The Challenges Facing the Multilateral Trading System in Addressing Global Public Policy Objectives

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'What we are seeing today is the paralysis in the negotiating function of the WTO, whether it is on market access or on the rule-making. What we are facing is the inability of the WTO to adapt and adjust to emerging global trade priorities, those you cannot solve through bilateral deals.'

Pascal Lamy, at an informal heads of delegation meeting of the Trade Negotiating Committee, 26 July 2011

1. Introduction
The 2008–09 financial crisis and the current sovereign debt crisis in Europe have not only highlighted the high level of economic interdependencies existing worldwide, but also the growing challenges in pursuing international collaborative actions to address urgent sustainable development challenges. In a rapidly changing multi-polar world in which economic wealth is progressively shifting towards the East and the South, and in which resource constraints have become increasingly pressing, international cooperation remains in crisis. The rise of emerging countries like China, India or Brazil and the relative decline of traditional economic powers have created new opportunities, as reflected by the unprecedented growth in South–South trade observed over the last decade or so. However, it has also generated new tensions, not least between countries with large trade surpluses and those with growing trade deficits. Such tensions are equally palatable in international negotiations such as the ones dealing with climate change.

Meanwhile, the number of hungry people is estimated to have reached one billion in 2009, catapulting food security back to the top of the political agenda. As growth in demand continues to rise faster than increases in supply – due fundamentally to low productivity growth – food prices are expected to remain high and volatile in the coming years. Several factors have contributed to enhancing price volatility: low stocks resulting from a succession of weather-related production shortfall, growing demand for biofuels feedstock, rising energy prices and a depreciation of the US dollar; however, these have been aggravated by policy responses such as export restrictions.

This rapidly changing environment and the pressing needs for international cooperative action to address concerns around food security, climate change or unsustainable trade imbalances contrast sharply with the current paralysis of the multilateral trading system. The Doha Round of trade negotiations under the World Trade Organization (WTO) has now remained in a limbo for several months with no real perspectives for the near future. While several factors explain the stalemate in the ten-year-old trade talks, this paralysis raises uncertainties about the future of the multilateral trading system.

As a contribution to this discussion, this chapter looks at how the multilateral trading system has sought to address global public policy objectives, and how it can do so in the future. After a short review of current trends in international trade and recent developments which have led to the current crisis in the Doha Round, Section 3 considers possible options for reforming the way in which the WTO conducts negotiations. Finally, Section 4 focuses on how the WTO has sought to respond to specific public policy objectives in the past – using the case of food security as an example – and what this tells us about the way in which the multilateral trading system relates to broader global public policy goals.
2. The international context

2.1 Recent trends in international trade

Following a sharp 12 per cent drop in 2009, the volume of world merchandise exports increased by a record-breaking 14.5 per cent in 2010, allowing global trade to recover to pre-crisis levels. This figure, the largest since data collection began in 1950, accompanied a 3.6 per cent increase in global gross domestic product (GDP). According to the WTO (WTO, 2011a), world trade growth should settle to a more modest 5.8 per cent in 2011, with a 2.5 per cent increase in global GDP (see Figure 9.1). Unsurprisingly, Asia exhibited the fastest real export growth – 23.1 per cent – with Chinese and Japanese exports increasing by 28.4 and 27.5 per cent, respectively. Meanwhile, merchandise trade grew by 10.8 per cent in Europe, and 15.4 per cent in the US. Overall developing countries and economies in transition accounted for 45 per cent of total world exports, the highest share ever (WTO, 2011a).

Rising commodity prices and a depreciating US currency meant that trade growth in dollar terms – at 22 per cent – exceeded the increase in volume terms. In particular, regions that rely on natural resource exports – such as Africa, the Middle East or South America – experienced lower growth in trade volumes but significant increases in the dollar value of their exports. African exports were up by 6.5 per cent in volume terms, but by 28 per cent in dollar terms. Similarly, Latin American exports grew by just 6.2 per cent in volume terms but by 25 per cent in dollar terms (WTO, 2011b).

![Figure 9.1 – World merchandise exports and GDP, 2008–11 (in percentage change*)](image)

* Percentage change compared with same month of the previous year.


Meanwhile, according to the United Nations Conference on Trade and Development (UNCTAD), total foreign direct investments (FDI) increased from US$1.185 to 1.244 trillion in 2010, largely due to increased flow to developing countries which, together with transition economies, accounted for more than half of total FDI (UNCTAD, 2011).

Outward FDI from emerging economies also reached record highs, with most of their investment directed towards other countries in the South.

While these figures look impressive, the 2010 increase in merchandise trade did not suffice to return exports to levels consistent with 1990–2008 trends. On the investment front, despite a 5 per cent increase compared to 2009, global FDI flows have remained lower than their pre-crisis average (2005–07), and 37 per cent below their 2007 peak (UNCTAD, 2011). And while emerging economies in Latin America and South-East Asia experienced a rapid growth, FDI flows continued to contract in developed countries, Africa and South Asia.

More generally, as world output in 2009 was depressed, the WTO argues that higher growth in 2010 was to be expected, particularly as GDP growth often reached 4 per cent or more in recent years (WTO, 2011a). Several factors might explain why trade and output grew more slowly than they might have. In 2010, relatively high oil prices raised energy costs for households and business. High unemployment rates also affected domestic consumption and import demand in developed countries. Finally, attempts in Europe, the US and elsewhere to reduce budget deficits led to cuts in spending and revenue, undermining short-term growth prospects. The negative impacts of the financial crisis and global recession are therefore likely to remain for some time despite the record rebound of trade in 2010.

In the US, a low national savings rate and high private consumption as a share of GDP have continued to sustain demand for imported consumer goods, fuelling rapid export-led growth in emerging economies. Over the last 10 to 15 years, these developments have resulted in large imbalances, with sizeable current account deficits accumulating in the US in particular, and large current account surpluses in others, notably China, Germany and Japan. These have in turn generated political tensions, evident in the US–China controversy over exchange rate policies. In 2010, trade imbalances remained smaller than pre-crisis levels, but for most countries, except China, the gap between exports and imports widened compared to 2009 (see Figures 9.3 and 9.4). As Figure 9.2 shows, the US trade deficit increased from roughly US$550 billion to US$690 billion – but remained lower than the US$880 billion seen in 2008. Meanwhile, China’s trade surplus fell from nearly US$300 billion in 2008 to just over US$180 billion in 2010. In 2010, the trade deficit of the European Union (EU) widened beyond 2009 levels, despite Germany’s US$200 billion trade surplus, even though the overall EU deficit was smaller than in 2008. Japan was an exception to the overall trend towards smaller imbalances, as its trade surplus nearly quadrupled in 2010 compared to pre-crisis levels.

