Forum: General Assembly Second Committee

Issue: Encouraging Member States to use the World Trade Organisation as a framework for trade negotiations

Student Officer: Zihan Su

Position: Deputy Chair

Introduction

The World Trade Organization (WTO), headquartered in Geneva, is an international organization dealing with global rules of trade. It has 164 member states, representing 98 percent of world trade. Its main achievements include liberalizing trade by reducing tariffs, facilitating predictability using binding agreements, and improving the ease of business by setting standards. Since its establishment in 1995, the WTO has brought remarkable improvements to international trade relations, but due to the mistrust between nations and the differences in economic structures among members, many barriers to free trade persist. The WTO’s authority is being eroded by one trade dispute after another as nations fail to use the legitimate WTO procedures to settle disputes. A crisis has threatened the continued functioning of the Dispute Settlement Body, which is the essential judiciary body that enforces WTO’s rules. Modern obstacles faced by the WTO are more challenging to resolve than those in its earlier years. Now, since most nations are already in the WTO, the WTO can no longer use the granting of membership as leverage to elicit compromise from nations. To continue the WTO’s mission of safeguarding stability and free trade, new approaches are urgently needed.

Definition of Key Terms

Tariffs

Tariffs, or duties, are “tax levied upon goods as they cross national boundaries, usually by the government of the importing country. Tariffs are imposed to raise revenue or to protect domestic industries.”¹

Subsidies

A subsidy is a “direct or indirect payment, economic concession, or privilege granted by a government to private firms, households, or other governmental units in order to promote a public objective.”\(^2\) Subsidies have the effect of encouraging the growth of subsidized industries and keeping the price of products low. “Export subsidies” specifically help products destined for export to become more competitive in the international market.

Trade barriers

Trade barriers are measures taken by the government to limit international trade, usually to reduce import and protect domestic businesses. Tariffs are a major trade barrier. Non-tariff barriers to trade include quotas, import bans, and red tape. A quota is a “government-imposed limit on the quantity, or in exceptional cases the value, of the goods or services that may be exported or imported over a specified period of time.” Red tape is “official routine or procedure marked by excessive complexity which results in delay or inaction.”\(^3\)

Regional Trade Agreement (RTA)

A regional trade agreement is a “reciprocal trade agreement between two or more partners, not necessarily belonging to the same region.”\(^4\) It commits each party to provide a series of favorable trade terms for the others, predominantly to keep tariffs lower than a certain level.

Bindings

“When countries agree to open their markets for goods or services, they ‘bind’ their commitments. For goods, these bindings amount to ceilings on customs tariff rates.”\(^5\) When a country’s tariffs are bound, the tariffs can be lower than a certain percentage, but not exceed it.

Countervailing duties


Countervailing duties are extra tariffs that a country imposes on the goods of another country to offset the advantage given to those goods in the form of subsidies by the government of the latter country.

Trade preferences

Trade preferences are favorable trade terms and arrangements that one country gives another, resulting in the latter country’s products having an advantage, over goods from other places, in the former country’s market. Trade preferences could be non-reciprocal, like those given by many developed countries to developing countries.

Background Information

Principles of the WTO

Most Favored Nations (MFN)

Each nation should treat all its trade partners with as much favour as it treats the most favored nations among them. If a member state lowers the trade barriers between itself and a nation, it is obligated to give the same benefit to all others. The MFN principle is written into the first clause of the General Agreement on Tariffs and Trade (GATT), one of the most important treaties of the WTO. It guarantees that no nation is deliberately disadvantaged in trade by others. Exceptions are made for regional trade agreements that meet certain criteria, and trade preferences given to Less Developed Countries.

National Treatment

The principle of national treatment dictates that products imported into a country should be treated no differently from those that are locally produced. This rule applies to goods, services, trademarks, copyrights, and patents.

