



Dialogue on
Globalization

CONFERENCE REPORT
FES GENEVA

What Future for Global Economic Governance? – Potential Role of the WTO

Report of the session at the WTO Public Forum 2008,
jointly organized by
Friedrich-Ebert-Stiftung / Evian Group / CUTS International

Geneva, 25 September 2008

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Abstract: The current food, financial and energy crises have demonstrated that global economic governance is in disarray and rather unable to cope with these problems adequately. Thus, just at a time when effective global economic governance is more necessary than ever, the institutions forming part of it, such as the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank are confronted with a severe legitimate crisis, and calls for fundamental reforms of the global governance system are getting louder.

The main objectives of the session were to sketch out the future of global economic governance, to discuss the role of the WTO, to emphasize the importance of the social dimension, and to reconsider the relationship between regionalism and multilateralism.

The following four questions were addressed by the panelists:

(i) What are the positive and negative elements of the current Global Economic Governance System as identified by participants of the ongoing FES Scenario Building Project on “Global Economic Governance 2020”?

(ii) What are key WTO governance issues, how do they affect the Global Economic Governance System, and what are the lessons learnt (from a Least Developed Countries’ and Small and Vulnerable Economies’ perspective) taking into account the failed July 2008 “Mini-Ministerial”?

(iii) How could the social dimension of globalization be better addressed in the Global Economic Governance System?

(iv) What are the possible future directions of the Global Economic Governance System, what role should the WTO play as part of it, and what is the relationship between regionalism and multilateralism?

The following main conclusions were drawn: There is a need to reform the global economic governance system and a clear desire for change. Possible scenarios were presented, including one of a “fragmented and protectionist world”, the dominance of regional blocks and one of a “re-born multilateralism”. Detailed suggestions were given on how to promote the principle of decent work at the WTO. Contradictory views were expressed of whether the WTO should take up new issues, such as climate change, social and environmental standards and human rights or rather consolidate its original agenda and leave these issues for other international organizations.

1. Presentations by the Panelists

Rashid S. Kaukab, Deputy Director of CUTS Geneva Resource Centre moderated the session. Referring to the current financial crisis, he highlighted the importance of the global economic governance system. As part of this setting, the WTO played a crucial role, although the latest attempt to conclude the Doha Round failed at the July 2008 “Mini-Ministerial”.

Dr. Winfried Veit, Director, Friedrich-Ebert-Stiftung (FES), Geneva Office

In his presentation, Dr. Veit gave an overview over the ongoing Scenario Building Project on “Global Economic Governance 2020”, which is run by the FES Geneva Office. The objective of this project is to elaborate different scenarios about the future of the global economic gover-

nance system. It focuses on trade, finance and monetary issues, but also includes other relevant areas, such as climate change or regionalism. It reconsiders the role of multilateral organizations, such as the WTO, IMF and World Bank, but also of relevant UN organizations, such as UNCTAD or ILO. Representatives from these institutions, civil society organizations and other stakeholders are directly involved in the scenario building process. Although the project is still ongoing, the subsequent intermediate conclusions could be drawn:

The present global economic governance system is confronted with a lack of people’s consideration, lack of transparency, lack of political will and vision, lack of coherence, lack of democratic participation and accountability. The positive elements include the fact that there exists at least a global governance system, including a

court of criminal justice, the human rights regime etc.; the improvement of human development indicators; the fact that states talk to each other and that women are better represented; that there is a greater cooperation between emerging powers; and the fact that the WTO has the potential to put different actors on equal footing. Given the identified weaknesses, there was a clearly stated need to improve the global economic governance system. A key message was that we were currently not witnessing global governance, but the governance of global processes; in other words a “post-crisis system” in the sense that it was rather trying to react to crises instead of anticipating, actively tackling or even preventing them.

Dr. Veit clarified that scenarios offered different pictures of the future, but were not predictions or forecasts. They could offer decision-makers options of what to do by showing what could – and what could not – happen. However, they did not give concrete policy advices. The scenario techniques include the instruments of “driving forces” and “critical uncertainties”.