There is widespread consensus that current imbalances are not sustainable in the long term. Persistently high levels of debt-financed household consumption in the US will have to return to slightly lower historical levels (Mayer, 2011). At the same time, low consumption rates and high national savings in China have prompted calls for Beijing to develop its internal market and gradually move from investment and export to consumer-led growth. These trends are likely to affect both the size and composition of global demand in years ahead. This is partly because increased Chinese consumption might not fully compensate a possible decrease in US demand growth, but also because the two economies tend to import different baskets of goods, with China buying more raw material, commodities and food, for example. Unless other trade surplus countries such as Germany or Japan also enhance their domestic consumption, changes in global demand will have major negative repercussions on developing country exports, and...
also on employment – particularly in manufacturing sectors such as textiles and clothing (Mayer, 2011).

Figure 9.2 – Trade imbalances in selected economies, 2008–10 (in US$ million)

South–South trade has also continued to expand, and now represents roughly 50 per cent of developing country exports. Africa’s trade volumes with its emerging partners have doubled in nominal value over the decade and now amount to 37 per cent of the continent’s total trade (AFDB et al., 2011). While China represents Africa’s leading emerging partner, having surpassed the US in volume terms, the sum of the continent’s trade with its other emerging partners (such as Turkey, Brazil, Korea and India) is now even larger than its trade with China. While these developments provide new opportunities – export markets, technology transfer, aid and other forms of cooperation – African exports to other developing countries largely remain concentrated on primary products, with little evidence to date that South–South trade has prompted real structural transformation.
2.2 The collapse of the Doha Round negotiations

Since January 2010, the Doha Round has continued to flounder, with deadlines for concluding the ten-year talks being missed at the end of that year and the next, and now having no end in sight. Over the course of the year, the US repeatedly called for mandatory participation in ‘sectoral’ agreements for manufactured products, due to slash tariffs across an entire industry. Brazil, China and India rejected US demands for major emerging economies to take on particular responsibilities, and disputed Washington’s claim that the December 2008 draft texts disproportionately penalise the US – calling instead on the US to clarify what specific concessions Washington might offer in return for increased market access.

Meanwhile, the G-33 group of developing countries made a series of proposals in favour of a strong ‘special safeguard mechanism’ that they could use to defend domestic agricultural producers from sudden import surges or price depressions. The US and other exporting countries continued to insist that developing country flexibilities should not undermine growth in normal trade.
After a much-touted but ultimately fruitless ‘stocktaking exercise’ in March 2010, members met for most of the remaining year in various informal bilateral and plurilateral groups – described as ‘variable geometry’ by WTO Director-General Pascal Lamy. Trade also featured in discussions on the sidelines of gatherings of the Organisation for Economic Co-operation and Development (OECD) and the Asia-Pacific Economic Cooperation (APEC), and on the agenda of the Toronto and Seoul summits of the G-20 group of leading economies – only for officials to find that the interests of major trading powers were still not close enough for a Doha deal to be struck in the near future. In early 2011, Mexico and Brazil tabled separate proposals on breaking the Doha deadlock, including possible trade-offs between separate negotiating areas such as agriculture and manufactured goods: however, these found little support at the global trade body. Recognising that gaps were increasingly hard to bridge, trade negotiators began discussing options for a ‘soft landing’. The release of revised texts or working documents in April 2011 confirmed fears that progress had stymied, with some negotiating group chairs only able to release ‘state of play’ reports instead of new drafts.

Members then began quiet discussions on what a ‘Plan B’ might look like. The plan was officially announced in May: members would finalise a mini-package focused on concerns of least developed countries (LDCs) for the December Ministerial, and also establish a work plan to resolve other outstanding issues. At the insistence of the US, the package was broadened to include non-LDC issues too. However, the package quickly began to unravel as members became unable to agree on which LDC and non-LDC items to include. Consensus proved elusive on the four main issues that LDCs sought to include: duty-free quota-free access for their exports; an LDC services waiver, a ‘step forward’ on cotton, and improved rules of origin. Similarly, trading powers were unable to agree on the growing number of ‘non-LDC’ issues proposed, which ranged from fishery subsidies to trade facilitation and export competition.

By August, the plan for the December 2011 Ministerial had shifted away from producing an LDC-plus package: members instead decided they would focus on non-Doha issues and on a post-December work plan for concluding Doha, while holding parallel discussions on possible LDC deliverables.

3. Fair and inclusive global trade governance

Several factors explain members’ inability to conclude the trade talks. Some point to the fact that the negotiating process has become too politicised and complex, given the growing diversity and varied expectations of the WTO’s 153-country membership. Others blame the rise of emerging economies such as Brazil, China and India, together with more assertive developing country coalitions. Others still link it to the global financial crisis and recent domestic difficulties in the EU and the US which have prevented those countries from fully exercising a leadership role in WTO negotiations. Finally, countries’ positions and negotiating interests have changed over time reflecting nowadays geopolitical dynamics. All these factors are relevant, but critics are increasingly pointing to a more fundamental flaw in the system, which relates to the way in which negotiations are conducted. Some observers have therefore argued that thorough reform of the system is needed to overcome the current paralysis.
Others remark that it is not necessarily the WTO’s institutional procedures that have paralysed the organisation, but rather the way in which members have chosen to use its rules and practices (Rodriguez Mendoza and Wilke, 2011; Rolland, 2010). In fact some experts argue that the WTO has served as a model governance system at the international level, predominantly because of its automatic and enforceable dispute settlement system. Moreover, through its set of rules and disciplines, it is argued, the WTO has also been successful in preventing protectionist tendencies during economic crisis.

Nonetheless debate over institutional reform – whether it is needed, in what form and via what kind of process – has continued ever since the WTO was first established (Deere-Birbeck and Monagle, 2009). In 2003, after the failure of the Cancún Ministerial Conference, Pascal Lamy – then EU trade commissioner – qualified the WTO as ‘medieval’ and called for its decision-making process to be revamped (Lamy, 2003). In recent years, various actors have proposed reforming virtually every aspect of the WTO’s functioning – from management and administration through the conduct of trade negotiations and dispute settlement, to capacity-building and cooperation with other institutions or the public at large (Deere-Birbeck and Monagle, 2009). The objectives behind those proposals and the pace of proposed reforms have been equally diverse, going from incremental improvements to radical changes in the way the institution functions. While some proposals have been introduced by governments, others have been put forward by academia, research institutes, civil society and other international organisations. The multilateral system itself has not been static in the face of these demands. Reforms – or incremental changes – have happened on a number of fronts, including at the management level, in external transparency, public participation in dispute settlement proceedings or in the way in which negotiations are conducted (Deere-Birbeck and Monagle, 2009). There are, however, diverging views on the desirability and impact of these changes and on whether they go far enough.

