# Session 17: Can the existing multilateral trading system cope with the emerging challenges?

**Sub theme IV: Looking to the future: What post crisis agenda for the WTO in a shifting power scenario?**

Moderator

Ms Gabrielle Marceau, Counsellor, Legal Affairs Division, WTO

Speakers

Mr Vital Moreira, Chair of the Committee on International Trade of the European Parliament

Mr Benoît Ouattara, MP, Former Minister of Commerce, Burkina Faso

Senator Luis Alberto Heber, Uruguay

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**Abstract**

When it comes to political decision-making on ways to prevent economic collapse and social recession in the wake of the global financial crisis, members of parliament are confronted with hard choices. They accept that trade is as much a consequence as it is a driving force of the economic rebound, but are increasingly wary of the need to submit to legally enforceable ceilings on farm subsidies and trade tariffs set from outside. In an atmosphere of swelling antipathy to globalization, this adds to public misgivings about the credibility of multilateral institutions, including the WTO.

Parliaments bear their own share of responsibility for ensuring that the multilateral trading system is able to reform itself in response to changing conditions. Their main role, however, is to provide stringent oversight of government policies, commitments and plans, including those with a direct impact on the functioning of the WTO. This session, organized jointly by the Inter-Parliamentary Union and the European Parliament, was designed to consider, from a parliamentary perspective, policy responses to emerging challenges and powerful new pressures on the multilateral trading system. It added a distinct parliamentary dimension to the programme of the WTO Public Forum.

**1. Presentations by the panellists**

(a) Gabrielle Marceau, Counsellor, Legal Affairs Division, WTO

In her introductory remarks, the moderator, Ms Marceau, Counsellor with the Legal Affairs Division of the WTO Secretariat, pointed out that GATT (General Agreement on Tariffs and Trade)-WTO machinery had been in place for some 65 years. It was therefore perfectly understandable for questions to arise about its state of health and the capacity of the multilateral trading system as a whole to cope with new challenges, all the more so in view of the impact of the latest crisis on many countries (some very small, some very big, some too small and some too big). The moderator hoped that the panel, composed of three parliamentarians and one academic, would provide a wide perspective on these questions.

(b) Vital Moreira, Chairman of the Committee on International Trade, European Parliament

Trade was not the cause of the biggest economic downturn since the Great Depression but was one of its first casualties. At times of severe economic stress, countries tended to reduce their appetite for trade openness. Fortunately, due to the deterrent effect of WTO rules, trade-restricting measures were used only to a small extent during the latest crisis.

The relatively quick recovery of global trade flows could not, by itself, bring about a solution to such pre-existing challenges to the global trading system as the linkages between trade and development, trade and climate change, trade and the social dimension, trade and food security, etc. The list of challenges also included such issues as the shift in global trade geography, the need to rebuild confidence in the virtues of open trade, and the spread of regional and bilateral trade agreements.

Having provided a brief analysis of these challenges, the panellist concluded that, in order to fulfil the pledge of Doha, the WTO should likewise address questions concerning its decision-making process, mandate and functioning. Having pointed out that the organization's institutional structure required meaningful reform, he recalled that the European Parliament had always been an active advocate of the parliamentary dimension of the WTO. Trade no longer being the exclusive domain of the executive, the Parliamentary Conference on the WTO should obtain consultative powers at the WTO. This would increase the organization's legitimacy, accountability and transparency.

(c) Benoît Ouattara, MP (Burkina Faso), former Minister of Commerce

Speaking from the perspective of a former Minister of Trade of a small African country, the panellist said that one of the challenges for the WTO was to find a way of accommodating the interests of smaller countries and giving them a chance to participate in WTO decision-making more effectively. He was convinced that this was feasible, as evidenced by the miraculous outcome of the dossier on cotton. When, a few years earlier, a number of African countries had come to the WTO with their concerns with respect to cotton, nobody could have imagined that this “adventure” would bring the issue right to the top of the WTO agenda. This had been made possible by the organization's multilateral nature, which was very different from the unilateral system of trade practiced in the colonial past.

WTO rules contributed to greater predictability and legitimacy of trade relations. However, more had to be done for the benefit of smaller countries, for which the successful conclusion of the Doha Round was synonymous with the credibility of the entire system. This was especially true for the African countries, because their continent had not been sufficiently present during the Uruguay Round. They were now looking for ways to redress the situation and restore the balance. Regional and bilateral agreements could not replace the global multilateral system, even if regional agreements in Africa played a positive role as part of South-South trade.

The current crisis had only underscored the importance of the WTO as an indispensable part of the world governance architecture. Directly or indirectly, issues such as environment and climate change were also linked with trade. Had the WTO been able to find a solution at the time of the Ministerial Conference in Cancún, the scale of the current crisis might have been less significant. Parliamentarians could not sit at WTO negotiating tables, but they should oversee governments. The panellist agreed with the previous speaker that a gateway should be opened to associate parliamentarians more closely with the WTO.

