

Making Global Trade Governance Work for Developing Countries

Setting the context:
An overview of debates on governance and reform of
the multilateral trading system

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Debates on reform of WTO governance

- Literature on institutional reform and governance of WTO is dominated by lawyers, economists, policy practitioners and NGOs.
- political scientists and IR theorists less present in the literature
- With a few exceptions, developing country scholars have relatively low visibility in debates on governance/institutional reform matters
- Recent scholarly debate on institutional reform prompted by Sutherland Report (e.g., special issues of *World Trade Review* and *Journal of International Economic Law*) and Warwick Commission but there has been relatively little subsequent policy debate.

Broad scope of literature on WTO governance and reform

Proposals related to:

- The appropriate scope, funding, staffing and internal organisation of the WTO Secretariat
- Negotiating process
 - Formal reform of WTO decision-making procedures
 - Growth of coalitions
 - Informal process
 - Transparency
 - Civil society participation
- The reform of the DSU
 - Transparency and amicus curiae
 - Remedies
 - Developing country use of the system

Key debates on reform of WTO and trade governance

- 'Trade and- linkages' and the introduction of 'non-trade' issues at WTO
- The relationship of the WTO to other multilateral agreements
- The relationship of the WTO to other international organisations
- The relationship between the WTO and regional/bilateral agreements
- Reform of national trade policymaking processes
- Role of non-state actors

Is reform of WTO governance possible?

- Different views in the literature about whether institutional/governance reform is necessary or possible
- Many different objectives and concerns driving the literature on WTO reform:
 - i.e., efficiency, legitimacy, accountability, participation, transparency, development, environmental sustainability, labour, human rights, coherence, etc
- The prescriptions for WTO reform vary depending on the particular objectives and questions posed.
- To date, some formal reforms, but largely incremental adjustments and adaptations
- Rise of developing country powers and coalitions in trade negotiations alters balance of power

The development literature on WTO reform

Four broad strands:

- Ensuring content of WTO agreements advance development issues (e.g. in ag, NAMA, mode IV, reform of TRIPS)
- Improving decision-making relationships and procedures
- Accountability of negotiators to citizens with respect to development objectives in their international trade deals
- Maximizing potential of developing country coalitions
- Improving institutional arrangements for capacity building and Aid for Trade

What development challenges and power imbalances should governance reforms address?

Developing countries...

- have different economic sizes and varying capacity to participate in WTO decision-making
- belong to WTO in part because it helps them to manage power asymmetries in their trade relations
- Face power encounter power asymmetries in respect of each of the WTO systems' functions

Power asymmetries manifest themselves in many ways:

- Asymmetric negotiation processes
- Asymmetric outcomes of negotiations
- Unequal capacity to take advantage of international trade rules and opportunities
- Unequal capacity to solve problems at the national level
- Unequal capacity to monitor and enforce compliance with agreements by larger powers
- Vulnerability of developing countries to bilateral pressures (including bilateral FTAs)