The debate sparked renewed interest as members prepared for the November 2009 Ministerial. After ten years of complex negotiations, characterised by missed deadlines and few substantive dividends, critics have argued that the body’s established rules, principles and practices of decision-making, carried over from the General Agreement on Tariffs and Trade (GATT), are simply ill-suited to the fast changing challenges of our times. Some even argue that the GATT/WTO’s ‘golden triangle’ of decision-making – the dominance of contracting parties, the consensus principle and the logic of the ‘single undertaking’ – is unable to meet the challenges of modern global trade governance (Cottier and Elsig, 2009).

Strengthening the WTO’s negotiation functioning will require balancing three competing demands: greater efficiency in the conduct of negotiations; enhanced legitimacy including by better addressing public policy concerns; and greater inclusiveness, so as to overcome power asymmetries and foster mutually beneficial outcomes. The following sections review some of the criticism and the proposed reform options for the WTO’s conduct of negotiations in light of these objectives.

### 3.1 The principles of consensus and the single undertaking

WTO negotiations are guided by the consensus principle and by the idea that they represent a single undertaking. Consensus is not interpreted as requiring unanimity;
however, if no present member state objects, consensus is assumed. The single undertaking, on the other hand, requires that all areas are negotiated and adopted by all parties at the same time. Both principles derive directly from the WTO’s nature as a member-driven organisation. With the secretariat assuming an almost marginal role and the consensus principle on the basis of sovereign equality permeating all areas and functions of the organisation, the dominance of contracting parties is its main characteristic.

Each concept can be seen as a double-edged sword. The consensus principle is important for developing countries as, in theory, it guarantees that every member can veto any decisions, irrespective of its political or economic power. The single undertaking, on the other hand, has supported developing countries on numerous occasions, for instance when a group of Latin American members halted the establishment of the WTO until certain concessions of vital interest to developing countries had been made (Croome, 1995).

Both pillars nonetheless need to be seen in the context of the overarching power asymmetries at the WTO. In practice, wealthier nations can hold trade talks hostage more easily than poorer ones, because of the fact that they are better able to withstand political pressure to join a consensus even against great opposition (Steinberg, 2002; Cottier and Elsig, 2009; Low, 2009). The consensus principle is thus less about the actual consensual adoption of a final decision than about the process of consensus-building (Ismail and Vickers, 2011). The largest trading nations therefore bear particular responsibility for helping countries to reach agreement by guiding the process of consensus-building and facilitating an atmosphere of compromise. Ismail and Vickers thus note that, in the Doha round, ‘[d]eveloped countries also share considerable blame – even responsibility – for frustrating the process of consensus-building. It is [...] disturbing that critics of the consensus principle raise efficiency concerns only when smaller developing countries and larger emerging economies (e.g. Brazil, China, India and South Africa) do not join the consensus of the developed countries’ (Ismail and Vickers, 2011).

This is similarly true for the single undertaking and the use of ‘linkages’ to condition concessions in one area to progress in others. While in principle these could foster compromises by focusing negotiators’ attention on the greatest gains, in practice members tend to overemphasise the losses (Van Grasstek and Sauvé, 2006). This is particularly true for the current round, where negotiators do not seek to establish linkages systematically with a view to achieving long-term benefits, but focus instead on achieving short-term gains for tactical reasons (Rodriguez Mendoza and Wilke, 2011). The introduction of linkages prevents certain areas from moving ahead independent of progress in others. As a result, even small deals cannot be reached, as new proposals prompt further linkages.

Proposals to reform those two core negotiating principles (Deere-Birbeck and Monagle, 2009) can be summarised in two categories: those introducing different voting systems, and those relating to ‘variable geometry agreements’ including so-called ‘plurilateral’ and ‘critical mass’ agreements.

Proposals on weighted voting (one suggestion for reforming the consensus principle) and critical mass agreements share a common idea. Power – be it for voting, agenda setting or participation in negotiations – would reflect a country’s economic significance. The allocation of votes could thus reflect a country’s share in global trade.
GDP or the level of market openness. Some experts also suggest taking into account country size or population, arguing that this would ensure power is shared fairly among developed, emerging and other developing countries (Cottier and Takenoshita, 2008; Elsig, 2009). However, experience with weighted voting approaches in the International Monetary Fund (IMF) and World Bank show that the approach can easily manifest real power asymmetries rather than overcoming imbalances (Warwick Commission, 2007).

29 The current voting system does not suffer from a large group of small countries blocking negotiations, but instead from a handful of powerful countries that are unable to reach agreement among themselves. The alternative, a simple majority vote, could be difficult to introduce as it would undermine the currently powerful position of developed countries by enabling groups of smaller countries to overrule them. Experience in the United Nations (UN) General Assembly indicates that many countries would systematically oppose the introduction of a simple majority vote (Anghie, 2005).

30 The concept of ‘variable geometry’ agreements is an alternative to the single undertaking. Plurilateral agreements, for example, have already been used in the past. Here, the participation of all WTO members is not required in order to strike a deal and interested members are free to join the negotiation or not. Several experts have suggested reviving and enhancing this approach (Consultative Board, 2004; Elsig, 2008). The critical ‘mass approach’ is slightly different in the sense that it requires that participating members represent at least a critical mass or a certain threshold of a sector under negotiation based on their collective level of economic activity, production, consumption or exports (Jackson, 2001). Supporters argue that the inclusion of import share in the threshold would ensure that critical mass agreements could not be misused by exporters to harmonise their export systems to the detriment of importers – an issue they consider to be of increasing importance as, for instance, high-technology producing countries face shortages in needed raw materials that are extracted in only a handful of countries (ICTSD, 2011d). Proposed thresholds range from 75 to 90 per cent. Proponents argue that the threshold could further be coupled with the requirement to include at least a minimum number of countries. If constructed in a sensitive way, supporters suggest, this second requirement could ensure the legitimacy of a particular critical mass rather than only its efficiency. The Warwick Commission, for instance, notes that ‘a positive global welfare benefit, to protect the principle of non-discrimination, and to accommodate explicitly the income distribution effects of rule-making’ would need to be part of a critical mass consideration, in particular ‘when it relates to the formation of an agenda’ (Warwick Commission, 2007, 3).

