

# WTO at the Crossroads

## A Report on the Imperative of a WTO Reform Agenda



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**“If you sit at a crossroads,  
you will get sick.”**

Old Palestinian Proverb



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## Foreword by the Honourable Sergio Marchi

I have had the pleasure of knowing Talal for a good number of years, and if I was to choose but one word to describe him, it would be ‘energy’. He is quite simply a bundle of energy and drive. He has the energy to succeed, whatever the odds; the energy to tackle problems head on and speak his mind; and the energy to improve the community around him, and enhance the public good.



This frank report on the imperative of WTO reform is a reflection of that energetic spirit. He addresses the challenges from a number of relevant perspectives; as a citizen of the Middle East who is ambitious and hopeful for his region and the world; as a prominent business leader; as a member of the WTO Director General’s Panel of Experts; and as an engaged and committed internationalist.

This paper is a valuable contribution. It is clear, pragmatic, and focused on several key pillars. While a number of his proposals will strike some as controversial, I feel they are an effective catalyst in constructively shaking things up a bit.

His report is also timely. As the WTO prepares for the Bali Ministerial Meeting and for the election of a new WTO Director General later this year, let us hope his proposals will find a home in the processes associated with these two significant events.

Above all, Talal’s paper is a call to action. An appeal to marshal the political vision and will required to renew and strengthen the global trading system.

His recommendations merit serious consideration, and they should be an integral part of an engaging dialogue on a WTO Reform Agenda, that must be taken up without further delay.

Let the debate begin.

### **Honourable Sergio Marchi**

Former Canadian Ambassador to the WTO,  
Chairman of the WTO General Council, and  
Canadian Minister of International Trade



## Opening Message from Talal Abu-Ghazaleh

Let me be clear and unapologetic: I firmly support the multilateral trading system. Over the years, it has been an indispensable engine for global economic prosperity and peace. We therefore need to care about its future.

I am also grateful that the WTO Director General (DG), Pascal Lamy, asked me to serve on the Panel on Defining the Future of Trade, established in April 2012 to examine and analyse challenges to global trade in the 21st century. This is an assignment that I take seriously.

Perhaps it is the former Palestinian refugee in me that craves freedom and openness. I do not believe in ghettos or walls. I detest glass ceilings or quotas. It is these values that give rise to my fundamental instincts for ‘freeing’ trade, as a means of helping individuals reach their economic potential. To break the grip of those who are desperate to protect the status quo and with it, their vested interests.

As the institution responsible for liberalizing trade globally, I am also a fan of the World Trade Organization (WTO). Its core mission is negotiating a more level playing field of predictable rules and standards, so that all nations; big and small; poor and rich; emerged and emerging, may prosper from the economic forces and opportunities unleashed by trade. And it also arbitrates disputes between its members by who is right, and not by who happens to have the might! Now, how can one disagree with such a fundamentally sound *raison d’aitre*?

Don’t get me wrong, the WTO is not perfect. Not by a long shot. In fact, in order to strengthen and sustain its role, it urgently requires focused reform.

Political decision makers must find the political will to renew the institution, just in the same way that their predecessors had the foresight to create the GATT in the aftermath of war and destruction. Otherwise, I fear the WTO will drift, and become less and less relevant to global citizens and business leaders alike.

Precisely for this reason, on my own initiative and at my own expense, I have chosen to publish this brief report. It is an effort to advance some core ideas and find new, more effective solutions. This is how I run my own business and try to stay ahead. I also encourage open debate and discussion among my senior management and workers as a means to arrive at a renewed and reinvigorated state of operations.

The WTO should not be run any differently. In fact, there is nothing more dangerous for any international agency that stands still in the face of globalization, for that is a sure recipe for failure.

In that spirit, I offer the ideas captured in my report in the hopes that they will be part of a broader and committed discourse. I do not pretend to be a trade policy expert, and this is not an exhaustive review of the WTO. As such, I do not purport to provide all the solutions. Moreover, variations of some of these ideas have already been advanced by others, which I find significant in that they begin to represent a meeting of the minds and hopefully signal an evolving consensus around some critical concepts.

As a businessman whose livelihood relies on global trade, I have tried to identify and restrict myself to a number of central provisions, which I believe are fundamental to the WTO's renewal and sustainability. I concentrated on four themes: i) trade promotion; ii) streamlining and strengthening decision-making; iii) enhancing governance; and iv) creating a credible process which would judge and act on reform proposals.

The title of the report was not meant as an alarming-media-grabbing-headline. It merely reflects the accurate reality that I believe confronts the WTO.

I also tried to express myself in clear, unequivocal language, whether it is politically correct or not. For me, it is far more important for the WTO to be economically correct. Only in this way, can the forces of trade reach out and touch individuals, workers, companies, and governments, in all corners of our world, with the objective of lifting all boats, in all harbors.

I would very much welcome your views. I would also be grateful if you would share this paper with others. If you profoundly disagree with my proposals, please say so and offer an alternative. Rest assured that I will not take any offence. In fact, your passion for your beliefs will please me, and ensure that the WTO will receive the attention and care that it desperately requires.

Above all, please do not remain indifferent.

Your voices are needed more than you may think.

Talal Abu-Ghazaleh  
tag@tagi.com  
January, 2013



His Majesty King Abdullah II with HE Senator Talal Abu-Ghazaleh during the opening of the 16th Parliament's First Ordinary Session – November 28, 2010.



**“ I think it is important that we take a hard look at the WTO rules at this point because there are some that I think could use restrengthening and revising, in light of what’s happening in the world today.**

**So, you have asked a very important question, and I think it deserves the attention of a country like the US and other economic leaders, like South Africa, to determine what we can make of the WTO for the future, as opposed to just continuing with the policies of the past”.**

***Hillary Clinton***

*US Secretary of State  
International Development  
Corporation Meeting,  
South Africa, 2009*



# 1. INTRODUCTION

## **Why Reform?**

The issue of international trade has become inherently more political and topical. It has its fierce supporters and passionate critics. Yet, one of the few bridges between partisans of these two solitudes is the refrain that the multilateral system needs reforming. That the WTO needs to change and evolve. While different people will have different definitions of what this means, or how it might be accomplished, in principal, I heartily agree with the need for renewal.

In an increasingly integrated world, where technology is blazing new commercial trails and opportunities by the hour, and where all countries are seeking to maximize and leverage their exports of goods, services, and expertise, strengthening the system is a hugely important endeavor. Some would say, indispensable.

It is now high time to move on this front.

There have been enough excuses and arguments that the system is fine as it is; about how such an undertaking would interfere with the work before the WTO.

With respect, I strongly disagree.

The right kind of reform will be a friend of the WTO work agenda, not an enemy. Plus, the DDA Round is now in its 12<sup>th</sup> year, and what do we have to show for it?

In addition, a reinvigorated trading regime will help determine whether just some or all developing countries will successfully participate in global trade. In my region of the Middle East, for example, all too many countries are still on the outside of the WTO.

Make no mistake, the workings of the organization will affect the tone of the trade game; how it will be played and the degree to which it will play out in the committee rooms of the dispute settlement mechanism.

## **Situating the WTO**

I start from the premise that the WTO is an invaluable institution.

It plays an important role in our international community. As a businessman, I believe that the core mission of the WTO is still as relevant today as the day the GATT was first created, back in 1947.

When you consider how small our world is becoming and the tremendous growth in trade in every corner of our globe, I believe that the best guarantee for continued access and fair play by all countries - big and small, rich and poor - is through clear and predictable international trade rules. And it is precisely at the WTO, that the family of nations come together to negotiate and implement those very rules.

One can easily make the case that the role of the WTO is even more important today, given the massive economic changes and integration that have taken place internationally. If we did not have an institution like the WTO - in a global village where every country has aggressive commercial ambitions, and where rules become an absolute imperative - we would have to create one.

But the fact that we have already established such an institution does not mean our work is done, for we have an important obligation to nurture it on an ongoing basis. To situate it in the times we currently live in, and ensure that its political and economic governance responds to the needs and demands that are driving our times today, and into the future.

As an institution, the WTO can and should be made better and stronger. It is not infallible.

Nor can it pretend that the world has not changed.