“Driving forces” are factors and developments that push the system in one or the other direction and influence the future of the global economic governance system. The scenario team identified the following seven main driving forces: regionalism and bilateralism; emerging powers; consequences of climate change; food and energy security; financial instability; technology; and private sector interests. To illustrate the ambiguous role of driving forces, the example of technology was given. On the one hand, technology could solve the food crises; but, on the other hand, it could also cause disasters, such as a nuclear war.

“Critical uncertainties” are disturbing events or discontinuities that could lead to a radically changed environment. They cannot be predicted, but they might happen. The scenario team identified the following seven critical uncertainties: hot war between “centers of gravity”; nuclear war in the Middle East; world depression; technology; collapse of the European Union; China’s implosion; and a new development ideology.

Participants of the scenario team came up with different stories of a possible outline of the global economic governance system in the year 2020. While these stories were not yet scenarios, they were a first step towards elaborating them. The following four stories were presented:

(i) Story 1: “Fragmented and protectionist world”

Nation states are the principal players in international relations. The world’s biggest economies are the United States (US), China, Japan, Russia, Brazil and the EU. Trade flows have been severely restricted as protectionist interests in several advanced economies have gained influence. The US has left the WTO and Russia never joined. The big players regularly ignore rulings from the WTO Dispute Settlement Mechanism. The negotiations on the Doha Round, now in their 19th year, remain formally open, but talks were abandoned several years earlier. The IMF’s Articles of Agreement are being ignored and most countries pursue occasional competitive currency devaluations. The G8 has been extended to include India, China and Brazil, but high-level attendance at summits has become patchy. Economic diplomacy is pursued on a bilateral basis with varying coalitions.

(ii) Story 2: “Centers of gravity” or “regional blocs”

Several regional economic blocs have integrated further. Although nation states continue to exist, these blocs generally operate as unitary actors at the global level. Global economic governance is performed through semi-formal dialogue structures, such as that formerly known as G7, and ad hoc diplomacy between the blocs. The biggest economies are the Free Trade Area of the Americas (FTAA), the EU (39 member states, from Iceland to Turkey), the Japan-Korea Economic Community, China and India. The blocs have either adopted a single currency, as in the case of the EU, or pegged national currencies to an anchor currency, such as the US dollar in the FTAA. Between the blocs, currencies float freely. The lion’s share of international trade, investment and financial flows takes place between countries within the same bloc. The blocs trade with each other, but disputes are frequent. Some blocs operate external capital controls, but even between those blocs that have maintained capital openness, the flow of capital is hindered by differences in regulatory standards.

(iii) Story 3: “Business as usual”

Nation states are the primary decision-makers in international relations, even though companies and civil society groups wield influence as lobby groups. International organizations, while periodically questioned, continue to act as fora of global cooperation and form the basis of international economic law. While Bilateral Free Trade Agreements have flourished, the WTO has

continued to facilitate general trade openness and is widely seen as the most influential economic organization of global remit, not least because the Doha Round Agreement of 2013 extended the reach of its Dispute Settlement Mechanism to a number of traditionally domestically controlled policy areas. In 2016, the then 174 WTO members agreed on a new negotiating mandate. This so-called “Obama Round”, named after the former US president whose second term in office was outward rather than domestically focused, is ongoing with little prospect of imminent conclusion.

(iv) Story 4: “Born again multilateralism”

Faced with a prolonged economic downturn in the final years of the previous decade and the US dollar's demise as the world's foremost reserve currency, the US gradually gave up its skepticism towards multilateral, rules-based international economic governance. Following a major reform of global economic governance in 2015, national (and regional) currencies are aligned into the IMF's Special Drawing Rights within 15 percent bands. IMF voting rights were also revised as part of the 2015 reform; they now reflect a combination of the relative size of a member country's economy, its population number and its financial contribution to the IMF. Member states have formally committed to regular reviews of voting rights to reflect changes in these three criteria, but the mechanism was only vaguely defined. Trade remains governed by the WTO, which, in two successive rounds of talks that were concluded between 2015 and 2020, has expanded its mandate to include basic social and environmental standards. Most advanced and some developing countries have also agreed on common standards of taxation to prevent tax competition between them for high earners' choice of residency.