31 It needs to be cautioned, however, that most of the proposals for a critical mass approach focus on negotiations on ‘downstream’ modalities and concessions (basically market access), thus limiting thresholds to purely economic considerations. As the WTO moves towards addressing a greater array of trade-related policies, such a critical mass concept might be inappropriate. Small countries, for instance, may not have a particular export or import trade share in a certain sector and are thus not indispensable for a critical mass, yet they would be critically affected by any new rules – be this on agriculture commodities or new regulation on services trade. This is particularly true as ‘trends in rule-making’ increasingly serve as a reference for legal interpretation and new regulatory approaches are used as a reference and argument in

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non-related yet similar negotiations. Each negotiation is thus also about shaping global policy and law trends.

Another aspect that continues to be disputed among the supporters of a critical mass approach is the 'most favoured nation' (MFN) character of the final agreements. Current plurilateral WTO agreements (where no critical mass was required) only apply among the members that have signed them. If further strengthened, this approach has the potential to turn the WTO into an umbrella organisation facilitating group arrangements while losing its multilateral and thus participatory and inclusive character. To meet this concern, alternative proposals suggest extending the rights and benefits deriving from critical mass agreements on an MFN basis to all WTO members (Warwick Commission, 2007). This could preserve the multilateral character of the WTO and thus its integrity while supporting ‘fast-track’ negotiations.

However, even the latter construct raises certain questions. First, assuming that a given sector was irrelevant for a particular country at the time when a critical mass negotiation was concluded, it remains unclear how the country could be induced to join the agreement if the benefits already apply on an MFN basis. Also, it is unclear whether a country would be required to join the existing agreement or whether there would be an option to renegotiate the terms (Harbinson, 2009). If no changes were allowed, powerful groups could now conclude agreements that become relevant for developing countries only at a later stage, thus indirectly imposing their terms and conditions. Criticisms regarding a trend towards WTO-plus commitments in FTAs and the fear over the Anti-Counterfeit Trade Agreement (ACTA) introducing a new global benchmark for the protection of intellectual property come to mind in this respect (ICTSD, 2008b).

### 3.2 Redirecting the dominance of member states

While some of the proposals discussed above might be promising, neither a review of the voting procedures nor a critical mass approach *in isolation* of other reforms seem to have the potential to fully achieve the three objectives of WTO reform, namely, efficiency, legitimacy and inclusiveness. Instead, if implemented in their simplest form, both concepts risk excluding smaller countries and exacerbating power asymmetries. Also, none of the proposed reforms would be likely to resolve the current deadlock in the Doha round which results, to a large extent, from political differences rather than weak procedural rules. In this respect, some critics have challenged the ‘member-driven’ nature of the institution. They argue that a stronger WTO secretariat could be useful, particularly in times where members fail to initiate needed deliberations or where discussions are paralysed by individual member states’ political actions. ‘If members are not prepared to defend and promote the principles they subscribed to, then the Secretariat must be free to do so’, the Sutherland report noted already in 2004 (Consultative Board, 2004).

Such proposals, however, need to be seen in the light of already existing criticism over a too powerful and partial WTO secretariat. The same stakeholders fear that strengthening the secretariat could create a strong institution following its own internal agenda. Consequentially, the challenge would be a strong, yet neutral secretariat. Proponents agree that this could only be guaranteed if member states were to ensure a constant participation and oversight. Efforts on strengthening the secretariat would thus focus primarily on increased political support by member states.
rather than a budgetary increase or a mandate extension as advocated by others. The idea behind this is to redirect but not replace the preponderant role of member states, i.e. to strengthen the WTO through increased policy deliberation among its members.

36 One important starting point could be the election process of the Director General (Consultative Board, 2004; Steger, 2009). This process provides a critical opportunity to reflect on the most pressing challenges facing the organisation. If candidates were to take a strong position while countries provided them with clear indications on what is expected over the coming term, directors would receive a strong mandate to lead and guide even in critical times (Deere-Birbeck and Monagle, 2009, 74). The current practice of 'nodding through' rather than 'electing' a new Director General, without any internal and external reflection process, on the other hand, weakens the position of the Director General, the member states and the WTO as an institution (Keohane and Nye, 2000). A second point of entry could be the regular Ministerial Conferences. If members used the meetings to reflect on the standing of the WTO, the way forward and the actions expected in the coming years, the secretariat could guide the organisation accordingly over the coming months. In fact Ministerial Conferences were originally meant to provide for such a forum. Only with the launch of the Doha Round they have turned into pure negotiation gatherings. Numerous developing countries have consistently criticised this development.¹

3.3. Forum and process

37 As described above, there has been no shortage of thoughtful ideas and recommendations from a variety of different sources and study groups. But some critics argue that these ideas have gone nowhere because they have had no process to feed into. Currently only one set of proposals is being discussed in a formalised manner at the WTO, namely those related to dispute settlement (WTO, 1999b). As foreseen by the original WTO agreements a special session of the Dispute Settlement Body (DSB) has been reviewing related reform proposals since 1997. Formally it proceeds outside of the Doha Round and is not part of the single undertaking. In practice, however, the review is used as a trade-off opportunity in the Doha Round which has prevented any conclusion over the last 14 years. To allow for a proper debate, other reform proposals will also need to be addressed in a formalised process at the WTO. Such a process would probably need to involve and engage trade ministers themselves to generate sufficient credibility and political traction. Ideally, the process should be co-chaired and co-owned by a developing and a developed country trade minister.

38 At the same time, the experience of the Dispute Settlement Understanding (DSU) review shows that any reform discussion must be de-linked from trade negotiations. Enforcing such an objective and non-concession-based discussion could be easier if various reform proposals were debated in a joint forum with a common objective and a single plan of action. Moreover, a joint process would facilitate the coordination of different reforms ensuring that the executive, legislative and judicial branches of the WTO do not develop in opposite directions but are mutually supportive.

