

## WTO Leadership Challenges in 2009

by Carolyn Deere

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*When the WTO starts its work for 2009, three items must be at the top of the agenda: debating the role and mandate of the agency's Director-General, setting a date for a full Ministerial Conference this year in Geneva and forging a forward-looking agenda for that meeting.*

<http://ictsd.net/i/news/bridges/38090/>  
<http://ictsd.net/downloads/2009/03/bridges12-6.pdf>

In the absence of political direction - and consumed by the task of closing the Doha Round - the WTO secretariat and the Geneva-based negotiators who do much of the day-to-day work of the organisation have effectively been 'playing dead' with regard to how the WTO could respond to the challenges of climate change, the food crisis and ongoing financial mayhem. What should be the role of the Director-General in addressing these challenges? How can the WTO membership support that role? After over ten years of existence, what institutional changes are needed? What is the fall back strategy if the round fails? A ministerial meeting this year must address questions regarding a long-term vision for the multilateral trading system, including the WTO's role in global economic governance, the values it should protect and support, and the need for institutional reforms.

### **Ensure Debate on Mandate of the Director-General**

On 31 December 2008, the deadline for the WTO's 153 Members to present nominations for the next Director-General of the organisation expired. The incumbent, Pascal Lamy, was the only nominee. The decision by WTO Members not to propose contenders to Lamy's quest for re-election signals, at best, their confidence in Lamy's continued leadership and, at worst, the perceived lack of viable alternatives. For many Members, there are also concerns about rocking the leadership boat given the uncertain political environment and the tenuous future of the Doha Round.

Were there to have been contenders for the WTO's top post, the formal process for the selection would have required each of the nominees to set out a clear agenda for their prospective tenure and to engage in several months of discussion with WTO Members until the end of March. The Members would then have embarked on a two month selection process, ending with the election of the agency's new head from a pool of candidates by the end of May 2009.

In the last two hotly-contested Director-General elections, such deliberative processes served as a vehicle for WTO Members and organised stakeholders - including business communities and NGOs across the world, as well as academics - to reflect on the performance of the organisation and debate how the multilateral trading system should address the myriad social, development and environmental challenges and expectations it confronts. This in turn helped build public understanding of the institution, boost public accountability and bolster the legitimacy of the multilateral trading system.

This year, with only one nominee at hand, WTO Members should nonetheless use the appointment process to vigorously debate the challenges facing the organisation and the changes the agency's head should pursue. They must then provide a clear mandate to the Director-General. Here, even in the absence of contenders, Lamy himself needs to demonstrate that he can be an agent for change by catalysing debate. He should seize the opportunity to explicitly and publicly present a forward-looking vision for the multilateral trading system, the WTO system and its secretariat, and propose a comprehensive action plan for his second term for Members to consider.

### **Commit to Ministerial Leadership**

WTO Members must also commit to a full ministerial meeting early in 2009. Regular ministerial-level meetings are vital to the good governance, credibility and strength of any international organisation, most of which, like the World Health Organisation or the World Intellectual Property Organisation, have boards that meet at least annually. The boards of the World Bank and International Monetary Fund meet bi-annually. Such meetings provide the opportunity for ministers to set strategic direction, provide budgetary oversight, approve work programmes and address emerging political challenges or crises.

At the WTO, the Ministerial Conference of the full membership is the organisation's supreme governing body and equivalent to its board. Ministers are thus responsible for the regular oversight of the institution and evolution of the multilateral trading system, the functioning of its permanent contractual arrangements between its Members, and they are the highest authority when it comes to agenda-setting. The ministerial meeting is the only formal forum the WTO system currently has for high-level policy discussion engaging all Members. The Agreement Establishing the WTO stipulates it should meet every two years.