In the same breath, I equally believe that those who would deny or delay any and all reform, will inadvertently weaken the institution over time, and erode its relevance.

Good ideas can be turned into effective improvements. They can be transformative and reinvigorate the WTO.

Over the years, there has been no shortage of thoughtful proposals and meaningful recommendations for such improvements. Much energy has been invested into generating the needed intellectual capital that would underwrite a reform blue print.

Sadly, all these proposals have been ignored or dismissed. The WTO leadership has continued to resist change, and the WTO, as an institution, pays a high price for this indifference.

This indifference has also only bred frustration and cynicism among the stakeholder community, which only serves to fuel an unhealthy level of antagonism against the WTO. This is particularly the case within the ranks of civil society, but not exclusively so.

This lose-lose situation needs to be turned around. And the sooner, the better.

### **Can the WTO ‘Walk and Chew Gum’ at the Same Time?**

There are those inside the WTO beltway that privately acknowledge the need to strengthen the institution. However, most of them contend that the timing is not right. That we need to invest all our energies and political capital into finalizing the DDA, and that nothing else should distract us from that goal.

I do not share this view.

I fully accept that the DDA is a critically important undertaking. I cheered its launch back in 2001, and it now needs to be brought home. I also recognize that this will require substantial effort.

But I am puzzled by those that essentially claim that the WTO cannot ‘walk and chew gum’ at the same time. I find such thinking a threat to the viability and reputation of the WTO. It is also quite unrealistic, given how the real world functions.

Frankly, the WTO must do both.

It does not have the luxury to choose between its work agenda, and a reform agenda. Plus, the two tracks are mutually supportive and reinforcing. A more effective and better understood WTO would only facilitate the success of current and future negotiations.

Members must now make a meaningful commitment to tackle WTO reform. Too much time has already been fritted away. The WTO must adapt itself to the changing and prevailing realities of today. Desperately holding on to the status quo is unsustainable, and runs counter to the WTO's long term vested interests.

As a consequence, I encourage Members to draft, discuss, and agree on a reform mandate as soon as possible. In this regard, the next Ministerial Meeting in Bali is likely the earliest and most realistic opportunity to launch such a process. It is therefore important for the leadership to define what that reform process and critical path would look like.

Furthermore, the campaign for election of a new WTO DG offers an additional and important platform to discuss ideas for institutional reform. Taken together, these twin events provide a rare and valuable double window of opportunity!





**“We are deeply worried about the WTO process. The procedures are medieval and I sympathize with Charlene Barshefsky (former USTR), who will need to be a magician to produce a deal out of all this. We should consider holding a Ministerial Conference just to improve the WTO’s procedures!”**

**Pascal Lamy**

*European Trade Commissioner  
Seattle WTO Ministerial Conference  
December 2, 1999*



HE Dr. Talal Abu-Ghazaleh speaks during the World Trade Organization (WTO) Public Forum held in Geneva

## 2. ISSUES & IDEAS

### I. Being More Aggressive in Trade Promotion

#### *a) A Commitment to Reconnecting with Citizens*

Reform starts at home. And for someone who lives and works in Egypt, this is not just a nice sounding slogan! For any successful renewal agenda, the WTO Members must go back to their own citizens - the shareholders - and re-engage.

The values and ideals that underwrite policies must first find expression in the hearts and minds of our people. So, the flame must be rekindled first and foremost with them.

Since all politics is local, it goes without saying that public opinion is hugely important in determining how political leaders choose to construct and conduct trade policy. That is precisely why the public must be actively re-engaged. They need to fully appreciate how trade – or no trade - directly impacts them and their families, their communities and their country.

Without an intelligent public discussion, dangerous vacuums are created which allow misconceptions to fester and perceptions to harden into false realities. A sustainable trade policy requires a public context. And in this regard, the global public needs to fundamentally recall, in part, how the largest, richest and most powerful economies became so.

Citizens also need to be reminded of the consequences when we choose to retreat from trade.

The most painful example was the Great Depression in the 1930's, which was triggered by the imposition of tariffs; tariffs, that shot US unemployment from 9% to 25%, over a three-year period. Compare those days to the recent Obama-Romney election battle, which largely pivoted on an 8% unemployment situation; a threshold that was considered to be crisis proportions!

I am confident that the public would come to understand that, despite some acute challenges, we cannot stop today's world, nor momentarily step off. In a world that is becoming increasingly integrated, where all countries are trying to move their goods, services, capital, and people across all national borders, is there really an alternative to open trade?

In an enlightened debate, I believe that when our citizens are presented with all of the facts, the challenges and the opportunities; the difficulties and the benefits, they will surely know the prudent course that their country must take.

#### **Recommendation 1:**

**Each WTO Member should undertake a national trade dialogue with their respective citizens. This dialogue would, among other things, recognize the role that international trade plays in their domestic economic life; address the challenges they confront; and seize the opportunities that await them.**

#### *b) Recognizing a New World*

The WTO needs to recognize and internalize the new world we live in.

We have lived through historic and far reaching events --- the end of the Cold War; the fall of the Soviet Union and the Berlin Wall; the arrival of revolutionizing technologies; the thawing effect of the Arab Renaissance; the emergence of up-and-coming powers --- an accelerated globalization dramatically shapes our present, and will continue to impact our future.

We live in a global village, where local actions often have global consequences. In this village, as New York Times columnist, Thomas Friedman, reminds us, we have seen the “death” of both time and distance.

While globalization has produced an uneven development, we cannot deny the excitement that this scale of change has created. IT advances have empowered individuals everywhere. Home grown companies have become global power houses. Poverty around the world has been reduced.

The change has caused a fundamental shift in the economic and political tectonic plates. And the tremors continue.

Consider these results in a WTO context.

In the services trade negotiations, India is the leading demandeur for a more liberal movement of people and professionals.

In agricultural talks, Brazil is considered a super-power.

In manufacturing, China is presently the undisputed champ.

As an institution, the WTO must be on top of this transformational change, and find new ways to navigate and accommodate these new forces. It must provide Members with timely evaluations and value-added analysis of what this means for the global trading regime.

### **Recommendation 2:**

**Members should work with the DG in creating an arm of the Secretariat that would be responsible for following, reporting on, and analysing these fast moving geo-political-economic changes, in terms of its impacts on the global trading system.**

#### *c) Humanizing Trade for Business People*

The WTO is a negotiations forum. As such, it seeks to liberalize trade in services, agriculture and manufacturing, and to consistently update the trade rules book. These two essential building blocks work hand in glove.

As I stated earlier, my business relies on regional and global trade. If you ask me and other business leaders what the major obstacles to trade are, we would likely provide a long list of different priorities: identifying markets; tariff and non-tariff barriers; rules of origins; export financing; domestic standards; corruption; transportation costs; etc.

The reality is that all these answers are valid. Indeed, it is the basket of all these problems that should be the concern of trade negotiators, and which should constitute, in good part, the agenda for the ongoing trade negotiations.

This is how the system should work, in terms of freeing trade from its impediments.

But I openly admit my limitations in understanding all the complex and rather arcane trade agreements involving rules, procedures, and standards. I am sure I am not alone.

Without undercutting the importance of trade policy in any way, I am also confident that, like me, my fellow business colleagues are more interested in trade promotion. At the end of the day, it's about sales and bottom lines, right?

As a result, how can the WTO possibly ‘humanize’ its agreements and outcomes? Make them more responsible?

Can it find business friendly language, and a convenient, effective mechanism, so that we businessmen and men can be even more successful with the world of imports and exports?

Furthermore, how can the WTO team up with other agencies to deliver on this endeavor?

After all, the WTO is in business so that the business community can more freely trade and in the process, provide people and workers with greater economic opportunities, through which individual and national standards of life are improved.

### **Recommendation 3:**

**The DG, in cooperation with the Membership, should establish a directorate in the Secretariat that would provide an ongoing, ‘Trade in Educational Outreach Program’ for the private sector.**

## II. Streamlining & Strengthening Decision-Making

### *a) The Consensus Principle*

I have never been a WTO Ambassador, or a trade negotiator. Thus, I clearly do not have any first-hand experience with the institution’s decision-making process.

