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A new era for the WTO?

Many Global South countries have been deeply disappointed by the crisis-stricken WTO. Its new director-general, Ngozi Okonjo-Iweala, hopes to fix it

When problems proliferate, expectations tend to be high. The World Trade Organization (WTO) is facing many problems, indeed a whole raft of them. Accordingly, there's a lot of pressure on its new Nigerian Director-General, Ngozi Okonjo-Iweala. Not just because of the state of the WTO, but also because she's its first female *and* first African leader. So it's on Okonjo-Iweala now to fix the WTO's many problems.

So what, exactly, is there to fix? Throughout its relatively short 25-year institutional history, the WTO has become a byword for crisis. It – or rather its 164 member states – has brought the first crisis on itself though: namely, the ongoing failure of the Doha Development Round, launched in 2001. The expectations of Global South countries were huge, as were the promises of the Global North. Year after year, they negotiated and negotiated and negotiated. And year after year, they said they were on the verge of a breakthrough, with about 90 per cent already settled. It was rumoured that India and the United States could not reach agreement on a number of points.

Then came the 2015 Ministerial Conference in Nairobi. For the first time in the history of the WTO, member states could not agree on extending the negotiating mandate for the Doha Round: 'Members have different views on how to address the negotiations.' It was the United States, under the Obama administration, that dropped the bombshell.

The WTO's problems

Without looking back at 2001 and 2015, the WTO's plethora of current problems make no sense. There is profound disappointment in many countries of the Global South. They have been cheated of their round of trade talks. The trust was broken.

For many (in particular economically strong and rich) member states the

Doha Round has become something of a burden. Instead, bilateral trade agreements have been in vogue for the past years. It's much easier to pursue their interests that way. Regarding the WTO, domestic pressures have become overwhelming to finally reform the rules agreed in 1995 and to start tackling the problems of a new era. Digitalisation is a prime example. But rich countries aren't too bothered about rules on agriculture, which, among other things, were the sticking point of the Doha Round negotiations. The countries of the Global North aren't doing too badly with the current rules after all.

The United States and China have excellent WTO specialists in their governments. They know all the rules and loopholes. But without the political will in the respective capitals to set a course for calmer waters, it will be difficult.

Nonetheless, digitalisation is immensely important for developing countries, too. It was the small country of Ecuador, which put the issue of e-commerce on the agenda of the WTO's Development Committee around ten years ago. Not the Services Committee but the Development Committee. And this was at a time when many decision-makers didn't even know what digitalisation really was. Ecuador didn't have any success, unfortunately. The opportunity to usher the WTO into a new era was squandered.

Today, there are WTO negotiations on the most diverse aspects of e-commerce. It's a plurilateral process, meaning that more than two, but not all WTO member states are involved. To date, key players of the Global South such as India and South Africa have rejected these plurilateral negotiations. Not because e-commerce is not important. It's because they insist that the Doha Development Round has to be concluded first. Then, and only then, can 'new' topics be taken up.

In this tense situation, Okonjo-Iweala is taking office.

Bridging US-China relations

Mutual scepticism and even open hostility currently pervade every area of the WTO, not least on the matter of dispute settlement. The WTO is an international organisation with teeth and the genuine ability to hit member states where it hurts (through sanctions). That's the WTO's pride and joy. But Trump pulled almost all its teeth. Between December 2019 and the end of 2020 just one single judge remained on the Appellate Body. In the absence of other judges, it couldn't try a single dispute. Since early 2021, no one has been in office. Trump's administration blocked all appointments.

At the same time, some unusual alliances have been forming in the WTO, for example, between the EU, India and China. They have jointly developed reform proposals in response to US criticisms. The Trump administration wasn't interested. All it wanted was to weaken the WTO and it succeeded. Will Okonjo-Iweala have it easier than her predecessor in this key area of the WTO? In all likelihood she will, but it remains to be seen.

At the same time, there is work to be done elsewhere, too. For example, the trade conflict between China and the United States. Here, the WTO isn't merely a bystander. It has demonstrated with facts and data how big the economic damage is. It has condemned measures taken by the two adversaries as violations of multilateral trade regulations. Unlike her predecessor Okonjo-Iweala is less of a diplomat and more of a politician. Will she be able to communicate more clearly and obtain a hearing, either in public or behind closed doors? The United States and China have excellent WTO specialists in their governments. They know all the rules and loopholes. But without the political will in the respective capitals to set a course for calmer waters, it will be difficult.

It will be interesting to see which topics Okonjo-Iweala will take up and how she prioritises them. There's certainly no shortage.

While we're on the subject of crises, a story of 2021 wouldn't be complete without Covid-19. With her experience and knowledge not least as chair of the global vaccine alliance Gavi and as special envoy of the African Union in combating the pandemic, the new head of the WTO will be able to tackle this issue vigorously. She has already made this clear in her first public appearances.

A WTO beyond crises

Does the WTO face nothing but crises? There are at least some rays of hope. For example, the multilateral negotiations on fisheries subsidies are likely to be concluded in 2021. The aim is to curb global overfishing. West African states in particular have high hopes here.

It will be interesting to see which topics Okonjo-Iweala will take up and how she prioritises them. There's certainly no shortage. Besides those already mentioned, there are discussions on, for example, WTO reform, climate change, women and trade (such as the particular impact of trade policy on women, as well as specific requirements for trade policy, a topic that the WTO has been systematically addressing since the last ministerial conference in Buenos Aires) and Aid for Trade (a special focus on the needs of developing countries, which goes back to a

declaration made at the ministerial conference in Hong Kong in 2005). Clarification is needed on how the WTO will treat Least Developed Countries that, because of improvements in their economic and social development, lose this status and thus many kinds of preferential treatment.

Will Ngozi Okonjo-Iweala usher in a new era for the WTO? She is the organisation's seventh director-general. Each of her predecessors had their own agenda and left their own personal mark at the WTO. She will be no different. At the same time, she's the first woman and the first African head of the WTO. One cannot help the feeling that she will have to cope with an unusual weight of expectations. A quick look at her CV suggests that she will knuckle down and meet these expectations head on. But even the first female African director-general cannot save the WTO alone.



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