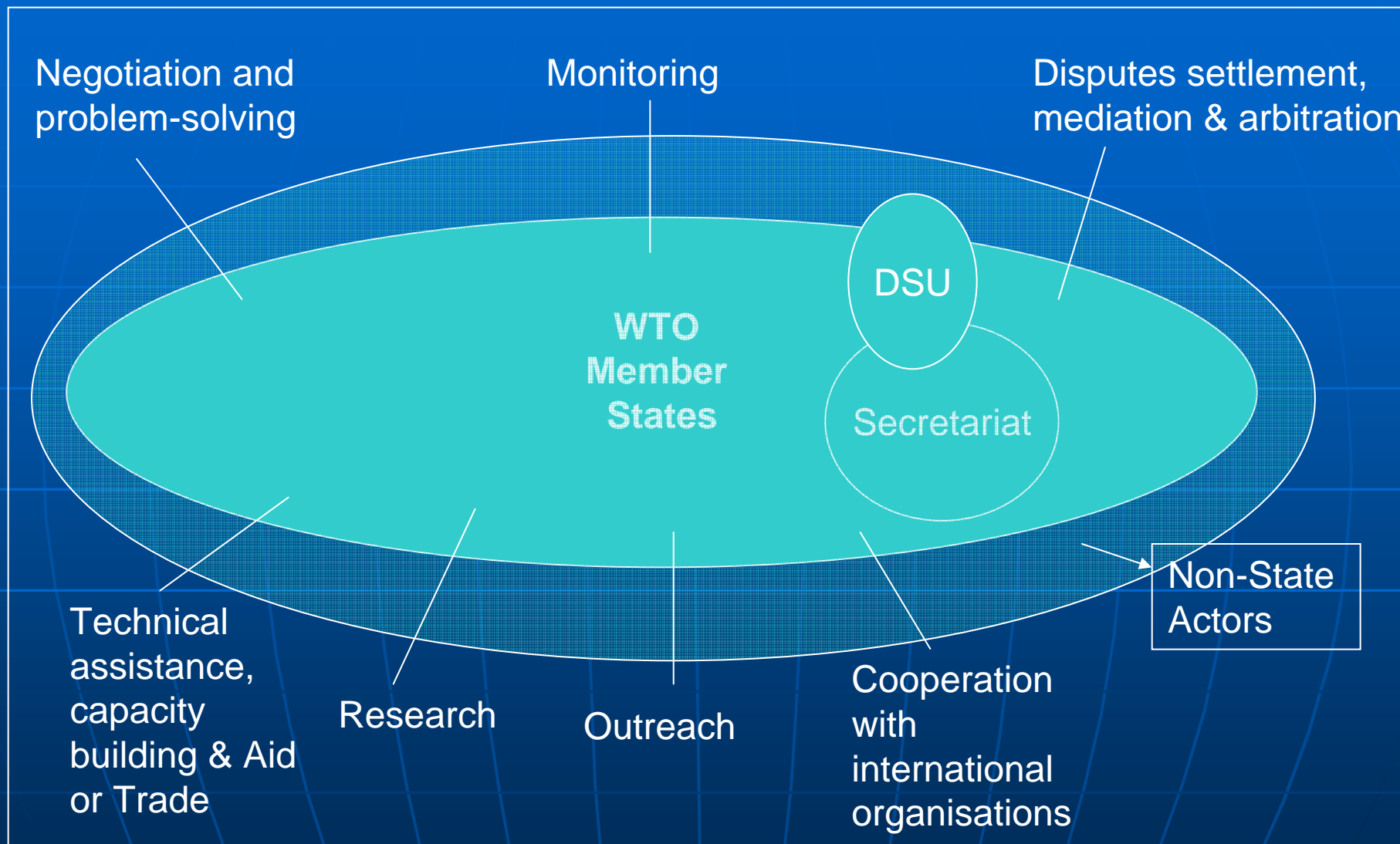
Types of power in play

Power takes several forms:

- Coercive, material: Size of markets, control of TACB
- Discursive: Certain ideas may frame and dominate discussion and what is considered appropriate behaviour. Beyond states, NGOs and corporations may acquire and use discursive power through research, lobbying, framing, media, etc.
- Institutional: international bureaucracies may reflect the interests of some states and actors over others, may have a preference for particular theories and ideas. There may be institutional path dependence, a dominant internal culture and internal career/financial incentives. Member-driven IOs may acquire autonomy and authority in their own right
- Structural: place of some countries in the structure of international economy may limit their options, including their ability to see alternatives

A new research agenda

- A governance audit that focuses on the functions of the WTO system yields new insights into opportunities for institutional reform that would benefit developing countries
- An approach that analyses the WTO as a system, in which a range of actors conduct relevant work on many of the functions, including the Secretariat, members states, IOs, NGOs, industry and academic experts.
- To conclude presentation, next slide briefly reviews the range of functions and then, time-permitting, I review the capacity building function.