39 A first opportunity to initiate such a process was missed at the 7th Ministerial Conference, in December 2009, essentially due to a lack of political will to push this agenda through. During the preparatory process and under the leadership of India, 18 developed and developing countries had proposed to address the need for an
in institutional reform in a formalised and long-term manner. The coalition, backed by almost the entire WTO membership, called upon the WTO to ‘[…] periodically engage in a process of review of its functioning, efficiency and transparency’ and upon the member states ‘[to] consider systemic improvements, as appropriate. […] to establish an appropriate deliberative process to review the organization’s functioning, efficiency and transparency and consider possible improvements, while bearing in mind the high priority […] attach[ed] to the successful conclusion of the DDA [Doha Development Agenda] negotiation’ (WTO, 2009).

However, the proposal was dropped from consideration following opposition from Bolivia, Cuba, Ecuador, Nicaragua and Venezuela (ICTSD, 2009). An earlier communication submitted by India in summer 2009, entitled ‘Strengthening the WTO’, likewise remained without further consideration (Deere-Birbeck, 2009). These missed opportunities further aggravate the dilemma of the WTO as political guidance becomes hampered at the very first stage (Deere-Birbeck, 2009). If the secretariat assumed a more active role in preparing ministerial conferences and guiding towards processes as those called upon by the country coalition, initial opposition might be overcome. As a formal forum for discussing reform proposals continues to be missing, this could be the first step towards reform.

4. The WTO and global public policy goals: the example of food security

Beyond institutional reform, the current paralysis in the Doha Round is affecting the ability of the system to address pressing global challenges. Over the last 17 years, public perceptions of the organisation’s relevance and legitimacy have greatly depended on the degree to which it can credibly claim to be responding effectively to broader public policy demands in areas such as food security, environmental protection, labour standards and, more recently, the transition towards a low-carbon economy. However, the difficulty the WTO has experienced in bringing its troubled Doha Round talks to a successful conclusion is arguably hampering its ability to respond and adapt meaningfully to new public policy challenges.

From its inception in 1994 as an organisation outside the UN system, the WTO has consistently been obliged to demonstrate that its decision-making processes, rules and negotiating outcomes are consistent with broader public policy goals – in the areas of health, the environment or development, to name but a few. While calls for greater policy coherence have often come from the governments that constitute the membership of the global trade body, they have also come from civil society groups, the media and even from other intergovernmental agencies concerned with the relationship between trade and public policy objectives.

The evolution in the way in which food security concerns are addressed at the WTO can serve to illustrate the organisation’s attempt to take wider public policy goals into account. It also demonstrates the challenges that remain in establishing policy coherence with other global governance mechanisms, and in responding to the scale and ambition of the aspirations and commitments that governments have agreed to in the post-war period (United Nations General Assembly, 1948, art. 25; 1966, art. 11; 2000, goal 1) (FAO, 1996, para. 2).
At the global level, evolving consumption patterns, combined with demographic changes, urbanisation and low agricultural productivity growth, are widely expected to mean that regional and international trade will play an increased role in many developing countries’ food security strategies. Combined with increased investment in agriculture, international trade might help offset future climate-induced production decreases in certain regions, ensuring that local populations can purchase food that may be unavailable in sufficient quantities through domestic production.

Two years before the 1996 World Food Summit agreed on a landmark definition of food security that is still widely used and accepted today, the concept was mentioned in the preamble to the Agreement on Agriculture at the end of the Uruguay Round, and in some paragraphs within the text of the accord. These included provisions dealing with export prohibitions and restrictions (article 12), subsidies for public stockholding for food security purposes (Annex 2, para. 3) and a clause permitting exemptions to be made from market access binding and reduction commitments (Annex 5, para. 1d). However, while food security is also related to numerous other aspects of the agreement, such as subsidy reform or market access considerations, it is not explicitly mentioned anywhere else in the text.

As governments concluded the Agreement on Agriculture, they also finalised the Marrakech Decision (WTO, 1999c) on least developed and net-food importing developing countries, supposedly intended to ensure that these countries would remain able to purchase food from external sources ‘on reasonable terms and conditions’. The decision has since been widely criticised by developing countries, who have argued that loopholes in the text prevent them from requiring developed countries and the international financial institutions to implement its provisions. Essentially, the decision characterises the challenge that net food-importing countries could face as a trade and balance-of-payments problem rather than a food security problem, and provides a fairly limited set of solutions centring mainly on the provision of food aid.

Arguably, the way in which food security concerns have been approached in the multilateral trading system has evolved considerably since the end of the Uruguay Round, along with the way in which other public policy goals have been treated. In the years running up to the 2001 Doha ministerial conference, developing country governments expressed growing concern that they were ill-equipped to implement the Uruguay Round agreements, that the provisions of these agreements undermined domestic food security, or – as in the case of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) – that they had signed on to texts which affected their food security without fully understanding the practical and legal implications that might result. In some cases, these concerns were also echoed by development agencies and campaign groups, farmers’ organisations, research centres, academic experts and the staff of various intergovernmental organisations.

In the summer following the WTO’s Seattle ministerial conference in 1999, a cross-regional group of 11 developing countries known as the Like-Minded Group submitted a proposal for a ‘development box’, under the built-in agenda of negotiations foreseen in article 20 of the Agreement on Agriculture. The sponsors called for a development box that would aim to ‘increase food security and food accessibility’ by allowing developing countries to select which products would be disciplined under the rules of the Agreement on Agriculture; allowing developing countries to re-evaluate and adjust
their tariff levels; provide greater flexibility for developing countries to use limited amounts of trade-distorting support under the *de minimis* provision (WTO, 1999a, art. 6.4); and allowing developing countries to use the special safeguard clause. Measures to reform developed country subsidies and tariffs were also included as part of the same proposal. The Indian government echoed many of these proposals in an early 2001 submission calling for the establishment of a ‘food security box’, which also contemplated measures to reform rules on ‘green box’ subsidies. Several of the elements outlined in the development box proposal were later to appear, in modified form, in subsequent negotiating submissions and texts.

The Doha declaration launching a new round of trade talks – dubbed the ‘Doha Development Agenda’ by the WTO – also made explicit reference to food security goals. It stated that developing countries would be accorded special and differential treatment so as to enable them to take account effectively of their development needs, ‘including food security and rural development’ (WTO, 2001, para. 13). Such treatment was to be an ‘integral part’ of all elements of the negotiations, the declaration said, in language that was to be echoed in a large number of negotiating proposals submitted in the years that were to follow.