Nonetheless, there is enough documentation on this subject. I also have discussed this with good friends who are participants at different levels of the WTO process. Suffice to say, I know enough about the current state of affairs to recognize the need for a careful reconsideration; a redesign that would render decisions more timely and effective.

The WTO’s decision-making process is based squarely on consensus. Notwithstanding the existence of voting provisions, Members have been extremely reluctant to use this tool.

There are many good attributes for following a model of consensus. Yet, given the dramatic changes that we have experienced in the expansion of the WTO membership; in an emerging new world order; in the pace and change of global business; and in the accompanying complexity of the trade issues, too much of good thing can ‘kill you’.

In short, is the consensus principle still delivering results in the era we find ourselves in?

I remain doubtful.

Consensus-based decision-making permits a single member to stand in the way of an outcome. There are times when this is an entirely legitimate instrument, given the different and competing interests between Members. At the same time, there are so many more occasions when these drawn-out deliberation and blocking efforts have very little to do with the greater policy and public good.

Moreover, the time required to arrive at decisions has become glacial. Compared to the pace of decisions in the boardroom or the factory floor, WTO practices are surreal.

Is it any wonder then, that the private sector views this as unacceptable, since their concerns and interests are all in real time?

For business, the seemingly endless time taken by the WTO decision-making process becomes a question of institutional relevancy, with the WTO on the losing end. And this fallout undermines the pivotal relationship between trade policy makers and the actual trade practitioners.

This presents us with a difficult conundrum.

The pros and cons in maintaining the status quo of consensus making have been well laid out by a good number of experts and reports. In weighing all of these, I come down on the side of complementing the consensus-only formula; of utilizing the voting provisions in a measured manner.

First, I would urge Members to utilize the existing voting provisions in a measured manner to ease the pace and burden of decision making, especially as it relates to institutional, non-negotiating issues. It is not a matter of re-inventing the wheel. The tool already exists, and they should not be shy of taking advantage of it, in order to improve the pace and efficiency of decision-making.

**Recommendation 4:**

**Members should be encouraged to utilize, more often, the existing voting provisions so as to improve the pace and efficiency of the decision-making process.**

The resulting improvements on the timeliness of decisions would benefit all Members, small and big, poor and rich. It would not discriminate against any particular group, and I have every confidence that voting procedures can be carried out in a balanced and sensitive manner.

As well, Members could prescribe which issues can be best dealt with by consensus versus those handled by voting. Furthermore, Members could establish conditions for voting via a secret ballot, so as to militate against possible open divisions.

I remain confident that there is enough scope to be creative and fair --- and, at the same time more efficient.

*b) The Single Undertaking*

The concept of a single undertaking has also become a standard fare of the WTO decision-making process. The constant battle cry is ‘nothing is agreed until everything is agreed’. True enough. Applied to the DDA, it means that the results must go forward as a single package, where all members must buy into the entire deal.

I freely admit that this ‘all-for-one, one-for-all’ notion is most attractive from a multilateral context. But once again, given all of the changes that I cited earlier which need not be repeated, it certainly does make for a very long process. It also becomes an enemy of momentum and incremental progress.

Unfortunately, one of the victims of this has been the DDA.

All the while, the relevancy clock keeps ticking away.

Can we not find an alternative?

An architecture that would grant more flexibility and agility, while preserving the principle of fairness?

I believe we can.

I also think that there is a big difference between *consensus* and *consent*. The latter consists of an agreement among a specified number of Members, and this is a concept which may find traction, and prove to be a way forward for the WTO.

This is not new thinking.

For example, the WTO Financial Services and ITA Agreements were the by-product of a sub sect of the total membership; a group of Members who shared the same vision; who were prepared to sign the protocol; who committed to new commitments; and who were prepared to extend the benefits on an MFN basis.

Given the growing size of the WTO Membership today, and given the political lay of the trade land, this could be a workable and realistic approach, with which to make some progress and avoid the ‘stationary bicycle’.

### **Recommendation 5:**

**Accordingly, I believe the WTO should develop, define, and implement the concept of a ‘sustainable plurilateral agreement’ in order to facilitate decision-making.**

I feel that a ‘sustainable plurilateral agreement’ would facilitate the greater public good and interest. Such an agreement majority would be found around emerging and evolving issues, and take the form of different Membership geometries.

It would allow those willing countries to proceed, while permitting the remaining countries to adapt the respective provisions at a later date.

Yes, we would have multilateralism at different speeds. But would this not be better than no speed at all?

Is a ‘sustainable plurilateral agreement’ among nations not preferable to multilateral paralysis? Again, I would view this flexibility as favoring all Members.

It is an arrangement that would accord individual countries the right to accept the legal obligations on issues they consider to be in their national interests. Likewise, nations that are undecided would not face the pressure and arm twisting that currently goes on behind closed doors (remember the reports about what India went through at the Doha Ministerial Meeting?). Then, upon further reflection, these Members would then be free to join the ‘strong majority’ at a later date, without penalties.

This would ‘free’ decisions from an over bearing decision-making machinery, and the prospect of paralysis. This would be universally cheered, especially by the business community.

Moreover, if the initial agreement is successful and working well, I can certainly envision that the remaining Members would likely want to join in and thus make it a ‘stronger’ agreement. Negotiations are also about human nature and behavior.

Is this really such a radical idea?

Is it not a rational, incremental route to progress.

*From my perspective, this would be the new ‘normal’.*

#### *c) Opening & Expanding the Trade Policy Review (TPR)*

I have been constantly told that the Trade Policy Review (TPR) body is an invaluable part of the WTO machinery. Its sessions tend to be generally positive, and non-confrontational.

I happily accept this evaluation, and I would urge the WTO to consider how this process can be made even better. For example;

- Could we better champion the TPR as a forum of public engagement?
- Could we utilize it for achieving better participation with other relevant international institutions?
- Could we not invite the relevant Secretariat personnel from other inter-governmental organizations to also play a role?
- Could we incorporate leading experts from different fields?

In other words, how can the TPR become the poster boy, if you will, for an improved WTO governance? If there is but one WTO Committee which should be opened up to the public, to multi stakeholders, to other agencies, and to the media, it is this one.

Broadening the discourse around the objective of developing better national trade policies seems to be a ‘no brainer’. The deliberations should be shared as widely as possible. In other words;

- Why not widely share and promote best trade policy practices?
- Why not invite the appropriate Secretariat personnel from other inter-governmental organizations?
- Why not incorporate leading experts from different fields, into the TPR process?

Personally, I would be interested to see how an enhanced TPR could help develop trade impact indicators, similar to what the UN measures via its social indicators. In regards to the latter, the UN has chosen to keep updated statistics on 5 indicators: population; health; housing; education; and employment. This permits UN Members to evaluate the conditions for economic and social progress and development, in an effort to better calibrate and improve public policy making.

I believe that the TPR can play a valuable role in developing likeminded criteria and statistics.

The potential opportunities for strengthening the TPR are many - and viewed from the multilateral and public perspectives, every one of them has an up-side.

### **Recommendation 6:**

**The DG and Members should find creative and useful ways of opening up and expanding the TPR process, and involving multiple actors, with the view of having the TPR serve as a WTO window to the outside world.**

#### *d) Creating a More Time-Sensitive Accessions Process*

At a time when the world trading system should be sensitive to the interests of developing countries, and moving towards universal membership, the lengthy procedures for final accession should be a going concern for the WTO leadership.

No doubt, it is important to have one standard test for all. There must be conformity. If the WTO were to consider exceptions to the rules, this would quickly compromise its rule book.

But the WTO leadership needs to take stock that on average, it usually takes a country over a decade of discussions, continued meetings, and government commitments before it is accepted into the WTO family. That strikes me as too long.

Is it reasonable or fair for developing countries on the outside of the global trading system, to sustain their application and momentum for that length of time?

Can they keep their domestic public opinion on a positive footing for such an extended timeline?

I believe we should apply some common sense in exploring ways that the WTO can streamline the accession process, without weakening the one-rule-for-all approach.

### **Recommendation 7:**

**Members should review the current accession process, with a view of improving the design and operation of accessions so as to render a final decision in a more timely fashion.**

#### *e) Having the WTO Fully Enter the IT & Internet World*

It seems so redundant to say this, but the world of IT and the Internet have profoundly impacted the lives of all people, in all societies. And, for better or worse, this is not about to stop, nor slow down.