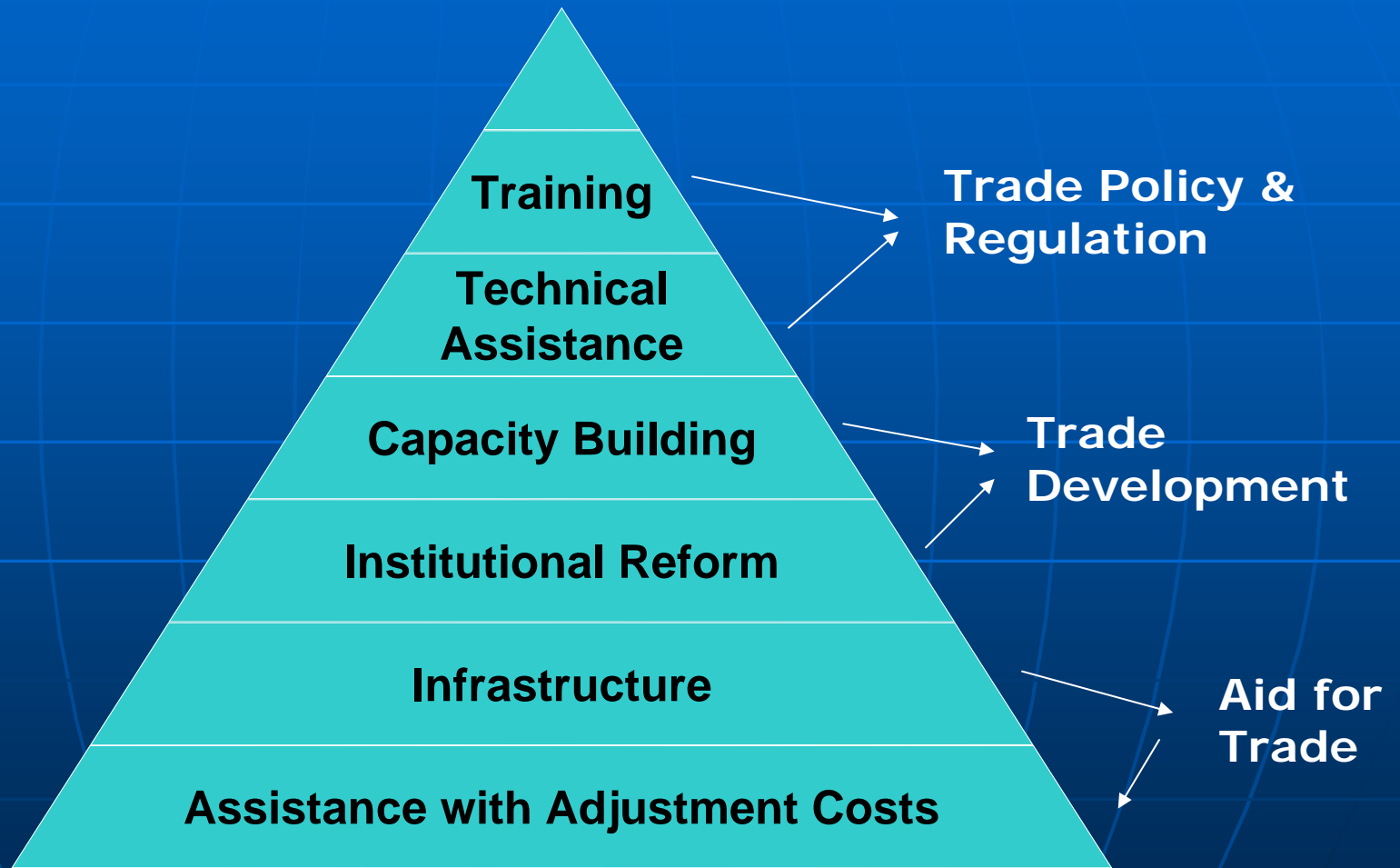


The WTO System and its Functions

