
BUENOS AIRES SESSION OF THE PARLIAMENTARY CONFERENCE ON THE WTO

Buenos Aires (Argentina), 9-10 December 2017

*Organized jointly by the Inter-Parliamentary Union and the European Parliament
with the support of the National Congress of Argentina
in connection with the 11th WTO Ministerial Conference (MC11)*

PC-WTO/2017/R.4
28 November 2017

THE ROLE OF MULTILATERALISM IN TIMES OF RISING PROTECTIONISM

Discussion paper presented by Ms. Bogolo Kenewendo, MP (Botswana)

There is currently a crisis of confidence in the benefits of globalization and the concept of multilateralism. This narrative has become even more widespread following the election of President Donald Trump who is seeking more protectionist policies, reversing some of the global agreements that were already in place. Such protectionist approaches however are not only limited to the current regime in the United States; they are also rampant in certain developing and least developed countries (LDCs) where they are being fuelled by high rates of social and economic inequality.

Protectionist policies give leaders political mileage; however, they pose a great threat to global trade which has now had growth rates of below 3% for 5 years straight. There are lessons to be learned from the great depression when protectionist policies failed countries and global economic growth; it is for the WTO and other multilateral institutions to avert an impending crisis and reaffirm their role in a changing world. This means that the WTO and related organizations must engage in institutional reforms that are in line with the current global demands and the world state, embrace technology and foster the growth of regional economic blocks.

1. **Global Trade Reforms:** The world is changing rapidly while the institutions and rules that form the backbone of multilateralism have been slow to respond. The role of multilateralism is therefore to start focusing on issues that have become more relevant to countries, especially developing countries, including how to facilitate the engagement of Small, Medium and Micro-sized Enterprises (SMMEs) in cross-border trade and global value chains. These represent areas of great opportunity for developing and landlocked countries.

Furthermore, there is a need to strengthen transparency, urgency in dispute resolution, technical assistance to developing countries and the inclusivity of governance structures.

- a. **Fair Trade:** How to deal with countries with unfair advantages that manipulate currencies to strengthen their trade flows and those countries using untraditional forms of non-tariff barriers (NTBs). Since the multilateral system works to reduce tariff barriers and make credit available, tariffs and subsidies are on a long-term downward trajectory. Unfortunately, NTBs are on the increase and pose a greater challenge to trade since protectionist intent or harmful NTBs are harder to identify and their effects not as easily quantifiable as those of tariffs and subsidies. To make improvements in this area, the WTO should make more resources readily available to identify and deal with NTBs effectively.
- b. **Agility:** How to deliver important decisions quickly. Several decisions have been taken at the WTO's 10th Ministerial Conference in Nairobi. There is a concern that the Doha Development Agenda has been neglected; this is all the more saddening since it has been in discussion for more than a decade and a half. We welcome the adoption of the Nairobi Package, a series of six Ministerial Decisions on agriculture, cotton and issues related to the LDCs, and recognize the need for WTO Member States to implement the outcomes contained in the Package swiftly.

- c. **Inclusivity and Independence:** How to deal with the issues and interests of all WTO Members and not be seen to have an inherent bias towards one geographical group. The WTO needs to be more inclusive and must be seen to be fully representative of all geographical groups without an inherent bias.
2. **Embracing Technology and Innovation:** This must be undertaken in line with the expansion of the Information Technology Agreement. Technical assistance should be provided to developing countries in terms of the digitization of trade. The digital economy should also feature on the agendas of major WTO discussions concerning the inclusion of vulnerable groups, especially unemployed young persons.
3. **Implementing the Trade Facilitation Agreement:** Steps must be taken to move beyond ratification and ensure that the Agreement is implemented and its benefits reach small and medium-sized enterprises (SMEs), the backbone of most economies. A WTO study states that full implementation of the Agreement is forecast to slash Members' trade costs by an average of 14.3 per cent. The study further notes that once the Agreement is fully implemented, developing countries are predicted to increase the number of new products exported by as much as 20 per cent, with LDCs likely to see an increase of up to 35 per cent.
4. **Support Regional Economic Communities as Building Blocks for Multilateralism:** Strengthened regional economic communities (RECs) should not be seen as a threat, but rather as building blocks for multilateralism. The WTO and other multilateral institutions must improve their efforts to strengthen RECs and their free trade agreements. Given that many people view globalization as a threat, the strengthening of regional economic communities remains a favoured solution. Such an approach can be used as a means of getting the globalization agenda back on the right track.

Reenergizing the multilateral trading system depends on it being seen as inclusive and working for vulnerable groups. The theoretical benefits of trade need to be translated into reality given that trade is indeed a solution to the myriad of problems that leaders are wrestling with today. Multilateralism should promote the narrative of the Sustainable Development Goals.