The Goal of Free Trade

The main objective of the WTO is to promote free trade. When firms in different nations are allowed to trade freely, each nation can specialize in producing and exporting what they are good at, and purchase the rest at a cheap price from other nations, allowing the producers to make more profit and the consumers to enjoy cheaper goods. Thus, efficiency is maximized, and the global economy grows. However, when certain goods are imported into a nation and domestic businesses begin to lose profit, a government may be pressured into helping the domestic businesses, by setting up trade barriers to
disadvantage the imported products. These barriers, including tariffs, quotas, subsidies, can help in the short run, but if every country begins using them, long-term global economic growth would be hindered. The WTO guarantees to each nation which pledges to reduce its trade barriers, that other nations in the organization shall lower their trade barriers towards it in return. The WTO provides an incentive for each nation to act in line with the collective interest.

**The Goal of Transparency and predictability**

The WTO facilitates stability to create a favorable environment for businesses to thrive in. As WTO members are bound by transparent trade agreements to keep their trade barrier low, and a rule-based system curbs member states’ tendency to take unilateral actions, and businesses can trust international trade relations to be stable enough for them to make long-term plans and investments. Transparency is also needed to ensure that nations fulfill their commitments, so the WTO expects nations to make their economic policies and economic statistics accessible for the WTO to assess.

**Progressive liberalization**

Progressive liberalization is the plan to help developing countries open their economies to free trade gradually. In many underdeveloped countries, budding domestic industries are primitive in technology and small in scale. If the WTO demands them to suddenly allow foreign products to be imported freely, domestic businesses would not stand up against the competition. Without a chance to develop their industries, these nations would stay impoverished. Therefore, WTO rules are more leniently applied to developing countries, giving them time to adjust and develop before they need to be held up to the same standards as their developed counterparts.

**Relationship between the WTO and the UN**

The WTO is not an agency under the UN, but close cooperation exists between the two in several ways. The WTO Director-General, Roberto Azevêdo, is a member of the UN Chief Executive Board. Annual meetings are held between senior officials of ECOSOC, World Bank, International Monetary Fund (IMF), the UN Conference on Trade and Development (UNCTAD) and the WTO. During these meetings, they coordinate their goals and find ways of avoiding contradicting agreements made under different organizations. Furthermore, WTO and UN bodies share information and technical expertise with one another. Among UN bodies, UNCTAD cooperates most closely with the WTO. The UN cannot dictate how the WTO is run, but it has a degree of influence over its general directions, and it can advocate for more of the UN’s principles to be adopted into WTO agreements.

The WTO was established as a separate organ because not all UN member states meet the criteria to become a WTO member state. While the UN strives to be inclusive for all, WTO membership is a privilege granted to nations that commit to a set of WTO rules. When dealing with economic affairs,
the UN tends to put more focus on the humanitarian aspects than the WTO, sometimes leading them to take different approaches.

Functions and structure of the WTO

The WTO has several major tasks. First, it administers trade agreements, which are embodied in over 60 legal texts. Among these agreements, 3 are the most essential: The General Agreement on Tariffs and Trade (GATT), General Agreements on Trade in Services (GATS), and Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Issues relating to these three documents are discussed in the Councils of Trade in Goods, Trade in Services, and Trade Related Aspects of Intellectual Property respectively. All 3 councils answer to the General Council. Each council also has subsidiary organs that administer the more specific agreements in its field.

Second, the WTO provides a platform for members to negotiate trade issues and come to specific agreements, such as tariff bindings and subsidy-lowering commitments. Conventionally, when an issue is brought up to the agenda, members first reach consensus in their own blocs, then the blocs have informal meetings with other blocs and with the Director-General to make a compromise that satisfies all, and finally, the solution is presented to a formal meeting to be put on record. This method has proved relatively efficient for reaching agreements on controversial topics; however, critics say that it lacks transparency.

Third, the WTO monitors members' trade policies using its Trade Policy Review Body (TPRB). Members periodically inform the WTO of their new measures, laws, and regulations. The TPRB publishes an analysis to help businesses understand these policies and provide the government with feedback.

Fourth, the WTO settles trade disputes, using its Dispute Settlement Body (DSB). When a member brings another member before the DSB for violating trade rules, together they first go through “consultation”, a process in which the members try to solve the dispute through direct dialogue. Over half the WTO disputes are settled this way. Unsettled disputes are considered by a panel of experts, who present a ruling the DSB. Both the complaining party and the defendant party can appeal the ruling, and move the issue to the DSB’s Appellate Body, which can uphold, modify, or reverse the ruling. If the defendant party is found to have violated a trade rule and given disadvantages to the complaining party in trade, then it must amend its action according to the ruling. If this is not done in time, the complaining party can offset the disadvantage by imposing countervailing duties on the defendant party.

