

INTRODUCTION

Revitalising multilateral trade cooperation: Why? Why Now? And How?

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Trade has been a human imperative for millennia. The association between trade, peace, and war have long been acknowledged, even if their salience had waxed and waned over the years (Irwin 2008). Given trade's importance, norms governing its conduct can be traced back 3,800 years to the Code of the Babylonian King Hammurabi.¹

Yet, in the midst of profound contemporary **shifts** and **shocks** facing humankind, a quarter of a century after its creation, the World Trade Organization (WTO) is evidently not where pressing trade problems are being solved.² All too often, the mindset and rhetoric are **shackled** to the past.

As the standing of WTO has diminished in the highest circles of government, accepted international norms for trade relations have given way more and more to the law of the jungle. Faltering US commitment to multilateralism descended in recent years to brazen unilateralism in the conduct of trade policy (Blustein, 2019, Davis and Wei 2020, Irwin 2017, van Grassek 2019, Zeollick 2020). The sense of disarray and the lack of trust are palpable.

Yet, it would be wrong to overdo the pessimism. None of the 164 members of the WTO has decided to leave, which in recent years cannot be said of other multilateral organisations and leading regional integration initiatives. To the contrary, 23 nations are seeking to join the WTO. Moreover, there is widespread acceptance that the WTO needs to be reformed. "Mend it, don't end it", as the saying goes.

However, if statements of support for the WTO and calls for its reform were enough – the latest high-profile declaration being the Riyadh Initiative on the Future of the WTO issued on 22 September 2020³ – this eBook wouldn't be necessary. Words are not being translated into deeds. The deeds witnessed in recent years have largely been incremental, largely reflecting thinking in silos – and their limits have been cruelly exposed by events.

1 This and other historical gems can be found in Wolff (2019). The Code is reproduced at <https://avalon.law.yale.edu/ancient/hamframe.asp>.

2 The shifts and shocks dichotomy has been usefully developed by Irwin and O'Rourke (2011) in their assessment of the historical evolution of the world trading system. As will become evident, we extend their dichotomy to include a further "s" namely shackles, to capture the legacy of outdated or over-emphasised ways of thinking about how to tackle the challenges facing governments in their commercial relations.

3 http://www.g20.utoronto.ca/2020/G20SS_Communique_TIMM_EN.pdf

Perhaps the time has come to stop papering over the cracks and take the time to reflect on what really are, or could become, areas of agreement among WTO members. The appointment of a new WTO Director-General affords an excellent opportunity to revisit the tenets of multilateral trade cooperation – four aspects of which we turn to now.

Fundamentally, our assessment is that WTO members are not aligned on the **purpose** of the organisation. Is the pursuit of integration into the world economy still a shared goal? It may be not be only goal. Perhaps more controversially, is the pursuit of reforms that give market forces a growing role over time a common goal? Recently, a Deputy Director-General of the WTO, Mr. Alan Wolff, identified 18 values or principles of the WTO.⁴ It would be useful to know which of these values are shared by which WTO members – and whether the list is complete or needs pruning?⁵ What common denominator can support a revived multilateral core? What other widely shared principles could form the basis of extensions from that core? Purpose must also map into a notion of success. What constitutes a legitimate balance of obligations across a diverse WTO membership?

In addition to disagreements about ends, there is discord over **means** – in particular as it relates to the extant trade rules. As one speaker at the 11th Ministerial Conference of the WTO put it: “If in the opinion of a vast majority of Members playing by current WTO rules makes it harder to achieve economic growth, then clearly serious reflection is needed”.⁶ If enough governments wish to pursue markedly different strategies for social, environmental, and economic development, then what role can trade norms play in limiting cross-border commercial frictions? A revival of discussions about the ‘interface problem’ between different forms of capitalism would seem to be in order.

NEVER LET A CRISIS GO TO WASTE

Compounding this is the sense that current global trade arrangements, and the levels of trade cooperation that they induce, don’t offer national policymakers much as they tackle climate change and the associated energy transition, shape strategies towards the digital economy and, in the near-to-medium term, beard the COVID-19 pandemic. **Expectations** of the multilateral trading system are much greater these days it seems, at least when compared to the context in which the Uruguay Round was concluded in 1993. If the WTO is to remain in the first division of international organisations, its norms and the behaviour it induces in governments must contribute to solving the challenges that prime ministers and presidents regard as first order. Otherwise, trade policy will be relegated to merely a ‘flanking policy’.

4 https://www.wto.org/english/news_e/news20_e/ddgaw_25jun20_e.htm

5 In this respect, the Riyadh Initiative documentation suggests that on certain principles the G20 members are not entirely aligned.

6 <https://ar.usembassy.gov/opening-plenary-statement-ustr-robert-lighthizer-wto-ministerial-conference/>

Given that the world economy has now faced two systemic crises in less than 15 years, a fourth unavoidable topic is whether the practices and capabilities of the WTO as an organisation need upgrading to better undertake **crisis management**. There is clearly a Geneva-based dimension to this – that is, how the WTO Secretariat and trade diplomats based there can ensure the proper functioning of the WTO during crises and can enhance trade cooperation as and when needs require.

There are two other dimensions associated with crisis management in urgent need of consideration. First, systemic crises can result in sharp policy changes outside the traditional boundaries of the WTO that have repercussions for international commerce (bank regulations towards trade finance being a case in point). Those policy changes are often debated in other international fora and naturally the question arises as to how the WTO and its staff engage with these bodies. Crises raise questions about the centrality of the WTO in the governance of the world economy.

Second, if the current and previous systemic crisis are a guide, profound shocks of this nature result in greater government intervention in national economies. Whether that intervention is temporary is far from clear at the time and, if not properly managed, could in turn become a source of trade tension. The traditional approach to this matter is to suspend relevant WTO rules (dressed up in the euphemism of ‘flexibilities’). But surely the right question to ask is whether a more active state must be a more discriminatory one? Put differently, can new norms be developed to guide government responses to crises that generate less or no cross-border harm to trading partners?

Using the COVID-19 pandemic as a lens, the purpose of this volume is to offer insights into the underlying choices faced by WTO members and to offer suggestions for a WTO work programme over the coming three years. As will become evident, our assumption is not that the COVID-19 pandemic changes everything, but it is an excellent example of the type of shock that the governments and the WTO must respond to. That **shock** interacts with the underlying **shifts** taking place in the world economy, as many of the chapters in this volume make clear.