Frankly, the WTO must embrace this world in at least two ways, if it is to achieve operations that are more transparent, inclusive, and efficient.

One is procedural, and applies to the accessibility of the General Council Meetings, as well as the deliberations of Trade Negotiating Committee, which are the two prominent decision-making bodies in the WTO.

**Recommendation 8:**

**The WTO must embrace ICT and Internet technologies in its operations in order to make processes more effective, inclusive, and efficient.**

Specifically, countries who are WTO Members, but who do not have representation in Geneva, should no longer be absent from regular General Council and TNC Meetings. These two bodies are of paramount importance, and these Members should be invited to participate in GC and TNC Meetings through video conferencing or other electronic arrangements.

Also, it would be worth investigating if there are cost-efficient and feasible ways of also applying this to the other regular WTO Committees.

The other is substantive, and relates to negotiating a new protocol.

**Recommendation 9:**

**Owing to the importance of the Internet in trade and commerce across the world, the WTO should negotiate an Internet Economy Agreement.**

In this regard, I have worked on such a proposal, a draft of which is found in Appendix III.

### **III. Enhancing Governance**

*A) Harmonizing & Harnessing UNCTAD and ITC within the WTO*

There is nothing easier than to criticize the UN. Unfortunately, it's a very popular sport.

But as one who has voluntarily served the UN in different capacities, I enthusiastically support its mandate and work. I also know its challenges and limitations. But, rather than endlessly carping on and on about the UN, let us strive to introduce and implement improvements, one issue at a time.

Having said this, one of the valid criticisms, it seems to me, is that once the UN agrees to wind something up, it is so difficult to wind it down, or wind it into something else. When the original mission has been truly accomplished, what is so wrong with declaring victory, and moving on? Why must vested interests insist that the UN must be adverse to change?

Take, for example, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC).

UNCTAD was established in 1964 as an intergovernmental body, dealing with the trilogy of trade, investment, and development issues. The goal was to “maximize” the trade and investment opportunities for developing countries. The creation of the Conference was based on concerns of developing countries over the international economic market place, and the great disparity between them and developed nations.

Currently, UNCTAD has 194 Member States, with a budget (core and extra) of some \$210 Million, a staff complement of about 400 staff, and is based in Geneva.

But 1964 was another world.

Then, the majority of developing countries were not part of the GATT/WTO.

Then, many developing countries were in the economic shadows of developed powers.

Today, as we all know, that world has been turned on its head. The WTO now stands at some 158 Members, and the emerging economies are currently the locomotive for our global economy.

What about the ITC?

Well, it is a subsidiary organization of both the WTO and UNCTAD. Established in 1968 and also located in Geneva, the ITC's core mission is to assist and enable small businesses in developing and transition-economy countries to export. It provides practical programs that strengthens trade export/promotion policies and strategies, and expands the export capacity of enterprises in developing countries.

Both UNCTAD and ITC were created on solid principles, and they both carry out valuable work. However, in the name of maximizing efficiencies; empowering a stronger institutional framework; stretching budgets; improving overall management and leadership; and enhancing coherency, I believe these three institutions should be weaved closer together.

With the goal of maximizing global trade and enhancing trade rules, especially for developing countries, the leadership of these three organizations must be willing to consider changes and improvements in their respective structures. They must adopt an attitude that accepts that the total system they represent is bigger than the sum of its individual parts.

For me, this should mean at least two adaptations

### **Recommendation 10:**

**i) UNCTAD should be integrated into the WTO regular Committee on Trade and Development, and the Special Session of the WTO Trade and Development Committee, under the DDA Trade Negotiations Committee. UNCTAD could serve as a co-chair, and the Secretariat serving the two committees should be comprised of both WTO and UNCTAD personnel.**

**ii) The ITC should be fully integrated into the WTO.**

For those countries in ITC today but not yet members of the WTO, there would be special provisions so they do not 'lose' anything in the transition.

I believe these two organizational changes would make the multilateral trading system stronger; would rationalize efforts and budgets, avoid duplication; and lead to a more coherent governance.

Too naïve and too good to be true, you say?

I say, why not?

*b) Building Up & Empowering the WTO Secretariat*

In all my dealings with staff of the WTO Secretariat, I have been thoroughly impressed by their expertise, their knowledge, and their commitment to what the WTO stands for. I get the sense that, for the majority of them, this is much more than just a job.

They believe, and they drink the 'Kool-Aid' willingly.

In my opinion --- and I am certainly not alone on this --- this constitutes an important asset to the organization. An asset which, in my estimation, can be further strengthened.

Everyone knows that while the WTO membership has expanded significantly (158), the size and development of the Secretariat has lagged behind. At present, the Secretariat numbers some 600 people. However, only about one third of these can be classified as ‘policy’ staff, which works out to only a little over one policy person year per Member.

Contrast this with the OECD Secretariat of 2500 people, serving only 30 member countries!

Simply put, this gap needs to be bridged. And please rest assured, this is not about empire building. For me, it is about upgrading the quality and quantity of services and research made available to the Membership.

No more, no less.

It’s also more than just about the size of the Secretariat.

I would also encourage Members to consider expanding the remit of the Secretariat. Again, it’s about Members receiving the information and analysis they require to make intelligent choices and decisions.

Everyone agrees that we must preserve the neutrality of the Secretariat, and that the business of decision-making is the sole purview of the Membership. Amen.

But, what would be so wrong if the Secretariat were to:

- conduct greater independent research and analysis?
- work in closer cooperation with the Secretariats of other relevant International agencies?
- better assess the multiplicity of bilateral and regional trade agreements?
- mandate papers that would permit Members to stay on top of the fast moving world?
- conduct greater outreach, and hold more frequent meetings with NGOs, business, media, academics; conduct more seminars and roundtables
- establish a research network linked to other leading institutions

Of course, any consideration for expanding the number and powers of the WTO Secretariat should be taken with prudence. I am not naïve. I understand that a significant increase in the WTO Secretariat and budget may not be realistic in the current economic climate.

But I believe Trade Ministers will need to eventually, sooner rather than later, consider implementing meaningful annual increases to the Secretariat, if they are to receive the quality of research and innovation that they require.

### **Recommendation 11:**

**Government should conduct an appropriate and comprehensive review of the current Secretariat functions, in light of the priority needs of Members. They should address the size, functions, budget, and the management and leadership of the Secretariat, and make the needed changes.**

#### *c) Establishing Two New Permanent Committees*

Public outreach is indispensable for all international organizations. It is a means of legitimizing and strengthening their mandate. It is also imperative in an era where communications can make or break reputations with the click of a laptop mouse.

Since the days of the ‘Battle in Seattle’, the WTO has made improvements on this front. But there is more work that still needs to be accomplished.

In a world where we are bombarded with information overload, would it not be advisable to make an effort in providing and up-keeping a valuable flow of information and dialogue between the WTO and its various constituencies?

Would it not be wise to ask various outside groups and associations for their advice, in an effort to make the right decisions and by extension, more effective policies?

If this is not motherhood and apple pie, what is?

#### **Recommendation 12:**

**Members should create two new permanent committees that would report to them, through the Chair of the General Council. One would be a Public Advisory Committee, comprising senior representatives from civil society and academia. The other would be a Private Sector Advisory Committee, made up of CEO’s and senior business leaders representing the three market access sectors of services, agriculture and manufacturing.**

These two committees would also collaborate with the DG and Secretariat.

At the same time, the DG should elevate the importance placed on the role of communications within the Secretariat.

#### **Recommendation 13:**

**In relation to public outreach, and given the unfair public perceptions that continue to plague the WTO, the DG should make public dialogue and outreach a higher priority for the Communications Division of the WTO. This should be reflected in the budget allocations accordingly.**

#### *d) Annual Ministerial Conferences*

Currently, Trade Ministers meet every two years in Ministerial Conference.

Given my earlier comments about the importance of Ministerial engagement, I believe - like so many others - that the Ministerial Conference should be held annually.

#### **Recommendation 14:**

**A WTO Ministerial Conference should be held annually.**

There is enough important work requiring Ministerial attention - negotiations; setting the WTO’s strategic direction; providing financial oversight; and offering policy and political leadership on a growing list of important issues.