Fifth, the WTO provides technical assistance to its members, in the form of training, seminars, and workshops. It especially helps developing countries and countries transitioning from centrally planned economies to market economies.
In the WTO, the Ministerial Conference is the decision-making body with the highest authority. It consists of the representatives of every member and meets at least once every two years. The General Council carries out most of the day-to-day work and answers to the Ministerial Conference. The General Council meets regularly in two forms: Dispute Settlement Body and Trade Policy Review Body. It also oversees smaller committees.

The Structure of the WTO

The WTO official website provides a very helpful online brochure, “Understanding the WTO”, containing a detailed and straightforward explanation of the WTO, see Appendix I.
Obstacles facing the WTO

Unilateralism and protectionism

Unilateralism is the process of deciding a policy without involving other groups or nations.\(^6\) Protectionism is the policy of protecting domestic industries against foreign competition using trade barriers.\(^7\) The WTO discourages unilateralist and protectionist policies, deeming them a hindrance to trade liberalization. The rising unilateralism and protectionism in leading economies have produced higher tariffs and more unpredictable trade relations.

Protectionism is exhibited in the raising of trade barriers. In 2018, the US announced increased tariffs on a range of items including steel and aluminum without consulting with its trade partners through the WTO, claiming the tariffs were imposed for “national security”. These tariffs targeted many countries, including US allies. In 2018, the US-China “Trade War” began, with the US accusing China of intellectual property malpractices and imposing tariffs on around $250 billion’s worth of imported Chinese goods. At the time, a case against China on violations of intellectual property laws was still pending in the DSB. Under WTO rules, only if the DSB had ruled against China and China had refused to amend their behavior, does the US have a right to impose countervailing duties on China. However, the US circumvented the DSB and directly hit China with tariffs. China retaliated with tariffs on more than $100 billion of imported American goods, without going through WTO procedures either. The US and China’s unilateral measures resulted in an escalating trade war of piling tariffs—a situation that the DSB was created to avoid. The trade war between Japan and South Korea also raised trade barriers, as Japan banned certain exports to South Korea and both countries began boycotting the other’s goods. Unilateral measures could have the effect of eroding the DSB’s authority.

Protectionism also motivated nations to move away from WTO’s National Treatment principle. Countries’ different regulations on information technology products make it difficult for foreign tech firms to enter the market. The US and the EU devised new mechanisms to vet foreign investment. China continues to give benefits to its state-owned industries.

The Appellate Body Crisis

In the DSB’s Appellate Body, judges are appointed if only member states unanimously agree to their appointment. Optimally, there should be 7 judges, but the Appellate Body can function with a minimum of 3. Over the past decade, the US has blocked the appointment of any new judges, to protest

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“unfair treatment” of the US during the deliberation of trade disputes involving it. On December 10, 2019, one of the last 3 judges stepped down without being replaced, due to the blockage. This paralyzed the ability of the DSB to continue deliberating disputes. The US has been a critic of the WTO dispute settlement mechanism, deeming it as a breach of national sovereignty; it proposed a series of reforms as the precondition for unblocking the judge appointment. Until WTO members find a way to resolve the conflict with the US, the DSB is likely to remain in dysfunction. As of December 2019 (the time this report is being written), there is no consensus on how the crisis should be resolved.

**Deadlock of negotiations**

In 2001, the Doha Round trade talks began. Its objectives were to further lower tariffs and other trade barriers on previously protected goods, set common standards to facilitate the ease of trading, as well as to aid the development of developing countries by expanding their trade opportunities. This round of talks attempted to address the contentious issues that the Uruguay Round failed to resolve. However, the Doha Round talks soon fell into a deadlock. Despite several attempts to revive negotiation, it had to be ended inconclusively in 2015. Disagreements persisted in several areas.