Furthermore, the suggestions made here take account of the inherited practices and mindsets among WTO members, some of which may no longer be fit for purpose (the **shackles**). No computer still uses the same operating system as 27 years ago, the year the current corpus of WTO accords were agreed. The operating system of multilateral trade cooperation needs an upgrade too – and its constituents need to develop habits conducive to further upgrades. Evidently, the trigger for producing this volume is the appointment of a new WTO Director-General. Even so, our overall goal is to contribute pragmatic suggestions to revitalise multilateral trade cooperation.

The rest of this chapter provides further contextual insights and amplifies several of the points made above. First, we begin by highlighting that, contrary to the ill-considered statements of some senior policymakers at the beginning of the COVID-19 pandemic, the trading system is delivering now for patients around the world and in other important

respects. That being so, the following section acknowledges that the current multilateral trading arrangements are under considerable strain, some of which are the result of factors external to the trade policy community and some which reflect unforced errors by those within in it.

The third section of this chapter makes the case that the WTO is worth fixing – framed here in terms of revitalising multilateral trade cooperation. The final section outlines principles to guide such a revival. The WTO can serve important purposes, but the manner in which it does so will have to evolve in ways that may challenge the mindset of those who came of professional age during and immediately after the Uruguay Round.

THE TRADING SYSTEM IS DELIVERING AND WORLD TRADE HAS CONTRACTED LESS THAN EXPECTED

Given the containment measures implemented by many national governments and the near shutdown of international transportation linkages arising from the global spread of COVID-19, it is not surprising that world trade fell. The supply shock induced by lockdowns combined with large reductions in consumption and investment expenditures, with deferrable spending hit worse. The WTO staff's forecast in April 2020 spoke to the bleak outlook at that time: world trade volumes were expected to fall between 13% and 32% this year.⁷ In June 2020 the IMF [forecast](#) world trade volumes would contract this year by 13.4% in industrialised countries and 9.4% in developing countries (IMF 2020). Initial academic assessments were bleak as well (see, for example, Baldwin 2020).

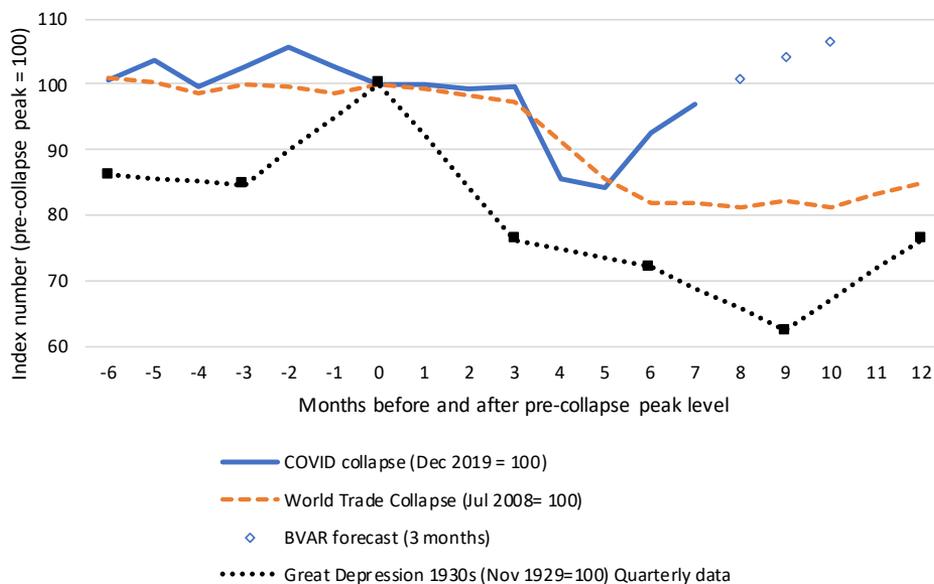
The commercial fallout is turning out to be less than initially feared. On 6 October 2020, the WTO presented new a [forecast](#), estimating a 9.2% fall in world trade in 2020 and a bounce back of 7.2% in 2021.⁸ A day later, the IMF published a revised forecast for trade to fall by 10.4% this year before growing an expected 8.3% next year. For sure, both of these organisations' forecasts imply that world trade will not recover to its pre-pandemic levels until 2022 at the earliest. Still, the unprecedented predictions on the downside have not come to pass. Having written this, [evidence](#) very recently compiled from national authorities by the United Nations Conference on Trade and Development reveals that the recovery of imports and exports has been very uneven across the major trading economies (UNCTAD 2020).

Relative to key historical points of reference, the available evidence implies that this year's contraction is more limited in scale (see Figure 1).

7 https://www.wto.org/english/news_e/pres20_e/pr855_e.htm

8 https://www.wto.org/english/news_e/pres20_e/pr862_e.htm

FIGURE 1 COMPARING THE COVID COLLAPSE TO THE 2008/9 WORLD TRADE COLLAPSE AND THE GREAT DEPRESSION



Note: BVAR: Bayesian vector autoregression.

Sources: Eichengreen, and O'Rourke (2009) and CPB World Trade Monitor (data through to July 2020). See also <https://voxeu.org/article/covid-19-and-world-merchandise-trade>

As far as international commercial policy is concerned, the political fallout from the initial phase of the pandemic has been worrying. Even governments that did not destabilise supply chains of medical goods and medicines by arbitrarily imposing export controls have taken a public stance critical of cross-border supply chains in essential goods (Evenett 2020). For example, then Prime Minister of Japan, Mr. Shinzo Abe, went on record to declare the following shift in Japanese policy:

