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Thank you for that warm welcome. I especially want to thank Director General Lamy for his inspiring talk, and for inviting me here today. He is renowned for the unique way in which he combines socialism with support for free trade – using both his heart and his head.

I like free trade. I've been a free trader ever since I debated the topic back in my high school days. I pushed for free trade when I traveled around the world, from country to country, urging them all to open up their media markets to CNN.

If we don't have free trade that gives every country a chance, we're never going to build a better, more prosperous world. That's why I think the WTO is one of the best ideas humanity's ever had. We human beings have been trading with each other ever since we started coveting our neighbors' goods. But we didn't create the GATT, and then the WTO, until we'd been around about a million years. It was about time!

Today we're in a crisis – for the WTO, for trade, and for the future of the world.

Five years ago, the Doha Round began with a commitment to increase the benefits of free trade for developing countries.

It was a great plan: developed countries would reduce their agriculture subsidies and tariffs, and developing countries would lower their tariffs to allow imports, improve their industries, and attract investment.

Two months ago, the latest talks on the Doha Round collapsed here in Geneva. A lot of commentators shared the view expressed in the Financial Times, which said that if Doha fails, it could be "the last effort of its kind."

"The last effort of its kind?!?" If we give up and quit on this round – we may not ever try anything like it again?!? No more global trade agreements?!?

That would be a disaster! Poor countries are going to remain poor countries until they can find a way to sell goods to rich countries. But to do that, poor countries have to improve their industries, open their markets, draw new investment, and get trade rules that are fair. That's what this Doha trade round is all about – to give developing countries a better chance … to trade on a more equal footing with rich countries.

If we give up on global trade agreements, we know what will happen. The big countries will go off and do separate bilateral and regional deals with their favored trading partners – and guess who will be left out? The very people the WTO was created to include: the developing countries. They will be left to bargain alone against the giants of international trade. We've already seen where that leads – it leads right back to where we are today: to a world where billions of people live in poverty.

It's one of the biggest moral failures in the history of humanity that we allow half the world's people to live in intolerable conditions, on less than 2 dollars a day. A billion live on less than a *single* dollar a day. A billion have no safe drinking water.

Poverty is cruelty.

And poverty persists in part because the trade that has created so much prosperity for the world's wealthy countries is bypassing poor countries. Fifty-four countries are poorer than they were fifteen years ago. And poverty doesn't just mean doing without food and shelter. For many of these countries, poverty means conflict. When there isn't enough to go around, people start to fight. Of the 20 poorest nations on earth, 16 have suffered civil war over the last two decades.

If we can't reverse it, poverty is going to crack the world apart. If the world ends up hopelessly split between rich and poor, we will never get the global cooperation we need to deal with the problems the whole world has to solve together.

We're running through the assets of this planet that took billions of years to create. The fossil fuels that we're burning are turning up the world's temperature.   We're overpopulating the earth. We're using up our oil, coal, gas, forests, rivers, and arable land with no sign of slowing down and little idea what to do when these resources are gone.

We're spending more than $1 trillion a year on military budgets – more than 50 times what we spend on the UN, our best tool for peace. As we're sitting here – 15 years after the end of the cold war – the US and Russia still have thousands of nuclear missiles on hair-trigger alert, ready to launch within minutes. We have hundreds of tons of highly enriched uranium poorly secured – and groups of terrorists desperate to get the materials, build them into bombs, and use them.

We can't solve any of these problems unless all countries work together. We created the UN to give ourselves this option. We created the WTO for the same reason.   But we're not making the most of what we have.

The world's leaders in both business and government aren't looking at the future; they're looking just a few days ahead – at the next day's news stories, the next quarter's earnings, the next poll, the next election. We need to learn the difference between long-term value and short-term gain.

I got rich making long-term decisions. My competitors were all thinking about the TV ratings from last night, and I was thinking about where I was going to be 10 years later. The first TV station I ever thought of buying was losing $70,000 a month. My board told me if I bought it, I would bring the whole company down. I bought it. Then I bought another one – worse than the first – and my accountant quit in protest. Eight years later, I sold that station and started CNN. If I had had to show a profit every quarter, I never would have built anything.