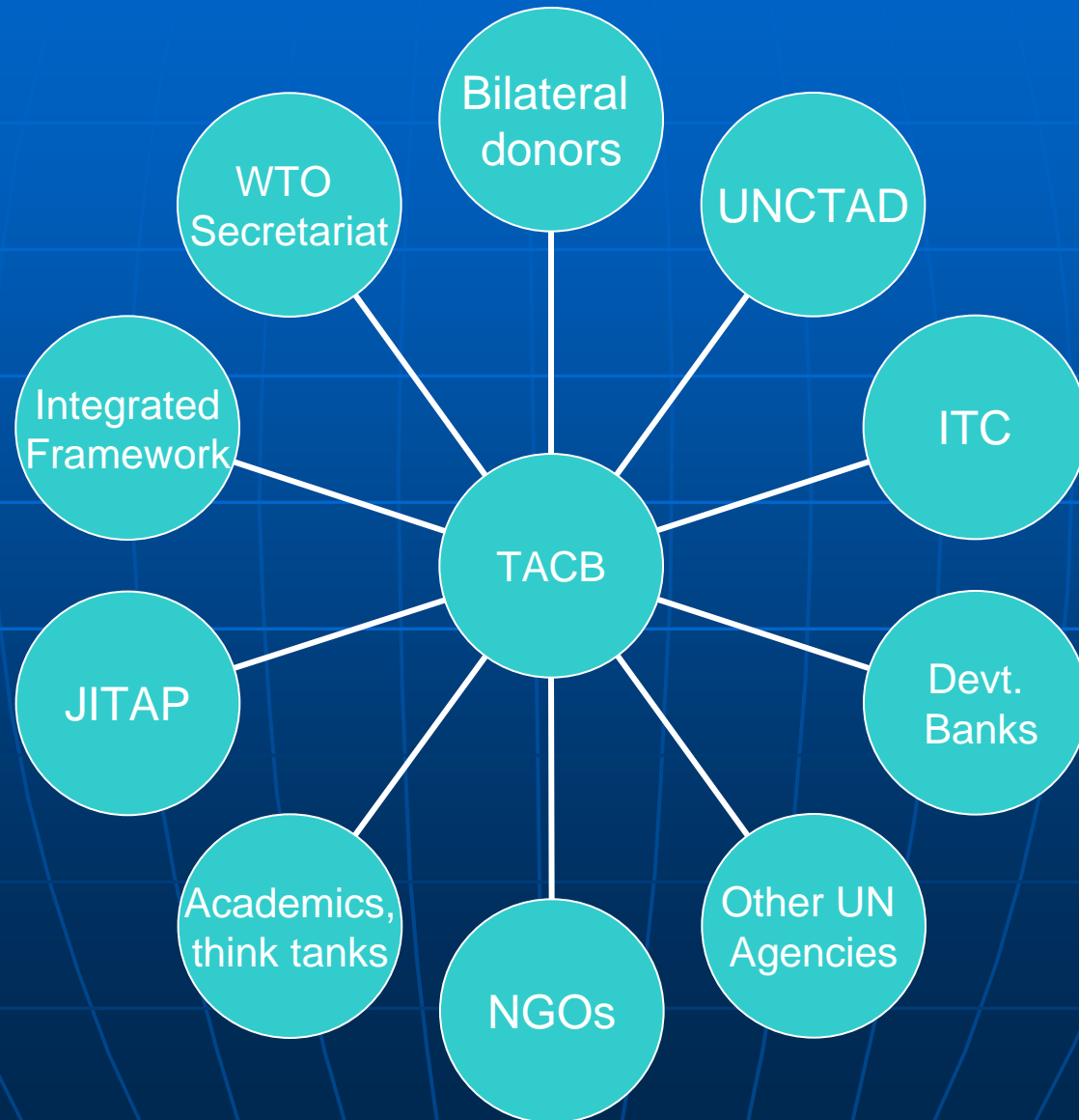
Governing the WTO System:

The Capacity Building Function

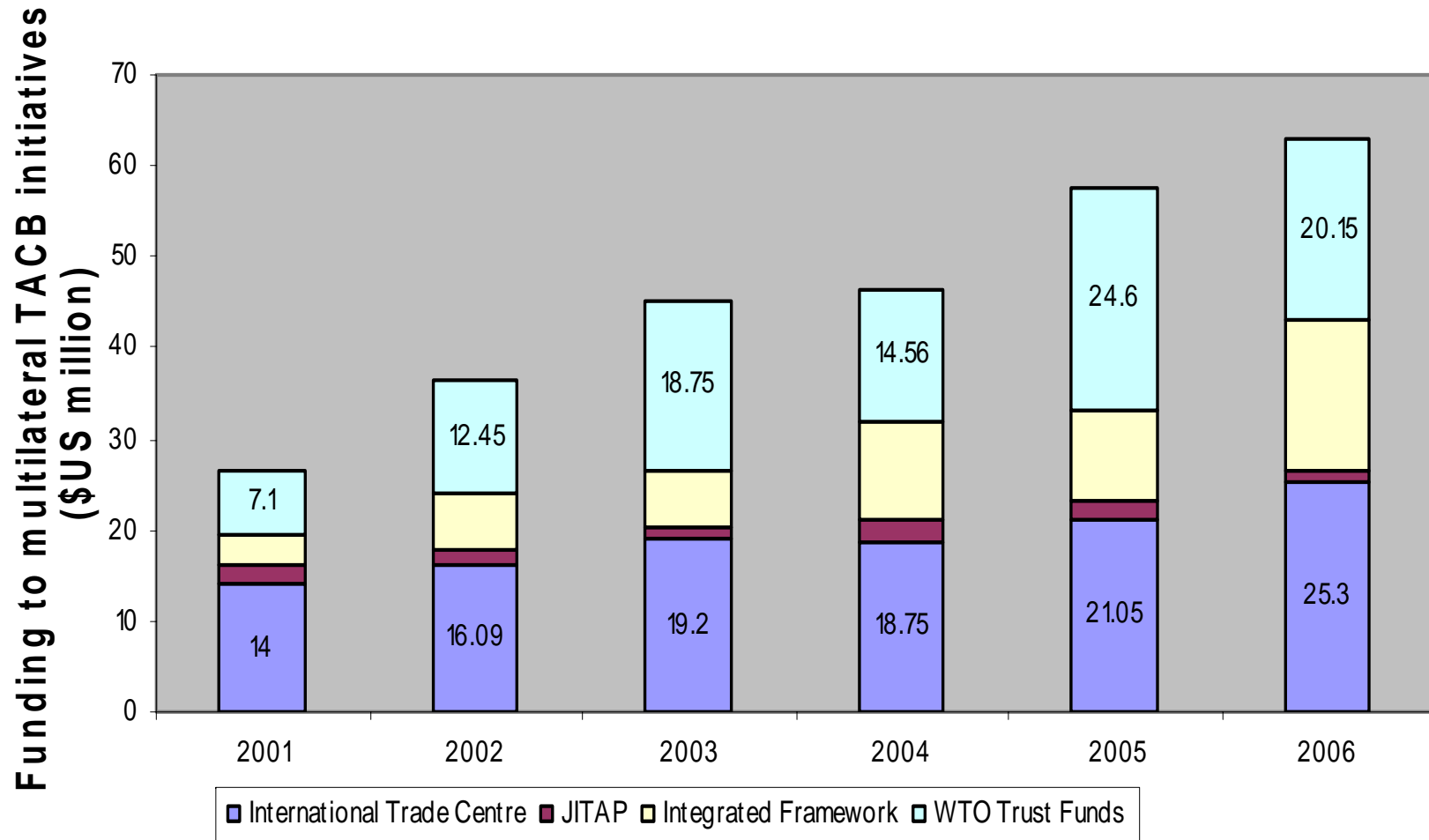
The scale and scope of trade-related assistance and capacity-building (TACB) is expanding