Dr. Veit reiterated that the four stories were only selected examples that triggered the discussion on the way to elaborating the final scenarios.

Dr. Debapriya Bhattacharya, Ambassador & Permanent Representative, Permanent Mission of Bangladesh to the WTO and UN Offices, Geneva

In reaction to the four stories presented before, Ambassador Bhattacharya recalled that when it came to future there were three sorts of people: those who let it happen, those who make it happen, and those who wonder what would

happen. He then focused in his presentation on the following five areas:

First, he reaffirmed that the conclusion of the Doha Round was necessary, but only if it was substantive and fully commensurate with its development mandate. He cautioned not to oversell the outcome of the Doha Round, arguing that its conclusion would not be the solution to the global food, energy and financial crises. He even considered it exaggerated that a concluded Doha Round would be an anchor for these crises, given the systemic nature of the problems and the lack of specific analyses on the linkages between the crises and the multilateral trading system. He stressed that the Special Safeguard Mechanism was not the only landmine in the Doha Round negotiations and mentioned that there were many more areas in agriculture, but also in Non-Agricultural Market Access (NAMA), Services, Trade-Related Aspects of Intellectual Property Rights (TRIPS), Rules etc., which needed to be addressed and solved.

Second, he pointed out that the consolidation of the rules-based multilateral system was necessary, especially given the potential rise of protectionism and Free Trade Agreements. He emphasized the regulatory role of the WTO (with or without the Doha Round) as the greatest possible public good of the global system. The transparent, rules-based system with the Dispute Settlement Mechanism (DSM) still remained the best system, especially for small developing countries. Thus, these countries were very keen in the protection, consolidation and promotion of the multilateral trading system. To increase its effectiveness, more compliance (in terms of notifications) and a better, effective and empowered DSM with improved access for weaker developing countries was needed. Moreover, he called for a better surveillance, where the WTO Secretariat needed more capacity concerning access to information among others.

Third, he referred to the reform of the multilateral trading system with the WTO as its anchor, but with the inclusion of Free and Regional Trade Agreements (FTAs and RTAs). The major systemic challenge for the multilateral trading system and the WTO was to cope with this fragmentation. He advocated the idea of including a “sunset clause” in all FTAs in the sense that after some years they would be open to all other WTO members, i.e. the multilateralization of RTAs and FTAs. However, he also uttered

doubts about the political will and indicated that more analytical work was needed on that.

Fourth, to make the story of a “re-born multilateralism” happen, the WTO had to reform itself. He enumerated three reform areas concerning WTO’s internal governance structure, which were: agenda-setting, participation, and decision-making. These three governance areas had to undergo a significant change to meet the challenges of the upcoming debate and the newly raised expectations. He gave the example of the practice called “concentric circles” as a form of consultation and decision-making, starting with the inner circle (G-7), turning to the medium circle (“green room”) and then to the broader circle (the whole WTO membership in the Trade Negotiations Committee and the General Council). He saw no problem in this mechanism as long as it worked and delivered. However, since the July 2008 “Mini-Ministerial” did not lead to an agreement, he wondered if another process was needed. With regard to participation, he stressed that there was not a lack of participation opportunities, but rather the problem of capacity constraints that prevented in particular small developing countries from taking advantage of the existing possibilities.