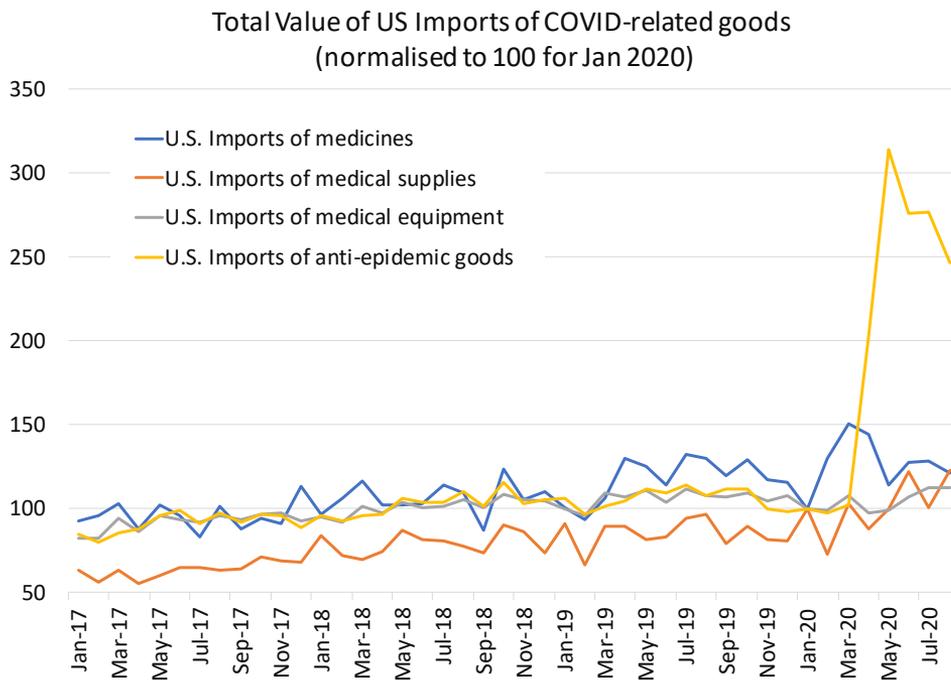
“for those products with high added value and for which we are highly dependent on a single country, we intend to relocate the production bases to Japan. Regarding products that do not fall into this category, we aim to avoid relying on a single country and diversify production bases across a number of countries, including those of the Association of Southeast Asian Nations [Asean].”⁹

More generally, critics had a field day arguing that sourcing of essential goods had become too concentrated, in particular from China which, of course, turned out to be the source of the COVID-19 pandemic. For these critics, globalisation had gone too far.

⁹ Quoted in a news article in the South China Morning Post on 12 August 2020 (<https://www.scmp.com/week-asia/opinion/article/3096911/coronavirus-has-complicated-china-japan-relations-how-will>).

On the face of it, these criticisms of supply chains are misplaced because they wrongly attribute the root cause of the problem. The pandemic's attendant surge in demand for medical kit and medicines could not be met in full by domestic *or* foreign sources of supply. That plus the absence of relevant stockpiles generated the shortages witnessed. Had sourcing been entirely local, it would still have been affected by containment measures and disruptions to national transportation systems, just as the US learned with respect to its own meat supply chain in April and May 2020. Calmer analysts drew lessons from the extensive existing literature on the factors contributing to the resilience of supply chains (Mirodout 2020, Gereffi 2020).

FIGURE 2 FOREIGN SUPPLIERS OF MEDICAL KIT AND MEDICINES CAME TO THE RESCUE OF US HOSPITALS AND PATIENTS



Note: Anti-epidemic goods are a class of products including alcohol solutions, hand sanitisers, masks, and soap.

Source: Assembled from 10-digit US import data available from the US International Trade Commission.

Evidence-based rejoinders to these sweeping critiques are now at hand. The most recent trade data suggested a surge in cross-border trade in medical goods and medicines, especially into high-income nations. Figure 2 shows that, at its time of need, the US tapped world markets for medical kit and medicines this year. Compared to January 2020, US imports of anti-epidemic goods tripled at one point, imports of medicines rose one half in just five months, and imports of medical supplies rose 22%. During 2020 only

US imports of medical equipment failed to break out of the pattern witnessed before the pandemic. For the other three goods categories, this is exactly how international trade is supposed to work – filling in demand gaps that cannot be met by domestic suppliers.¹⁰

In addition, Evenett (2020) and Guinea and Forsthuber (2020) have demonstrated that sourcing patterns of medical kit and other goods were diversified before the pandemic hit. Evenett (2020) presented detailed evidence from the import sourcing patterns of France, Germany, the US, and the US, while Guinea and Forsthuber (2020) focused on the European Union member states. Looking beyond these countries and using the most detailed available United Nations data on imports of personal protective equipment (PPE) for 2015–2018, the years before the pandemic hit, it is possible to identify how much each country sourced from others, including China.

Figure 3 shows the extent to which nations sourced PPE from China in years during 2015 to 2018. Only Mongolia, Pakistan, Saudi Arabia, and certain nations in Africa sourced their PPE imports primarily from China before the pandemic. No nation in North or Latin America or in Western Europe sourced a majority of their PPE imports from China. Neither did India or Russia. Japan and Australia did source plenty of PPE imports from China, but the former is a significant exporter of PPE as well.¹¹

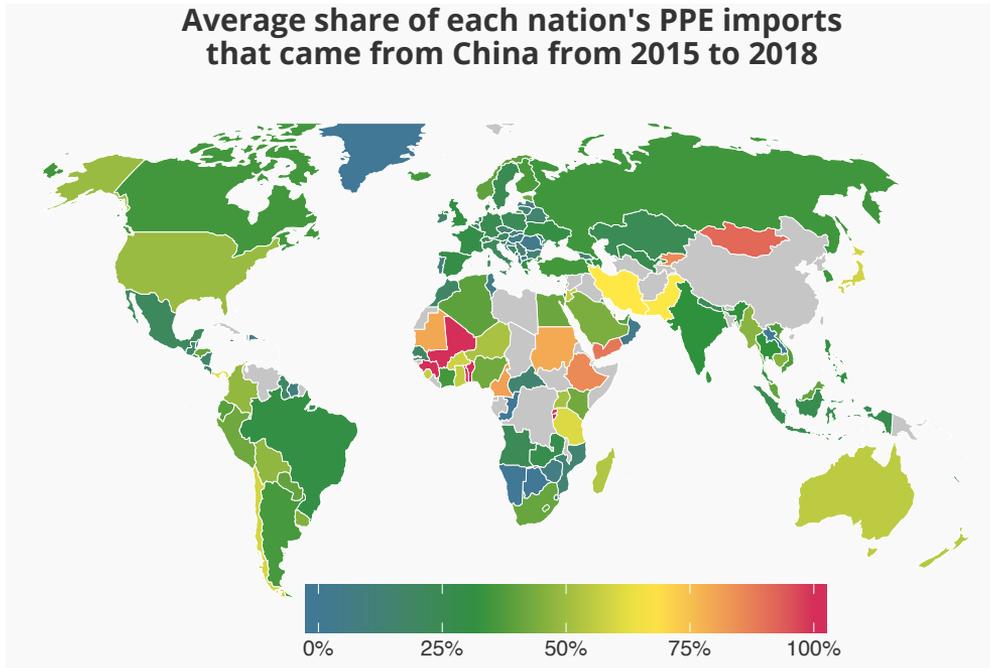
Overall, on the basis of this and other recent evidence, claims that globalisation had inadvertently resulted in a generalised ‘dependence’ on a single country for medical kits and medicines can be set to one side. Another corollary – that such overdependence created grave risks of ‘hold up’ problems from ‘unreliable’ foreign suppliers and their governments – can be dismissed as well.

