

**UNESCAP Regional Consultation on Harnessing Trade for Sustainable  
Development**

**Round Table Session on *Way Forward for the Multilateral Trading Regime  
and Role of Regional Cooperation***

9 September, 2021

**Theme:** “*High level panelists will share their views and discuss the various aspects on the process towards making the WTO fit for the 21<sup>st</sup> century sustainable development*”

**Panellists:**

1. **Pich Rithi** (Secretary of State, Ministry of Commerce, Cambodia)
2. **Domingos Lopes Antunes** (Deputy Minister of Trade and Industry, Timor-Leste)
3. **Shaheen Ali** (Permanent Secretary, Ministry of Commerce, Fiji)
4. **Ratnakar Adhikari** (Executive Director, Enhanced Integrated Framework, WTO)
5. **Peter Draper** (University of Adelaide)
6. **PSM**
7. **Hannah Nguyen** (Deputy Director, Digital Standard Initiative, ICC)

**Moderator:** **Stephanie Honey** (Deputy Executive Director and Lead Staffer, ABAC Business Advisory Council (NZ) and Associate Director, NZ International Business Forum)

## **Draft Speaking Note – Suggested Pointers**

### **1. The lay of the land**

1.1 It will soon be 2 years since the WTO's Appellate Body (AB) ceased to function. The Doha Round has been stalled for over 20 years now. On the one hand, the WTO is struggling to fulfill its original negotiation and dispute settlement functions, while on the other hand, there is pressure to expand the WTO's agenda to cover new areas which are influencing 21<sup>st</sup> century trade flows.

1.2 The past few years were already witnessing progressively greater unilateralism and protectionism by major trading powers, when the Covid pandemic hit. This led to even more protectionist actions by nations, and an unprecedented disruption of global supply chains.

1.3 Late last year, the Regional Comprehensive Economic Partnership (RCEP) was signed, and is expected to come into force sometime next year. The African Continental Free Trade Area (AfCFTA) entered into force in January 2021.

1.4 There is ever-growing convergence between economic interests and security interests. Countries are restricting trade flows on grounds of national security, there is inadequate clarity on trade-aspects of emerging technologies, and trade in dual-use technologies has become a challenge.

1.5 The multilateral trading regime, with the WTO at its centre, is therefore at a crossroads.

- The multilateral negotiation and dispute settlement functions are stalled, trade liberalization is happening outside the multilateral system through mega-regional trade agreements. Even within the WTO itself, some members are looking to bypass the multilateral, consensus-based system to opt for discussions under plurilateral formats. Deadlock on issues like

the current TRIPS waiver proposal have further given the impression that the WTO is not responsive to the needs of the hour.

1.6 What is then the *Way Forward for the Multilateral Trading Regime*? What role can *Regional Cooperation* play in revitalising the multilateral trading system?

## **2. The difficulty of ‘reform’**

2.1 While there is some agreement among countries on the need for ‘reform’ of the WTO to revitalize the multilateral trading system, there is no uniform understanding of what such ‘reform’ should entail.

2.2 Certain members want ‘reform’ to get rid of foundational elements of the system such as Special & Differential Treatment (SDT), self-declaration of developmental status and decision-making by consensus. There are discussions on the need for reform of the dispute settlement provisions and the role of the Appellate Body, the rules on subsidies and state-owned enterprises, and the framework regulating trade in ICT and digital trade.

## **3. The way forward**

3.1 Trade liberalization is happening primarily at the regional level, as the RCEP and the AfCFTA show. Parallely, at the WTO itself, some Members are undertaking discussions in plurilateral formats under “Joint Statement Initiatives”. They are discussing issues such as investment facilitation, e-commerce, MSMEs and services domestic regulation. We need to ensure that these mega-regional trade agreements, and plurilateral discussions at the WTO, become building blocks, and not stumbling blocks, to trade multilateralism.

3.2 There has to be an adequate balance between bringing new issues to the negotiating table (such as trade-related e-commerce) and moving forward to

conclude existing negotiations (such as finding a permanent solution to public stockholding for food security purposes).

3.3 On the Appellate Body crisis, one view (the US view) is that first the existing trade rules need to be overhauled, and only then can an Appellate Body function and decide on violations of those rules.

- But, shouldn't a working judicial settlement mechanism be the first step instead? It brings rule predictability and security, which is the foundation of the multilateral trading system under the WTO. A well-functioning dispute settlement mechanism will in turn inspire fresh efforts towards rules negotiations and gap-filling.

#### **4. Role of regional cooperation**

4.1 WTO reform and revitalizing the multilateral trading system figure high on the agenda of regional and other groupings. While there are differences in detailed approaches, there is broad agreement on the need for WTO reform.

4.2 At the recent [BRICS Trade Ministers](#) Meeting, the BRICS countries pledged to work together for strengthening the multilateral system with WTO at its core. Similar sentiments were echoed at the [G7](#) meeting in June, where the G7 nations agreed that the multilateral trading system needs to be reformed, with *“a modernized rulebook and a reformed WTO at its centre.”* Last year, the [G20](#) Trade and Investment Ministers meeting set up a “Riyadh Initiative on the Future of the WTO” to pledge political support for the necessary WTO reform.

4.3 Regional cooperation can also take other forms. There can be regional cooperation among civil society organisations working in fields of trade and investment. They can work together to spread awareness about how a working multilateral trading system is in the best interests of developing countries and their consumers.

## **5. Conclusion**

5.1 A “polylateral” approach towards reform – bringing together governments, civil society and industry working collaboratively, can help create a better buy-in for an effective multilateral trading system.

5.2 While the WTO rules work on certain economic assumptions about Members, the WTO should not be the forum to settle the larger systemic differences between different economic models.

- The basic WTO rules already offer some flexibility and templates to reconcile different positions on sensitive matters like subsidies.
- A better political negotiation effort can still lead to outcomes which are broadly acceptable across the WTO membership.

5.3 As any WTO reform has to be member-driven, countries need to shed their rigid positions and show greater flexibility. Greater political commitment to WTO reform is required from the major stakeholders.

5.4 The multilateral trading system is an international public good. No one country has greater stakes in an effective and stable trading system than any other.

- In the same spirit, WTO reform should not be undertaken at the behest of any one country or group of countries, nor be targeted at any one country or group of countries.
- Ultimately, a well-functioning multilateral trading system is in the interests of all trading nations.