The greater frequency of meetings would hopefully lead to greater ‘ownership’ by Ministers. As well, it should cement stronger relationships between Ministers, which is always helpful in finding common ground and building common purpose.

All in all, an annual commitment will provide for more effective governance.

In addition, as referenced in a quote on page 9, then Commissioner Lamy suggested that one of these Conferences should be exclusively dedicated to “improving the WTO’s procedures”. I believe that Ministers should take this recommendation on board.

I would even settle for part of a Ministerial Meeting being dedicated to institutional reform!

*e) WTO Informal Leaders Retreat*

Without undermining the importance played by Trade Ministers, we should also think about the role that Leaders play in the life of the WTO.

After all, given that economic issues are so paramount and political in every country, every Leader thinks and talks about trade. They all give speeches extolling the virtues of trade, and all their Cabinets have a Minister responsible for International Trade.

Towards these ends, they all ask how their country can better promote exports.

They all strive to find the right branding for their nation.

They all struggle to improve their nation's competitiveness.

So, it is only appropriate, I think, to ask what their engagement is with the WTO?

At present, very little, it seems.

Granted, Leaders have busy day jobs. But we should try to better leverage their leadership. We should find credible and realistic ways of enhancing their participation. At a minimum, this would result in more meaningful signals being sent to their Ministers and negotiators, which would only help decision-making and negotiations.

**Recommendation 15:**

**A regular Informal WTO Leaders Retreat should be established, at appropriate intervals, and hosted successively by different Members.**

The objective would be to provide a forum for Leaders where they can openly discuss the challenges confronting international trade with their peers. The frequency of such a Retreat would need to be kept realistic, given their hectic schedules. I will leave that question with them and their Ministers. As well, the informality of the Retreat would lessen heightened expectations, offering the meetings a greater chance for success and longevity.

Finally, each subsequent retreat should be hosted by a different country.

*f) A Single WTO DDG*

At present, the WTO DG appoints, in consultation with Members, four Deputy Directors General (DDG), to assist with the duties of the office. There is much work to do, and so one can make a case for the foursome.

But, on the other hand, it begs some obvious questions:

- Is this the correct leadership model?
- Does the DG require so many Deputies?
- Is the authority not diluted too thinly?
- Is the cost associated with the four DDG's and their respective staff, worth it?

Personally, I think four DDG's are three too many. The responsibilities should be consolidated under a single Deputy.

The DDG position would automatically become more powerful, which I think would be healthy for the system. Also, the line of communications and execution of the respective responsibilities between the DG and DDG would be much clearer.

As well, overall costs would be reduced.

Again, governance at the top would be made better.

### **Recommendation 16:**

**The DG should only appoint one Deputy Director General position, and that the development status of her/his country of origin be opposite to that of the DG, so as to ensure balanced leadership.**

#### *g) Creating an Executive General Council Committee (EGCC)*

As I consider the day to day business of the WTO, I ask what currently stands between the DG and the Chairman of General Council on the one end, and the 158 (including soon-to-be Laos) Members who sit in the Council, Committee, and Informal meetings, on the other?

Apparently, not much.

From an organizational structure perspective, would it not make sense to have an intermediate, intervening body? One that would better connect the two ends of the decision-making chain, and facilitate the collective decision making apparatus?

In fact, when you look at how public and private sector institutions are organized, such managerial structures are not rocket science. They are usually the rule.

### **Recommendation 17:**

**Establish an Executive General Council Committee, which would be regionally balanced; comprised of Members on a rotational basis; and chaired by the Council Chair. The Committee would have the authority to only make recommendations to the General Council.**

The functions of such a Committee could include:

- Helping the General Council Chair and DG prepare Council Meetings
- Assisting with the organization of the annual Ministerial Conference
- Offering possible solutions to policy and political issues as they arise
- Helping the Council Chair with the annual selection of Committee Chairs
- Assisting to supervise the administration of the WTO budget, etc.

The bottom line is that each Member would retain their authority to ultimately approve or refuse Committee recommendations. However, this collective steering group would enhance the WTO's decision-making process, and save countless hours of procedural and menial discussions at General Council and Committee meetings. It would also be under the direction of the General Council Chair, whom is elected by the entire Membership in the first place.

If push comes to shove, individual Members would still have their voices and their vetoes in General Council.

I can appreciate that an EGCC could be politically sensitive with some Members. But the necessary safeguards can easily be built into the EGCC and provide Members with the reassurance that this new body would not supplant their authority. Instead, it would help lift their collective game.

#### *h) Strengthening Inter-Agency Coherence*

For the most part, the same countries are the same members of each international inter-governmental organization. They are the one constant.

At the same time, and at the risk of over repetition, the world has become a more integrated place, where problems do not neatly respect borders. As Hillary Clinton said in another context, "it takes a village".

But does that village need to always recreate the wheel?

Would it not be in the political and financial interests of each Member, if institutions collaborated more closely with one another, in the pursuit of holistic and coherent policies and decisions?

All too often, the Heads of these respective agencies are briefed inwardly and vertically by their officials. However, effective global decision-making now demands that these briefings be horizontal, interconnected, and collectively coherent. Heads of organizations must therefore also focus and decide on cross-cutting issues, and not just those matters of most immediacy.

### **Recommendation 18:**

**The membership should approve that the WTO have more formal and regular arrangements with the World Bank, IMF, OECD, and other key international institutions, so as to leverage the horizontal expertise and best practices that could be useful in developing better trade policy solutions. These arrangements could include both Members and Secretariats.**

#### *i) Righting the ‘Wrongs’ in Services Negotiations*

My TAGO business is part of the services world, and what an impressive world it is. The services economy represents some 70% of the world economic output and about 70% of global employment! And its reach continues to grow.

In addition, the competitiveness of an economy depends to an impressive degree on the availability and access of a high quality services infrastructure. They are central to the efficiency and sustainability of a modern, private sector.

As well, the availability and accessibility to such services enhances the standard and quality of life enjoyed by one’s respective citizens.

Simply put, regardless how you view the services sector, it is indispensable for a country’s economic future.

This leads to at least two concerns which I believe the WTO leadership (Trade Ministers and Ambassadors, and the secretariat) need to address, in the context of services negotiations.

First, there must be a change in mindset in how the services sector is treated and perceived by senior negotiators.

As one of the three market access pillars --- along with agriculture and manufacturing --- it deserves, as a minimum, equal standing. One can argue that the 70% figures I quoted earlier would legitimately lay claim to a top billing, but let us put this argument to the side. After all, two wrongs don’t make it right.

However, what the WTO cannot put to the side, and what it cannot afford, is to have to have services negotiations rank a poor last in importance. There is just too much potential at stake for fueling economic growth around the globe. And yet, if we are to speak frankly --- or politically incorrect --- services are at the bottom of the market access heap, with agriculture being first among equals. Some would say that services are held ‘hostage’ by the other two.

My intention is not to understate the significance and role of either agriculture or manufacturing in the economic life of countries. I simply want the WTO leadership to elevate the current standing of services in the ongoing drama of the DDA.

It is a fact that services have not managed ‘equal time’. It has not received the political attention, priority, and passion that is accorded agriculture, for instance. At informal Mini-Ministerial meetings, I was informed that services was not even on the agenda, and these are sessions where Ministers came together to try to cobble together a political consensus on the DDA.

How can that be?

How could there be such a gap, between what services means to the global economy and job growth, and how it struggles for credibility in the world of negotiations?!

There is no economic justification for this whatsoever.

It was only after the Global Services Coalition met in Geneva in 2007 and loudly protested this lackluster treatment, together with a letter from the then EU Trade Commissioner, that a “Services Signaling Conference” was organized.

This was a watershed moment for the services negotiations. Now, the WTO leadership needs to build on this, and finish the job.

### **Recommendation 19**

**i) Trade Ministers, Ambassadors, and senior officials, together with the WTO DG, need to immediately find ways of ‘leveling’ the playing field when it comes to services negotiations, in the context and culture of the market access talks.**

Secondly, given the rapidly transforming economic power and reach of the global services sector, I am concerned that developing countries are generally and rather significantly under represented.

