UK TODAY NEWS

The US-WTO relationship remains flimsy

November 24th, 2021

Tai remains tight-lipped on all things WTO

Bob Lighthizer, former president Donald Trump's trade chief, often called the WTO a "failed organisation". Speaking to the Financial Times in January of this year, he suggested the body was full of "professional bureaucrats" putting emphasis on the "bureaucratic stuff they do". And moreover, he said, the WTO just had so many members and they all blocked and got blocked.

Fast forward to November. Lighthizer has been replaced with Katherine Tai, and we now approach the 2021 WTO ministerial. The question is: does Tai think any differently?

Sure, she has a different way of speaking. In a roundtable with reporters a couple of weeks ago, she seemed to light up and express quite real enthusiasm for reforming the beleaguered and much-bashed multilateral body. Her "vision", she said, was that "WTO members come to Geneva or wherever it is that they might convene and bring their honest selves". Members should be "prepared to fight for the vision of the WTO that you want".

"Just restoring the WTO to where it was four years ago, five years ago," she added, "is not actually going to bring back the energy that we need, frankly, for a world economy that is changing very quickly and that is moving further and further away from the point and the reality of where the WTO started."

But has the US actually itself proposed anything practical that could spur such change? The answer seems to be no.

One of the big problems with the WTO's relationship with the US pre-Biden had to do with the appellate body, which is meant to resolve disputes between members. The US effectively hamstrung it by blocking new appointments to it, because it didn't like what it saw as judicial over-reach. A week before the critical ministerial, we still have no idea what Tai thinks a reformed appellate body could look like.

Here's the thing. Sitting here in Washington, the WTO does not seem like a big agenda item. While it continues its decades-old argument over fishing subsidies, Washington is transfixed with the idea that China is subsidising its steel and dumping it across Europe and the US, that it's winning the race to manufacture the world's most advanced chips, and that it's already well ahead in locking up the minerals and rare earths needed for the energy transition. Now, as it tries to recover from the pandemic by injecting vast amounts of cash into the domestic economy, economic policymakers are also trying to figure out how to catch up with China and make sure the US can always access medicines, chips, minerals to make batteries, and so on.

It's also doing things such as upsetting allies (namely Mexico and Canada) by threatening to subvert the terms of recently inked deals by offering tax credits to people for EVs.

The antiquated consensus-based negotiating procedures of Geneva seem a world away from current US preoccupations.

The pandemic has taught us, if we didn't already know, that everything can change in an instant. Adam Tooze argued in a New York Times piece adapted from his most recent book, *Shutdown*, that the world's decision makers have given us a demonstration of their inability to govern the deeply globalised world they've created. Part of that problem, he argues, is that global institutions proved toothless, even in a situation where arguably geopolitical tensions could have been cast aside in the face of a common enemy.

So, what are we hoping for? Well, hopefully a deal on fishing subsidies. If WTO members can't do this, says Jake Colvin, president of the National Foreign Trade Council, a business lobby group, it's possible that "everyone goes elsewhere to take care of important trade issues". There are plenty of people out there saying similar things. This feels like crunch time.

Aside from that, Alan Wolff, former WTO deputy director-general, said in a speech that the body's members should agree on another two "essential" items, and produce a statement on how countries should deal with the pandemic, and a proper outline on how to deal with climate change in the trade sphere. The US and China both joined talks on environmental trade, including fossil fuel subsidies, earlier this month.

There's one good sign, and that's Tai's visit to India. India forms part of what the Brussels element of Trade Secrets likes to call "the awkward squad". That is to say, they block most things. Inu Manak, of the Cato Institute, a think-tank, points out that Tai's visit was important given many delegates were expressing "frustration" at India, and calling for more US leadership and diplomacy.

Ultimately, though, we're left wondering if Biden's trade policy is a matter of working out how to *appear* to like multilateralism while politely sidestepping existing trade rules to make domestic investments, in the likes of EVs and semiconductors. How the WTO meeting goes might give us some more clues.

Charted waters

The New York Times has an interesting piece ($) on how rich nations are fighting among themselves to attract immigrants to plug labour shortages. The chart goes some way to explaining why that is.

Since the pandemic struck the US has experienced what's been dubbed The Great Resignation, with millions of workers quitting the labour force.

While this trend has been far more pronounced in the US than elsewhere, it has also affected pockets of Europe and Asia too. *Claire Jones*

Trade links

A fun story about the **chips crisis**. A surge in **counterfeit** semiconductors entering the Japanese market has spawned a cottage industry of chip detectives (Nikkei, $).

Ed White and Sara Germano have an excellent piece on how the case of tennis star **Peng Shuai** is prompting a rethink from companies on how they operate in China.

China will have "no exceptions, no carve-outs, no transitions, no special treatments" as it applies to join **CPTPP**, a senior Mexican trade official told Nikkei ($).

It seems dwell fees are having the desired impact in getting companies to shift their cargoes from the **dockyards of the US West Coast.** *Aime Williams and Francesca Regalado*