The number of donors and initiatives has increased



The scale of multilateral initiatives is growing



Donor commitment to *multilateral* initiatives varies

	Combined contributions to multilateral TACB Trust Funds * (2001-2006) (\$US millions)
Switzerland	38.69
Sweden	31.0
Norway	28.45
Netherlands	22.6
Germany	19.5
Canada	15.3
United Kingdom	15.8
United States	11.8
Japan	4.8

	Contributions to the WTO Global Trust Fund (2005-2007) (SFr millions)
Germany	6.88
Sweden	6.80
Norway	5.93
UK	4.56
Netherlands	4.08
Denmark	2.75
Japan	2.51
USA	2.45
Canada	1.62
Australia	1.43
Ireland	1.25
Italy	1.25
France	1.19
Luxembourg	1.11
Korea	.92
European Commission	.80
Other bilateral donors	2.32
Total	48.81

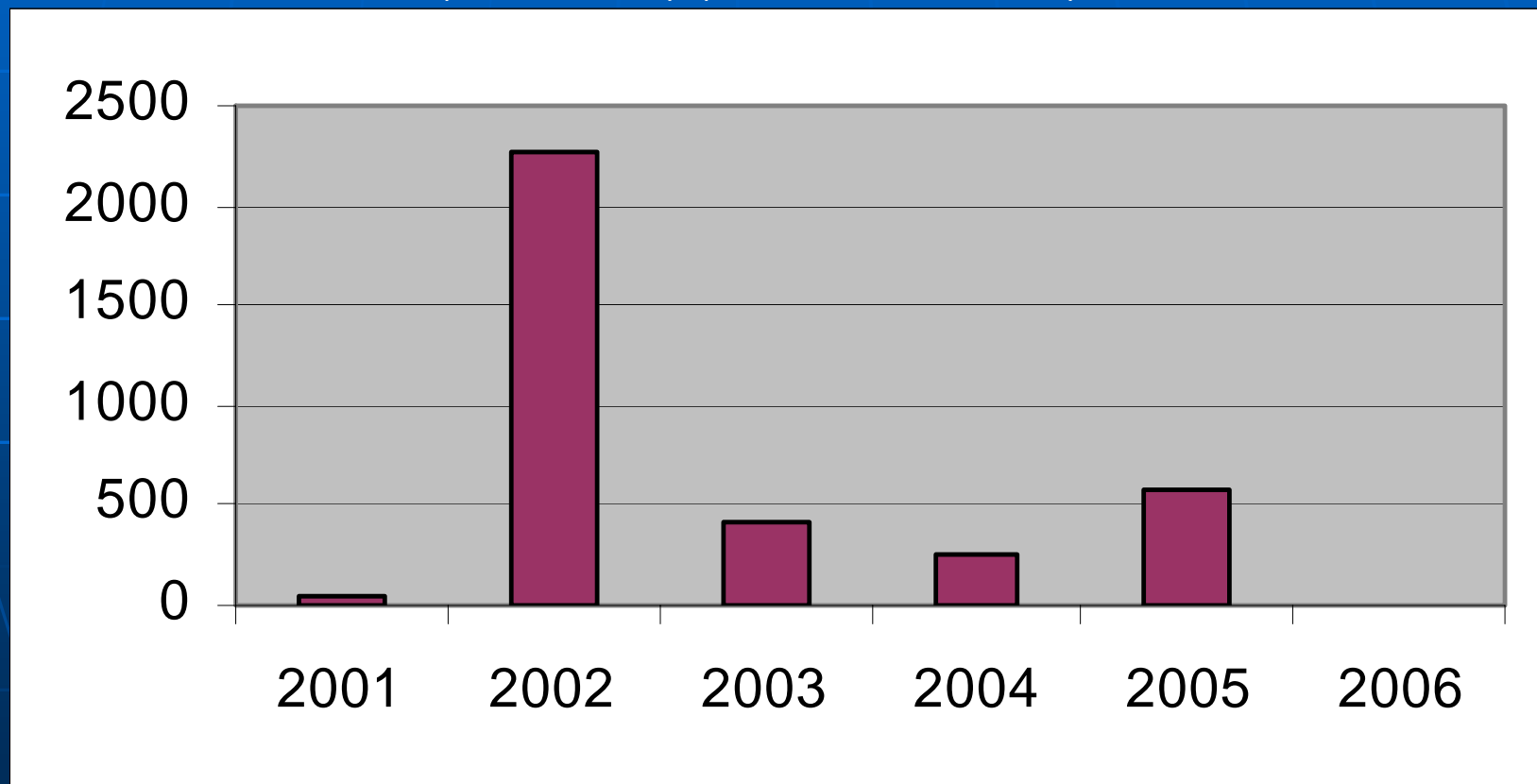
* These trust funds include those for the International Trade Centre, JITAP, the Integrated Framework, and WTO Trust Funds