One conflict was over the extent of Special and Differential Treatment (S&DT) for developing countries. The WTO has allowed developing countries to gradually phase out their protectionist policies and trade barriers as their industries grow strong enough to compete in the market without these extra advantages. However, ten to fifteen years have gone by since many developing countries joined the WTO, but their industries are still underdeveloped and uncompetitive. This prompted some to call into question the effectiveness of allowing developing countries to maintain high tariffs. Developing countries are reluctant to give up their preferential trade terms. In many of them, the production of a few products that make up a large proportion of their GDP, so the introduction of competition in those products may affect the involved population acutely. When developing countries attempt to create trade agreements among themselves, balancing the demands of different exporters and importers have proved exceedingly difficult. Some developed countries also raise the question of which member states count as developing countries in the WTO. The US, for example, has long argued that China and India, both being relatively industrialized, should be excluded from the list of benefactors of S&DT. This has faced opposition from China and India.

Another area of deadlock is around eliminating the protectionist policies of developed countries to expand market access for developing countries. For one, developing countries have complained that developed countries retain high tariffs imposed on certain goods that they wish to export, such as textile, clothing, fish, and fish products. For another, developing countries also protest “tariff escalations”. It refers to the phenomenon that many industrialized countries have low tariffs for raw materials and high tariffs for manufactured products, in order to protect their domestic manufacturers, effectively reducing the opportunity for developing countries to export their manufactured products and grow their
manufacturing industries. Developed countries in the WTO have agreed to eliminate export subsidies on a wide range of products, there is one sector that is still heavily subsidized in Europe and the US: agriculture, often due to pressure these governments receive from powerful agricultural lobby groups and the farming community that constitute a significant part of their voter base. By subsidizing, these countries boost the competitiveness of domestic agricultural products, lowering demand for imports, reducing the market for developing countries’ agricultural products. Agricultural subsidies are one of the most sensitive topics in WTO negotiations.

WTO’s intellectual property (IP) rules are also a topic under intense debate. The TRIPs agreement governs the cross-border management of copyrights, patents, trademarks, and other related intellectual property rights. By protecting creators’ exclusive right to profit from their creations, the TRIPs agreement was signed to encourage innovation. However, certain patented technologies, especially life-saving medicine, can be expensive for developing countries to purchase. WTO member states agreed to allow developing countries to use certain patented inventions at lower costs, under arrangements like compulsory license and generic medicine, etc. Least developed countries were given until 2021 to transition into compliance with TRIPs rules, with a further exemption on pharmaceutical patents until 2033. Disagreement lies in how leniently developing countries should be treated, how much time they should be given in transition, and which countries deserve exemptions. Developing countries push to extend their exemption time. China and India seek to still be recognized as developing countries to enjoy exemptions on certain patents. The US has been criticizing China and India for violating IP rules, and criticizing the WTO for dealing with their violations to leniently.

There is also the question of whether the WTO should impose more labor and environmental standards on its member states. In many developing countries, agriculture and manufacturing businesses often make their employees work in ethically questionable conditions in order to cut down on the cost. Pollution resulting from production is also unchecked in many places. These governments either have incomplete legislation relating to workers’ rights and environmental protection, or do not enforce their regulations in practice. They fear that regulating the businesses may raise production costs and hamper economic development. Developed countries have protested that the lack of regulations in these places gives developing countries an unfair advantage in producing cheaper goods. Some raised the possibility of making the WTO enforce labor and environmental standards, but they were met with the criticism that the WTO has no authority beyond the economic aspects of trade regulations. UN’s International Labor Organization supports the adoption of human rights considerations into WTO’s regulations.

There are many reasons behind the deadlock of negotiations. One of them is the compulsory nature of WTO agreements. Unlike UN resolutions, which only set out guidelines and recommendations, WTO’s laws must be observed by all its members. So, on major agreements, all of WTO’s members
must reach a unanimous consensus; on other decisions, the WTO often requires a two-thirds majority. This can be difficult. There is also the problem of the lack of participation of smaller countries in the decision-making process. Many major decisions are made in informal meetings between influential countries. Another challenge is that, as said before, as most countries already joined the WTO, the WTO no longer use membership as a reward to secure commitments from them, and some countries have displayed a reluctant attitude in negotiations.