Even though cross-border deliveries of medical goods and medicines this year have alleviated suffering, thereby demonstrating the social benefits of international trade, it cannot be denied that the WTO is in a bad place. Understanding some of the root causes and their manifestation is the goal of the next section.

¹⁰ The bidding war for such medical kit and medicines reported in the international press raises the possibility that some countries with lower incomes per head may have been unable to afford foreign supplies in the second and third quarters of 2020. Again, the problem here is not the fact that foreign suppliers exist, but the demand surge that led to the bidding war. Moreover, that bidding war likely had adverse societal consequences for those nations with lower incomes per capita and this is a matter of significant concern for development policy.

¹¹ Indeed, it is worth recalling that the map in Figure 3 does not take into account the domestic production of PPE, therefore China’s share in each nation’s domestic consumption of PPE will be lower the higher is the domestic production and sales of PPE.

FIGURE 3 VERY FEW NATIONS SOURCED MORE THAN HALF OF THEIR PPE FROM CHINA BEFORE THE PANDEMIC HIT



Source: Global Trade Alert.

THE WTO IS UNDER STRAIN: SHOCKS, SHIFTS, AND SHACKLES

The 21st century has not been kind to the WTO or, more precisely, to the rules-based multilateral trading regime established in 1993, as manifested by at least three symptoms. First, some WTO members have re-evaluated their approach to engagement with trading partners, calling into question the general presumption towards more engagement and openness. Second, the painful negotiations over the Doha Development Agenda made plain that trust between WTO members – a sufficient level of which is necessary in a system where compliance is in large part voluntary – has diminished over time.

A third symptom is the growing sense that the current trading arrangements are unbalanced. The notion of balance has been outlined by Deputy Director-General Wolff (2020) as follows:

“Balance in the world trading system, as seen through the eyes of any WTO Member, is provided in a variety of ways:

- Through the Member’s judgment of the costs and benefits of the rights it enjoys and the obligations it has undertaken
- Through its view of how its costs and benefits compare with those of other Members

- Through a Member’s view of its freedom of action in relation to the freedom of action for others and specifically through its judgment of whether it has sufficient freedom to act to temper its commitments for trade liberalization (openness) with measures designed to deal with any harms thereby caused.”

This definition is useful as it provides a lens through which to view the consequences for the standing of current multilateral trade rules of the systemic shocks witnessed over the past 15 years, of the broad shifts seen in the global economy, and of the shackles of the Uruguay Round. The first notion of balance relates to absolute benefits, the second to relative benefits, and the third to freedom of manoeuvre in response to unforeseen events.

Shocks

With the COVID-19 pandemic, the world trading system has had to deal with a second systemic economic crisis in 15 years. Systemic crises are important because many governments simultaneously face the pressures, even temptations, to turn inward – or at least to shift the burden of adjustment on to trading partners (Baldwin and Evenett 2020).

If one thinks about it, the WTO rules were designed to encourage a single government that had violated a legal obligation to come back into compliance. That the WTO dispute settlement procedure does not require compensation to be paid by an offending government indicates that this system seeks to encourage compliance, rather than punishment.

For this procedure to work, however, another WTO member must be willing to bring a case. And this is the Achilles’ heel during a systemic economic shock. If each government – especially those of the largest trading partners – implements policy interventions that harm trading partners at roughly the same time, then the ‘glass house syndrome’ kicks in (as old the saying goes, “people who live in glass houses should not throw stones”). Under these circumstances, what little deterrence is provided by WTO dispute settlement weakens further. Compliance with WTO obligations is ultimately voluntary, particularly during global economic crises.

The interesting empirical question is whether the system self-corrects after a crisis has abated, in which case the departures from the principles of non-discrimination are temporary and normal trading conditions are restored. If not, shocks can lead to permanently distorted commercial flows. Seen in terms, then, of the three notions of balance articulated above: shocks result in governments exploiting the freedom of action implied by the third notion and, if trading conditions alter permanently, then the first two notions (absolute and relative benefits) may be implicated.

What does the evidence from the global financial crisis of 2008-9 show in this respect? Were the trade distortions implemented during 2009, when fears for the world economy at that time peaked, ultimately removed? To answer this question, we draw upon the evidence contained in the Global Trade Alert database. As of this writing, a total of

1,465 policy interventions were implemented by governments during 2009 that almost certainly harmed the commercial interests of trading partners. Of that total, 30% were trade-distorting subsidies paid to import-competing firms, 22.5% were state incentives to export, just under 16% were import tariff increases, and 14.5% were tariffs imposed following contingent protection investigations. Given this quantum of intervention, the possibility that any particular bilateral trade flow is hit more than once cannot be ruled out.

Taking import tariffs increases and contingent protection measures together and referring to them as ‘transparent import restrictions’, it was possible to calculate the share of world trade covered by measures introduced in 2009, correcting for how long each measure was in force after its implementation. Furthermore, taking account of when any policy intervention lapsed, it was possible to calculate in *every subsequent year* the share of world trade covered by transparent import restrictions imposed in 2009 that *survived*.

Bearing in mind that, for an import restriction imposed late in 2009 that also was in force for all of 2010, the duration-adjusted computed trade covered may increase from 2009 to 2010. A similar procedure was followed to calculate the world trade covered by surviving subsidies paid to import-competing firms, by surviving state largesse to exporters, and for all surviving discriminatory policy interventions introduced in 2009. Figure 4 plots the findings. Since our interest is in whether the trade covered falls over time, to facilitate comparability across policy instruments we normalised the trade coverage in 2009 to 100 for each class of trade distortion.¹²

