

Chapter 7

Conclusion

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This collection of essays has examined some of the critical challenges confronting trade multilateralism today, and proposed several concrete recommendations to improve the functioning, effectiveness, efficiency and inclusiveness of the WTO. While calls for WTO reform are not new, and have often been bound up with moments of institutional crisis, the current discussions on reform offer an opportune political moment to modernise and strengthen the WTO as the custodian of global trade governance for the 21st century, especially to help the world's smallest, poorest and most vulnerable countries achieve the Sustainable Development Goals (SDGs). This view is echoed by Director-General of the WTO Roberto Azevêdo, who reaffirmed the need for reform at the World Economic Forum at Davos in January 2019:

The word we keep hearing is 'reform'. Members are exploring possible reforms that would help to diffuse the current tensions, fix the impasse in appointments to the Appellate Body, improve monitoring and transparency in the system, and speed up our negotiating processes both on the longstanding issues and on other initiatives that been launched more recently. We must do more to make the WTO work faster, and be more flexible and responsive to members' needs – building on the progress of recent years. The G20 leaders' declaration made this clear. It called for 'necessary reforms' to the WTO so that it can keep playing its essential role in the global economy. All this has created a political window to modernize the WTO. We must seize that opportunity (WTO, 2019).

The preceding essays contribute valuable perspectives and insights into some of the fundamental challenges confronting the rules-based multilateral trading system, as well as the opportunities for institutional innovation and reform to help revive and strengthen the global trade regime at a time of rising protectionist measures and a backlash against globalisation in many countries around the world. Several key issues and messages appear to emerge from the analysis.

First, today's crisis of trade multilateralism has deep roots that extend well beyond the disappointing performance of the WTO as a negotiating forum, whether measured by the recurrent failure of member countries to conclude the Doha Round or by

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their inability to update WTO disciplines for modern and integrated 21st century world trade. There is an important – and often overlooked – historical, geo-economic and geo-strategic context to the current calls for reform, and it is these factors, especially the ‘big picture’ of shifting global power politics and the rise of emerging economies, that will condition the possibilities for WTO reform, as well as the constraints confronting reform initiatives. For example, given the nature of how the multilateral trading system has evolved over the past 70 years, and the imbalanced distribution of trade opportunities embedded by successive trade rounds dominated by advanced economies, perceptions of the purpose of the WTO – and thus the focus of reform – appear to differ significantly among WTO member countries today. Our contributors suggest that conversations about WTO reform, whether in Geneva or in national capitals, will need to strike some balance and compromise between reform as ‘rectification’ of past trade imbalances and reform as ‘renewal’ for future trade multilateralism (e.g. negotiations on new issues).

Second, the WTO does require pragmatic and incremental reforms to help tackle and resolve some of the immediate challenges confronting the organisation and improve its functioning. For that reason, some of our contributors propose concrete and pragmatic recommendations to improve the efficiency of multilateral trade negotiations and the functioning of the Dispute Settlement Mechanism, as well as the overall strengthening of the WTO. One novel and innovative proposal is to create a group that explores the Functioning of the WTO System (FOWTO), which draws on and learns from a similar exercise undertaken by the General Agreement on Tariffs and Trade (GATT). This group could pick up on the unfinished business of the Uruguay Round, focus attention on areas of pressing need and divert attention towards system reform and continual improvement, crucially taking a panoptic view of the balance of endeavours.

Some of our contributors also recommend recasting trade negotiations from ‘big-ticket’ rounds to continuous and on-going work programmes that reduce the pressure on Ministerial Conferences to deliver major multilateral outcomes, like the Trade Facilitation Agreement, or face collapse, failure and recriminations. Others propose pragmatic improvements to the actual negotiations process (e.g. framing plurilateral approaches, setting reasonable and balanced mandates, better structuring trade agreements through progressive geometry and greater resources and delegation to the WTO Secretariat, among others).

Third, as the WTO agenda widens to accommodate new issues, environmental sustainability warrants a prominent position in this reform agenda, especially in light of the SDGs, which include numerous trade-related goals, targets and indicators. However, despite calls for greater coherence and ‘mutual support’ between trade and environmental policy-making, environmental priorities do not yet have the prominence they deserve with regard to either the substantive or the institutional aspects of WTO reform. Aside from calls to conclude WTO negotiations on fisheries subsidies in 2019, to date the proposals tabled and informal discussions underway offer few concrete suggestions on how WTO reform could help advance progress on the many environmental dimensions of the SDGs, or, indeed, any other environmental issues at all.

Finally, despite the merits of the current reform proposals, there are some concerns that they do not sufficiently address the underlying deep-rooted causes of the crisis of trade multilateralism. The recent proposals on WTO reform and informal discussions point to useful technocratic adjustments and modifications to improve the organisation's efficiency and functioning, but lack a transformative vision of a 'new bargain on trade multilateralism'. Some of our contributors call for a more holistic approach to WTO reform, which combines technocratic reforms with a broader vision of making trade fairer and more sustainable, as envisaged by the SDGs.

In many countries around the world, there is a perception that the benefits of globalisation have bypassed cities, communities and citizens, and international trade is blamed for rising inequality, job losses and declining wages, despite the impact of technological change and growing automation. This rise in populism and discontent about globalisation has triggered demands for greater protectionism – and ultimately the pursuit of trade wars. Some of our contributors suggest that a revival of trade multilateralism requires a fundamental rethinking and renegotiation on the narratives that underpin globalisation.

Looking ahead, Commonwealth members – working individually, collectively and with international partners – can contribute towards reshaping these narratives, especially how international trade can be better harnessed, to play an effective role in realising the SDGs. Building on the Commonwealth's diverse experiences and crucial dependence on international trade, Commonwealth members can contribute valuable perspectives within global discourse, through the WTO, the UN, the G20 and other multilateral and regional organisations, on the role of trade in promoting growth, jobs and sustainable development. Given popular discontent about globalisation in many countries, they can accompany this with a new global narrative that trade represents an abiding force for human advancement.

Throughout this collection of essays, there is a reaffirmation of the importance of the rules-based multilateral trading system for the world's smallest, poorest and most vulnerable countries. If these countries are to achieve the SDGs, they need an enabling global trading environment that both supports and enhances their participation in world trade. It is therefore imperative that calls for WTO reform, current reform proposals and the informal discussions accommodate and secure the interests of these countries. In this interpretation, modern global trade governance – a WTO 2.0 as it approaches its 25th anniversary – should work to raise living standards and reduce poverty, establish and enforce reasonable development-friendly rules for global trade and protect the environment. This requires a critical and sober assessment of the organisation's shortcomings and strengths.

Reference

WTO (World Trade Organization) (2019) 'DG Azevêdo Meets Ministers in Davos: Discussions Focus on Reform; Progress on E-Commerce', 25 January. At https://www.wto.org/english/news_e/news19_e/dgra_25jan19_e.htm (accessed 13 March 2019).