**Accession of new members**

Any state or customs territory having full autonomy in the conduct of its trade policies may apply to join the WTO. The government applying for membership must submit a description of its trade policies related to WTO agreements, to be examined by a working party. The working party decides the criteria for that the country or territory to join the WTO. Then, the applying government begins bilateral negotiations with all WTO members, regarding tariffs rates and other trade policies. The Most Favored Nations principle means that the new member must grant all other members equal terms. When the working party approves of the applicant’s trade policies and bilateral negotiations are complete, a report, a protocol, and a list of commitments will be submitted to the Ministerial Conference or General Council to be voted on. With a two-thirds majority of members favoring the accession, the applicant can sign the protocol, ratify the important WTO agreements, and become a member. Currently, 23 entities are applying for WTO membership: Algeria, Andorra, Azerbaijan, The Bahamas, Belarus, Bhutan, Bosnia and Herzegovina, Comoros, Curaçao, Equatorial Guinea, Ethiopia, Iran, Iraq, Lebanon, Libya, São Tomé and Príncipe, Serbia, Somalia, South Sudan, Syria, Timor-Leste, and Uzbekistan.

**Major Countries and Organizations Involved**

In understanding the relationship between member states and the positions of particular countries, delegates can reference the negotiating blocs of the Doha Round, in Appendix II.

**The United States**

The US is the biggest economy in the world and an important player in the WTO. The US currently is involved in a tariff war with China. Its trade relations with the EU is also deteriorating. The Trump administration adopted a variety of protectionist measures, such as tariffs and subsidies. It often displays a hostile stance towards the WTO, with Trump claiming the WTO to breach national sovereignty. In the 2018 Trade Policy Agenda, Trump listed ways in which the US is dissatisfied with the Appellate Body’s functioning. As explained earlier, the US has blocked the appointment of Appellate Body judges, creating a crisis for WTO’s dispute settlement mechanism. The US’s priorities including
pushing forward a DSB reform, reducing preferential treatment for developing countries, expanding the market for US goods, and getting the WTO to treat China more strictly.

**China**

As the second-largest economy in the world, China also plays a big role in the WTO. China exports a lot of agricultural and manufactured goods. Although it has been transitioning towards a market economy, many centrally-planned aspects of its economy remain, such as heavily subsidized state-owned industries, high tariffs on some goods, and the lack of transparency. Suspicion has been raised of the Chinese government facilitating IP theft, as well as allowing illegal “dumping”, the act of selling goods below market price to gain an unfair advantage. In the WTO, China wishes to maintain its developing country status and continue to receive Special and Differential Treatment.

**The United Kingdom**

As of December 2019, the United Kingdom (UK) is involved as a part of the European Union in many regional trade agreements under the WTO’s framework. If a no-deal Brexit happens, the UK will have to renegotiate its tariff caps and quotas with the WTO member states. The UK is currently trying to reach agreements with individual countries to continue trading using the EU trade terms. The British Secretary of State for International Trade, Liz Truss, claims that the UK will be “fighting the forces of protectionism, in favor of genuine free trade.” The UK has devised a tariff arrangement in August 2019 that will make 88% of imports tariff-free, in case of a no-deal Brexit. The UK supports the US in pushing for an Appellate Body reform.

**The European Union**

The European Union (EU) is an economic union made up of 28 European states. It forms a very integrated market in which members benefit from trade preferences with each other. EU states often form an alliance among themselves during WTO negotiations. EU countries generally argue against protectionist policies and encourage the lowering of trade barriers. The EU has expressed dismay at the unilateral measures and countermeasures taken by the US and China. The EU hopes to limit the scope of Special and Differential Treatment, by excluding some of the more industrialized developing countries from benefits of SD&T. It also proposed tighter monitoring over whether member states fulfill their obligations, by making the reporting process more transparent and making key elements of it compulsory. The EU believes WTO laws need to adopt more explicit rules on members’ policies regarding state-owned industries. Its priorities also include retaining its agricultural subsidies, decreasing forced technology transfers, and steering the WTO towards encouraging sustainability.