The dozens of proposals that invoked food security during the Doha Round, and in the years immediately before its launch, can be roughly divided into a handful of broad, non-exhaustive categories, largely reflecting the emphasis of the agriculture negotiations on four main areas:

- On market access, many developing countries sought to be granted greater flexibility on tariff commitments, and access to an agricultural safeguard that would allow themselves to shield producers from the effects of import surges or price depressions.
- Food security concerns were discussed in relation to trade-distorting support in general, but were also given particular attention in proposals for reform of the WTO’s green box, and for maintaining or expanding article 6.2 of the Uruguay Round Agreement on Agriculture.
- The issue of food security also arose in negotiations on proposed new disciplines governing the provision of food aid, and in debates on export credits and other export competition issues.
- Finally, importing countries in particular raised questions and concerns over food security in proposals on export restrictions (including export taxes and export prohibitions).
- In each of these areas, different political constituencies and country grouping were active in seeking concessions.

On special products and the special safeguard mechanism, a group of import-sensitive developing countries that came to be known as the G-33 argued in favour of greater flexibility on market access disciplines, on the basis that this was needed to safeguard the livelihoods, food security and longer-term development of their rural populations, including large numbers of small-scale producers that would be ill-equipped to compete with industrialised (and often also subsidised) agriculture elsewhere in the world. Analysis by the Food and Agriculture Organization (FAO), the International Centre for Trade and Sustainable Development (ICTSD) and the South Centre – including country level studies – helped contribute to the evolution of countries'
The G-33 proposed allowing developing countries to designate a limited set of products as ‘special’ based on objective indicators of food security, livelihood security and rural development. Such indicators included, for example, the share of local income spent on a particular product, employment by product, productivity levels, rates of self-sufficiency, or the contribution of a product to local nutrition. Based on this country-specific analysis the tariffs of the selected products would then qualify for gentler reduction under the Doha Round, or would even be exempt from any cuts. The G-33, however, encountered opposition to their proposals from developed countries seeking greater access to developing country markets, such as the US, but also from exporting developing countries, such as Argentina, Paraguay and Uruguay. Controversy over the special safeguard mechanism played a significant role in the breakdown of talks in July 2008 (ICTSD, 2008a).

Despite the disagreements in this area, the debate over special products in particular probably represents the most sophisticated attempt at defining food and livelihood security concerns in the WTO and how they relate to international trade. It is also symptomatic of how the discussion evolved over time in the trade body from a fairly narrow understanding of food security to a highly complex and differentiated approach based on indicators.

Food security concerns were also given particular attention in the review of the criteria for green box subsidies, as well as in the negotiations on domestic support more generally. The African Group (a group of developing countries that seeks reform of developed country agriculture), along with the G-20, has sought to expand the flexibility that the green box allows developing countries in being able to use domestic support to pursue national development goals. Among other things, these proposals would involve modifying the language on support for public stockholding for food security purposes so as to remove the existing requirement that developing countries count purchases from low-income or resource-poor producers towards their ‘aggregate measure of support’ (AMS) – an upper ceiling which would be reduced as part of the Doha Round negotiations.

In addition to proposals favouring greater flexibility for developing countries to subsidise their own agriculture sectors, two other main trends can be identified in the discussions on green box reform and in the debate over domestic support more generally (Hepburn and Bellmann, 2009). The first of these is the concern expressed by the G-20 and by efficient agricultural exporters in the Cairns Group, which have argued that trade-distorting support undermines competitiveness and food security in countries that do not subsidise their agricultural sectors. These countries have also argued that green box programmes may be causing more than minimal trade distortion, and called for the criteria for these payments to be tightened. The other major trend is characterised by the proposals of countries with highly protected and heavily subsidised agricultural sectors, which have resisted such demands. These countries – which include Japan and others in the G-10 coalition, as well as, to a lesser extent, the EU – have instead historically called for greater flexibility to allow WTO members to address ‘non-trade concerns’, including food security.

Food security was also debated extensively in the negotiations over new rules on food aid. In exchange for agreeing, at the WTO’s Hong Kong Ministerial in 2005, to the
elimination of export subsidies, the EU had pressed trading partners to adopt ‘disciplines on all export measures with equivalent effect’ – including food aid. At the heart of the debate was the notion that in-kind food aid or practices such as monetisation have sometimes disrupted local food markets and affected local producers. While members agreed that a ‘safe box’ would cover *bona fide* emergency situations, they also agreed to introduce rules that would prevent aid from undermining local producers in non-emergency situations. A proposal from the African and LDC groups formed the basis for negotiations, with further contributions from the European Community and the US – the world’s major provider of in-kind food aid (ICTSD, 2006).

While the impact of export restrictions on food security has been a concern of various WTO members since the start of the Doha Round, debate and controversy over this issue has recently intensified, as two episodes of unusually high food prices and predictions of a long-term upward price trend for agricultural products increase the pressure on food importing countries, especially in the developing world (ICTSD, 2010, 2011b, c). While net-food-importing countries have drawn on analysis (FAO et al., 2011) by FAO staff and other experts to argue that export restrictions endanger food security by exacerbating shortages and volatility on world markets, exporting countries have thus far resisted any attempts to introduce more systemic disciplines in this area that go beyond the relatively limited disciplines set out in the Agreement on Agriculture or contemplated in the latest draft Doha agriculture accord. In part, this may be because of the role such measures play in supporting a strategy of enhancing value-addition in the exporting countries’ agriculture sector, and partly because of concerns that they could serve a useful role in responding to potential domestic food shortages. However, possibly more important is a more generalised reluctance on the part of exporting countries to make concessions in the absence of more far-reaching disciplines on trade distortions on the import side.

Despite the post-2008 stalemate in the WTO’s Doha process, the same price trends and projections have helped to push food security back towards the top of the agenda in a number of political and policy-making processes, with the role of trade receiving some attention in this context. A series of high-level meetings – the G-8’s meeting in L’Aquila in 2008, the FAO’s World Summit on Food Security in 2009 and the G-20 gathering of agriculture ministers in 2011 – reflected the increased political importance being accorded to the question. However, while heads of state and ministers reaffirmed the importance of access to markets and pledged their commitment to raise agricultural productivity by boosting aid and investment, the WTO continues to be seen as the sole forum where concrete market access and subsidy commitments can be made. Even where agreement on trade-related measures has been reached, such as the G-20’s June 2011 accord on exempting humanitarian food purchases from export restrictions, governments have recommended that further action be taken at the WTO (ICTSD, 2011a). Other trade-related issues such as biofuel subsidies have proven to be too controversial to be addressed meaningfully by the G-8 or G-20 (Tangermann, 2011), leaving their food security implications unresolved for the time being.