I think young people ought to be raising hell with older people about this. Most of the people making big decisions in the world today are over 50. Many are over 60. They're taking out loans, and they're not even going to be around when the debt comes due.

They have to lift up their eyes and see the future: either we change our ways, or we're going to destroy ourselves.

We have to go for the long-term gains we'll get from building a world where every country participates. The more countries participate in the global economy, the more they will have an incentive to build a better world – and the more they will have the *capacity* to build a better world.

That's why developing countries have to have a bigger stake in global commerce. Expanding trade is the best way to get it. And the Doha Round is the only instrument the world has to make that happen. We have to revive these talks and get an agreement.

Global trade agreements have made a huge economic impact since the GATT. They've cut tariffs; they've increased trade, they boosted economic growth. For the US, the EU, and Japan – it has meant hundreds of billions of dollars a year.

But the benefits of global trade are uneven. And now we need to rewrite the rules so they help poor countries the way they've helped rich countries. That's the purpose of the Doha Round.

If we give up on Doha, we're giving up on fighting poverty.

If we don't give up, … if we revive Doha and get a strong agreement, we can immediately increase incomes in the poorest countries of the world. There is nothing we could do that would strike a quicker, wider blow against global poverty. No handout, no program, nothing. If you're against poverty, you're for a strong Doha agreement. If you're against a strong Doha agreement, you're probably not too worried about global poverty.

Now, we are not going to get this deal until we get an agreement that every country can live with.

Sure, global agreements are a pain. The more people who have to agree, the longer it takes to get an agreement. But there's an African proverb that says: "If you want to go fast, go *alone*; if you want to go far, go *together*." I believe that human beings are not going to go much farther… unless we go together.

Right now – we're not going anywhere. The Doha Round is stalled because rich countries and poor countries are split on the question of agriculture subsidies.

In the US, government farm supports are 16% of total farmer income; in Europe, it's 32%; in Japan, it's 56%.

In West Africa, cotton farmers on some of the richest land in the world make only $400 a year – because developed countries drive prices down with their cotton subsidies. In fact, developed countries spend about $2 billion every week on trade-distorting tariffs and subsidies.

Why do we even have subsidies? That's simple. We have subsidies because we have overproduction. Supply is greater than demand, and prices fall below what farmers need to make a living. Farmers in rich countries are supported with subsidies. Farmers in poor countries just suffer.

The fight over subsidies is not, for developed countries, just an economic matter. At the time the GATT was adopted, agriculture represented half the trade in the world. Last year, it was 8%. When the entire system of global trade agreements is put in jeopardy by a disagreement over 8% of all trade, you can suspect the reason is more politics than economics.

If developed countries negotiate away agriculture subsidies, politicians in rich countries would have to tell farmers in rich countries to find something else to do. At which point, the farmers would tell the politicians that they have to find something else to do. That's why these talks are stalled – politicians in the developed countries do not want their farmers to fire them in the next elections.

If agriculture were always going to be the same, then the question of subsidies would be a problem without a solution.

But agriculture is changing.

Farmers have always grown crops for food and fiber. Today, farmers can grow crops for food, fuel and fiber. This changes the future. There is now a huge and growing unmet demand for farm products like corn, sugar beets and sugar cane that can be converted into ethanol. There's a huge market for palm, soy, and rapeseed oil that can be made into biodiesel. Agriculture is changing from an industry that faces limited demand to an industry that faces unlimited demand, from an industry facing low prices, to one facing high prices.

And that's what's so ironic about this trade impasse. The Doha negotiations have come to the point of collapse over agriculture. But the negotiators are deadlocked over agriculture the way it was in 1999 or 2000, not the way it is today, and certainly not the way it can be in the coming years.

There is a huge and growing opportunity in agriculture for farmers who can grow fuel. Since 2000, global ethanol production has more than doubled. Biodiesel production is up nearly fourfold. And demand is so great that even though Brazil produces almost a quarter of the world's sugar, it still struggles to meet its own domestic demand for ethanol. A sugar grower in Brazil recently told the Washington Post: "We would never be able to supply the United States with any substantial quantity of ethanol." If the world's largest biofuels producer doesn't have enough to supply the world's largest energy consumer, this is what I would call a business opportunity.