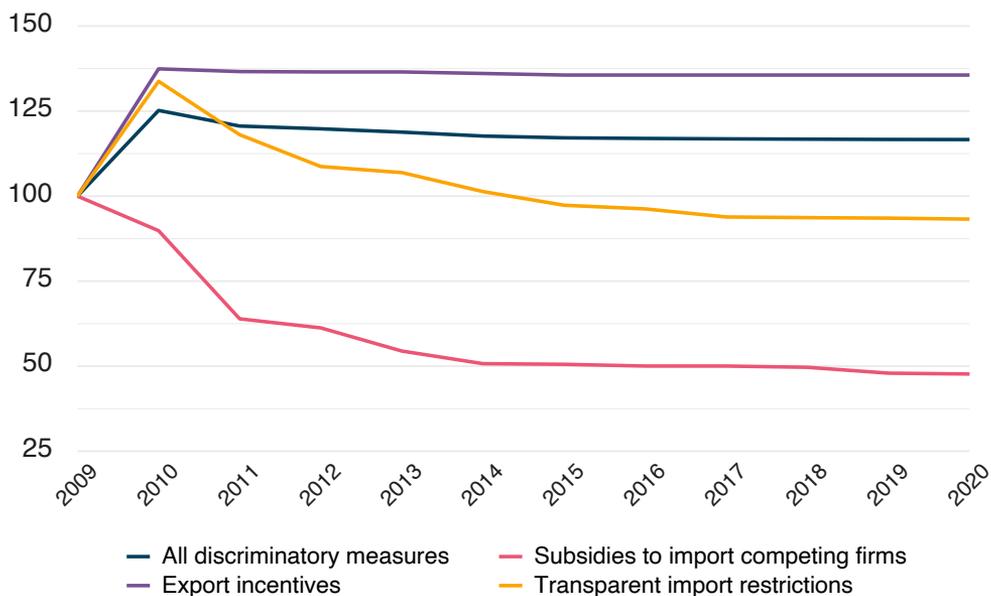
While there is interesting variation across the classes of policy plotted in Figure 4, the overall finding is that relatively little of the 2009 discriminatory trade policy response was reversed in the decade after 2010. The jump in the levels shown for 2010 over 2009 reflects the fact that many trade distortions imposed in 2009 were in force for more days in 2010 (in some cases for the entire year). By 2020, 32.7% of world trade was still covered by discriminatory commercial policy interventions implemented in 2009.

Figure 4 reveals interesting variation across classes of trade distortion. Measured in terms of world trade covered, close to none of the export incentives introduced in 2009 have been unwound. Some transparent import restrictions were unwound. Such was the phase-out of subsidies to import competing firms that, by 2013, only half of the world trade covered in 2009 remained distorted. Still, even that represents a long-term impairment in trading conditions.

¹² This has the unfortunate effect of suppressing the information on the relative magnitude of the world trade covered by such trade distortions in 2009. Adjusting for the duration each discriminatory measure implemented was in force, 28% of world trade was covered by all forms of discriminatory policy intervention introduced in 2009. The comparable percentages for transparent import restrictions, subsidies to import-competing firms, and state largesse to exporters were 1.4%, 6.9%, and 20.8%, respectively. In terms of world trade covered, the import tariff responses of governments in 2009 were swamped by that of subsidies of differing kinds. Such statistics confirm that there was no 1930s-like trade policy response to the global financial crisis. Instead, far-reaching trade distortions took a different form, namely, state largesse. That nearly 30% of world trade was implicated by trade distortions introduced in 2009 vitiates the mantra that the WTO passed the ‘stress test’ brought about by the global financial crisis a decade or so ago.

FIGURE 4 OVERALL, WHEN MEASURED IN TERMS OF WORLD TRADE COVERED, FEW TRADE DISTORTIONS INTRODUCED DURING THE 2009 CRISIS WERE UNWOUND

World trade covered by discriminatory measures imposed in 2009
(normalised at 100 in 2009 and allows for phase out dates)



Source: Gobaal Trade Alert.

The 2008-9 global economic shock permanently altered the commercial playing field, no doubt reducing the benefits that many WTO members derive from their membership. To the extent that these trade distortions were implemented unevenly across WTO members, then some governments may regard their relative benefits to have deteriorated as well (especially if they perceive that the trading partners which implemented export incentives grabbed market share at the expense of firms based in their nation).¹³

There are grounds, then, for concluding that the 2008-9 global economic crisis impaired all three of Wolff's notions of balance. That shock mattered. It remains to be seen whether the commercial policy response to the COVID-19 shock will further erode the benefits of WTO membership.

¹³ Those governments that felt unable to offer state largesse to import-competing firms and to exporters may also have felt that their capacity to respond to the 2008-9 crisis was handicapped.

Shifts

At least three longstanding and increasingly inter-related trends bear upon the perceived balance of obligations and benefits from WTO membership: sustained faster economic growth in the emerging markets, technological developments resulting in the expansion of the digital economy, and climate change and the associated energy transition.

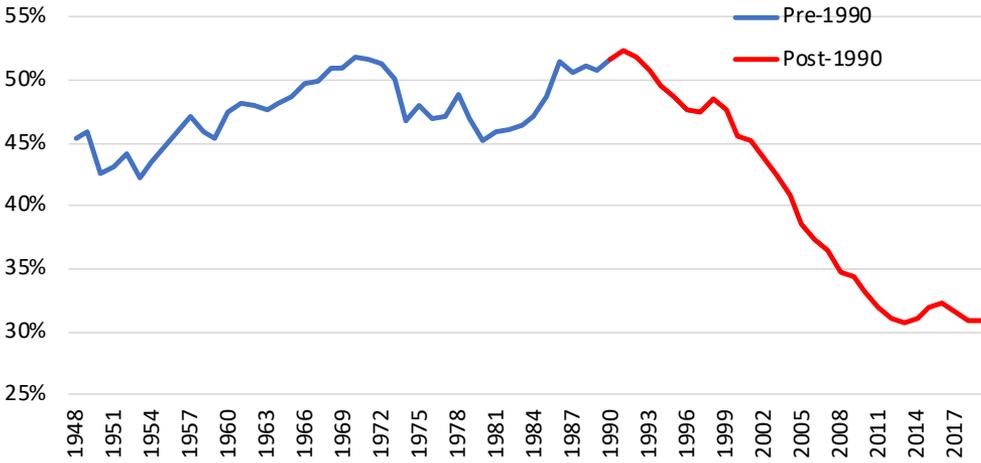
The first trend has resulted in a growing share of global GDP and commerce accounted for by emerging markets and diminished relative economic importance of the Group of Seven industrialised countries, whose members had essentially dominated the world trading system through to the end of the Uruguay Round (see Figure 5). In line with their growing economic heft, the governments of the larger emerging market economies – Brazil, China, India, and South Africa in particular – have asserted themselves more forcefully in the run up to and since the launch of the Doha Round of multilateral trade talks in 2001, as is their right.