Developing countries face the challenge of managing many donors

	Donors providing support for Trade Policy & Regulation (2001-2006)	Donors providing support for Trade Development (2001-2006)	Number of donors
Bangladesh	Japan, US, Korea, Australia, Canada, EC, Norway, Netherlands, ADB, UNESCAP, UNCTAD, UNIDO, WCO, WTO, IMF, AITIC, IDA (World Bank)	Japan, UK, Belgium, German, US, Korea, Finland, EC, Norway, UNDP, ITC, ADB	22
Cameroon	US, Canada, Japan, Korea, France, IDA (World Bank), ITC, UNCTAD, IMF, WCO, WTO, AITIC	France, Italy, Belgium, US, Korea, France, Japan, Canada, Germany, EC, Switzerland, UNIDO, ITC, FAO	18
Myanmar	Japan, Korea, Thailand, AITIC, WTO, UNESCAP	Japan, Korea, Thailand, Norway, AITIC, WTO, UNESCAP, FAO	8
Peru	US, Germany, Spain, Japan, Korea, France, Canada, EC, IADB, IMF, IDA (World Bank), WTO	Belgium, Japan, Italy, Germany, Korea, EC, US, IADB,	14
Uganda	US, Japan, France, Korea, Denmark, Norway, EC, IMF, ITC, UNCTAD, WCO, AITIC, WTO	Netherlands, Italy, Sweden, UK, Germany, US, Japan, Denmark	17

The scale and focus of support to individual developing countries fluctuates over time

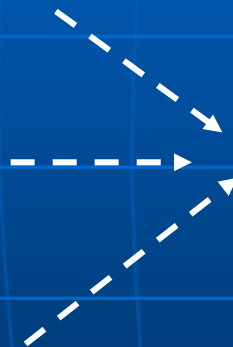
Total TACB to Cameroon in the category of Trade Policy & Regulation (2001-2006) (in US\$ thousands)