Fifth, he pointed out that there was an inadequate, incomplete and vague understanding about the interfaces between the trading system and the other areas of development. He asked for up-to-date, pre-emptive, ex-ante analyses, which were lacking on issues, such as the food crisis, climate change etc. He warned that if this gap was not closed, the WTO and the multilateral trading system would not be able to play the role that the membership wanted it to play. However, he then cautioned against overloading the WTO agenda and bringing issues into the WTO, which the organization had no competence for, such as human rights, environment, food security or labor rights. He argued that there was a distinction between understanding the impacts of trade rules on other areas, and bringing such areas into the rule-making of the WTO. However, he reaffirmed that a much better understanding and analysis of trade implications on these issues was needed.

He concluded by reemphasizing the need to strengthen the multilateral system, which had to get back not only the mind, but also the heart; and reminded of the African proverb “Tomorrow belongs to those who prepare for it today”.

James Howard, Director, Economic and Social Policy, International Trade Union Confederation (ITUC)

James Howard focused in his presentation on the ILO principle of decent work and its relationship with the WTO. He offered some concrete proposals in this regard and called for a stronger interaction between the WTO and the multilateral agencies of the United Nations.

He referred to a perceivable change of mindset and greater openness towards inter-institutional collaboration. He stressed that every institution would have to cope with problems such as climate change and argued that the way, in which the WTO would make the necessary changes to integrate decent work into its agenda, would be indicative of whether the institution would be able to deal with the future challenges of sustainable development in general.

He then highlighted the key findings of the first-ever joint report between the WTO and the ILO on the subject of trade and employment. There was no automatic link between trade and economic development. The benefits of trade were highly concentrated in industrialized countries and a small number of developing countries. For many other developing countries, in particular in sub-Saharan Africa, no such correlation could be found. Moreover, there was a lack of relationship between trade and poverty reduction, given that the poor often worked in parts of the economy not affected by trade or were low-skilled or unskilled workers. The study also found an association of trade with worsening inequality in some countries and with increasing elasticity and insecurity of employment, both in industrialized and in developing countries. However, trade could tend to have a positive impact upon employment when governments took active measures to invest in education and skills.

He characterized the study as a “sea change in the perception of trade by the WTO”. He pointed out that there were other issues still to explore, such as the impact of trade on core labor standards, enumerating a number of cases where trade indeed was associated with violations of workers’ rights in different countries. He stressed that this constituted a serious and systemic problem. He mentioned that ITUC produced regular reports on core labor standards, each time that the WTO conducted a trade policy review. These reports showed that all too often workers’ rights were sacrificed in order to gain competitive advantage and to increase ex-

ports, in particular in the over 5,000 export processing zones around the world. He argued that these were systemic problems and required comprehensive attention from the multilateral institutions and called for a closer working relationship between the WTO and ILO.

The concept of decent work included the respect for workers' rights, employment creation, social dialogue and social protection. There was an emerging international consensus on this principle, which was included in different UN resolutions over recent years. He referred to the latest document, i.e. the "ILO Declaration on Social Justice for a Fair Globalization", quoting its paragraph "[...] that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage [...]". Moreover, it provided the ILO with a mandate to analyze the impact of actions at the WTO and other institutions, stating: "As trade and financial market policy both affect employment, it is the ILO's role to evaluate those employment effects to achieve its aim of placing employment at the heart of economic policies."

James Howard suggested the following ten points of what WTO could do to promote the principle of decent work:

- A proper work program between WTO, ILO and other UN agencies should be developed, concerning the labor, social, gender and development implications of trade liberalization;
- Intensified follow-up to the WTO-ILO 2007 report on trade and employment should be undertaken to consider a range of issues left unaddressed by that report;
- ILO should participate in many more WTO committees and negotiating groups to provide expertise;
- Trade Policy Reviews of the WTO should cover the issue of sustainable development including decent work;
- Serious Employment (or decent work) Impact Assessments should be commenced at the WTO;
- WTO accession countries should be reviewed concerning their approach to decent work issues;
- The WTO Singapore Ministerial Declaration should be reemphasized, which says: "We renew our commitment to the observance of internationally recognized core labor standards";
- Meetings of Trade Ministers with Labor Ministers could be organized to enhance coherence at national level;
- Article 1 ("Definition of a Subsidy") of the WTO "Agreement on Subsidies and Countervailing Measures" should be amended, in order to

indicate that abuses of labor standards are not a permissible way of attaining, in effect, an export subsidy;

- The jurisprudence of WTO decisions and agreements should be analyzed regarding subjects that have a bearing on decent work.

