

FOREWORD

A year and a half ago, in June 2003, I sought the help of the eight eminent persons who are the joint authors of this Report to help me start a process of reflection. Each of them have had distinguished careers in government, academia, business, trade and economic policy-making. Their task was to look at the state of the World Trade Organization as an institution, to study and clarify the institutional challenges that the system faced and to consider how the WTO could be reinforced and equipped to meet them. They have all generously contributed their time and expertise to this task on a personal basis and I am deeply indebted to them.

Some of you may recall an earlier exercise in 1983 when the then Director-General Arthur Dunkel established a panel of seven distinguished persons to report on the problems facing the international trading system. The “Leutwiler report”, as it came to be known, made 15 recommendations to support a more open multilateral trading system as a counter-measure to the crisis prevailing in the trading system at that time. It was written with the aim of breaking the log-jam in the launch of the Uruguay Round and it sought to influence the negotiating agenda.

The task that I set the members of my Consultative Board shared a similar aim in so far as it sought to reinforce the multilateral trading system, but in another sense it was fundamentally different in character. This Report is not about the Doha Development Agenda. The essential purpose of this Report is to examine the functioning of the institution - the WTO - and to consider how well equipped it is to carry the weight of future responsibilities and demands. Certainly, the conclusion of the current trade round will have implications for the future functioning of the organization but the reflection that this Report is intended to launch should go beyond the Doha Development Agenda.

The origins of this initiative date to well before I assumed the post of Director-General. With the conclusion of the Uruguay Round, the multilateral trading system broadened and deepened its agenda to take account of new realities in international economic relations. The GATT was reincarnated as a fully fledged international organization, the WTO. This new organization became a symbol of the emergence of a more global economic system. Trade was widely regarded as a key catalyst for future growth and prosperity. Those were, rightly, euphoric moments. Yet, even then, it was my sense that there had been too little serious thinking on whether the institutional design and practice that had served the GATT so well would do the same for the WTO.

The WTO was now a major player not only in the conduct of trade relations but in global governance. Partly due to its success, the institution was subject to an array of sometimes conflicting pressures and expectations, internally as well as externally. It was increasingly evident to me, as it was to others, that it was time to look at the working mechanisms of the WTO to see whether or not there was room for improvement.

The failure to launch a new round of negotiations at the Ministerial Conference in Seattle and the later setback at the midway point of the Doha Development Agenda negotiations in Cancún raised for some serious questions about the future of the WTO. Were we starting to see cracks in the structure of the institution? Could the WTO with an enlarged membership at various levels of development continue to deliver results?

Every Ministerial Conference is encumbered with expectations and every setback is subject to serious scrutiny. Seattle and Cancún, even though setbacks of varying magnitude, were no exceptions. There is often a tendency in coming

to grips with disappointment to lay responsibility on perceived procedural and institutional inadequacies. Whether or not this is justified is a matter for debate. We should not lose sight of the fact that Seattle and Cancún were separated by the success of the Doha Ministerial Conference. In retrospect, one could even view Cancún as an important turning point in the negotiations with the undoubted progress which was made there in several areas and the more assertive role played by developing countries. Events since have also proven the resilience of the institution and its ability to continue to deliver results. But we should not underestimate the growing pressures on the institution or ignore the lessons of history. There is undoubtedly a need for serious reflection on how to improve our functioning while safeguarding the strengths of this institution. It was in this spirit that I asked the members of my Consultative Board to undertake this work and they have responded to this challenge in full measure.

The Report stands on its own and it needs no further introduction on my part. Let me just say, lest it should be misconceived, that it is not academic analysis nor does it pretend to provide all the answers. What it does is to take a careful look at the issues that, in the opinion of the authors, must be considered and acted upon to secure the continued and effective realization of the objectives of this organization. Some may see the centrepiece to be the set of recommendations, but to focus solely on these proposals is to do the Report a major disservice. This is a work of deep reflection and there is much in it that diagnoses the origin and state of the fundamental tensions that the institution faces. Understanding these tensions is an important part of the answer the Consultative Board has given in this Report.

It is especially appropriate that this Report is issued in early 2005. This year marks the 10th

anniversary of the WTO. It is a time for celebration but it is also a time for reflection and renewed commitment. It is in this spirit of reflection that I hope this Report will be read. I look forward to the dialogue it is meant to generate on the options available to reinforce this vitally important institution for the future.



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