Seen in terms of Wolff's three notions of balance, from the perspective of industrialised countries the impression could arise that, while they still benefit in absolute terms from WTO membership, their benefits relative to emerging markets have declined. To the extent that more intense import competition has resulted in painful labour market adjustments in both industrialised and developing countries, then the political calculus may have shifted towards lower perceived absolute and relative benefits of WTO membership.

These shifts in relative benefits have not been matched by corresponding increases in obligations taken on by developing countries – leaving some policymakers and analysts in industrialised countries to call for a rebalancing of rights and commitments at the WTO (Low et al. 2019). For their part, many developing country representatives insist that their multilateral trade obligations should reflect their nation's level of development, implicitly arguing that this consideration should determine level of obligation rather than the scale of membership benefits. That such a rebalancing has not happened is said to have contributed to the US essentially revoking most-favoured nation (MFN) privileges for China in its trade war. Stalemates have consequences.

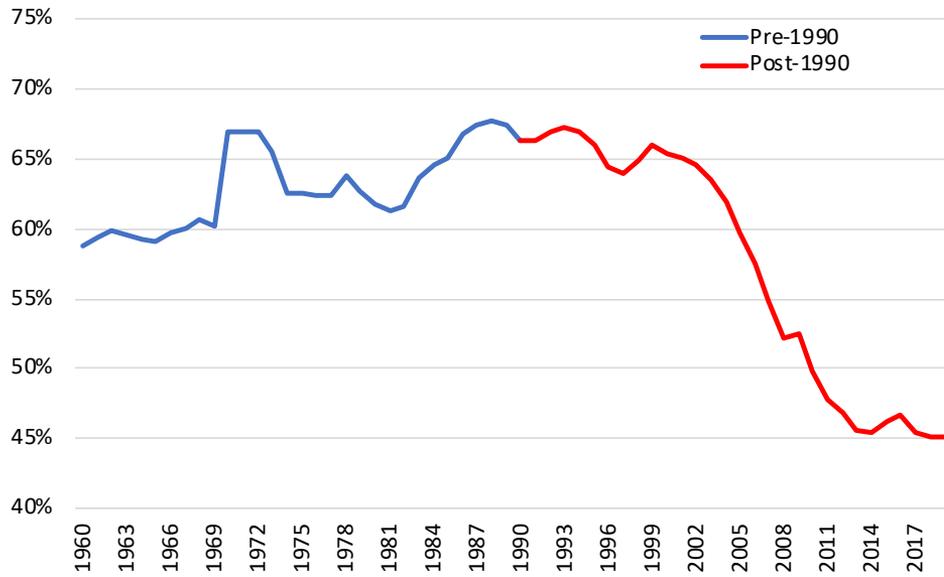
FIGURE 5 SINCE THE LATE 1980S, THE G7 GROUP'S SHARES OF WORLD GDP AND WORLD TRADE HAVE SHRUNK MARKEDLY

a) G7 share of world exports (1948-2019)



Source: WTO Database (October 2020)

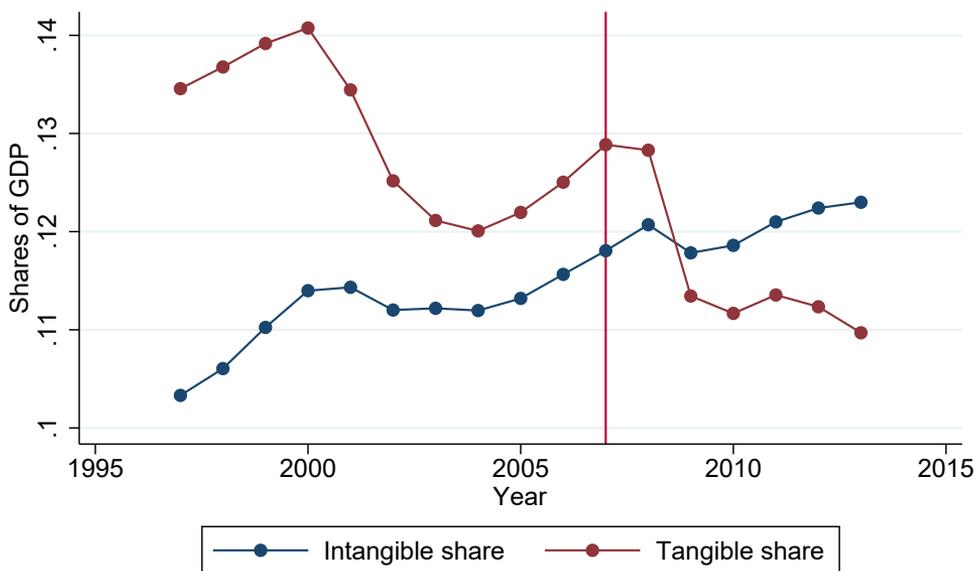
b) G7 share of world GDP (1960-2019)



Source: World Bank World Development Indicators database (October 2020).

The spread of general-purpose information and communication technologies and the subsequent development of the digital economy is the second trend that confronts the membership of the WTO. The rise in so-called digital commerce, with its implications for the disruption of traditional service providers, innovation, and relative economic performance, have not escaped the attention of governments. Growth in private sector investment in intangible assets has exceeded that of national income in many industrialised countries (see Figure 6). Plus, unlike tangible assets, investment in intangibles weathered the global financial crisis well.

FIGURE 6 FOR OVER A DECADE, PRIVATE SECTOR INVESTMENT IN INTANGIBLE ASSETS HAS EXCEEDED THAT OF TANGIBLE ASSETS



Source: Haskel and Westlake (2017).

Regulatory actions, competition law enforcement steps, and taxation measures have been introduced by states that implicate firms operating in the digital economy. While these state acts may be informed by traditional WTO principles, there is no distinct body of multilateral trade rules to cover the digital economy. Nor is there any official tracking of policies affecting the digital economy. Coming on top of no progress in expanding and updating the WTO's rulebook on service sectors, large swathes of economic activity now fall outside multilateral trade rules.

For governments whose economies are increasingly service sector-dominated, or where the leading edge in technological development is in the digital sector, the absence of WTO rules must surely diminish their own assessment of the value of WTO membership. To use Wolff's trichotomy, own benefits shrink as the sectors better covered by WTO rules diminish in economic importance. Moreover, WTO rules afford little or no protection

against actions taken by trading partners that implicate commercial interests in a nation's digital sectors. In so far as the digital economy is concerned, the very relevance of the WTO is at stake.

