

ESD: AIR: ALL UNITS
21.03.2018: WEDNESDAY

COMMENTARY
RE-INVIGORATING THE WTO

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Fifty nations participated in the Informal Ministerial Conference of WTO (World Trade Organization) to discuss and resolve the issues on global trade after the collapse of WTO talks at the Buenos Aires Ministerial meeting last December. A statement issued by India's Commerce Ministry, said that "in the absence of ministerial guidance at the Eleventh Ministerial Conference (MC 11) that took place in December 2017 in Buenos Aires, Argentina, the New Delhi meeting provided an opportunity for ministers to explore in greater detail the options on different issues for re-invigorating the WTO."

The WTO Director General Roberto Azevedo was equally hopeful about the informal mini-ministerial meeting to carry forward the mandate of WTO, the multilateral trade body, against the backdrop of recent challenges in the global trade environment of increase in duties of steel and aluminum by the US administration. He said that "WTO is facing many challenges. Trade environment globally is very risky at this point of time". He also said that the outcome of the New Delhi meeting will be "useful to the conversations that we will be having in Geneva to try and move forward on all the items."

India's Commerce Secretary Rita Teotia observed that the meeting was more of an "ice-breaker" as it was held ex-post to the failed Buenos Aires meet. This was the first time WTO met after US President Trump's announcement last week of a 25 percent tariff on U.S. imports of steel and 10 percent on aluminum. India's steel and aluminum exports to the United States amount to about US \$ 1.5 billion. This constitutes around 2 percent of that India's total steel and aluminum imports.

Another crucial issue was the approach of US towards WTO's "appellate court", where countries resolve disputes over world trade governance issues. If US continues to non-cooperate with the appointment of judges, the appellate court will come to a halt by end of 2019. Arancha González, head of the International Trade Centre, a joint U.N. and WTO agency, has highlighted the significance of international arbitration processes in trade disputes, and said that "there is a risk that some will underestimate the value of a dispute system with an independent appeal function, and only value it when it has gone. This would be taking a 20 years step backward in international economic governance".

The WTO Director General mentioned that the dispute settlement system is a fundamental pillar of the WTO. Without an impartial and effective path for resolving disputes, very soon

WTO members could take matters into their own hands leading to a dangerous cycle of “retaliation” and “counter-retaliation” which could be a situation of grave concern. European Commissioner for Trade Cecilia Malmström reckoned that President Trump is planning to throttle the Appellate Tribunal, and weaken the WTO; and that it’s time for the European Union and its allies to draw up a “Plan B” of international dispute settlement mechanism.

Equally concerning is US’s massive trade war against India, when they raised complaints against WTO that India’s export subsidies, estimated at US \$7 billion a year, flout multilateral trading rules. The US Trade Representative (USTR) Robert Lighthizer has reported that the US has requested dispute settlement consultations with India at the WTO challenging Indian export subsidy programs.

As per the WTO norms, a member-country’s food subsidy bill should not breach the limit of 10 per cent of the value of production based on the reference price of 1986-88. India has been seeking amendments to the formula on stockholding,.

At the MC 11 WTO meeting in Buenos Aires, India had continued negotiations for the reduction of farm subsidies by developed countries. India also had resisted inclusion of new issues on the WTO negotiating table like e-commerce and investment facilitation into the ongoing Doha Round of developmental agenda fearing that these new issues may dilute the commitment to complete the existing agenda.

The lack of substantial outcomes at Buenos Aires highlighted lack of shared understanding on trade governance and economic development among countries. The outcomes of New Delhi informal Ministerial meeting revealed how effective a multilateral trade organization can promote global prosperity and inclusive economic growth. India organized the meeting to explore these plausible political conversations on such major issues by the Ministers which are critical to reinvigorate the WTO.
