



Executive Summary of the Chairperson's Interim Report

# Bolstering Global Trade Governance

A Work Program for the WTO presented by the High-Level  
Board of Experts on the Future of Global Trade Governance



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For the Bertelsmann Stiftung, bolstering the multilateral trading system is vital in order to enable it to respond to the challenges it currently faces. This paper, prepared by Bernard Hoekman, the chairperson of the High-Level Board of Experts on the Future of Global Trade Governance established by the Bertelsmann Stiftung, presents some of the preliminary ideas that have been discussed in meetings of the Board to date.

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Gütersloh, December 4, 2017

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## Executive Summary

The WTO provides the foundation of the rules-based global trading system that has played a critical role in supporting growth in global GDP during recent decades. Preserving the salience of the WTO is vital in managing the adjustment pressures from globalization and sustaining the cooperation needed to govern trade relations in a world in which the transformation towards a global digital economy and associated servicification of production creates new policy challenges. Efforts to address these challenges are stymied by disagreements between WTO members regarding the priorities for the multilateral trading system. These disagreements reflect differences in views on the extent to which national policies have adverse international effects and the costs and benefits of negotiating additional trade policy rules. The result has been to impede progress on rule-making for both long-standing core policies of concern to many WTO members (e.g., agriculture) as well as new policy areas. Matters have been compounded by dissatisfaction by some Members regarding the functioning of the WTO dispute settlement body and transparency mechanisms.

While preferential trade agreements are important complementary vehicles for countries to pursue deeper cooperation on trade policy matters than has been possible in the WTO, such initiatives depend on the strong foundation of basic rules provided by the WTO. Moreover, they only offer partial solutions – many of the emerging policy areas of concern to business and civil society call for multilateral cooperation. Re-vitalizing such cooperation does not require major changes in the organization. What is needed is willingness to engage in candid, substantive discussion of perceived problems and possible solutions.

The recent Agreement on Trade Facilitation, with its positive approach to addressing development concerns, and the success of Members in incrementally deepening cooperation on some matters under the purview of some WTO agreements – e.g., addressing specific trade concerns arising from proposed new product regulations – show that WTO Members can innovate and agree to common approaches towards trade policies while recognizing differences in social preferences and national circumstances.

A **preliminary conclusion** emerging from the work of the Board to date is that WTO Members should consider launching a work program to develop a common understanding of factors that have enabled **institutional innovation** in some policy areas but not in others. This should reflect on prevailing working practices and seek to identify actions that could be pursued in WTO bodies to better achieve the organization's mandate and goals specified in the Preamble to the WTO. Such a process of reflection should seek to pave the way for the WTO membership to put in place **a credible, incremental approach to address three key challenges** confronting the organization: ensuring that (i) the WTO remains a **locus for multilateral rule-making**; (ii) **development concerns are addressed more effectively**; and (iii) **multilateral agreements are implemented and disputes are resolved expeditiously**.

Specific ideas on the elements of a work program to foster greater institutional learning and self-reflection that have arisen in Board discussions to date include:

- Initiating a process for Members at the level of Committees and other WTO bodies to consider the purpose of the respective entities and whether they have the resources, expertise and information to fulfil their mandates and the objectives listed in the Preamble of the WTO. This would encompass **self-reflection** on increasing mutual transparency but go beyond it – e.g., by considering whether **greater provision of information by other actors**, including international organizations and the private sector, should be sought for the different areas of trade policy covered by WTO agreements.
- Considering whether the issue-specific focus of WTO bodies results in important policy areas being addressed in a too piecemeal fashion and identifying instances where more regular interaction between WTO bodies can **address potential 'silo problems', fill gaps and exploit synergies**.

- More deliberation focused on **identifying good policy practices**, through sharing of national experiences, including with the design and implementation of preferential trade agreements, **supported by analysis** by the Secretariat and other international organizations. This could be pursued through periodic dedicated sessions of the relevant WTO bodies for matters covered by existing agreements and in working groups for matters that are not subject to WTO rules.
  - A corollary benefit of such deliberation on substantive policy matters is that it can help WTO Members to identify where common approaches and potentially rule-making may address matters of common concern and extend the **positive approach to addressing development concerns** that is reflected in the Trade Facilitation Agreement. This is premised on agreement on what constitutes welfare-enhancing policy rules and a determination by countries of the necessary conditions for benefitting from implementing them. Focusing on applying this approach to both existing rules in other areas and potential new policy areas where common rules are considered to be beneficial by the membership offers greater promise of fostering development than traditional special and differential treatment centred on exemptions from some multilateral rules.
- **Establishing mechanisms for Members to engage in candid discussion** of perceived weaknesses and problems in the operation and implementation of WTO agreements. The situation that has arisen concerning the appointment of Appellate Body members is one, important, example illustrating the need for open and frank dialogue on perceived problems and suggested solutions.

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The Board's work is informed by contributions from Board members as well as background studies by Robert Basedow (London School of Economics), Kamal Saggi (Vanderbilt University) and Robert Wolfe (Queen's University).



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