total farm exports from the entire developing world.

To further support the case as to why the developing world should be the loudest voice calling for trade reform I draw your attention to a recent World Bank study which estimates that complete global trade liberalisation by 2015, could by that time increase

global income by \$US 2800 billion, with the majority of that increased income going to developing countries. That, it stated, would lift a further 320 million people out of poverty.

If the nations of the world would unite for this common cause that is the staggering prize the world could win.

There are many complications to overcome but liberalising world trade in agriculture is the key to unlocking the door to faster global development. Over 60 percent of the workforce in most developing countries including India is engaged in agriculture or food production.

Of course it's not only subsidies and international trade policy which cause harm. Governments in some countries have much to answer for.

There are corrupt regimes that waste billions of dollars, mismanaged economies that waste billions of dollars, and in many developing countries the military's share of GNP is many times greater than the total amount of Overseas Development Assistance (ODA) they receive. Yes, it's a shameful waste in desperately poor countries, but to me that's not an excuse for not reforming trade policy.

That corrupt governments exist doesn't invalidate the need for others to commit to usher in – not a perfect world – but a more equitable world where people at least have food and clean water.

Like-minded countries face two great battles in the 21st century, the battle to control terrorism and the battle to substantially reduce poverty. As I have indicated they are not unconnected, and they are

both battles the international community needs to win.

Let me talk about the way ahead and the role that India could play.

The world needs a strong committed voice to articulate the requirements of developing countries and so focus the negotiations on the changes needed.

India, as the world's largest democracy, has the opportunity if not the obligation to take up that leadership role and so help guide the participants to a just and sustainable outcome.

If I might borrow from Nehru and repeat his words 'a moment comes, which comes but rarely in history, when we step out from the old into the new.'

For India to carry out this historic role, India's Government must look at all of its domestic policies to make them consistent with the ambition to usher in for the first time ever international trade policies that treat rich and poor countries with equal fairness.

I do not wish to over simplify an endlessly complex problem, but the cause is more than worthy of our commitment and passion, we can't turn away and so a more forceful stand is called for. In this campaign we don't bring the force of arms, but the force of justice for those who have for too long been left with scraps from rich countries tables.

Negotiators can draw strength from the knowledge that if they succeed they will be reaching out and improving the lives of millions in huts and villages across the globe. The sober reality is that away from

the limelight, the posturing and positioning millions of lives rest on achieving a breakthrough in this round of world trade talks.

It is not impossible and there are some signs of progress. The European Union (EU), which provides the largest amount of subsidies to its farmers, agreed at the end of June 2003 to implement change on a scale that would not have been contemplated as recently as two years ago.

What is proposed is to decouple payments from production targets, so as not to create excess production in one area, which distorts the market for other producers.

We don't know whether it was moral or financial pressure that finally brought about this change, but we do know that change comes from applying pressure at the right time.

Recall how loud and powerful were the united voices that correctly called for the abolition of the apartheid policies of white ruled South Africa and how they succeeded in helping to usher in a new era.

It is time for the leaders of developing countries to again unite and call for the realignment of global trade to facilitate the more equitable sharing of the world's wealth.

We should use this moment when the world is focused on terrorism and its underlying causes to tear down protectionist walls between the developed and developing world, and instead of walls build bridges through trade between different cultures ethnic groups and those of different religious convictions.

'The world is large,' wrote the Irish poet John Boyle O'Reilly.

'The world is large when its weary leagues two loving hearts divide,'

'But the world is small when your enemy is loose on the other side.'

Today no nation, large or small can be indifferent to the fate of others, near or far. Modern economics, weapons and communications have made us realise more than ever before that we are one human family and this shared planet is our home.

Let me conclude with the observation that India as the world's largest democracy, with its huge home market, an entrepreneurial middle class, plus a commercial history that stretches back through time is positioned to play a pivotal role in deciding how the world safely negotiates the complex range of issues that it now confronts.

In this debate on reform I start with no illusions, but it won't get easier by waiting for tomorrow. Equity is not a left—right or an "ism" debate, it's about our shared, our common humanity.

Thank you. May God grant you wisdom—the world is going to need it.



The **Rt. Hon. James B. Bolger** (born in May 1935), is the current Chairman of the Advisory Board of the World Agricultural Forum, a non-profit organisation based in St. Louis, USA.

Mr. Bolger was Prime Minister of New Zealand from October 1990 to December 1997. Under his leadership, the New Zealand economy was transformed from having the lowest growth rates among the OECD nations to one of the strongest. Mr. Bolger has also served as Minister of Labour, Minister of Immigration and was appointed New Zealand's first Minister of Fisheries and Associate Minister of Agriculture. Mr. Bolger was elected President of the International Labour Organisation (ILO) in 1993. He has represented New Zealand at the first five Asia Pacific Economic Co-operation (APEC) Leaders' Summit (first held in 1993 at Seattle). From 1998 to 2002, Mr. Bolger was Ambassador to United States. Before entering national politics, he was active in farming organisations.

Mr. Bolger was appointed a member of the Order of New Zealand (ONZ), New Zealand's highest honour, which recognises outstanding service to the Crown and people of the country. The membership of ONZ is restricted to only 20 living members at any time.

Mr. Bolger is the Chairman of the New Zealand Post and its subsidiary, Kiwibank. He is also the Chairman of the Board of Directors of the Ian Axford Fellowships in Public Policy and Chairman of the Gas Industry Steering Group. In recognition of his work, Mr. Bolger received in 1994 an honorary degree, Doctorate in Agricultural Economics from Khon Kaen University, Thailand and an honorary Doctorate of Literature from Massey University, New Zealand in 2002.

Mr. Bolger's experience in agriculture and government positions him uniquely to make a positive impact on the global debate on crucial agricultural issues and policies.

Previous Commencement Day Annual Lectures

- 1986 — **Deepak Nayyar**
International Trade in Services -
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