He concluded by arguing that by implementing those proposals, the WTO would take a significant step towards the objective of forming a coherent part of the global governance system.

Dr. Felix Peña, Professor at Universidad Nacional de Tres de Febrero, Director of the Institute of International Trade – Standard Bank Foundation, and member of The Evian Group Brains Trust at IMD

Dr. Peña argued that fragmentation was already a reality. He highlighted the richness of cultural diversity in the globalized world as a central factor that had to be taken into account in order to understand globalization. He mentioned that the WTO should also take into consideration this issue. Moreover, he stated that the world was in constant revolution in historical terms and that there was not much certainty about the future. Thus, he considered the FES scenario project a useful exercise.

He pointed out that international relations needed to be perceived in a multi-disciplinary way. It was not sufficient to think economically. He gave the example that actors of the financial system would not have been able to imagine what happened recently in that sector. The same could happen in the economical area if one did not understand the logic of the relationships between peoples and nations.

Reacting to the stories, he suggested that given the tendency towards fragmentation with a lot of uncertainties, the best would be to adapt to all scenarios. Thus, it would be crucial for the WTO to prepare for all imaginable scenarios and to take up the philosophy of its member states.

Focusing on regionalism, he commented that the second story, i.e. "regional blocs", was both a very unrealistic and undesirable one. A fragmented world, composed of several self-preserving regional blocs, such as the EU, was not feasible. However, he favored the idea that countries in the same geographical area (although without precise limits, i.e. "variable geography") could elaborate joint regional organizations, rules, social safety nets and symbols. This

would increase the level of regional identification and governability. He argued that effective globalization depended on and built on effective, yet not self-preserving, regional blocs.

Dr. Peña continued discussing the following three questions with regard to regionalism:

First, why is regionalism so important? A strong argument in favor of regionalism in political terms was the fact that problems and opportunities were perceived stronger in the neighborhood, i.e. nationally or regionally. Peace and political stability at national level was a precondition for taking full advantage of the opportunities that globalization offered. In economical terms, small and medium enterprises for instance started with their experiences of internationalization first in their region by small steps. The same process happened with the activities of civil society organizations.

Second, how could a functional relationship be established between regionalism and globalization, especially concerning trade, production and the integration of productive capacities by global networks? Remarkably, the WTO accepted that geographical regionalism was not the same as the discriminatory Preferential Trade Agreements (PTAs). He stressed that regionalism based on geographical proximity was important for increasing trade and production networks, and urged the WTO to facilitate communication channels between regional blocs.

Third, does regionalism also have serious problems? He gave an affirmative answer, arguing that fragmentation and uncertainty were disturbing factors at regional level as well. While every country had multiple options in political terms, enterprises had to take strategic decisions in economical terms. Enterprises did not want to be restricted, but needed both regionalism and the WTO. Thus, he concluded by stressing that regionalism and the WTO should not be perceived as contradictory.

2. Questions and comments by the audience

Most of the questions and comments from the floor touched upon future scenarios of global economic governance, the WTO agenda and reform, the interactions between international organizations, regionalism, and the relationship between trade and economic growth.

With regard to regionalism, one participant emphasized that it was much easier and rapid to

conclude a bilateral or regional agreement than a multilateral one between 153 countries with different cultures and perspectives. He pointed out that even the smaller group of 36 Latin American countries had failed to find consensus on the FTAA project. Regionalism was the answer to the lack of progress and inefficiency at multilateral level and the future challenge was to harmonize the RTAs with WTO rules. Moreover, he warned against considering China as best example given the violation of core labor standards there.

