

RAPPORTEUR'S REPORT:¹ GLOBAL FORUM ON TRADE

11-12 February 2014



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¹ This report was prepared by the rapporteur [Craig VanGrasstek](#). The views expressed are those of [Craig VanGrasstek](#) and do not necessarily represent those of the OECD or the participants.

Introduction

The Global Forum on Trade was held during 11-12 February 2014 at the OECD headquarters in Paris. The forum took as its point of departure the achievements at Bali of the Ninth Ministerial Conference of the World Trade Organization (WTO), but was principally focused on the challenges that lie ahead for the trading system. Central to these challenges is the problem of coherence in a system where the negotiation of regional trade arrangements (RTAs) is greatly outpacing the negotiation of multilateral agreements in the WTO.

Links to the meeting website and agenda are provided at the end of this report. Because the meeting was conducted as a brainstorming session in which participants were encouraged to speak freely, no attributions are made here with regard to the views expressed by any individual or institution.

Looking Backward at Bali

In reviewing the current status of the multilateral system it is hard to avoid the cliché of asking whether the glass is half-full or half-empty. Those with a more optimistic outlook tend to emphasize the value of the package agreed to at Bali, and the proof it provided that the WTO remains a viable forum. Those with a more pessimistic outlook tend to point towards the shortcomings of what was agreed to at Bali, the difficulties that remain in implementing those results, and the fact that the remaining issues on the table will likely be more difficult to resolve.

Speakers expressed general agreement with the contention that Bali was a success, but it was not enough. Further work is needed to finalize what was accomplished there. Bali was also the consequence of unique circumstances, and hence cannot easily be replicated in dealing with the rest of the Doha agenda.

Five Challenges for the Future

Although not explicitly organized along these themes, most of the discussion in the meeting tended to centre on five challenges for the multilateral trading system. The first challenge discussed below — the content of trade negotiations — came at the highest level of abstraction and hence merits initial consideration. Of these five challenge, it was the second discussed below — the problems of coherence — that attracted the greatest amount of debate.

The Challenge of Content: Trade Negotiations Need to Catch Up with Trade Practice

The way in which trade and trade policy are conducted, and hence the way regionalism is multilateralized, are different in the 21st century than they were in the 20th century.

Trade is no longer just about goods crossing borders, but instead involves a new nexus involving the movement of goods, knowledge, capital, services, and other tradeables and inputs. 20th century trade agreements dealt with market access, but a 21st century agreement needs to focus on removing impediments to production. This means going well beyond the traditional subject matter of agreements.

Two aspects of this contention raised concern on the part of some speakers. One relates to the subject matter of negotiations: The dynamics of the Doha Round negotiations may get more complicated if new issues are introduced. Concerns can also be raised over whether we should transfer the focus from countries to firms and, in the process, run the risk of privileging the interests of corporations over those of other stakeholders. Participants expressed very different views on these topics, as well as on the tension between the creation and the distribution of wealth within and between countries.

The Challenge of Coherence: RTAs and Plurilaterals Pose Both Opportunities and Challenges to Multilateralism

The growth in the number and width of agreements offers evidence of some countries' readiness to negotiate in various groupings and, in many cases, to achieve results beyond those possible multilaterally. RTAs and plurilaterals might be seen as either a complement to the multilateral trading system or as a substitute for it.

Many speakers addressed the question of whether and how the commitments made in RTAs and plurilaterals might be multilateralized. Among those views were the following:

- These distinctions between regionalism and multilateralism may not be as sharp as they appear. On old issues such as tariffs, the distinction is reduced when one considers the low margins of preference and rates of preference utilization. Commitments on newer issues do not always lend themselves readily to discrimination, so here the distinctions between regional and multilateral commitments may blur on a de facto basis.
- It remains an open question as to whether it is better in principle to stress multilateralism or if, in pragmatic terms, it is better to proceed along any path of least resistance.
- Multilateralism is nonetheless preferable not just because it is non-discriminatory, but also because bringing rules into the WTO makes for a greater level of transparency, predictability, enforceability, and inclusiveness.
- Plurilaterals pose difficulties in reaching a critical mass and in overcoming the free-rider problem. RTAs are problematic because they leave many developing countries behind.
- Specific RTAs differ in the extent to which the terms of their commitments may contribute to the multilateralization of their provisions.
- Regional negotiations can contribute to the multilateral system by setting precedents for new issues and going farther on the established issues. Initiatives such as the TPP and TTIP offer an opportunity to redefine the scope and depth of agreements, and could offer a path to concluding the Doha Round.
- Another path to multilateralization would be for all countries to extend the commitments they have made in RTAs to other trading partners on an autonomous basis.
- The plurilaterals can be very useful in helping countries to insert themselves in global value chains.
- That multilateralization might be improved if RTAs were to include docking clauses.

