

Systemic Crisis Amidst Preparations for the 11th World Trade Ministerial Conference Exacerbates the WTO's Struggle to Remain Relevant in World Trade Negotiations

Notes from the Field: Geneva, Switzerland.

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As world trade continues to stagnate its principle forum for setting the rules of trade struggles to remain relevant; according to some, even stepping outside of its scope and mandate at the General Council meeting on Monday May 10, 2017.¹ The World Trade Organization's (WTO) General Council, the organization's highest decision-making body in Geneva, met to discuss the range of global trade governance issues to be added to the agenda for the upcoming 11th World Trade Ministerial Conference, set to take place in Buenos Aires, Argentina in December 2017.

After an attempt to add investment facilitation onto the trade agenda for the upcoming conference, India adamantly blocked the Council session citing that the WTO went outside its scope and mandate to include the issue. Investment facilitation, which is based on domestic bilateral regulations and agreements, is not officially within the purview of WTO regulations. India and its supporters, including Uganda, Bolivia, and Ecuador, raised concerns about expanding the ministerial development agenda, which would give negotiating space to new items even with the Doha Development Round yet to be concluded.²

Despite no formal resolution concluding the Doha Round, many developed countries refuse to negotiate the Round any further. Many developing countries, by contrast, are in favor of

¹ *MINUTES OF THE MEETING*, World Trade Organization, General Council, 10 and 18 May 2017, WT/GC/M/167 (17-4024): 1-90.

² D. Ravi Kanth, "India blocks discussion on global investment facilitation at WTO," *livemint*, May 11, 2017, <http://www.livemint.com/Politics/z7ZcaQc8rzCTcpt2qYdfaM/India-blocks-discussion-on-global-investment-facilitation-at.html>

continuing the Round, with the exception of negotiating the Singapore Issues which many fear will have to be readdressed and concluded under the Doha Development Agenda schedule. The Issues, according to some, are trigger points of contention among many countries especially those of the developing world. They consist of four working groups set up during the WTO Ministerial Conference of 1996 in Singapore and include the issues of transparency in government procurement, trade facilitation, trade and investment, and trade and competition.³ Despite repeated attempts to revisit the Issues at several other conferences, disagreements have thus far prevented a resolution.

One Geneva official called the recent General Council suspension a ‘systemic crisis’, adding to the WTO’s preexisting struggle to remain relevant as a forum for global trade negotiations. In fact, many continue to question the likelihood of the WTO’s ability to conclude multilateral trade agreements going forward. Given that the organization has not concluded an agreement since the onset of the Uruguay Round in 1986, many countries have opted to turn to regional free trade agreements to advance their trade interests. With the Ministerial meeting, which will welcome trade ministers and senior officials of the organization’s 164 member-states, only 7 months away, there is much to be done in terms of preparation. In fact, the world’s biggest trading partner, the US, not only has a big Ministerial conference to plan for but has yet to appoint an ambassador to the WTO. The Trump administration has been fiercely defending US sovereignty over trade disputes with an “America First” agenda and has already threatened to abandon the multilateral institution. Little is known about what the US will bring to the discussion table, but one thing is for sure, the Doha Development Round will not be it. Concerns have also been raised

³ “*UNDERSTANDING THE WTO: CROSS-CUTTING AND NEW ISSUES, Investment, competition, procurement, and simpler procedures.*” World Trade Organization. https://www.wto.org/english/thewto_e/whatis_e/tif_e/bey3_e.htm

about developing countries who, due to their vulnerable position in relation to their trading partners, are unable to stand their ground despite rules being broken and many secretly in agreement with India's stance.

Despite many seriously doubting the WTO's relevance in multilateral negotiations going forward, the institution indisputably continues to provide a large forum which brings to light the trade issues countries are facing, while bringing international trade experts together to draft and discuss solutions. If anything, the recent disagreement demonstrates the power of an individual state in WTO fora, which requires unanimity among its member states to move forward. As one official mentioned, a movement away from multilateral negotiations is a movement away from transparency in global trade, a movement which many believe will hurt developing countries the most. For now, the WTO continues to be charged with the responsibility to grapple multilateral trade governance in a contentious and shifting global political landscape confronted with consistently stagnating trade flows.

Going forward the General Council is planning to hold informal negotiations to break the current deadlock. India however has stated its unwillingness for further discussions regarding the matter.

It is unknown what package will be brought up at the Ministerial Conference in December, although rules around anti-dumping and e-commerce are likely to be mentioned. In speaking with members of the Geneva international trade community, we can only wait and see what the upcoming months will have in store and what will become of global trade as we go forward. One thing is for sure, there is lots to be done before December is here and if India has anything to say about it, nothing will be done in regard to placing investment facilitation on the agenda.

Takeaways

- The Council's deadlock presents yet another challenge facing the relevancy of the WTO to the conclusion of multilateral trade negotiations and global economic governance.
- The recent disagreement also demonstrates an unprecedented move by an individual state in preventing the advancement of a ministerial agenda, instigating a 'systemic crisis' in an already troubled global institution.
- At the same time the deadlock demonstrates the power of an individual state in WTO fora, which requires unanimity among its member states to move forward in negotiations.

References

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