



Review WTO Organizational Performance

Recommendation from the Report of the High-Level Board of Experts on the Future of Global Trade Governance

The High-Level Board of Experts on the Future of Global Trade Governance

The Bertelsmann Stiftung has called into life a High-Level Board of Experts on the Future of Global Trade Governance. Composed of eminent experts and seasoned trade diplomats, it elaborated a number of recommendations to increase the effectiveness and salience of the WTO. The entirety of these recommendations and underlying analysis of the changing political economy of international production and trade can be found in the Board's report "Revitalizing Multilateral Governance at the WTO", authored by Prof Bernard Hoekman. This briefing is part of a series of six, each of which details one specific recommendation from the report.

The full report can be accessed https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/MT_Report_Revitalizing_Multilateral_Governance_at_the_WTO.pdf.

Review of organizational performance

The WTO is unique among international organizations in not having either an independent evaluation office or an internal review mechanism that assesses the operation of the institution.

Periodic assessments of the WTO's institutional performance can foster learning about what works well and what does not. Formal review mechanisms can act as a mirror for members, presenting them with facts they may not be fully aware of, as well as provide information that is useful in considering what might be done to improve performance. Review can foster learning and incentivize constructive engagement by members.

The WTO has an Office of Internal Oversight responsible for conducting internal audits, investigations and "any other assessment deemed necessary to strengthen accountability, internal controls, compliance, value-for-money and governance in the WTO Secretariat." The director of this office is part of the Secretariat and, as such, she/he is appointed by the director general, after consulting the Committee of Budget and Financial Administration. The Office of Internal Oversight can perform evaluations, but it reports to the director general, not to the General Council (WTO

members) and is mostly devoted to internal audits and investigations.

Assessing the performance of the different parts of the WTO can help to identify both good practices and reasons why performance in some areas may be below what it could be. Two options can be considered: an internal process or an independent, external evaluation mechanism. External evaluation is used in many organizations as an efficient way of facilitating learning. Prominent examples are the World Bank Independent Evaluation Group and the IMF Independent Evaluation Office. Putting in place a similar evaluation function could help identify weaknesses that may not emerge through internal reflections and generate 'hard facts' that some WTO members might prefer to ignore. Creating an independent external evaluation function will require substantial preparation to attract the necessary consensus. An internal reflection process, in contrast, may be put in place more easily.

Internal review could build on the model that has been put in place at the OECD. This involves a small internal unit that works with each Committee's 'bureau' but drafts its own report on the operation of the relevant Committee. Thus, there is no independent external evaluation (and evaluators) – the process relies on delegations supported by a small number of OECD staff (Wolfe, 2018). A feature of the process is that it encourages learning across Committees and helps identify potential 'silo problems' created by the issue-specific focus of Committees and that preclude a more holistic focus on a problem area. The OECD structure is not dissimilar to the WTO in that it relies heavily on working groups and committees that report to an overarching Council and a Ministerial Conference.

Considering whether the issue-specific focus of WTO bodies results in policy areas being addressed in a too piecemeal fashion and identifying areas where more regular interaction between WTO bodies can fill gaps and exploit synergies can help ensure the WTO is responsive and remains relevant. The need for cross-cutting approaches is increasing as a result of production processes that span many sectors and are affected by many different policy instruments.

There is substantial scope for cross-Committee learning, including on working practices. An important dimension of what the WTO does is compiling information on new trade measures, largely

based on notifications by members. As is well known, WTO Member performance on notification leaves much to be desired, as is reflected inter alia by WTO monitoring of trade policies, annual reports on notifications by WTO members.

Performance of WTO bodies varies widely, with some Committees doing a much better job than others in inducing notifications. Regular review of the work of these Committees can help identify differences in performance and reasons for them, and inform assessments of whether successful practices might be emulated in other areas.

For example, the notification record of WTO bodies dealing with product regulation – the Committees on Technical Barriers to Trade and on Sanitary and Phytosanitary Measures – swamps that of other WTO bodies. While this is in part a function of the types of policy measures concerned, differences in performance may be related to procedures used by these committees to develop and implement work programs that may be transferable.

One such procedure is the ability to raise 'specific trade concerns' regarding proposed or existing product standards. Over 800 issues have been raised between 1995 and 2015. This process is widely regarded as being a useful mechanism to address the concerns raised – about 40% of specific trade concerns relating to sanitary and phytosanitary measures reportedly were resolved.

What has been done in these Committees contrasts with other WTO bodies, which have been less pro-active and innovative in engaging with each other on substantive policy issues, debating the potential effects on trade of extant or proposed policies, or on mapping out and learning about the operation and effects of policies. At present there is too little focus on operation and performance of WTO bodies. Any WTO-wide review should involve the Committees and draw on a bottom-up committee-by-committee self-assessments of weaknesses in WTO information provision. It should go beyond this to also report indicators of participation by Members and engagement with stakeholders. The WTO Annual Report includes some measures of participation – e.g. the number of questions raised by developed vs. developing countries on notifications made to Committees; number of specific trade concerns raised in Committees; contributions to the Global Trust Fund; and participation in dispute settlement. More such specific information on metrics that are salient

from the perspective of the operation of the institution would help to assess performance of WTO members.

The goal here should not be to engage in a bean-counting exercise but to collect and present information that helps to inform delegations as well as business and other groups at home. Examples of potentially useful performance indicators could include the number of proposals put forward by individual members; the number of joint papers/proposals made; support requested and provided by the Secretariat; the number of agenda items addressing thematic issues as opposed to narrow implementation of WTO agreements; how long specific proposals for deliberation on an issue have been on the table without consensus being possible; measures of capital-based engagement in meetings; and indicators to measure interactions with and participation by non-governmental entities (international organizations, business representatives, NGOs).

The compilation of such information would complement the annual reporting by subsidiary bodies and internal review of the operation of subsidiary bodies to inform an annual discussion in the General Council as part of its broader appraisal of the functioning of the trading system. As part of its oversight function, the WTO General Council already conducts a year-end review of WTO activities, based on annual reports of its subsidiary bodies. However, the latter are largely limited to summaries of meetings and topics discussed. There is little substantive deliberation in the General Council on the operation and performance of subsidiary bodies. The current annual review by the General Council of the activities of subsidiary bodies as summarized in the WTO Annual Report is primarily focused on the trade policy matters covered by each body. There is no evidence of effort to reflect on lessons or transferability of approaches from one committee to other bodies.

A greater focus on review of the functioning and operation of the WTO as an organization would make this process more meaningful and informative. More important, it could help identify opportunities to improve performance.

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