**Cairns Group**
The Cairns Group is a negotiating bloc in WTO, consisting of Argentina, Australia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Uruguay, and Viet Nam. These 19 agricultural exporting countries make up 25% of the world’s agricultural exports. They banded together to push for more liberalized trade in agricultural products. The group aims at cutting tariffs overall, eliminating tariff escalation and tariff peaks, as well as reducing trade-distorting subsidies. They support the continuation of S&DT. They also advocate for more transparency in the WTO and member states’ policymaking.

**African, Caribbean, and Pacific Group**

The African, Caribbean, and Pacific Group of States (ACP) is an international organization comprised of 79 African, Caribbean, and Pacific nations. They often form a bloc within the WTO to voice their common interests. The ACP countries wish to maintain and expand the preferential trade terms given to them under S&DT so that their industries can withstand the competition with East and Southeast Asian countries. They put a high priority on expanding the market for their agricultural products, clothing, and textile. Many of them protest that developed countries’ current tariffs on these products are too high. The ACP advocates for Special Agricultural Safeguards (SSGs), modifications to WTO rules that allow measures that promote food security in developing countries, such as stockpiling agricultural products for use in case of famine. ACP is dissatisfied with the TRIPs agreement, claiming that it imposes developed countries’ standards on developing countries, which are often too difficult for developing countries to follow.

**Timeline of Events**

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<tr>
<th>Date</th>
<th>Description of event</th>
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<tr>
<td>October 30th, 1947</td>
<td>The GATT signed by 23 nations in Geneva.</td>
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<tr>
<td>September, 1986</td>
<td>The start of the Uruguay Round negotiations – the 8th round of multilateral trade negotiations under the GATT.</td>
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<tr>
<td>January 1st, 1995</td>
<td>Establishment of the WTO following the Uruguay Round.</td>
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<td>December 11th, 2001</td>
<td>China became a member of the WTO.</td>
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<td>December 18th, 2005</td>
<td>At the 6th Ministerial Conference held in Hong Kong, countries agreed to eliminated agricultural subsidies, but no concrete formulas were made.</td>
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<tr>
<td>December 7th, 2013</td>
<td>At the 9th Ministerial Conference held in Bali, an agreement was signed on various issues, including e-commerce and food security.</td>
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December 19th, 2015  At the 10th Ministerial Conference held in Nairobi, an agreement was signed on various issues, including special safeguard mechanisms and cotton trade. Countries again voiced commitment to cutting agricultural subsidies. Doha Round was ended.

March 8th, 2018  Trump orders tariffs on aluminum and steel.

April 2nd, 2018  China imposes tariffs on US products.

August 27th, 2018  The US blocks the reappointment of an Appellate Body judge.

December 10th, 2019  The Appellate Body ceases to function due to the lack of judges.

Relevant UN Treaties and Events

- **General Agreement on Tariffs and Trade, 30 October 1947**
  First signed by 23 countries, now adopted by all WTO members, the GATT is a treaty on the reduction of tariffs and trade barriers. It is one of the most important treaties, containing many of WTO’s central principles.

- **The Marrakech Agreement Establishing the World Trade Organization, 15 April 1994**
  This agreement describes the functions, organization, and structure of the WTO, setting a framework for future negotiations.

- **Agreement on Trade Related Aspects of Intellectual Property, 15 April 1994**
  This agreement requires nations to set and enforce intellectual property laws, protecting copyrights, trademarks, patents, and other intellectual properties that have been created around the world.

- **General Agreement on Trade in Services, 15 April 1994**
  This agreement describes the members’ obligations regarding of trade in services, including the removal of discriminatory policies and market access restriction measures.

- **Understanding on Rules and Procedures Governing the Settlement of Disputes (Dispute Settlement Understanding), 15 April 1994**
  This document describes the procedure of dispute settlement in the DSB, including the timeframe of deliberation, the composition of panels, and other rules guaranteeing fairness of the process.

- **Arrangements for Effective Cooperation with other Intergovernmental Organizations-Relations Between the WTO and the United Nations, 15 November 1995**
  This document describes the relationship between the UN and the WTO, and how the exchange of information and technical support between them should take place.