Another comment was with regard to the fourth story and the question whether social and environmental standards should be addressed in the WTO or in other international institutions. The speaker referred to the subsidiary and solidarity principles as guiding principles, and mentioned that it should be assured that social and environmental issues were addressed effectively. Referring to the first story, i.e. “fragmented and protectionist world”, she suggested another one, in which all multilateral institutions would deal with trade from their perspective.

A former member of the European Parliament reiterated the title of the session and stressed that three issues were central but often left out, i.e. how policy was made, who policy made in whose interest, and to whom policy-makers were accountable. He stressed that any consideration about global economic governance should take into account the interplay between national democracy, democratic institutions, and the policy-making actors. He mentioned that the risks that the EU or WTO would fall apart depended on the ability of decision-makers to carry the people with them, on whose behalf they claimed to act. Many people, including even political elites, felt very puzzled about the world, because decisions, which had impacts on them, had been taken without their consensus or even knowledge. He identified this as a serious gap, which WTO needed to address if it wished to maintain credibility. He warned that international organizations only had the power, which its member states granted them.

The speaker mentioned two areas of research concerning global governance: First, to conduct a simple comparison of how major players made policy at the WTO and to whom they reported back. He argued that it seemed that the country with the best trade performance, i.e. China, was in fact the least transparent, and a small elite was acting on the country's behalf without na-

tional consultations. He also cautioned that in some countries, there existed no accountability at all. Second, to find out whether there was any correlation between transparency and trade performance and whether this could be proven by empirical research.

A senior researcher emphasized the importance of rules and the rules-based system. She argued that countries and the international system went in cycles between rules and freedom. She warned that a very high point of freedoms for financial and economical markets had been reached. Together with the growth of RTAs, all those phenomena were examples of “let things happen” and the world would see a reversal of that trend. She warned that there was not the perfect solution and one might need to sacrifice certain things in order to get the regulation right. Referring to regionalism, she argued that it should be seen as a complement rather than a substitute to multilateralism and called for better rules on this relationship. Commenting on the reasons for the failure of the July 2008 “Mini-Ministerial”, she cautioned that it would be too simple to just blame the system and the process for the setback.

Referring to Ambassador Bhattacharya’s point on not to overload the WTO with issues, one participant agreed that this could actually be counterproductive. He gave the example of the Millennium Development Goal (MDG) 8 to illustrate the gaps between the trading system and development. There was a clear commitment made by UN members with regard to a fairer and effective participation of Least Developed Countries (LDCs) and other small and vulnerable economies in the multilateral trading system. However, only very small progress had been made in regard to that particular commitment during the Doha Round negotiations, despite the fact that most UN members were also WTO members. Moreover, the WTO was one of the few multilateral organizations, which had not undertaken a study of the impact of its work on the MDGs, and in particular on MDG 8, although there was a clear relationship. In contrast, the WTO was involved in other areas, such as Aid for Trade, where its role was very limited. Thus, there was a real risk that the WTO would be overloaded with issues, where it could not add any substance to. Moreover, whenever a new issue was brought up, LDCs with weaker capacity would have the biggest problems in dealing with them effectively and risk becoming even more marginalized in the process.

A final comment was on Pascal Lamy’s speech the day before, in which he stated that the WTO was bound by its Constitution of 1994, i.e. the Marrakesh Agreement. While it was committed to trade opening, the WTO would also be obliged to assure that everything was subservient to sustainable development. The speaker argued that the term “sustainable development” was an oxymoron and that for any practical purpose “development” meant more. He suggested conducting an analysis on how far WTO’s overall goals were consistent with what the reality of this world would be able to supply in the next 20-30 years.