The establishment of the UN’s High Level Task Force on the Global Food Security Crisis, the elaboration of its Comprehensive Framework of Action and the reform of the Committee on World Food Security (CWFS) were significant steps in the effort to improve global governance and enhance policy coherence in this area. The WTO, FAO
and eight other relevant bodies also collaborated around the inter-agency report to the G-20 in the first half of 2011 (FAO et al., 2011). However, much more could still be done in this regard. Recent suggestions have included ensuring that the WTO Committee on Agriculture takes a more active role in reviewing food security issues related to trade, and strengthening the collaboration between the CWFS, the WTO, the World Bank and the Rome-based institutions (Ahmad, 2011). Reforming and improving the international governance framework is a necessary step towards overcoming current shortcomings on trade and food security, even though by itself it will not be sufficient to do so.

Measures to enhance policy coherence and to reform governance structures at the international level will, however, need to be accompanied by similar moves at the domestic level, especially in key countries. The disconnect between governance mechanisms responsible for development and aid, for the environment and for agricultural policy can mean that, for example, EU or US policies on farm subsidies may be at odds with policies pursued on related issues such as climate or poverty. Furthermore, to a great extent, the geopolitical tensions between countries and blocs that have thwarted progress on international trade issues are mirrored by similar tensions on climate change, food security and development issues more generally. Behind these lie configurations of domestic interests and political constituencies at the national and sub-national level. The shifting global economic landscape of the last decade has thrown up new opportunities and threats for different actors, in developed countries as well as in the so-called ‘emerging’ countries of the developing world, and created new challenges for the world’s poorest people – whether they live in the group of countries that the UN officially recognises as LDCs, or elsewhere.

Even among trade negotiators, there is a growing awareness that the multilateral trading system is proving increasingly incapable of demonstrating that it is flexible and adaptable enough to prove its relevance in a changing world. At the same time, negotiators are reluctant to abandon the investment that has been made in elaborating a package of farm trade disciplines that are perceived to go some way towards restructuring an agricultural trading system that has been heavily criticised for failing to deliver on a range of global public policy goals, including food security. Any decision to abandon the Doha talks, or place them in deep freeze, would arguably leave a large ‘Doha-shaped hole’: current patterns of trade-distorting support and tariff protection would remain unchanged, in addition to the new trade and food security challenges that are emerging. Until countries are able to resolve the growing contradictions between domestic policies on trade, food security, climate and international development, there is little prospect of achieving greater policy coherence in these areas at the global level.

5. Conclusion and the way forward

The WTO is not what it used to be a decade or so ago. Many new developing countries have since joined, and shifts in the balance of global economic and political power have transformed the playing field. Accordingly, new needs and different expectations have emerged, including demands on the decision-making processes, and their fairness and transparency. As described above, modern global trade governance requires a careful balance between greater efficiency, legitimacy and inclusiveness. These objectives are not incompatible, but would require WTO members to move from essentially
promoting their individual short-term mercantilist interests to developing a shared vision to effectively advance global public policy goals. Numerous proposals have been put forward to strengthen the multilateral trading system. But as for any intergovernmental institution, change must come, and be agreed to, from the inside. This calls for the establishment of an inclusive and bottom-up process, one that seeks input from all WTO members, as well as seeking submissions from the different actors in the international trade community. Only with such a process will ideas have a realistic chance to be considered, and be transformed into agents for strengthening the system.

Years of near-exclusive focus on the Doha Round have inhibited institutional evolution and even diminished some of the WTO’s permanent, non-negotiating functions such as the work of the regular committees. Beyond the WTO negotiating function, there might be therefore merit in strengthening the work of the regular WTO committees. In the run-up to the 2009 Ministerial Conference, several such proposals were put on the table, notably by India. These covered a variety of issues such as the need to enhance the WTO trade information system by including data on non-tariff barriers; monitor developments in regional trade agreements (RTAs) and develop non-binding best practice guidelines for negotiating new RTAs; establish an ‘omnibus legal system’ that would address all forms of preferential market access for LDCs in a coherent way; address the increasing role of standards and standard-setting bodies in international trade. Many of these proposals are still relevant today.

Finally, in parallel with efforts to revive the Doha Round, members could undertake work on a number of pressing global challenges. These could include concerns around the trade dimension of food security, food prices and export restrictions; the potential trade impacts of emerging domestic policies designed to combat climate change; or highly controversial matters around exchange rate policies and current trade imbalances. This is not to say that the WTO should become the sole or even primary body to deal with these matters. Several other institutions such as the United Nations Framework Convention on Climate Change (UNFCCC), FAO or IMF have indeed a major role to play in this area. The WTO, as the main organisation dealing with trade rules, should nevertheless contribute to addressing them insofar as they are linked to trade. Willingness to do so has already been expressed by a wide and cross-cutting segment of the WTO membership, but as a first step it might be more realistic to address these issues in a non-negotiating setting. In doing so, members could assess whether the WTO rule book is properly equipped to deal with emerging challenges or whether existing disciplines need to be clarified or amended. Existing institutional structures such as the Committee on Agriculture could be used for such an exercise. Precedents for doing so already exist. Singapore, for example, has recently made a submission to the regular session of the Committee on Trade and Environment to embark on work examining possible trade applications of border tax adjustment as a way to address competitiveness and carbon leakage concerns in climate change. Such an approach would enable the system to address challenges of the twenty-first century and prepare the ground for future negotiations when the political situation is ripe.
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NOTES

1. The Warwick Report, for example, provides one of the most notable and comprehensive stock-taking exercises produced by non-governmental experts (Warwick Commission, 2007). Another critical milestone in this debate was the report commissioned in 2003 by Dr Supachai Panitchpakdi, then Director General of the World Trade Organization (WTO), to a panel of experts chaired by the former Director General of the General Agreement on Tariffs and Trade (GATT), Peter Sutherland, on ‘The Future of the WTO: Addressing Institutional Challenges in the New Millennium’. Despite its comprehensive analysis and concrete recommendations, the Sutherland Report was, however, criticised as a defence of the status quo, produced by insiders, thus lacking novel approaches (Hufbauer, 2005; Pauwelyn, 2005). As such it did not provide the necessary impetus to initiate a structured discussion among members.

