



The future of world trade depends on US leadership

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The fate of the world's leading trade institution hangs in the balance. The World Trade Organization (WTO) has been in a state of sustained, low-burning crisis for nearly five years. And in less than two months, trade ministers will gather in Geneva with the hope of reviving it by concluding negotiations on a wide range of issues. Failure to achieve meaningful results could hasten the WTO's slide toward irrelevance in setting or maintaining the basic rules of international trade.

Working in favor of a positive outcome is the energy brought by the new director-general, Dr. Ngozi Okonjo-Iweala, who has been tireless in her efforts to bring countries together to produce substantial agreements by year's end. But her role as leader of the organization is limited and, in the end, it is the countries that make up the WTO's membership that ultimately will decide whether the 12th Ministerial Conference (MC 12) will be a success or failure.

One country in particular is vital to these efforts. In the past, the United States has played a key role in getting talks across the finish line with a mix of practical solutions and diplomatic persuasion. The concern is that, this time around, the United States so far has fallen short of providing leadership when it is needed most.

Ambassador Katherine Tai, the United States's top trade diplomat, recently made her inaugural visit as United States Trade Representative to the WTO's home in Geneva, offering welcome words affirming the United States's commitment to the WTO and outlining key areas needing

resolution at MC-12. These included issues related to fighting the COVID-19 pandemic, an agreement to curb massive subsidies that deplete our oceans of fish, and the need to reform the WTO as an institution. The question now is whether the United States will move beyond the right words to do the heavy lifting it will take to bring resolution.

Among the difficulties for Ambassador Tai is that the United States is not starting from a position of strength. Her predecessor, Robert Lighthizer, never visited the WTO during his tenure and did little to hide his apparent disdain for the institution. The United States blocked all appointments to the WTO's Appellate Body, leaving it hamstrung. While both the Trump administration and Ambassador Tai have said much on what the United States believes the Appellate Body has done wrong, neither has offered solutions to fix it. Now is the time for the United States to lead others on a defined, time-limited reform path through agreement at MC-12 to undertake specific reforms of the WTO's dispute settlement system as part of a larger program to create a more efficient, effective, transparent and flexible WTO.

When it comes to the trading system making affirmative contributions to fighting the COVID-19 pandemic, the United States is perceived to have poisoned the well by supporting a waiver on intellectual property rules for the production of COVID-19 vaccines, while doing little to ensure that negotiations on the waiver are successful. With only seven weeks until MC-12, the United States must offer solutions to bridge the gaps between India, South Africa and others seeking a broad waiver and those such as the European Union (EU) that fear the impact on long-term incentives for research and development, while working for a package that limits restrictions and facilitates trade in medical supplies, vaccines, personal protective equipment (PPE) and their supply chains.

And perhaps the most critical of the agreements that must be reached at the MC-12 meeting — a deal to curb subsidies that have resulted in overfishing that depletes fish stocks worldwide — is being blocked by India, which has pushed for blanket exemptions to the rules that would undermine the entire agreement. Complicating matters is a proposal by the United States raising some important concerns on forced labor, which has come late in process and may not belong in a subsidies deal. Pushing for its inclusion may upend cooperation with China, with \$7.3 billion in government support for its vast fishing fleet, which is essential for the agreement's success.

Fish are not only important for feeding people and providing jobs, but healthy oceans are also critical to tackling climate change. Whales provide a startling example. A 2019 report in the International Monetary Fund's Finance and Development magazine noted that, over its lifetime, "each great whale sequesters 33 tons of CO₂, on average, taking that carbon out of the atmosphere for centuries. A tree, meanwhile, absorbs only up to 48 pounds of CO₂ a year." A successful fisheries agreement not only would ensure access to viable fishing waters for America's 39,000 commercial fishermen and women and contribute to the fight against climate change, but also would be a powerful demonstration that WTO members are capable of reaching agreements at the intersection of trade, environmental sustainability and development.

This is where the United States can step in. By exerting leadership and offering constructive proposals to resolve this and other logjams, the weight of the United States can and must be used to put pressure on India to cooperate. The text of the agreement is nearly complete — the only obstacle that remains is political and it can be overcome if the U.S. steps up to the plate.

In the end, the WTO would not have been created, and cannot move forward, without U.S. leadership. For a successful outcome at the WTO this year, the U.S. must learn to lead again.

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