



# The problem at the WTO-The time has come for the developing world to have a greater say

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## Highlights

### WTO

- An International Trade Organisation (ITO) was also to be created to establish multilateral rules for the settlement of trade disputes.
- Adherence to the rules of an international trade organisation was expected to serve as an important domestic incentive (and imperative) for governments by allowing them to resist protectionist demands and provide for greater legal certainty.
- Successive multilateral conferences were held between 1946 and 1948, and led to the adoption of the Havana Charter, a draft agreement for the creation of the ITO.
- But the ITO never came into existence as it was eventually rejected by the U.S. when, in 1950, President Harry Truman announced that he would not submit the Havana Charter to the Congress.
- The General Agreement on Tariffs and Trade (GATT) came to replace the ITO, interestingly as an ad hoc and provisional mechanism.
- Four decades later, the U.S. drove the agenda to establish the World Trade Organisation (WTO) purely to pursue its own commercial interests.

The U.S. has been long proven isolationist and has never truly embraced the idea of a multilateral system in which its leadership could be contested. So the recent ire against its very creations, from the North American Free Trade Agreement (NAFTA) to the Trans-Pacific Partnership (TPP), and the less recent disenchantment with NATO or UNESCO, is not surprising.

## The dispute settlement crisis-Criticisms

- The U.S. has systematically blocked the appointment of new Appellate Body members ("judges") and de facto impeded the work of the WTO appeal mechanism. With only four working members out of seven normally serving office in July 2018, the institution is under great stress.
- Other WTO members are expressing concerns over the politicisation of the Appellate Body appointment and reappointment process, and the quasi-attribution of permanent Appellate Body seats to the U.S. and the European Union (EU).
- There is concern that China may be on its way to having a permanent seat.
- The main critique of the U.S. relates to "overreaching" or judicial activism.

- The very existence of an appeal mechanism is now paradoxically questioned at a time the global community criticises the absence of the same mechanism in Investor-State Dispute Settlement.

Solutions are proposed to ease the work of a congested body from the establishment of committees to arbitration, but the roots of the problems are not seriously addressed.

#### Way forward

- The world has changed and multilateral institutions now have to embed these changes. Today's WTO crisis might well be the last ditch battle to retain control over a Western-centric organisation.
- The time has come for the emerging economies and the developing world to have a greater say in how to shape multilateralism and its institutions.

Source: [The Hindu](#)

