

The logo for St. Gallen Endowment is a white square with a thin blue border. Inside the square, the text "St. Gallen Endowment" is written in a bold, white, sans-serif font. Below this, the tagline "for Prosperity through Trade" is written in a smaller, white, sans-serif font.

**St. Gallen
Endowment**
for Prosperity through Trade

Revitalising Multilateral Trade Cooperation

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Challenges facing the WTO & Implications for its continued relevance

- The better known problems:
 - Appellate Body is in abeyance.
 - Doha Round was not concluded (negotiating function).
 - Struggling monitoring function.
- Long term scarring caused by the previous systemic crisis.
- Geopolitical rivalry.
- Structural changes—expansion of the digital economy
- COVID-19 including vaccine production and distribution.

Respond along three tracks: confidence building measures followed by more substantive changes

- Enhance WTO's ability to react to systemic crises:
 - Requires institutional changes.
 - Agree a trade & public health initiative.
 - Facilitate a trade-led global economic recovery.
- Restore WTO's centrality in the world trading system –become the champion for global commerce.
- Assessment and update of WTO rulebook.
 - Align on the imperatives to guide action in the next 10 years.
 - Ensure enduring relevance of the WTO (work on digital commerce).

Start with Why. What is the purpose of the WTO?

- **WTO members could only agree on generic common principles. Better to focus on what the WTO is to achieve over the next 10 years.**
- **Richard Baldwin and I identified 8 imperatives (having listened closely to what WTO ambassadors have been saying over the years).**
- **Which of these 8 imperatives can the leading members of the WTO subscribe to? Which imperatives are cannot be agreed?**
- **How not to talk about this matter: the example of the market reform imperative.**
- **This process sets expectations—quite frankly, many presidents & prime ministers demoted the WTO long ago, few will be surprised by small common core.**

Those 8 imperatives again

1. (Integration imperative) Multilateral trade cooperation is a vehicle by which governments enhance their societies' living standards by progressively integrating their economies into global markets over time, together or on their own.
2. (Uncertainty limitation imperative) Multilateral trade cooperation reduces uncertainty in commercial relations by locking policies into agreed ranges and by making national policy decisions transparent. Reducing uncertainty fosters cross-border commerce and all of the benefits which flow from that.
3. (Market reform imperative) Successful multilateral trade cooperation involves the adoption of more and more market-based economic governance by governments.
4. (Systems clash imperative) By acting as an interface between different, competing forms of capitalism, successful multilateral trade cooperation helps diffuse trade tensions and attendant disruption to global commercial flows.
5. (Disruption imperative) When faced with disruption to global markets, a successful system of multilateral trade cooperation recognises the right of governments to respond to such disruption, channels those responses along agreed lines, and does not circumscribe those channels over time, unless subsequently agreed by WTO members.
6. (Compliance imperative) A well-designed system of multilateral trade cooperation first and foremost encourages voluntary compliance by governments with their international trade obligations, and second, establishes procedures that encourage errant governments to come back into compliance in relatively short order.
7. (Relevance imperative) As the world economy evolves – in response to technological changes and to emergent global imperatives (such as tackling systemic health and environmental threats) – and as the distribution of economic power shifts between nations, a successful system of multilateral trade cooperation can adapt over time while retaining the support of the WTO membership as well as sustaining the perceived relevance of the WTO to key political, corporate, and societal stakeholders around the world.
8. (Crisis management imperative) Successful multilateral trade cooperation involves institutional arrangements that can be flexed for systemic crises and guides governments when addressing crisis-related disruption to their societies.