

PolicyBrief



Leveraging the WTO Secretariat

Recommendation from the Report of the High-Level Board of Experts on the Future of Global Trade Governance

The High-Level Board of Experts on the Future of Global Trade Governance

The Bertelsmann Stiftung has called into life a High-Level Board of Experts on the Future of Global Trade Governance. Composed of eminent experts and seasoned trade diplomats, it elaborated a number of recommendations to increase the effectiveness and salience of the WTO. The entirety of these recommendations and underlying analysis of the changing political economy of international production and trade can be found in the Board's report "Revitalizing Multilateral Governance at the WTO", authored by Prof Bernard Hoekman. This briefing is part of a series of six, each of which details one specific recommendation from the report.

The full report can be accessed under https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/MT_Report_Revitalizing_Multilateral_Governance_at_the_WTO.pdf.

Leveraging the WTO Secretariat

The WTO is a member-driven organization in which the Secretariat is given very little voice. WTO practice has been to interpret the 'member-driven' motto as depriving the Secretariat from being able to take initiatives to support the work of WTO bodies. This needs to be reconsidered. Member-driven means members are responsible for conducting the WTO (i.e. taking decisions) but it need not translate into a monopoly on the right to express voice and supply relevant information to WTO members. Policy dialogue should not be limited to trade issues that fall under current WTO agreements; the Secretariat may need to assist such dialogue by providing information and analysis on the potential spillover effects or domestic policies, regardless of whether they fall under current WTO obligations.

A core task of the Secretariat is to provide background material and analytical support to WTO members. Such support is vital for informed policy dialogue and deliberation. For certain functions (e.g. some negotiations and committees and councils), this information provision role generally

works well. In other cases, e.g. in politically sensitive negotiations, the Secretariat may not be permitted to provide such services. The same applies to new issues that are pertinent for the trading system. Restricting the scope for the Secretariat to provide information to members implies a significant opportunity cost from a systemic perspective given differences in capacities across WTO members.

Granting the Secretariat greater discretion to develop and table information and analysis, while leaving to members to decide whether and how to utilize this, would be a step forward. Developing guidelines or a code of conduct for the exercise of such discretion to ensure neutrality and independence of the Secretariat could help address potential concerns of WTO members about giving the Secretariat greater scope to support the work of the organization. One part of this effort could be to append the factual comments by Members on the Secretariat's information or analysis papers to get a more comprehensive perspective on the issues concerned.

There are many policy areas where WTO members need accurate and up-to-date information, not only regarding applied policies – which is a critical function of the organization – but on the effects and effectiveness of policies in attaining their objectives. The latter calls for both knowledge on how policies are implemented and analysis of their impacts. Committees and working groups need information synthesizing current knowledge on developments in a range of areas that are relevant from a trade perspective. Some of the inputs that Committees may identify as being needed for their work may be difficult for members to provide because of resource constraints.

Using the Secretariat more effectively by permitting it to provide more support for the normal work of Committees and other WTO bodies will raise the rate of return on the investment of resources WTO members contribute to the organization. Knowledge and analysis is particularly needed for 'new' policy areas and the type of cooperation that can be pursued via CMAs centering on identification of good (regulatory) practices and the distillation of knowledge regarding the lessons of experience with/results of implementing associated policies.

Empowering the Secretariat to do more to demonstrate that the WTO is an asset for WTO members can help counteract claims that the system of

rules has adverse welfare effects or benefits only a few. A key area of concern for many citizens is the distributional effect of trade integration. While improving equity of domestic outcomes and assisting workers and firms manage adjustment costs are matters for national policy, much more can and should be done to monitor and assess the economic effects of WTO membership.

The extent to which distributional effects of globalization are due to trade policy commitments is not something on which the WTO has much to say. There is much ex ante academic analysis of the potential benefits of greater trade and much ex post analysis of the specific costs incurred by negatively affected industries. The former is generally discounted by trade critics and proponents alike. The latter tend to ignore the positive side of the equation, mostly because this is more difficult to attribute to the trading system in a scientifically acceptable way. What is missing is compelling analysis of the value of a rules-based trading system. The WTO World Trade Report has become a flagship publication of the organization and is invaluable in providing an objective and informative 'big read' on a specific trade topic. It should be complemented by more regular analysis of the effects of implementation of WTO agreements.

The Secretariat has an important role to play in supporting the greater deliberation that is a precondition for sustaining and expanding cooperation on trade matters. Enabling it to provide more information can make it more useful to the constituencies that have a stake in the performance of different WTO bodies. These constituencies play a critical role in sustaining political support for the organization. They are mostly located in the capital cities of WTO members. Enhancing the capacity of the Secretariat to engage with these groups may help change perceptions at the national level on the utility of the organization.

Greater engagement with stakeholders in WTO members will require resources and depends on the Secretariat having the skill-mix to permit substantive engagement with national counterparts on subject areas covered by WTO agreements and other areas of policy of interest to groups of Members. On the resource side, there is scope to reallocate technical assistance funds from training seminars focused on helping "government officials of WTO members gain a better understanding of WTO rules and the multilateral trading sys-

tem” towards the provision of services to members that request it and to support the engagement of – and with – counterparts in national government agencies and broader regulatory constituencies with an interest in trade-related policy areas.

The funds contributed by donors currently are deposited into the Doha Development Agenda Global Trust Fund, but activities are not limited to Doha negotiations support activities. Contributions to this fund have been declining over time, from an average of CHF 17 million during 2009-11 to some CHF 7-8 million during 2015-17. Consideration should be given to re-naming and revising the terms of reference of this trust fund to support a broader set of activities.

There is of course only so much the Secretariat can do and care should be taken that it does not duplicate what other organizations do. More cooperation with other international organizations dealing with different aspects of trade policy and related regulation, as well as increasing engagement with international business organizations, sectoral regulatory communities and representative NGOs, can complement Secretariat capabilities to provide information and analysis that is relevant to WTO bodies and constituencies.

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