2. When governments launched the Uruguay Round of trade negotiations under the GATT in 1986, the declared aim was not to establish a standing global organisation on trade governance. What later became the WTO, only emerged over the last few months of the almost eight years’ lasting negotiations. When members realised that the trade package to be presented at the end of
the negotiation round would include new areas such as intellectual property rights and services, the need arose to discuss processes and structures that would ensure the coherence of these different agreements. The decision to establish the WTO finally stemmed from that discussion and other related considerations in the negotiation Group on the Functioning of the GATT (FOGS). Since no systemic, long-term negotiations had taken place on a potential international organisation, most agreements (with the exception of the Dispute Settlement Understanding (DSU) which had been revised completely during the Uruguay Round) thus replicate the principles that have served GATT for the last five decades. Moreover, when members launched the ongoing Doha Round they referred back to the negotiation principles used during the Uruguay Round, namely the principles of consensus and single undertaking. See Rodriguez Mendoza and Wilke (2011).

3. The consensus principle dates back to the International Trade Organization (ITO) and with it the early beginnings of the GATT. See Ismail and Vickers (2011).

4. 'With the exception of the improvements and clarifications of the DSU, the conduct, conclusion and entry into force of the outcome of the negotiations shall be treated as parts of a single undertaking. However, agreements reached at an early stage may be implemented on a provisional or a definitive basis. Early agreements shall be taken into account in assessing the overall balance of the negotiations' (WTO, 2001, para. 47).

5. Note that weighted voting at the World Bank and the International Monetary Fund (IMF) is based on the level of a country’s financial contribution to the organisation’s budget. Currently the United States holds roughly 17 per cent of the votes, with the G-7 holding a total of 45 per cent. WTO-related proposals certainly differ from this, yet there are important lessons to be learnt from the World Banks’ and IMF’s experience with ‘power-based’ voting.

6. 'The agreements and associated legal instruments included in Annex 4 (hereinafter referred to as ‘Plurilateral Trade Agreements’) are also part of this Agreement for those Members that have accepted them, and are binding on those Members. The Plurilateral Trade Agreements do not create either obligations or rights for Members that have not accepted them’ (WTO, 1999d, Article II:3).


8. For instance, during the 7th Ministerial Conference in 2009, the delegation of Uruguay called upon the WTO members to 'not confuse the [...] Ministerial with [various kinds of negotiation sessions]. There would be no justification for continuing to postpone the regular revocation of the topmost body of the WTO, particularly in the current world economic and trade environment, which requires international cooperation, direct political involvement at the multilateral level, and strong credible institutions’ (WTO, 2009).

9. Policies directed at ensuring food security certainly reach beyond the trade arena. Investment in the agriculture sector, land rights and access to water and other natural resources are of equal importance in this context. However, the following discussion will be limited to the interface of the multilateral trading system and food security.

10. ‘Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life’ (FAO, 1996).

11. See, for example, proposals from the developing country ‘Like Minded Group’ (23 June 2000), G/AG/NG/W/13; Kenya (12 March 2001), G/AG/NG/W/136; and Small Island Developing States


14. Domestic support measures that are exempt from reduction commitments on the basis that they cause not more than minimal distortion of trade or production, set out in Annex 2 of the Agreement on Agriculture.

15. ‘Substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support’ (WTO, 2001, para. 13).

16. A provision allowing developing countries to exempt some input and investment subsidies from reduction commitments.

17. See, for example, G-33 proposals: 1 June 2004 (JOB(04)/65); 3 June 2005 (JOB(05)/91); 12 Oct 2005 (JOB(05)/230); 22 Nov 2005 (JOB(05)/304); 22 Nov 2005 (JOB(05)/303); 11 May 2006 (JOB(06)/143); 7 June 2006 (JOB(06)/173); 16 June 2006 (JOB(06)/189/Rev.1); 28 Mar 2007 (JOB(07)/35); 3 June 2008 (JOB(08)/47); 28 Jan 2010 (TN/AG/GEN/30).

18. See, for example, various exporting country proposals: 2 May 2006 (JOB(06)/135); 3 May 2006 (JOB(06)/137); 20 February 2008 (JOB(08)/6); 8 April 2008 (JOB(08)/24).


20. 16 May 2006 (JOB(06)/145).

21. Arguably, civil society organisations also played an important role in highlighting some of these connections. See, for example, Oxfam (2002).

22. See, for example, proposals dated 27 Sept 2002: Cairns Group (JOB(02)/132) and Canada (JOB(02)/131).


25. See WTO (2005), para. 6. The text further specifies: ‘On food aid, we reconfirm our commitment to maintain an adequate level and to take into account the interests of food aid recipient countries. To this end, a “safe box” for bona fide food aid will be provided to ensure that there is no unintended impediment to dealing with emergency situations. Beyond that, we will ensure elimination of commercial displacement. To this end, we will agree effective disciplines on in-kind food aid, monetization and re-exports so that there can be no loop-hole for continuing export subsidization.’

26. 6 March 2006 (TN/AG/GEN/13).

27. 25 Apr 2006 (JOB(06)/122).

28. 7 Apr 2006 (JOB(06)/78).

29. Cairns Group, 21 Dec 2000 (G/AG/NG/W/93); Japan, 15 Nov 2002 (JOB(02)/164); Mauritius, 19 Nov 2002 (JOB(02)/182); Cuba, 20 Jan 2003 (JOB(02)/190/Corr.1); Korea, 18 Dec 2002 (JOB(02)/220); Japan, 28 Feb 2003 (JOB(03)/41; G-20); 18 May 2006 (JOB(06)/147); Japan and Switzerland, 30 Apr 2008 (JOB(08)/34); Net Food-Importing Developing Countries, 6 Apr 2011 (JOB/AG/18).

ABSTRACTS

Despite a record-breaking 14.5 per cent increase in world merchandise exports, the effects of the financial crisis and global recession are still hampering faster economic recovery. Relatively high oil prices combined with persistent unemployment and measures designed to reduce budget deficits have undermined short-term growth prospects.

While South–South trade continues to explode, trade imbalances – i.e. the gap between exports and imports – widened in 2010 compared to 2009 (though smaller than pre-crisis levels). Meanwhile, trade negotiations under the Doha Round have reached an impasse, generating uncertainties about the future of the World Trade Organization (WTO) as a negotiating forum. Under these circumstances, should the system rethink its decision-making process founded upon the predominance of member states, the principle of consensus and the notion of single undertaking, as some critics have suggested? And, if so, how could such a reform agenda be initiated at the WTO? Moreover, beyond the negotiating function of the WTO, the paralysis of the system also raises urgent questions about the ability of the system to respond to pressing challenges of our times, such as trade and climate change, or food security and price volatility.

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