The panelists reacted to these comments and questions by the following statements:

Dr. Peña pointed out that economic growth was necessary and the question would rather be how to avoid or mitigate the negative impacts in the form of environmental and social costs. He mentioned that in Argentina, economic growth led to increased employment opportunities. The process of trade policy formulation differed from country to country and depended on cultural circumstances among others. He argued that since economic activities and problems had globalized, every country needed to find strategies on how to act and react to these global circumstances, having in mind the respective national interest. In this regard, the WTO had fulfilled an important role. He praised WTO’s increased transparency and improved diffusion of information, which should be continued, intensified and defended. One indication of this was the Public Forum and he suggested holding similar events regionally as well as in other international institutions, such as the IMF.

He highlighted that rules were the only way of living together in a civilized and peaceful manner (“rules-oriented society”). However, he cautioned that rules made themselves obsolete and needed to be updated regularly, taking into account cultural and country-specific interests. Thus, for the WTO as a rules-based organization, there was also the need to update its rules and working procedures continuously. He reaffirmed that it was more important to discuss on how to work together than on why to work together. The most obvious example of what happened if countries did not work together was the catastrophe before and during the 1930s. With regard to RTAs, he urged to think about how to evade their negative effects and the “spaghetti

bowl” problem. More generally, international organizations should find ways and rules on how to minimize the risks of a global chaos. As one of the best results that the international system delivered, he referred to the active participation of China in the multilateral trading system.

James Howard recalled that some of the earlier regional agreements between developing countries included provisions to respect workers’ rights, such as the SADC or MERCOSUR agreements. He reiterated that there was a certain global consensus for the importance to respect workers’ rights. With regard to China, there was the need to address the relationship between the absence of workers’ rights and the increase of exports. In many countries, forced labor or slavery was a reality and led in the worst cases to fatal casualties. In China itself, there was a massive outcry of workers and while there could be growing pressure inside the country, increased international attention was necessary as well. These cases posed the question of the legitimacy of the global system. Polls in the US and worldwide showed rather great skepticism about the value and benefit of trade. This was probably linked to the fact that people saw evidence of the links between trade and the violation of worker’s rights. He pointed out that this issue could be addressed at international level and that it would be good to tackle the problem itself and thereby increase the legitimacy of the international system. He added that the WTO needed to contribute to the fulfillment of the MDGs, as part of the coherence agenda among the international institutions. Moreover, he agreed on the suggestion to take up new areas, such as labor, in a future WTO round.

Ambassador Bhattacharya pointed out that much of the discussion centered on the role of trade and its implications on growth, economic development, poverty alleviation and sustainable development. He cautioned that it depended on the perspective and explained that liberalization, deregulation and the role of the private sector were all very good until the own competitive advantage started getting lost. An American worker who lost his job would certainly have a negative view on globalization, although probably not understanding completely the whole causality. Dr. Bhattacharya stated that instead of blaming other countries that had become more competitive, the electoral debate in the US should rather focus on how to undergo a structural adjustment program. He stressed that the benefits of trade needed to be more equally distributed

between and inside countries and a more reasonable view would be necessary in the future.

With regard to regionalism, he mentioned that the main challenge would be to absorb all PTAs into one integrated coherent trade system. However, since most PTAs were “WTO Plus” agreements, certain flexibilities would be lost in that process and could cause frictions, in particular in the areas of TRIPS, environmental and social standards or a labor clause.

Concerning global governance, he cautioned that if it was not possible to improve the effectiveness of certain international organizations, this would not mean that their working areas should be brought into the WTO. He argued that if the Kyoto Protocol or the “Bali roadmap” would not be implemented in the respective fora, it was unrealistic to assume that they could be solved at WTO instead. He suggested that it was time to put some attention to other areas and wondered how many international organizations had such activities as the WTO Public Forum, or initiated discussions on how to improve their performance. He reemphasized that effective multilateralism could only be delivered by a coalition of well-functioning international organizations.

