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Multilateralism in a Multi-Polar World: Embrace Diversity

Bernard Hoekman

European University Institute

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A multipolar world economy; much uncertainty

- Changes in GDP and trade shares driven by policy reform and technology
- Much reform has been unilateral, supported by GATT/WTO
- Post 1995: Many new WTO Members; active and effective dispute settlement/transparency mechanisms
- But new rule-making and liberalization in WTO elusive
- Rise of “mega-regionals” ... and “mini-regionals”
 - TPP; TTIP; TISA ... and RCEP, Eurasian Customs Union; BRICs bank ...
 - Focus on regulatory trade costs & ‘new’ issues, but also a major dose of geo-politics (China ...)
- Outside of WTO critical mass negotiations (ITA2, green goods), no initiatives include the US and China
- Lot of uncertainty re: what ‘regionals’ will deliver—many technical, political and political economy constraints—and what responses they will trigger



Whither the DDA?

- Many issues are not addressed in mega-regionals
 - Will need to be dealt with in WTO, if at all
 - Agriculture; subsidies; export restrictions; industrial policy...
- Much will depend on how much discrimination/trade diversion will be created by mega-regionals
- DDA will go nowhere until more is known re: TPP, TTIP, TISA
- Critical mass “sectorals” may offer scope for some progress
- But developing countries have incentives to pursue linkage strategies
 - India and TFA – food subsidy demand



Make a better case for the DDA

- Leverage the supply chain concept to illustrate linkages
 - For agriculture: goods and services enter into GVCs at all stages
 - For manufacturing, services are critical – 45% of value added of exports
 - For services, access to a variety of goods matters– from trucks to computers
- Need a more compelling case that what can be negotiated matters for economic operators/consumers
- Can also be useful as a way of starting to identify issues not on the table that matter (forward-looking agenda)



Begin to scope out new policy areas for cooperation (1)

1. Learn from PTAs

- PTAs today go beyond WTO in depth and coverage of policy areas
- Use WTO as a forum to better understand and learn from what PTAs do in new areas
- An input into deliberative processes needed to identify new areas for cooperation
 - Include regional organizations



Begin to scope out new policy areas for cooperation (2)

2. Pursue more deliberation under WTO auspices

- Substantial preparatory work needed to address future needs
- Supply chain frameworks can identify issue areas that are not part of the DDA; so will “learning from PTAs”
- *Create space for discussion of new issue areas*
 - NB: without presumption of eventual negotiations
- Can be done under umbrella of existing WTO bodies
- Include the business representation, worker/consumer organizations, regulators where relevant



Do more to embrace diversity

- Critical mass agreements
 - Already being pursued; key feature: MFN
- ‘Plurilateral agreements’ (Annex 4 WTO) for *new* areas of rule-making/regulatory cooperation
 - PTAs are now default outside option for new areas.
 - Why accept this? Are not very transparent; not open to any member; do not use WTO dispute settlement
 - Not a panacea, but can help ensure rule-making discussions and agreements pursued under WTO auspices
 - Necessary condition: overcome consensus constraint
 - Code of conduct?



Maintain/strengthen other aspects of the WTO

- Dispute settlement works well
 - Extend to PTAs?
- Some Committees work well – build on this
 - More focus on using existing mechanisms as fora for deliberation
- Strengthen transparency activities
 - Data on policy – beyond notifications
 - Many gaps: subsidies; standards; export restrictions, local content, industrial policies
 - Make WTO focal point for other efforts in this area