Technological developments have fused with geopolitical rivalry to produce a heady brew of export bans, public procurement limits, restrictions on cross-border mergers and acquisitions, and a revival of industrial policies. Attendant to the recent tensions between China and the US is the re-emergence of the trade and national security policy nexus. To the extent that governments brook no interference on matters deemed related to national security, then this must effectively encroach upon the domain of economic activity covered by the WTO rulebook (Aggarwal and Evenett 2013).

The past decade has seen senior policymakers give more and more attention to the threats posed by climate change and the steps that can be taken to limit them. The Paris Agreement, negotiated in November and December 2015, was the high point in international cooperation in this regard. This first-order societal matter implicates the world trading system in a number of ways, not least because of proposals to impose border tax adjustments on imports from nations imposing no, or insufficient, carbon taxes.

For some policymakers and analysts, if WTO rules get in the way of tackling this pressing threat to humanity then these rules will need to be pared back. For others, policies to tackle climate change and to facilitate the associated transition towards renewable energies are a Trojan horse for the next wave of protectionism. Both perspectives could result in governments reassessing the balance of benefits from their membership of the WTO and their willingness to undertake further cooperation there. Indeed, the latter may be conditional on the outcomes of climate change-related negotiations in other international fora.

On reflection, given these three trends it is no wonder that the organisational and legal arrangements created by governments in 1993 to govern international trade relations are under strain. The world has moved on, but the WTO architecture has in major respects stood still (Baldwin 2012), leading appropriately to a discussion of the third dimension of the problem: the shackles.

Shackles

No iron law of international organisations requires that they be frozen in time. After all, the IMF, OECD, and World Bank have reinvented themselves at various points in the post-war era. That is not say that such reinventions happened overnight – but adjust they did. In contrast, the WTO appears to be shackled to arrangements and modes of thought over a quarter of a century old.

Right off the bat, it must be admitted that governments did attempt one major upgrade to the WTO rulebook. But that proved ill-fated, with negotiations reaching an impasse in the second half of the last decade (when exactly is a matter of debate, but many point

to the breakdown in negotiations in July 2008). It was almost inevitable that after the ‘successful’ Uruguay Round, certain trade negotiators would try again to negotiate binding, enforceable commitments with common obligations for all. Soon it became apparent that progress could only be made by whitening down the notion of a Single Undertaking to the commitment that no deal would be agreed until every aspect was settled.

A commitment to address development concerns was essential to securing the agreement of developing countries to launch the Doha Round negotiations, making a common set of obligations infeasible. The commitment to less-than-full reciprocity by developing countries and what turned out to be a limited negotiating set were two design features that made concluding the Doha Round harder (Evenett 2014).¹⁴

An even bigger concern was that there was no ‘landing zone’ for the negotiation that would satisfy every major trading power. For all the talk of ‘give and take’ in trade bargaining, often reciprocity amounted to demanding the Earth of trading partners in return for the promise of meagre reforms at home. In light of this failure, the very notion of trade rounds has been called into question. The phrase Single Undertaking may rightly acquire another meaning – it happened only once!

The breakdown of the WTO’s negotiation function was compounded by a reluctance to deliberate seriously (see Table 1 for a comparison of the multilateral trade rounds since the formation of the GATT). An unfortunate legacy of the Uruguay Round, where “only binding obligations matter”, is that other forms of cooperation – including collectively scoping out the trade-related implications of significant external developments – were demoted. If negotiations are all that matter, why bother deliberating? Indeed, why not turn each deliberative exercise into a shadow negotiation? Such was the fate of several of the working groups set up to examine competition law, policies towards foreign direct investment, and transparency in government procurement in the context of the Doha Round.

14 They were not the only factors responsible for the impasse in the Doha Round trade negotiations.

TABLE 1 MORE PARTICIPANTS, MORE ITEMS, AND LONGER MULTILATERAL TRADE ROUNDS.

Year(s)	Place, name of round (international trade organisation)	Number of participating customs territories at the conclusion	Average cut in tariffs negotiated (%)	Policies subject to negotiation
1947	Geneva (GATT)	23	26	Traditional import restrictions
1949	Annecey (GATT)	13	3	Traditional import restrictions
1951	Torquay (GATT)	38	4	Traditional import restrictions
1956	Geneva (GATT)	26	3	Traditional import restrictions
1960 - 1961	Geneva - Dillon Round (GATT)	26	4	Traditional import restrictions
1964 - 1967	Geneva - Kennedy Round (GATT)	62	37	Traditional import restrictions and anti-dumping measures
1973 - 1979	Geneva - Tokyo Round (GATT)	102	33	Traditional import restrictions, non-tariff barriers and several multi-party Codes
1986 - 1994	Geneva - Uruguay Round (GATT)	123	38	Traditional import restrictions, non-tariff barriers, regulations, services, intellectual property, dispute settlement, textiles, agriculture, the creation of the WTO, among others
2001 -	Doha Round (WTO)	157	n.a.	Agricultural market access and subsidies, services market access and regulations, market access for industrial goods, trade facilitation, transparency and government procurement, investment policy, trade and competition policy and rules (antidumping, subsidies, etc.)

Source: Modified from Rojas and Cano (2018).

The notification and monitoring functions of the WTO have not reached their full potential either. WTO members have recognised the former problem but have not agreed a way to tackle it. The latter problem is the result of few resources being devoted to the independent collection of information on trade policy changes by the WTO Secretariat, non-cooperation by some G20 governments, and pressure by other G20 governments on the WTO Secretariat not to report certain policy developments. The fact that the WTO Secretariat reports have stopped reporting detailed information on “general economic support”¹⁵ measures by G20 governments is telling.

To put this in context, the wave of transparency improvements witnessed in many nations over the past quarter of a century has not reached the official institution overseeing world trade. Intelligent deliberation is difficult in an organisation where many members practice obstruction.

That the WTO Appellate Body has gone into abeyance was the last shoe to drop. This followed the decision of the US to block the appointment of new members to the Body until its concerns were met. In such legal matters it is all too easy to get lost in the weeds and in the blow-by-blow accounts of which WTO member did what and when. It makes more sense to focus on the bigger picture and on this the United States Trade Representative, Mr. Robert E. Lighthizer has been clear. In an editorial in the *Wall Street Journal* on 21 August 2020, he argued:

“...The Appellate Body was supposed to have a limited role, quickly correcting errors of law, not fact. But over time it came to see itself as something else—a high court empowered to create a new common law of free trade.