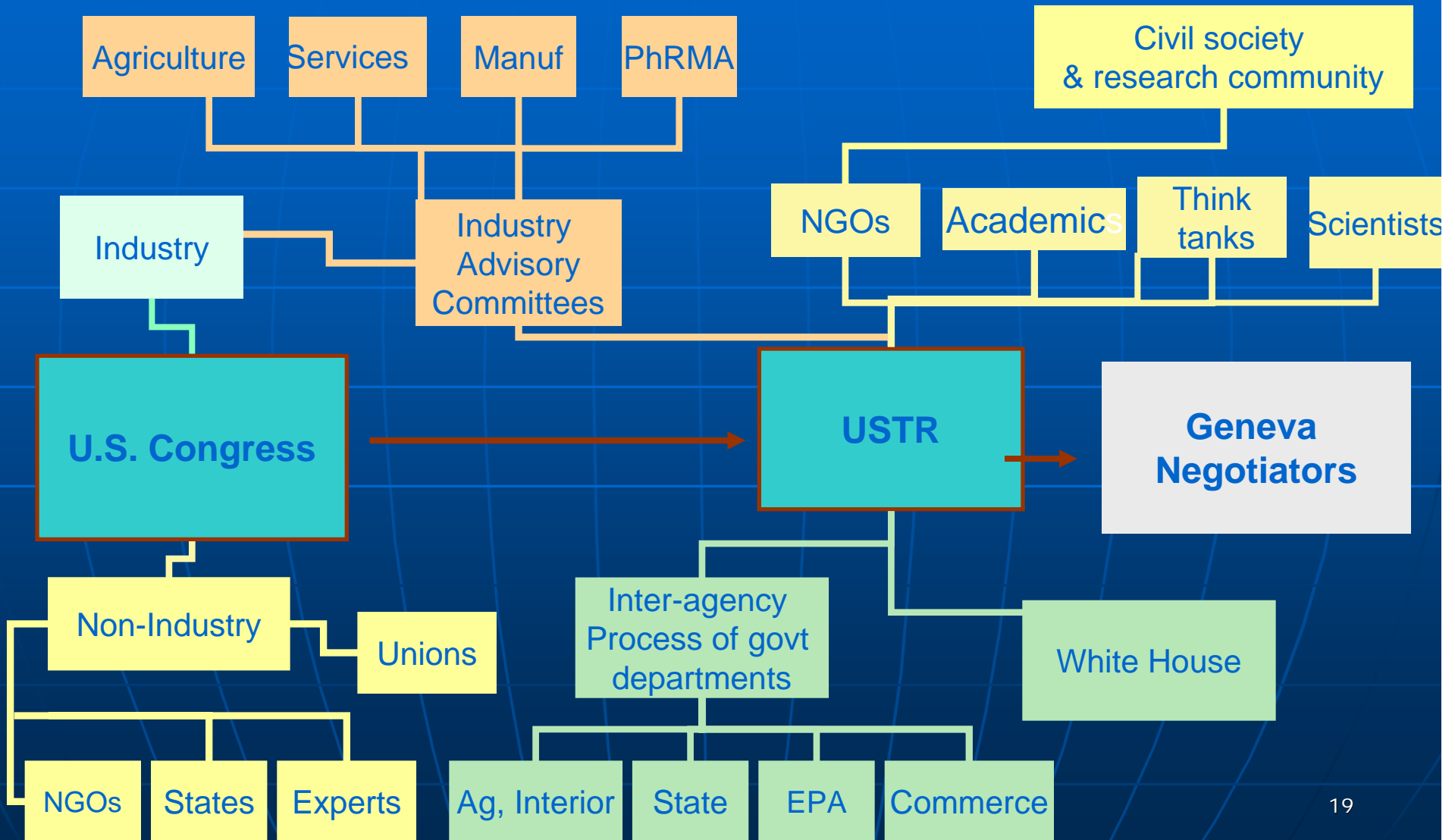
*Partial data for 2006, Source: WTO/OECD Database

A sample of trade policy making capacity in the poorest countries

Limited input from non-trade government ministries or from non-government actors



The trade policy making capacity: A simplified sketch of the U.S. process



Priorities for Future Debate

- Supporting TACB activities that build durable processes, institutions, and capabilities inside and outside governments
- Strengthening development-oriented, not neutral, TACB
- Improving independent monitoring and evaluation of TACB

Conclusions

- Considerable scope for academic and policy discussion of governance and institutional reform of WTO
- Much has changed over the past decade in the practice of the WTO system and in each of the functions it serves
- A functional approach to the question of governance and reform may serve to reinvigorate discussion and yield new prospects and proposals for reforms that would benefit developing countries
- Next presentation will take up one of a further one of these functions by way of example: the monitoring function