It's also an opportunity to do something for the earth and humanity. Biofuels are far better for the planet than fossil fuels. They can dramatically cut greenhouse gas emissions. And biofuels are renewable. You don't have to spend billions of dollars finding new oil fields in the ocean. You don't have to put new wells in national parks. And you don't have to negotiate with countries oceans away. You have to plow and plant seeds. We've been doing that for a long time.

This is a natural stage in human evolution. Humans have gone from hunter-gatherers to farmers to produce their food. Now we're going from hunter-gatherers to farmers to produce our fuel. It's much better than coal and oil. When you want more fuel, you don't have to wait for the next geological age. You just have to wait for the next growing season.

The emergence of biofuels creates something like a merger between two industries: agriculture and energy. When agriculture (an industry with slow-growing demand) is merging with energy (an industry with fast-growing demand), it's a very bullish change for agriculture.

This gives developed countries a chance to end the stalemate over agriculture subsidies by giving farmers incentives to grow biofuels and by giving consumers incentives to use them.

If, over the next ten years, WTO nations adopt policies that support an entirely new market in bio-based energy – and if production expands to provide 15 to 20% of global fuel needs – the market in global agriculture could double or triple in value.

In this market of unmet demand, the effect of government incentives for biofuel production will be totally different from normal crop subsidies. The unmet demand for transportation fuel is almost endless. This means that support for domestic production will not displace foreign competitors or reduce the prices paid abroad. Farmers will be getting their income from the market, not from the government.

Even farmers who *don't* switch to energy crops will do better financially because other farmers will have switched their land to biofuel production. This will reduce supply and raise prices for conventional crops.

If farmers see that agriculture is changing, and see how that change can benefit them, the politics of subsidies changes. This change is crucial to reviving the Doha Round and getting an agreement. But first you trade negotiators here have to <u>explain</u> this change to your constituents. They're the only ones who can give you permission to come back to the table and make a deal.

A growing market in biofuels can reduce or even end the need for agriculture subsidies in the developed world. But this isn't just an opportunity for rich countries. Developing countries can benefit even more. Poor countries that are dependent on oil imports have been hit especially hard by rising energy costs. Ten years ago, when the world agreed on debt relief for the poorest countries in Sub-Saharan Africa, the price of oil was 22 dollars a barrel. Over the last four years, the price has more than tripled. Higher oil prices now cost Ethiopia 5 times as much as they are gaining from debt relief. Other developing countries who import oil face the same burdens.

Gambia now spends six times as much money on fuel as it does on health. Sierra Leone now spends twice the money on fuel as it does on all efforts at poverty reduction combined.

And the energy problems of developing nations go beyond higher budget expenditures. Most of Sub-Saharan Africa has no electricity at all. In many countries, women gather and carry loads of firewood for miles each day.

By investing in biofuels, developing countries can start solving these problems. They can produce their own domestic transportation fuels, cut their energy costs, improve public health, create new jobs in the rural economy, and ultimately, build export markets. By converting part of their output from food and fiber to fuel, they will be entering a market with higher prices and rising demand, and are more likely to attract the kind of foreign investment that can modernize their agricultural practices – and increase their food production as well.

This is a critical point, because there should be no food vs. fuel debate. We can absolutely produce both – all that's required is investment. Economic growth, especially in rural areas, will help developing countries meet their food needs more easily. The answer to hunger is not more food, it is less poverty.

Some enterprising companies and towns are already showing the way on biofuels.

- Forty percent of the energy for the Bolivian town of Riberalta comes from a plant powered by Brazil nut shells.

- An Indonesian company switched from firewood to a biomass gasifier to dry their cocoa beans. The gasifier is fueled by palm nut shells – a waste product from the business's other operations.

- Women's groups in the African nation of Mali are using biofuels – processed from locally grown crops – to run diesel generators to power grinding mills.

- Biofuels are also catching on in the Caribbean, where Jamaica is investing millions of dollars in ethanol.

- The Dominican Republic is looking at jatropha – a bush that grows well in hostile conditions and has great potential as an energy crop.

- Malaysia, India, and Thailand are preparing to make big commercial investments in palm oil.

On a grand scale, of course, nobody beats the example of Brazil. Their biofuels have saved them some $50 billion in oil imports and created a million new jobs.