All developing countries combined constitute about 28% of the world’s service exports. But China and India represent a dominating portion of this. When you subtract these two giants, the ‘rest’ lag quite poorly.

Indeed, a mere 0.4% comes from Least Developed Countries (LDCs).

On a regional basis, as a percentage of their total exports, the services share from Africa, Middle East, and South and Central America constitutes roughly 3% or less.

If we accept that by upgrading their services trade, developing nations would create higher levels of economic growth, employment opportunities, and sustainable development for its citizens, while rendering their economies more competitive and ensuring access to essential services, then there should be a concerted effort to bridge this services ‘divide’.

**ii) Trade Ministers, Ambassadors, and senior officials, together with the WTO DG should establish a program for encouraging and facilitating the building of a more robust services trade constituency, among governments and private sectors in developing countries.**

For example, building a sustainable stakeholder community for services trade could encompass the development of “service industry coalitions” in developing countries. Such coalitions can help the coordination and organization of the respective industries at a national level, while facilitating a more effective public-private consultative partnership.

In fact, I did this myself. Earlier this year, at the UNCTAD Conference in Doha, I helped found and launch the Arab Services Coalition.

## IV. Creation & Ownership of a Credible Process

### *A) First Things First*

As the proverb says, ‘one cannot put the cart before the horse’.

Yet, in regards to WTO reform, that is exactly what has happened to date. After a considerable number of independent studies and reports, the ‘cart’ of ideas is in fairly good shape. But it is not hooked to any ‘horse’!

We desperately need a meaningful, defined and transparent WTO process. In other words, while the success of any reform agenda will be dictated by the quality of our ideas, change will only be made possible if a process has been put in place. If there is no process, then good ideas will remain just that - good ideas with no home.

Furthermore, as the WTO is an intergovernmental institution, we need to realistically recognize that successful change must come, and be agreed to, from the inside. It will never be imposed by any outside force

### **Recommendation 20:**

**Members must establish a process by which proposals for reform will be considered and acted upon. In addition, the process must be endorsed, owned and led by WTO Members.**

Among other things, the process:

- Must fully involve and engage Trade Ministers.
- Must be balanced, and co-chaired by a developing and a developed country Trade Minister.
- Must be transparent and inclusive, openly seeking input from all Members, as well as welcoming submissions from the stakeholders community.
- Must not be a rushed job.
- While it should avoid replicating the never-ending road of the DDA, it is more important to undertake such an endeavor with prudence, and not haste. After all, any changes that will be made will last a generation and more.
- Must have a stated critical path.

Once the structure has been agreed to and launched, next steps, milestones and timelines must be clearly outlined. The roles of the Ministers, Ambassadors, Senior Capital Officials, the DG and those from the business and civil society communities must also be delineated.

### *B) Ministerial Engagement*

I mentioned the need to fully engage Trade Ministers for a number of reasons. Two in particular stand out: i) First, Ministers act as the collective ‘Chairman of the Board’ for the WTO. The political buck stops with them.

ii) Second, their WTO contribution should not be strictly limited to negotiations. They must also provide an oversight function.

The WTO is not some private club.

The collective citizenry are the shareholders of this ‘public company’. Therefore, their voices and aspirations on issues such as governance need to be heard and represented. This is a job primarily for Ministers.

To be sure, ongoing negotiations are the life-blood of the WTO. Ministers must be engaged, and in command of these discussions. They are also responsible for making the critical decisions that are indispensable for finding compromise and consensus. However, for me, this is only one aspect of their overall obligations.

They also have a custodial responsibility. They must provide the strategic leadership that any international organization requires. And if I was pushed to choose which of these two obligations is more important in the bigger, long term picture, I would have to vote for the latter.

Yet, from my understanding, the reality is that beyond negotiations, the system does not ask much else from Ministers.

This is a serious shortcoming. It constitutes a major gap in the political leadership and accountability of the WTO. Accordingly, it should be redressed with appropriate urgency.

### **Recommendation 21:**

**Beyond their negotiating role, Ministers should find the means to aggressively enact their WTO oversight role, and more assertively provide the WTO with strategic leadership.**

#### *C) Citizens*

Over the years, the WTO always seems to attract a disproportionate share of disgruntled crowds. I am told that protests take place in front of the WTO gates even when the subject matter has nothing to do with trade. I suppose the organizers figure that the WTO makes for a perfect backdrop, if the media objective is to get the anger on camera!

While there are justifiable and constructive criticisms, much of the anger and hollering that I have seen and heard is neither accurate nor fair to the WTO. But, a commitment to actually endorse a reform and renewal agenda would be the best response. It is a message that would be welcomed by interested citizens everywhere. It would be seen as a different, fresh and positive message and a sound approach for addressing the legitimate criticisms.

It would also permit Trade Ministers, Ambassadors and Senior Officials to tangibly and proactively communicate with their different constituencies that the WTO has the determination and capacity to change.

Overall, this would be a powerful message, especially at a time when governments are under pressure to more coherently connect the global dots, modernize their institutions and introduce more effective forms of governance.

#### *D) Seizing the Moment in Bali*

The Ministerial Conference in Bali could be pivotal for a reform agenda. In fact, I contend that it should provide the launching pad.

### **Recommendation 22:**

**The Bali Ministerial should launch a WTO Reform process.**

Speaking of WTO Ministerial Conferences, the last two in Geneva were missed opportunities from the standpoint of addressing the need for institution renewal.

Since the DDA negotiations were yet not ripe for agreement, Ministers were not challenged by an overloaded negotiating agenda. In truth, the meetings were rather low key affairs, and amounted to a political stock-taking, which is acceptable. Ministers should not be placed in the unrealistic predicament of needing to recreate the ‘ten commandments’ every time they meet.

Thus, they had the time and the incentive (turning a negative DDA news story into a positive message) to address the issue of reform, including new trade issues. But nothing happened on this front.

The next (December 2013) Ministerial Meeting in Bali, Indonesia, calls for a different approach and result.

There is plenty of time --- a full year --- for Ministers, Ambassadors, Senior Trade Officials, and the DG to prepare the ground for a reform process. To find the common ground that would make Bali the right time and place to start such an important journey.

*E) Election of a New WTO DG*

In the Autumn of 2013, the WTO will elect a new DG, following the completion of Pascal Lamy's second term.

Until election day, I trust many important issues will be raised by candidates and Members alike. Indeed, the campaign should openly examine policy and political challenges confronting the WTO, and prescribe potential solutions. It should also be a process for articulating the opportunities that lie ahead.

Naturally, candidates will be meeting with Ministers and Ambassadors. Also, under the WTO rules, the candidates will appear together during a special meeting of the general Council. In regards to all of this, a reform agenda should definitely find its rightful place in this dialogue.

**Recommendation 23:**

**Candidates for the WTO DG position should be encouraged and expected to voice their ideas and proposals for strengthening the WTO.**

A new DG always brings a new beginning, fresh energy, and renewed hopes. It is my sincere hope that the issue of reform finds a home in the campaign and more importantly, with the new DG.



HE Dr. Talal Abu-Ghazaleh and Mr. Pascal Lamy, General Director of the World Trade Organization during the first WTO Panel of Experts on Defining the Future of Trade Meeting.



**“When the wind changes direction,  
there are those who build walls,  
and then there are those who build  
windmills”.**

*Old Chinese Proverb*



HE Dr. Talal Abu-Ghazaleh standing in front of the Confucius statue during his visit to the People's Republic of China

### 3. CONCLUSION

As I mentioned throughout these pages, I want a strong and renewed WTO. An organization that leads with respect and credibility. I certainly don't relish a trade body that people will describe as paralyzed and irrelevant.

Indeed, our global village requires nothing less, if we are to level the economic playing field between developing and developed nations, and harness the power of trade to improve the quality of peoples' lives the world over.

A weak WTO cannot and will not achieve this global end.

And this is the sobering bottom line that should drive our political leadership to action; a commitment to reforming and strengthening the WTO and our global trading system. Organizational re-structuring should be the means to achieving a better return and dividend for its shareholders --- people everywhere.

It is my hope that Leaders, Trade Ministers, Trade Ambassadors, Trade Senior Officials, and the WTO DG and Secretariat will very soon be on the same page. If there is no common purpose and common ground --- as a result of a healthy discussion and compromise on what policy and political remedies can be implemented --- then I genuinely worry for the WTO's future.