With regard to the failure of the July 2008 “Mini-Ministerial”, he reemphasized that getting the process right would be no guarantee for getting the outcome right. Thus, the process was a necessary, but not sufficient condition for success. The WTO was still looking for an adequate mechanism that guaranteed representativeness, which became more and more difficult in view of the variable geometry of the world, the shifting alliances and new interest groups.

He pointed out that the option of a new round would depend on how the current round ended, in the sense of high or moderate level of ambition or the lowest common denominator, the inclusion of an unfinished agenda and the length of an implementation period. He recalled that while after the conclusion of the Uruguay Round there was a lot of discussion on the implementation issues, those issues were no longer on the agenda. He emphasized that once a round was finished, it was crucial to give countries time to implement the agreed new rules. He identified Services, Rules (transparency, anti-dumping, subsidies etc.), and Non-Tariff Barriers as issues that could be taken up in a new round, since tariff discussions would be almost a matter of the past.

He also underlined that a higher level of accountability should be guaranteed in particular in the capitals, rather than in Geneva.

He concluded by arguing that science and technology could do leapfrogging for many countries towards the achievement of sustainable development. As an example he referred to Bangladesh, which obtained food self-sufficiency despite a population explosion, reaching 140 million currently. There was enough in the world for the need, but not enough for the greed.

Dr. Veit reacted to the questions concerning the fourth story and the discussion on overloading WTO's agenda by referring to an article by Robert Howse, who argued that the WTO might risk irrelevance, if it did not address new issues, such as food and energy security, climate change, human rights, terrorism and corruption. Dr. Veit mentioned that there could be a scenario, in which the WTO would be the main actor in the future global economic governance system. There could also be a new UN Council of Economic Security, which would coordinate all multilateral organizations in that area.

As main problem of global governance, he identified the incoherence of the system and the lack of coordination. These problems were even reflected at the national level in the capitals, where different ministries were responsible for different areas and did not always follow or represent a common and coherent policy. The main challenge would be on how to overcome the missing coordination at the different levels.

With regard to the point that conventional wisdom suggested that trade and democracy were good, he argued that both factors were no automatic response to the current problems. He mentioned that not all people considered multilateralism the best option; otherwise there would not be so many bilateral and regional integration projects. He reiterated that American or German workers who lost their jobs certainly did not consider multilateralism the best option for them. In African countries there was also widespread skepticism about the real winners of the Doha Round.

He reemphasized that scenarios offered different pictures of the future, but that they were no forecasts, since it was not possible to predict the future. Quoting John Maynard Keynes, he stated that the only thing you could say about the future was that "in the long run, we are all dead."

However, scenarios could offer policy-makers orientation, yet no policy advice, on what to do by illustrating different possibilities.

3. Conclusions and recommendations

The session provided a controversial discussion on the four proposed questions. There was a broad consensus on the need to reform the global economic governance system and a clear desire for change. The stories illustrated that there was a wide range of possibilities, including a "fragmented and protectionist world", the dominance of regional blocks or one of a "re-born multilateralism". There was consensus on the need to avoid another economic catastrophe as occurred in the years before and during the 1930s. Thus, support for the rules-based global system was expressed various times.

Detailed suggestions were given on how to intensify the working relationship between the ILO and WTO and on how to promote the principle of decent work at the WTO. There was the need to bring PTAs into conformity with the WTO framework to guarantee a coherent multilateral trading system. Contradictory views were expressed about whether WTO should take up new issues, such as climate change, energy, social and environmental standards and human rights or rather consolidate its original agenda and leave these issues for other international organizations. Better analyses and research on the interlinkages between trade and those cross-cutting issues was called for.

WTO's increased transparency was mentioned as a positive trend, which should be continued, intensified and defended. However, the need for reforms at the WTO was reemphasized, in particular in governance areas, such as agenda-setting, participation, and decision-making. Without taking those internal reforms seriously, the WTO might risk becoming irrelevant in the future. Moreover, it was recommended that the WTO should undertake a study of the impact of its work on the fulfillment of MDG 8, i.e. to develop a global partnership for development.

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