The WTO has not, however, had a broad-ranging ministerial since the launch of the Doha Round. Indeed, over the past decade, such meetings have been dominated by efforts to push ahead with the Doha Round or, as happened in July, bypassed in favour of an ill-defined informal mini-ministerial, sometimes hosted not-so-informally by the WTO secretariat, and exclusively focused on limited aspects of the negotiations. Since the 2005 Hong Kong ministerial, the scheduling of a full ministerial has been ducked altogether.

Whether the lack of formal, regularised, systematic ministerial engagement by the WTO's full membership has been good for the Doha Round remains an open

question. What is clear is that restraining the scope of ministerial meetings or postponing them weakens the institutionality of the multilateral trading system and undermines its spearhead position in global governance. The Doha Round must, of course, be on the agenda of a ministerial meeting - even if only to take stock of progress - but the global community is rightly demanding an agenda that is far broader.

### **Focus on Vision and Values... and the Reforms that Follow**

In late 2008, Lamy foreshadowed the question of timing for the next mandated Ministerial Conference. He rightly called for progress this year on a 'more global portfolio of WTO activities' alongside the Doha Round, highlighting the importance of work on trade finance, Aid for Trade, and monitoring trade measures taken in relation to the financial crisis (see box below). But the vision for a Ministerial Conference will need to be still broader.

In 2009, ministers should also discuss the integrity of the multilateral trade system in light of the Doha impasse and the proliferation of preferential trading schemes; engage in agenda-setting discussion on economically and politically difficult issues; reconsider the WTO's strategic direction and review its mandate; reflect on the performance of the secretariat; and debate what is needed by way of institutional reforms to ensure the agency is fit for purpose

Amidst global debates on financial instability, climate, energy, the massive explosion of private standards, technology transfer and food security, as well as on development and the reduction of poverty, the WTO should not and cannot claim all global problems as its turf or demand to be the forum for their discussion. It should, however, seek to ensure that trade policies and laws do not thwart solutions but support them; governments do need to decide where and how to discuss inevitable linkages. This will demand a clearer vision on the place and role of the WTO among the family of international organisations.

The ongoing financial crisis reinforces the urgency of this task. As governments critically review the performance of key global financial regulators and the Bretton Woods Institutions, trade ministers need to ensure that the multilateral trading system is not neglected in discussions on how to improve global economic governance, particularly as many governments face domestic pressures to retreat from the rules-based system they have designed.

This task will demand high-level political commitment from ministers. It will require them to think harder about and clarify the values needed to govern global trade for sustainable development and the reforms this demands.

Momentum in any future trade negotiations will necessitate clearer articulation of how the WTO can deliver on the needs of developing countries. While coalition-building has helped the poorest countries increase their participation in the negotiations, they remain left out of key decision-making at critical moments. The major trade powers - the US, the EU, but also Brazil, India and China - will need to persuade the weakest WTO Members that continuing to engage is worth it and that they will have a greater

say. After seven years of Doha negotiations under the Bush administration, the Obama administration has a particular responsibility to take leadership on vision, values and delivering on development promises to developing countries.

Following greater clarity on vision, institutional reform should also be high on the agenda of the Ministerial Conference. Here, Lamy should deliver on his first-term promises to lead Members in discussion of internal reforms that would better equip the agency for the future and to execute its existing responsibilities. Remember here that the WTO is entrusted with a set of standing international treaties, most of them designed to operate irrespective of the negotiating function of the organisation. Top items for discussion should be overhauling the WTO's trade policy review mechanism (its main instrument for monitoring the regulatory environment within Members) and the secretariat's role in trade-related technical assistance, alongside immediate efforts to tackle the constraints to developing countries' use of the WTO's dispute settlement system.

Some will caution that ministerial attention to these broader issues may detract from the round, or that ministers should only gather to seal a final Doha deal. Here, we should recall that ministers are not just trade negotiators: they are quite capable of wearing multiple hats (that is what they do by default almost daily). As the board of the WTO, trade ministers have a critical responsibility for the organisation's evolution and should be vital players in debate on reform of global economic governance. It is time for them to show up for this work.