- **Bali Ministerial Declaration and Decisions, 7 December 2013**
  This is a series of agreements relating to e-commerce, small economies, transfer of technology, IP, trade facilitation, and measures to increase food security.
• Nairobi Ministerial Declaration and Decisions, 19 December 2015
  This is a series of agreements relating to the preferential treatment of developing countries, Special Safeguard Mechanism, and agricultural subsidies.

For an overview of other important agreements signed under the WTO, see Appendix III.

Previous Attempts to solve the Issue

Since the launching of the Doha Round, countries have been attempting to solve the problems that hinder market access and fair competition in international trade. Although the most contentious issues in WTO have yet to be resolved, there have been moments of breakthrough in negotiations. At the Bali Ministerial Conference in 2013, the Trade Facilitation Agreement was signed, and it accelerated customs procedures and reduced trade costs. Countries also agreed that, even under S&DT, the time for which developing countries are exempt from following trade rules should be limited. At the Nairobi Ministerial Conferences members signed another package of agreements, but contentious issues are put off again. For example, developed countries promised to immediately eliminate agricultural subsidies, but subsidies for important industries like dairy products and meat are exempt from this. The more industrialized developing countries promised to cut subsidies by 2018, but 2018 had passed and many did not fulfill their promises. Countries convened once more during the Buenos Aires Ministerial Conference in 2017, but debates around contentious issues broke down and no substantial results were achieved.

Although multilateral negotiations on many issues remain in a deadlock, many plurilateral trade deals were made. While multilateral negotiations are between all members of the WTO, plurilateral means only between some members. Despite their limited scale, plurilateral agreements still have significant positive effects. By replacing bilateral agreements, the common standards they set can make trade easier. Plurilateral deals are easier to negotiate than multilateral deals, and they may develop into multilateral deals in the future. Progress is also made by members that sign regional trade agreements(RTA). Currently, there are 294 RTAs signed under the WTO, and 169 more are still in negotiation.

Possible Solutions

The Appellate Crisis needs to be resolved. As of December 2019, no compromises have been made by the US and the other members of the WTO. To break the impasse, the Dispute Settlement Understanding, an agreement governing the function of the DSB, could be amended to address the US’s
demands without deviate from WTO’s principles. When the appointment of the judges become unblocked, countries can find ways to reform the DSB to function more effectively and to avoid similar crises in the future. Ideas include appointing more judges, changing the way judges are selected (such as using a two-thirds majority vote instead of a unanimous vote), and to change the way deadlines for reports are given to the judges (such as giving more time and more checkpoints). The EU has made a detailed proposal on this. A coalition of countries called the Ottowa Group is also pushing forward a DSB reform.

General WTO reforms have been proposed as well. Inefficient subcommittees could be restructured. Those that are not essential to the WTO’s functioning could be downsized. When a member addresses a question to another member through WTO procedures, a reply could be designated compulsory by a changing of rules, in order to speed up communication.

Strengthening the supervision of members’ economic policies could improve their compliance with WTO rules. Currently, members can periodically submit policy reports to the WTO, but not all do. WTO can make these reports compulsory. More robust methods could be devised to verify whether a member fulfilled its obligations, such as the requirement of more details and statistics to prove key statements in reports, as well as regular investigations by the WTO. Consequences for violations of trade agreements could be written more explicitly, for example, the formula determining countervailing duties could be amended to reflect damages of those violations more accurately.

The WTO could improve the way it aids the growth of developing countries. It could follow them more closely to customize S&DT according to each country’s stage of development. More detailed and realistic goals could be set for developing countries to adjust to WTO rules, and members could find a way to impose a time limit on them. The WTO could also devise a way to respond when a developing country fails to adjust.

Bibliography


Appendix or Appendices

I. Understanding the WTO:
   www.wto.org/english/thewto_e/whatis_e/tif_e/tif_e.htm 9

II. Doha Round Negotiation Groups:
   https://www.wto.org/english/tratop_e/dda_e/negotiating_groups_e.htm

III. Overview of the WTO Agreements: