



United Nations Conference on Trade and Development

Distr.: General
5 September 2016

English only

Fourteenth session

Nairobi

17–22 July 2016

Ministerial round table: Where next for the multilateral trading system?

Summary prepared by the UNCTAD secretariat

1. Opening the session, the Deputy-Secretary-General of UNCTAD noted that while international trade offered vast opportunities for development, gains were uneven, both among and within developing countries. It was important to have adequate policies in place, as well as an enabling environment within a global partnership. A universal, rules-based, open, non-discriminatory and equitable multilateral trading system was fundamental to lay the foundation for a global partnership for sustainable development. However, the multilateral trading system would continue to face several challenges in reinforcing its effectiveness and relevance to changing economic realities and development needs.

2. There were four major challenges to be met. The first concerned the approach to trade liberalization. While the trading system had succeeded in reducing tariffs, the current focus on trade policy was increasingly shifting to behind-the-border regulatory measures with the rise of trade associated with global value chains, the servicification of economies and growing digital trade. The second challenge related to the future contours of the trading system. Various new issues had been proposed for the future negotiating agenda to update World Trade Organization (WTO) rules, ranging from the environment to public health. The third challenge was the growing prevalence of regional trade agreements, particularly mega-regional trade agreements, which had a significant impact on the multilateral trading system owing to their sheer size, number and novelty. Fourth, the very nature of the hard rule-making approach increasingly called for supportive and complementary soft rule-making efforts.

3. Noting the uncertainty hovering over the prospects of the Doha Round and the multilateral trading system since the tenth WTO Ministerial Conference, the panellists discussed the short-term issue of how to move forward in the ongoing negotiations, and the longer-term issue of how to strengthen the multilateral trading system.

GE.16-15346(E)



* 1 6 1 5 3 4 6 *

Please recycle



4. Some speakers said that Members of WTO continued to attach importance to the core elements of the Doha Round – agriculture, market access and services – as they were constants. Introducing new issues would, however, not suffice. The issue at stake was to ensure a sufficient scope for possible trade-offs. Developing countries would need to identify priority areas and move quickly from thought to action in view of the next WTO ministerial conference, scheduled in 2017. Another panellist stressed that development remained at the heart of the Doha Development Agenda, and the single undertaking should remain a permanent feature.

5. One panellist said that while various new issues such as e-commerce, the digital economy, services facilitation and private standards had been proposed for inclusion on the agenda, it was necessary to set priorities in the light of the WTO mandate. Another panellist favoured new issues that would promote global value chains and growth, while yet another deemed it important to align trade-related dimensions with the imperatives of the Sustainable Development Goals, stressing that a premature agreement might divert attention from core business and development elements.

6. One panellist said that strengthening the trading system would require a better understanding of what had happened in the past before new issues could be introduced. The perpetuation of the existing division of labour, despite the increased prevalence of global value chains, could compromise countries' development prospects. Deceleration of trade growth relative to output growth since 2013 might be a reflection of structural development challenges. Beyond trade negotiations, such persistent development challenges needed to be addressed jointly by WTO and UNCTAD to ascertain the actual impact of trade on development, value addition, equalities and labour opportunities. Understanding these issues was important to avoid a repetition of past mistakes.

7. Some panellists suggested that multilateral and plurilateral processes could be pursued simultaneously, while others maintained that ideally the former should be given precedence. Further, plurilateral negotiations could be flexible enough to involve not only a binding commitment but also non-binding principles as a form of soft rules, and to allow those countries wishing to pursue liberalization at a faster pace to do so. It was important to ensure inclusiveness and transparency, as well as flexibility for developing countries in line with the novel form of flexibilities adopted in the Agreement on Trade Facilitation. Capacity-building support was indispensable to facilitate the engagement of developing countries in these negotiations. Some developing countries had already benefited from plurilateral negotiations, such as those regarding the Information Technology Agreement. Others noted that plurilateral and mega-regional trade agreements were diversionary, as they detracted attention from the multilateral trading system. Therefore, such agreements should be critically evaluated.

8. In the view of some panellists, the recent rise of mega-regional trade agreements was threatening the multilateral trading system. These agreements involved a handful of major economies, often motivated by geopolitical reasons, and designed according to a predetermined template that included items that developing countries could not easily comply with. The "WTO-plus-plus" nature of mega-regional trade agreements would imply that developing countries exporting to those countries would need to accept the higher regional standards. However, the multilateral trading system did not appear to have the means to counter these threats. Other panellists said that multilateral, regional and plurilateral processes were mutually complementary and supportive of countries seeking to use trade as a tool for development, and facilitate further multilateral efforts. Several panellists noted that UNCTAD should monitor and assess the development impact of mega-regional trade agreements.

9. Many speakers said that one possible avenue for enhancing the multilateral trading system was through a wider adoption of the soft-rule approach. One panellist suggested that

the development of legally non-binding principles, best practices and guidelines could produce results without having to go through binding commitments through multilateral hard-rule making, and thus serve to strengthen the multilateral trading system. Indeed many of the new issues suggested for inclusion in the multilateral trading system – competition, investment, non-tariff measures and e-commerce – had been addressed by UNCTAD. Using a soft-rule approach would clear the way for hard-rule making by enabling better understanding, identifying best practices, principles and guidelines, and building national capacity to formulate the measures in question. Such an approach, reflected in the mandate of UNCTAD, should complement and support efforts to make hard rules and achieve broader multilateralism.