The opportunities will get better as the technology improves – and that's happening right now. In the future, we should be able to produce new fuels like cellulosic ethanol, a biofuel that could be extracted from virtually anything grown anywhere. We will be able to genetically alter biofuel crops to make their conversion more efficient. And we will be able to create better bio-refineries, increasing the returns on biofuel investment.

The global demand for biofuels is huge and rising. That's why I'm confident that in the near future, farmers' incomes will be assured, not by subsidies and tariffs, but by market forces. And that's why it makes so little sense to throw away the Doha Round over agricultural subsidies and tariffs. We shouldn't give up a great future to cling to the past.

Developed countries have the greatest responsibility for putting this Round back together. Over the last 60 years, free trade has added trillions to their economies. Now they have a chance to grow even richer while giving developing countries new opportunities through trade to help boost their economies and reduce poverty. In the process they will also be creating new markets for themselves.

Developed countries should agree to phase out tariffs and reduce their subsidies for food and fiber crops and replace them with support for biofuels. The right approach would allow a transition period; say 5-10 years, to phase in the changes. As soon as the deal is struck, farmers – instead of pressuring politicians to preserve subsidies – will be pressuring politicians to quickly make the changes necessary to convert farms profitably to biofuel production.

Developing countries also need to do their part for the Doha Round by reducing tariffs and opening their markets – especially to each other. If they keep their markets closed to protect domestic industries, it might help for a time. But if they don't open their borders and allow imports, their products will never compete, they're never going to draw much investment, and they won't capture the much bigger market beyond their borders.

Officials in all countries should not only explore options for production of biofuels; they should also adopt policies that promote consumer demand and build an infrastructure that can guarantee supply. These steps will help meet energy needs, reduce greenhouse gas emissions, revive the agriculture industry, and help eliminate the conflict over subsidies that is stalling crucial advances in world trade.

Let's remember the point of what we're doing here – we're just trying to reach out and bring in more people – into trade, into prosperity, into opportunity, into community. Those first TV stations of mine that I mentioned earlier – I bought them cheap, because they had an inferior signal – a UHF signal – that couldn't reach very many homes at all. How was I going to make any money if I couldn't even get my TV signal to all my neighbors? Well, we got an idea. Instead of broadcasting from a tower 1,000 feet high that sends a signal out 50 miles, we started broadcasting from an antenna 24,000 miles out in space that covered a quarter of the surface of the earth with one signal. The satellite. I guess that's when I really started to think globally. When I realized I had to bring more people in, or I really wasn't going to make it. The world is facing the same situation today. We've got to bring everyone in, and stop leaving so many people out.

Conclusion

There's a new book out by an economist named Eric Beinhocker. He says the "critical advantage" that humans had over Neanderthals was trade. We had trade; Neanderthals didn't. We're still here; they're extinct. What's the lesson? Trade is good. Trade helped save us.

We need trade to save us again.

The key to it all is right here in the hands of the trade negotiators. Right now you don't have permission to negotiate cuts in your agricultural subsidies. But your constituents will never support a deal if they know only what they'd be losing, and don't understand what they'd be gaining. You have to explain it. If we want to change public policy, we have to change public opinion. Tell them! Tell them that adding energy crops will create economic opportunities. It will create stronger markets for food crops. It will help boost incomes in the poorest countries in the world. And it's crucial for the environment. We're polluting our planet, and we've got to do something about it. We're not going to stop using energy; so we've got to start using a different *kind* of energy. This is our chance to make a big push – and do something that will save the earth for our grandchildren.

You've got to explain this to people. You've got to convince them. This is a big job. It isn't the job you signed up for. But this is the job the world needs you to do. If we give up on trade, we're giving up on ending poverty. We can't give up. We've got to keep fighting.

At the gym where I used to box when I was a teenager, there was a sign on the wall that said: "Fight one more round." You could look at that sign at the start of the fight; you could look at it at the end. But the message was always the same: fight one more round. No matter how bloody and exhausted you are, fight one more round – because if you're always willing to fight one more round, you're never beaten.

I know it's late in the match, and you're all tired. But I'm asking you all to fight one more round – this Doha Round. You can do it. You can win it. And it will make a world of difference to millions of people who will never even know you to thank you. Go to it, and good luck!