The Challenge of Modalities: The WTO May Need to Reorganize Its Approach to Negotiations

Several speakers addressed the perennial concerns over whether the modalities by which agreements are negotiated in the WTO are optimal. The following are among the observations made by one or more speakers on this issue:

- The model by which multiple issues are handled in a unified round and subject to the single undertaking remains a subject of controversy.
- The strongest argument for retaining this model is that it encourages countries to make trade-offs across difficult topics, and not simply to grab the low-hanging fruit.
- The strongest argument against this model is that it has failed to deliver after a dozen years of negotiations.
- Bali was a successful example of an early harvest, and other topics might be handled in either multilateral or plurilateral agreements. Possible candidates include services, information technology, environmental goods, investment, and competition policy.
- Speakers had varying views on whether it is feasible or advisable to restrict WTO negotiations to the issues now on the table, or to introduce new ones as negotiations progress.

The Challenge of Burden-Sharing: Striking the Proper Balance among Members

The traditional North-South divisions remain, but several speakers noted how the dynamics have evolved. The relative decline of the largest developed countries has reordered the balance of power within the trading system. Speakers also noted that at Bali we saw more complex configurations and coalitions that were not strictly North-South in their orientation.

Disagreements nonetheless remain over the quantum that each member will have to contribute to the outcome, with differing views on how best to share the burdens among developed countries, the BRICS, the least developed countries, and other developing countries. One view was that in order to solve the Doha Round more must be delivered not just on the traditional issue of developed country agricultural subsidies and market access, but also requires greater commitments from the BRICS than from the rest of the developing countries.

While some degree of asymmetry is necessary, it was also observed that the participation of some poorer countries in some RTAs shows that not all countries view high levels of commitments as costs, but instead as opportunities or even as necessities.

The Challenge of Information: Negotiations Require More Facts and Analysis

Many speakers underlined the great value of evidence-based analysis to negotiators. The OECD and other institutions have contributed importantly to negotiations on NAMA and trade facilitation, among other issues. The work now being done on services and other topics can be equally helpful in communicating the importance of the issues and the gains to be won.

Some initiatives that have been recently launched, or are in their early stage, will also be helpful. The OECD Services Trade Restrictiveness Index is one such example, as it will provide indicators on the level of effective protection in services. Similarly, a consortium of institutions (the International Centre for Trade and Sustainable Development, the Inter-American Development Bank, and the Asian Development Bank Institute) is now producing an “RTA Exchange” to serve as a knowledge and dialogue platform aimed at promoting international dialogue, deeper analysis, and information-sharing.

Looking ahead, OECD will contribute further research and analysis in a number of areas, including:

- highlighting provisions in RTAs that go above or beyond WTO commitments and that might be amenable to being multilateralized (report pending)
- clarifying further the benefits of fully implementing the new WTO Agreement on Trade Facilitation (new estimates of likely cost reductions for countries already available, further analysis planned)
- identifying opportunities for multilateral reform of agriculture policies, in light of both future market prospects and recent policy developments (multiple reports available, a new synthesis planned)
- identifying specific opportunities for improving the efficiency of services regulations, across 40 countries and 17 sectors (services regulatory database and related STRIs pending).

Related information

- Access the Global Forum on Trade 2014 website (<http://www.oecd.org/tad/tradedev/oecdgft2014.htm>)
- Review the forum agenda (http://www.oecd.org/trade/tradedev/Draft%20Agenda_GFT%202014.pdf)