(d) Luis Alberto Heber (Uruguay)

Some economists believed that developing countries had been affected by the crisis to a lesser degree. According to the panellist, however, everything was relative. In Uruguay, for example, great numbers of people were returning from developed countries owing to adjustment measures taken in the context of the crisis. As a result, unemployment was on the rise in Uruguay as well, in spite of the absence of major economic problems.

Parliamentarians should be looking not at the scope of the current crisis but at how the WTO was bracing itself for future challenges, in particular as regards providing safeguards for the least developed countries. Proliferation of regional trade agreements was one such challenge, linkage to major global issues (such as climate change, energy and food safety) was another. There was also the issue of protectionism, which came in two “flavours” – intelligent and traditional. Protectionism was natural at times of economic difficulty. During World War II, for example, protectionist measures had been particularly widespread. During the latest crisis, however, the WTO had managed to resist the temptation to resort to such measures and kept trade protectionism at bay.

There also existed gray areas of “intelligent protectionism” that needed to be looked at. One such area was government procurement. In the opinion of the panellist, all countries had sinned in that respect, but this did not mean that they should give in to such trends.

(e) Laurence Boisson-de-Chazourne, Professor of International Law, University of Geneva

The panellist said that she was particularly interested in the challenges facing the WTO system from the environmental perspective, including related aspects such as health, food and climate change. There had been scientific discussion about these issues since the early 1970s, but it was only recently that the WTO had started looking at them more seriously, in an attempt to adapt itself to the pressing new situation.

Those challenges were part of a gray area in which the multilateral trading system had to cooperate with international structures covering environmental protection agreements, such as those on biodiversity, climate change and desertification. This had been recently borne out by a WTO report on trade in natural resources.

There should be mutual support between trade and environmental protection agreements and more active cooperation between the respective agencies. Tools relating to other areas, such as maritime law, should also be taken into account. Another example was the Cartagena Protocol on biosafety, which could serve as a source of useful ideas about risk-assessment mechanisms. Sooner or later, the extra step must be taken to adjust WTO rules to long-term environmental considerations. This step would require political will.

**2. Questions and comments by the audience**

The ensuing discussion was very lively, with an active exchange of questions and answers between the panellists and the audience, and among the members of the audience.

Most delegates identified themselves as members of parliament. It was perhaps for that reason that the question of the parliamentary dimension of the WTO resurfaced during the debate more than once. Some participants insisted that the WTO should integrate members of parliament more closely into its work, especially through direct contacts with negotiators. They felt that parliamentarians were pluralists by definition, and could bring in useful expertise and knowledge. It was considered equally important for members of parliament from different countries to talk to each other. Failure to engage the United States Congress, for example, might lead to nasty surprises at a later stage. Other participants were of the view that “parliamentarization” of the WTO would be the “end of it”, if only because of the risk of exporting domestic political problems to the WTO. The prevailing view was that, at a minimum, ministers should listen more closely to the opinions of parliamentarians and non-governmental organizations (NGOs).

Much attention was focused on developing-country expectations of the multilateral trading system in general and the Doha Development Round in particular. In response to the suggestion that the developing countries had in fact gained very little from the Doha Round, it was said that they were already making gains in terms of the improved transparency and fairness of the system. One of the panellists pointed out in this connection that trade was always preferable because it was contractual, whereas aid depended on the goodwill of the donor. This being said, there was a need to democraticize the WTO, in particular with a view to safeguarding the benefits of smaller countries, including those already affected by climate change. Despite the promise of the Doha Round, those countries had not seen much improvement. One of the participants asked whether the very idea of trade rounds was not an anachronism.

In response to the question of whether it was possible to make bilateral and regional agreements retroactively compatible with WTO rules, it was said that, out of the more than 400 such agreements registered thus far, the majority did not contradict WTO rules. One panellist pointed out in this regard that the WTO was often perceived as a distant organization, while regional and bilateral agreements were better understood by the population.

A lively exchange of views took place on whether or not a social dimension should be added to the WTO in addition to the emerging environmental one. Resurrection of the social agenda would lead to a purely ideological debate inside the WTO, suggested one participant. In Europe, the social dimension was back anyway, through the Lisbon Treaty, retorted another. Attention was drawn in this regard to the fact that questions of trade-related skills and resources could well be considered as relating to human development.

**3. Conclusions and way forward**

Closely linked to the process known as the “Parliamentary Conference on the WTO”, the parliamentary panel organized by the Inter-Parliamentary Union (IPU) and the European Parliament proved to be a valuable addition to the programme of the WTO Public Forum. Not only did it attract parliamentarians from many countries, including some that were relatively remote, it was rich in substance and remarkably interactive in form.