The WTO is needed now more than ever

WTO approval of new measures in favour of the least developed countries has shown a way forward, both through the haze of global economic uncertainty and against the risks of increasing protectionism, writes Pradeep S. Mehta

The eighth ministerial conference of World Trade Organization (WTO) members held in Geneva in December 2011 took place in an uncertain global economic climate. And it did not help that the WTO Doha Development Agenda (DDA) remained deadlocked after ten years of torturous negotiations. In fact, the ministers deliberately chose to sidestep the issues at the centre of the DDA stalemate.

These and other difficulties - such as the continued proliferation of bilateral, sub-regional, regional and inter-regional trade agreements - have prompted many to doubt the relevance and critical importance of the WTO as the mainstay of multilateral trade relations. But this is not only short-sighted but also factually incorrect and misconceived.

Contrary to superficial perceptions, the deliberations and outcome of the WTO conference clearly and unequivocally reaffirmed the importance and relevance of the multilateral trading system. As well as adopting several decisions in favour of the least developed countries (LDCs), it welcomed Montenegro, Russia and Samoa as new members and held a constructive dialogue that improved the WTO’s atmosphere and outlook. Furthermore, immediately prior to the start of the conference, 42 WTO members finalised a review of the plurilateral agreement on government procurement with potential gains of about $100 billion for these members.

Of the seven decisions adopted, three particularly favour LDCs in recognition of their special development needs in the multilateral trading system. One allows these countries more time to fully implement the provisions of the WTO agreement on Trade-Related Aspects of Intellectual Property Rights after the current extension expires in 2013.

Another decision approves further simplification of the accession procedures for LDCs to the WTO by July 2012. The ministers directed that the reformed process should be more transparent, accommodate all special and differential treatment provisions in favour of the acceding countries, and allow for benchmarking of their liberalisation commitments against those of existing LDC members. Implementation of this decision will greatly facilitate their accession to the WTO and hence contribute to their integration in the multilateral trading system.

The India-based NGO CUTS International - which, since 2005, has been at the forefront of efforts seeking preferential market access for LDCs’ services exports - particularly welcomes the third of these decisions. This decision allows WTO members to provide preferential treatment to their services providers, without according the same treatment to like services and service suppliers of all other members. This certainly constitutes a positive effort towards facilitating the increased participation of LDCs in trade in services. The decision further specifies that any preferential treatment accorded pursuant to this decision shall be designed to promote the trade of LDCs in those sectors and modes of supply that are of particular export interest to them, including movement of persons.

It is now essential that the lessons of the improved political mood are not allowed to dissipate. Formidable challenges remain. The two most critical for the multilateral trading system are remaining steadfast and effective against protectionism, and maintaining the principle of Single Undertaking, i.e. nothing is agreed until everything is agreed. This is a safeguard against the tendency of cherry-picking by the more powerful WTO economies. Moreover, it gives equal opportunities to all members - big or small - to participate in all the negotiations.

The Geneva conference provided direction and impetus for a vibrant and effective WTO, at the service of all its members, and particularly developing countries. Members should now:

- Resist all forms of protectionism and exercise maximum restraint in implementing measures that may be WTO-consistent but have a protectionist effect on developing countries, particularly LDCs and small, vulnerable economies.
- Implement all the decisions of the eighth ministerial conference within the stipulated timelines.
- Ensure that any different approach in the negotiations conforms to the Doha mandate, respects the Single Undertaking principle and is truly multilateral, transparent and inclusive.
- Maintain the development focus in all areas of work, including through greater funding for the Aid for Trade and Enhanced Integrated Framework programmes.
- Devote attention and resources to the regular work of the WTO, including the monitoring of the implementation of existing agreements, timely conclusion of various inbuilt reviews, amicable settlement of disputes among members and continuous review of trade and related policies of members.

The outcome of the eighth ministerial conference has vindicated the view that the WTO is much more than the issues surrounding the DDA. The relevance of the WTO for economic stability is even greater now than it was in the 1990s. It is the main bulwark against the rising tide of protectionism, provides a rule-based international trading system and protects smaller developing nations against the asymmetrical relationships inherent in many regional trade agreements involving developed and developing countries.

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