Without embarking and agreeing on a reform agenda, I fear that its best years could sadly be behind it. As difficult as any change can be, good ideas and political will are the two necessary ingredients. We should not make it any more complicated.

At the very least, let our leadership be guided by the principle that evolution is better than revolution; that an incremental approach is better than no approach at all.

It is in this hopeful spirit, that I offer this report and its recommendations.

Hopeful, that these views and suggestions can be part of an engaged dialogue, in an effort to come up with a blueprint for WTO reform.

Hopeful, that if these ideas are not worthy, or unworkable, or unrealistic, they will trigger a better set of alternatives.

Hopeful that our leaders will build windmills, and that the wind will be to our backs.

Inshallah.



**“We must now work to ensure that the WTO remains relevant, agile and responsive...We must seek ways to continue improving the functioning, efficiency, inclusiveness, and transparency of the WTO. We and some other members have joined a proposal spearheaded by India, suggesting that a deliberate process be set in train to improve the WTO. This task calls for hard work, but I am sure that with commitments and perseverance, we can make it happen.”**

*Mrs Rita Lau Ng Wai-Lan  
Hong Kong Secretary for Commerce  
Geneva Ministerial Conference  
2009*

## APPENDIX I: SUMMARY OF RECOMMENDATIONS

### **Recommendation 1:**

Each WTO Member should strive to undertake a national trade dialogue with their own respective citizens. This dialogue would, among other things, recognize the role it currently plays in their domestic life; address the challenges that they confront; and seize the opportunities that await them.

### **Recommendation 2:**

Members to work with the DG in creating an arm of the Secretariat that would be charged with aggressively following the fast moving geo-political-economic changes, and providing ongoing analysis, in terms of their impacts on the global trading systems.

### **Recommendation 3:**

The DG, in cooperation with the Membership, should establish a division or directorate in the Secretariat that focuses on a 'Trade in Educational Outreach for Business' program.

### **Recommendation 4:**

Members should be encouraged to utilize, more often, the existing voting provisions so as to improve the pace and efficiency of the decision-making process.

### **Recommendation 5:**

Accordingly, I believe the WTO should develop, define, and implement the concept of a 'sustainable plurilateral agreement' in order to facilitate decision-making.

### **Recommendation 6:**

The DG and Members should find creative and useful ways of opening up the TPR process, and involving different actors, with the view of having the TPR serve as a WTO window to the outside world.

### **Recommendation 7:**

Members need to review the current accessions process, with a view of improving the design and operation of accessions, so as to render a final decision in a more timely fashion.

### **Recommendation 8:**

The WTO must avail itself of ICT and Internet technologies in its workings, in order to make processes more effective, inclusive, and efficient. Specifically, countries who are WTO Members, but who do not have representation in Geneva, should no longer be absent from regular General Council and TNC Meetings. These two bodies are of paramount importance, and these Members should be invited to participate in GC and TNC Meetings through video conferencing or other electronic arrangements. Also, it would be worth investigating if there are cost-efficient and feasible ways of also applying this to the other regular WTO Committees.

### **Recommendation 9:**

Owing to the importance of the Internet in trade and commerce across the world, the WTO should negotiate an Internet Economy Agreement. (In this regard, I have outlined a proposal which is found in Appendix III).

### **Recommendation 10:**

- i) UNCTAD should be integrated into the WTO regular Committee on Trade and Development, and the Special Session of the WTO Trade and Development Committee, under the DDA Trade Negotiations Committee. UNCTAD could serve as a co-chair, and the Secretariat serving the two committees should be comprised of both WTO and UNCTAD personnel.
- ii) The ITC should be fully integrated into the WTO.

### **Recommendation 11:**

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**Recommendation 13:**

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WTO Ministerial Conference should be held annually.

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A regular Informal WTO Leaders Retreat should be established, at appropriate intervals, and hosted successively by different Members.

**Recommendation 16:**

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**Recommendation 17:**

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**Recommendation 18:**

The membership should approve that the WTO have more formal and regular arrangements with the World Bank, IMF, OECD, and other key international institutions, so as to leverage the horizontal expertise and best practices that could be useful in developing better trade policy solutions. These arrangements could include both Members and Secretariats.

**Recommendation 19:**

- i) Trade Ministers, Ambassadors, and senior officials, together with the WTO DG, need to immediately find ways of 'leveling' the playing field when it comes to services negotiations, in the context and culture of the market access talks.
- ii) Trade Ministers, Ambassadors, and senior officials, together with the WTO DG should establish a program for encouraging and facilitating the building of a more robust services trade constituency, among governments and private sectors in developing countries.

**Recommendation 20:**

Members must establish a process by which proposals for reform will be considered and acted upon. In addition, the process must be endorsed, owned and led by WTO Members.

**Recommendation 21:**

Beyond their negotiating role, Ministers should aggressively enact their WTO oversight role, and more assertively provide the WTO with strategic leadership.

**Recommendation 22:**

The Bali Ministerial should launch a WTO Reform process.

**Recommendation 23:**

Candidates for the WTO DG position should be encouraged and expected to voice their ideas and proposals for strengthening the WTO.



**“Reforming the WTO is not about fixing a bad organization. It is about improving an already good organization. It is also very much about trying to improve governance in the name of furthering global economic growth”**

*Talal Abu-Ghazaleh*  
*Member, Panel of WTO Experts*



HE Dr. Talal Abu-Ghazaleh and the WTO Panel of Experts on Defining the Future of Trade.

## **Appendix II: THE NEED FOR AN INTERNET ECONOMY AGREEMENT**

A Draft Proposal by Talal Abu-Ghazaleh

### **Overview**

This document explores in draft form the provisions that could be a part of an agreement to achieve Internet services trade liberalization, with the goal of creating a Free Trade Zone of the Internet. The significance of the Internet to global trade cannot be understated. The Internet accounted for 21 percent of the GDP growth in mature economies over the past 5 years, with 75 percent of the benefits captured by companies in more traditional industries. In a survey of 30 countries with a collective 2010 GDP of \$19 trillion, Internet penetration was found to be growing at 25% per year over the past five years, and contributing an average of 1.9% to GDP. If one considers that information flows constitute trade in knowledge services, then the volume of information relayed by online platforms such as Google, Yahoo, Facebook, Tuenti, Baidu, Yandex, Microsoft Bing, the Internet is home to some of the largest traders in the global economy. This is reinforced when you consider the opportunities that Internet services create for more traditional businesses that would otherwise not exist. Online marketplaces like eBay, Rakuten and Mercado Libre, for example underpin of SME trade internationally every year, and that trade is growing. In addition to these platforms, the Internet enables numerous knowledge-enhancing services that we now largely take for granted, such as email and GPS positioning, whose consumer application largely post-date the Uruguay Round. A Developing Countries Perspective Full and effective participation in the emerging global information network is crucial for a country to benefit from globalization and to avoid being marginalized. At present, most developing countries are lagging far behind in this respect. With the current explosive pace of information technology development, this gap is rapidly becoming more and more difficult to bridge. While several developing countries do have high potential in relevant human capital, in particular in software development, and/or in existing manufacturing facilities, however the absolute majority of the South indigenous efforts have no chance of reversing this trend. We need a comprehensive international cooperation effort that would transcend traditional frameworks of technical assistance in a number of ways.

### **WTO's Remit**

It has long been acknowledged that e-commerce and Internet services are within the remit of WTO's liberalizing mandate. The WTO's Work Programme on Ecommerce began in 1998 but has been eclipsed by the focus on Doha round issues. Nevertheless, there appears to be renewed interest in e-commerce as part of a GATS+ initiative. Most WTO members appear to agree that the majority of electronically delivered services are services governed by GATS. However, there remains disagreement over whether digital products that have traditionally been traded on a physical carrier medium (e.g. books, software on disks, music on tapes, etc.) are governed by the GATT and GATS, or are unique and deserve their own classification. Whether services provided over the Internet should be classified as mode 1 (cross border provision) or mode 2 (consumption abroad) remains an open question to be considered.

