

# WTO Reform: How to revitalise the rules-based system?

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# Overview

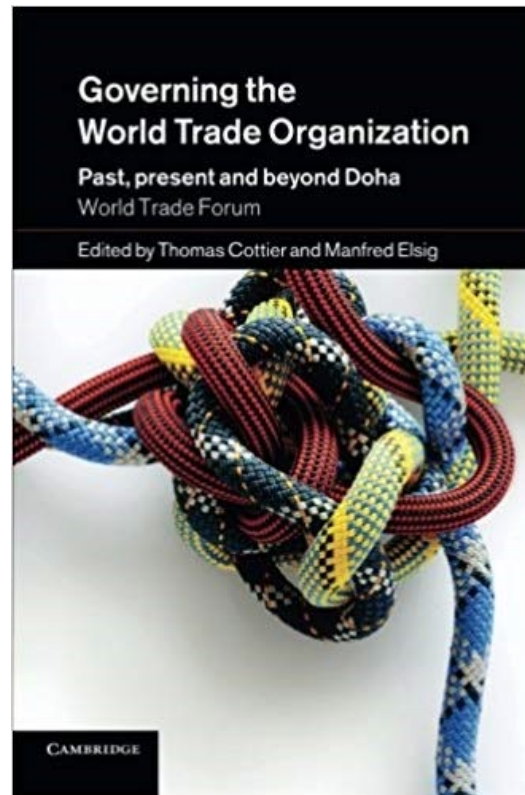
- WTO reform – reforming what?
- Is reform feasible?
- Reflections (3 scenarios) for a Biden Administration
  - A power-based perspective
  - An interest-based perspective
  - A norm-based perspective
- Tentative outlook

## WTO reform: different meanings...

- What type of reform: commitments vs. institutional design/processes (**institutional reforms are rare in GATT/WTO**)
- Grand reform (WTO, AB) vs. incremental reform (TPRM)
- In what area: negotiations, dispute settlement or regime management
- Formal (let's take recourse to voting) vs. informal (we don't vote) rules/institutions
  - ✓ some informal rules are hard to change (consensus principle)

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# Is WTO reform feasible?



## 3 scenarios for a Biden Administration

- A power view (realist perspective):
- US wants to reform the organization to better reflect its interests
- Focus still on trade deficits, mercantilist assessment
- Content: Transparency, SOEs, subsidies, trade remedies, development status (Focus on China)
- Design: AB reform (more control over outcomes)
- If rules reflect US interests, it might de-block DS, otherwise it will prefer GATT-type DS
- Approach: Coalitions of the willing

## 3 scenarios

- A functional view (liberal perspective):
- US wants to regain leadership, pragmatic re-engagement in the WTO
- A constitutional moment, good will...
- Content: Focus on export market interests for the US
- Design: Focus on smaller reforms for AB
- Approach: Alliances to address China concerns & leadership in variable geometry approach (plurilaterals)

## 3 scenarios

- A norm-based view (social-constructivist perspective):
- A new/adapted Geneva-based consensus build around the G2 (Transatlantic partners)
- How to use international law to pursue a new “Lyndon B. Johnson approach”, or a new “embedded liberalism” consensus
- Content: border tax adjustment, digital trade, subsidies, environmental goods
- Design: Re-establishing the AB
- Approach: Norm entrepreneur

# Tentative outlook

- Reality will be a messy mix of above scenarios
- US political context will constrain the Biden Administration approach – “can he keep the blue wall?”
- China-US rivalry is here to stay
- Post-Covid challenges
- Window for taking advantage of a constitutional moment is going to be “short”



# Tentative outlook

- What to “hope” for: A Biden deal (package deal)
- Content: Agreement on a set of ongoing plurilaterals (with some ambitions)
- Design: Punctual reform of the AB (with Trump gone and the MPIA in existence, the status quo may make reform more likely)
- Having a DG could help....
- A little help from the Ottawa group (and others) as well
- If not, crises at the WTO will continue....