

RIETI BBL Webinar Handout

Comments on Baldwin / Evenett

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Comments on Baldwin/Evenett by Shujiro Urata

- **Overall Comments**
- Prepared as recommendation for a new WTO Director-General: Ngozi Okonjo-Iweala took office on 1 March, 2021.
- Timely (new DG and COVID-19 pandemic) recommendations
- Important contribution to the revitalization of the WTO
- Insightful analysis of the challenges faced by the WTO
- Well-thought-out recommendations

Comments on Baldwin

- Recovery from COVID-19: Recovery seems stronger than expected earlier for some countries. IMF raised projected GDP growth rate in 2021 for the US from 5.1% in its January projection to 6.5% in its April projection largely because of large fiscal spending. → High pressured economy → Possible inflation? Increase in interest rate? Unfavorable impacts on developing/emerging economies?
- WTO Leadership and COVID-19: Historic chance for WTO to be global champion for saving lives. Start with a push to keep trade routes open in medical goods and vaccines. → Satisfactory performance so far? If not, why not?

Comments on Evenett

- Five Challenges faced by the WTO: 1) COVID-19 (e.g. production and distribution of vaccine), 2) Global economic recovery, 3) Digital trade (rules), 4) Climate change, 5) Competing forms of capitalism: market-led capitalism vs state-led capitalism

I would like to hear your comments on the following issues

- Challenges: (1) What about growing inequality within countries ? (2) Special and differential treatment (SDT)
- China issue: many challenges listed above concern China, particularly 5)
- A pessimistic view: WTO (international economic order) cannot function as expected unless China and the US (and other countries pursuing market-led capitalism) agree on the rules on trade and investment
- A constructive view: because of the differences in opinions, discussions need to be conducted

On 8 Imperatives: Agree in principle, difficult to act

- 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.
- 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. **(SDT)**
- 7. (Relevance imperative) As the world economy evolves 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.**

- **Overall comments (continued)**
- Important/useful to make presentation in Japan and other countries, in order to rouse the discussions on the important issues and to receive comments
- Would like to know the reactions to your recommendations from WTO ambassadors, trade officials, researchers, etc, particularly those from China
- What are your next steps?
- The need for WTO reform has been recognized by many policy makers including Top Leaders, but little progress has been made. What are the reasons for a lack of progress?