### **Proposed Scope**

The proposed Internet agreement would cover goods and services for which the Internet is essential to access or to use the given products and/or services, for or by customers, whether the product is tangible or intangible (it being understood that tangible products' delivery, and tariffs, are governed by other agreements). Such an agreement could be a part of a larger services agreement, such as the International Services Agreement ("ISA"), which is under discussion in Geneva now.

**A Trade Framework for the Knowledge Economy** While existing WTO agreements do not exclude the Internet, they preceded it in time and thus are not fully optimized to accommodate the needs of trade in the digital environment. One example is the disagreement over the status of digital goods that also have physical forms, such as books. The international trade framework must be adapted to better respond to the needs of this component of the international economy, so as to better facilitate global trade and growth. This modernization would not compete with other efforts, such as ITA expansion. Both activities are important to the continued sound operation of the global trade system.

All WTO Members are interested in incentivizing the growth of the domestic Internet economy due to its high development and export-enhancing potential, and in adopting measures that increase the attractiveness of their countries to foreign direct investment in the local Internet economy, and in supporting the potential of local entrepreneurs to compete globally. Updating the international trade framework to better accommodate trade in Internet services can foster all these objectives.

The following obligations may be considered towards that objective:

An Internet economy agreement should oblige contracting parties to eliminate direct or indirect tariffs, fees, or duties on any of the covered area or on payments made by, through, or for covered transmissions or activities.

The envisioned agreement would circumscribe the cases in which a party could limit Internet trade. Under an Internet trade agreement, information service restrictions would have to comply with WTO principles of being transparent, necessary, and as least restrictive as possible. Affected parties must be provided due process. The agreement would specify that such restrictions need to be narrowly tailored, and confined to certain special cases, and do not unreasonably prejudice the legitimate interests of parties engaged in lawful trade.

The agreement should specify that contracting parties agree not to impose, as a condition of market access, any local content requirements nor that Internet activity be provided through locally hosted data. As platforms for extensive third-party commerce, online intermediaries provide platforms and conduits for an extraordinary amount of international trade. Providing minimum standards for the protection of online providers from liability on account of the data transmitted by third parties is an essential foundation to a healthy online trade environment. An Internet services agreement should mandate minimum protections for online services in these circumstances.

**Meeting the Internet stakeholders** Ultimately, the international trade regime should extend protections to knowledge goods and of services in a manner that fully recognizes their status as equal to that of physical goods and services. To that end, the possibility of a joint meeting with the Internet and knowledge stakeholders to explore the needs of the digital environment and Internet economy should be seriously considered.



## **Brief Profile**

### **Founder and Chair, Talal Abu-Ghazaleh Organization TAG-Org**



Founder and Chairman of Talal Abu-Ghazaleh Organization TAG-Org, a leading global provider of professional and educational services established in 1972, currently operating out of 72 offices with another 14 under establishment worldwide. This transnational business network was built in parallel with his commitment to global socioeconomic development, and the two tracks of development and business and have grown together and cross-pollinated each other.

Since its launch AGIP has consistently been at the forefront of efforts to improve the infrastructure of IP in the Arab world, working in close coordination with Arab governments and multilateral organizations on the introduction and deployment of an efficient IP system. This initiative has driven significant change in the protection of intellectual property across the region and beyond, and AGIP continues to assist and support governmental committees and officials in revising and drafting new laws and regulations for the enforcement of Intellectual Property Rights. Today, AGIP is the global IPR protection leader.

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#### **Honors**

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- Chevalier de la Légion d'Honneur - France
- The Honorary Doctorate Degree of Arts Canisius College - USA
- Decoration of the Republic - Tunisia
- Decoration of Independence - Jordan
- The Presidential Shield - Lebanon
- Gold Mercury International Award - Bahrain,
- IP Hall of Fame Inductee, IP Hall of Fame Academy – USA
- Al-Jazeera Lifetime Achievement Award, Qatar
- Arab World Media Innovation Award, Kuwait
- Arab ICT Personality of the Year 2010, Bahrain
- Senator, Upper House, Jordanian Parliament, 2010-2011

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#### **United Nations Chairmanships**

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- UN Global Alliance for ICT and Development, 2008-2010
- UN Global Alliance for ICT and Development, Vice Chair, 2006-2008
- UN Global Compact Vice Chair to the UN Secretary General, 2006-2008
- UN ICT Task Force Co-chair, 2001-2004
- UN Working Group on Human Resources, UN ICT Task Force, 2001-2003
- UN Arab Regional Network of ICT Task Force, 2001-2004
- UN Advisory Committee on Internet Governance of UN ICT Task Force, 2003-2004
- UN Group of Experts on International Standards of Accounting and Reporting, 1995-1996
- UN Committee of Experts on Professional Qualifications Standards, 1995-1998

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#### **International Chamber of Commerce (ICC) Chairmanships**

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- Business Action Group to Support the Information Society, 2006-2008
- Commission on E-Business, Information Technologies and Telecommunications, 2001-2008
- The International Chamber of Commerce Task Force on Internet Governance, 2003-2004

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#### **University Chairmanships**

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- Talal Abu-Ghazaleh Graduate School of Business, German-Jordanian University, since 2006
- Talal Abu-Ghazaleh University College of Business, Bahrain, since 2012
- Talal Abu-Ghazaleh University, Lebanon, since 2012

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### **Other International Chairmanship**

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- Arab Baltic Business and Education Foundation, Jordan, since 2012
- Arab Coalition of Services Industries, Qatar, since 2012
- All 4 Palestine, France , since 2011
- Global Challenges Forum, Switzerland, since 2010
- Association for Strategic Research and Action, Switzerland, since 2012
- The Arab World Internet Institute, USA, since 2008
- Evian Group Governing Body, Switzerland, 2006-2009
- Evian Group-Arab Region, Cairo, 2006-2009
- International Accounting Standards Board, Developing Countries Committee, UK, 1989-1992

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### **Regional Chairmanships**

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- Economic Policy Development Forum , Jordan, since 2011
- Arab States Research and Education Network, Belgium, since 2010
- Arab Quality Assurance and Accreditation Network, Belgium, since 2007
- Arab Knowledge Management Society, USA, since 1989
- Arab Society for Intellectual Property, Germany, since 1987
- Arab Society of Certified Accountants, UK, since 1985
- Licensing Executives Society- Arab Countries, Jordan, since 1998
- The Afro-Asian Knowledge Society Council, Egypt, 2009-2010
- The Jordan Music Conservatory, 2033-2005

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### **WTO Board Memberships**

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- WTO Panel on Defining the Future of Trade, Switzerland, since 2012

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### **International Board Memberships**

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- High Advisory Council, International Cooperation Platform , Turkey, since 2012
- King Hussein Foundation , USA, since 2005
- International Chamber of Commerce Council, France, 2007-2009
- Public Sector Consultative Group, International Federation of Accountants, USA, 2003- 2006
- World Links Worldwide, USA, 2003- 2006
- Industry Advisory Commission, World Intellectual Property Organization, Switzerland, 1999-2000
- International Federation of Accountants Council, USA, 1992
- International Accounting Standards Board, Switzerland, 1988-1990
- International Federation of Accountants , Auditing Practices Board, UK, 1987-1990
- Middle East Council, Center for Strategic & International Studies, USA, 1995-1997
- Keck Center for International Strategic Studies, USA, 1985-1988

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### **Regional Board Memberships**

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- Jordanian Royal Integrity Commission, Jordan, since 2012
- Arab Anti-Corruption Organization, Lebanon, since 2007
- Arab Thought Forum, Jordan, since 1988
- International Festival of Thinkers, UAE, since 2011
- International Advisory Board, University of Bahrain, Bahrain, 2010-2011
- National Music Conservatory, Jordan, 2003- 2005
- King Hussein Cancer Center, Jordan, 2003-2006
- American University of Beirut AUB Board of Trustees, Lebanon, 1980-1982

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### **Publications**

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- The Abu-Ghazaleh Legal Dictionary, 2012
- The Abu-Ghazaleh ICT Directory, 2008
- The Abu-Ghazaleh Accountancy & Business Dictionary, 2001
- The Abu-Ghazaleh IP Dictionary, 2000
- The Abu-Ghazaleh English-Arabic Dictionary of Accounting, 1978
- The Imperative of a WTO Reform Agenda, Geneva, 2013