“The undemocratic, overreaching tendencies of the Appellate Body have damaged both the global trading system and the U.S., which found itself on the receiving end of a quarter of all cases filed at the WTO. While America has often won these cases at the panel stage, the Appellate Body has consistently reversed those decisions by interpreting the WTO rules in ways that diminish rights and create new obligations not found in the text.”

Essentially, Mr. Lighthizer is arguing that through its rulings the Appellate Body has upset the third notion of balance articulated by Wolff – the capacity of the US to respond to trade-related disruption.

We hold no brief for any government in this standoff. However, we think it appropriate to reflect on whether the degree to which rhetoric about ‘trade law’ has been elevated since the Uruguay Round was finalised is such a good thing. In this we are guided by the wise words of the late Professor John H. Jackson, regarded by many as the father of the WTO.

¹⁵ This is WTO-speak primarily for subsidies.

In an assessment of the WTO prepared three years after its foundation, he explicitly cautioned against a mindset based on ‘rule of law’ and a ‘rules-based system’. Given what came to pass, it is worth quoting Jackson at length:

“I suggest that the rule-oriented approach, particularly concerning international economic affairs, has considerable advantage. It is this approach that focuses the disputing parties’ attention on the rule, and on predicting what an impartial tribunal is likely to conclude about the application of a rule. This in turn will lead parties to pay closer attention to the rules of the treaty system and hence can lead to greater certainty and predictability” (Jackson 1998: 60; emphasis in the original).

He goes on to differentiate a rules-oriented approach with approaches it turns out are frequently heard in contemporary discussions at, or about, the WTO.

“The phrase ‘rule-orientation’ is used here to contrast with phrases such as ‘rule-of-law’ and ‘rule-based system’. Rule orientation implies a less rigid adherence to ‘rule’ and connotes some fluidity in rule approaches which seems to accord with reality (especially since it accommodates some bargaining or negotiation). Phrases that emphasize too strongly the strict application of rules sometimes scare policy-makers, although in reality the different phrases may amount to the same thing. Any legal system must accommodate the inherent ambiguities of rules and the constant changes of practical needs of human society. The key point is that the procedures of rule application, which often centre on a dispute settlement procedure, should be designed so as to promote the stability and predictability of the rule system. For this procedure must be creditable, ‘legitimate’, and reasonably efficient –not easy criteria” (Jackson 1998: 61).

Evidently, the operation of the WTO dispute settlement system has lost credibility with a key stakeholder and, in an organisation where consensus is a cornerstone in decision making, ultimately this proved fatal. The mistake was, as Jackson warned, to repeat mantras about the ‘rule of law’, ‘rules-based systems’, and so on and fail to realise that the decisions of the Appellate Body could upset the balance that key WTO members saw in the benefits of their membership. Once again, shackles have limited the system’s ability to adapt.

In sum, the WTO is under strain because the ideas and practices that many of its member governments and diplomats have shackled themselves to have proved incapable of adjusting to the shocks and shifts confronting the world trading system. The result has been a brittle institutional architecture that to date has proved unable to rise to the challenges of the 21st century. But is the WTO worth fixing? Our unequivocal answer is yes.

THE WTO IS WORTH FIXING TO HELP TACKLE TODAY'S GLOBAL CHALLENGES

Humanity faces massive global challenges in the years ahead and the solutions to these will require cooperation between governments and other stakeholders around the globe. International commerce will be part of those cooperative solutions. That alone is a compelling reason why the WTO should be fixed.

The WTO is not the only place for working on such solutions, but it is a vital one. The WTO's basic rules – such as reciprocity, non-discrimination, and transparency – are arguably the most universally accepted. The basic WTO rules – which build on the GATT rules agreed in 1947 – had been written into the domestic lawbooks of many nations well before most of today's national leaders were born. As such, the rules help align expectations for firms, governments, and civil society groups. This is an accomplishment worth building on.

The list of contemporary global challenges is long; here are five specific ones where a well-functioning WTO will be needed.

Perhaps the most pressing of the challenges is the need to facilitate the production and distribution of billions of doses of COVID-19 vaccines. 'Vaccine nationalism' cannot be ruled out and would slow down the global fight against this pandemic as well as exacerbate the trust deficit between governments. The WTO rules (especially its regime on intellectual property) are fit for purpose as long as members approach the challenge with a flexible and enlightened spirit.

Global **economic recovery** is another challenge that multilateral trade cooperation can help with. A fragmented, distorted trading system would hinder the global recovery. It would limit the contribution that exports, investment, technology transfers, and supply chains can make to getting the world economy back on its feet. The prognosis is, so far, good on this point. Governments didn't turn inward in response to the first wave of COVID-19, but with the second and third waves hitting countries, the WTO should be used to encourage the continuation of such 'enlightened self-interest.'

One particular point of worry are the massive subsidy programmes that some members have put in place this year. In principle, support for employees during crises need not raise red flags to trade policymakers. But if subsidies go too far and confer significant commercial advantage to corporate recipients, then they may slip from employment-stabilising to market share-stealing, thus risking trade conflict and retaliation that will harm all concerned. Sidestepping such a lose-lose situation is precisely what multilateral trade cooperation should be about.

The third concerns digital technologies, which are transforming international commerce at breakneck speed. The rules for this **digitally enabled trade** need to be written somewhere and soon. The WTO has an initiative in place on such matters, but it needs to be accelerated.

The largest and greatest existential challenge concerns **climate change**. Cooperative solutions to climate action will almost surely implicate trade and investment policies – be it an agreement to lower barriers to trade in environment goods, state largesse to ease the energy transition of firms, or the introduction of border tax adjustments related to carbon content. Climate change is also likely to shift rainfall in ways that will require much more trade in food and in advanced farming technology.

Finally, the most contentious challenge is the need to find an **interface mechanism** between competing forms of capitalism. Beijing’s particular form of capitalism has been a roaring success for the Chinese economy, but the apparent attendant dislocation and upheaval in certain trading partners – above all, the US – has become a lightning rod.

The challenge is to find a way for the US-style market-led capitalism and the Chinese-style state-led capitalism to coexist. Governments have been involved in this sort of exercise before. France, for example, had five-year plans right up to 2006 and Japan’s METI was involved in propelling that nation into the premier league of high per capita economies, while the US and other nations took a much more laissez-faire approach to investment and industrial development.

While many 21st century trade issues have been settled outside the WTO – in deep regional trade agreements, for example – and aggressive unilateralism has been revived under the Trump administration, the WTO has not lost its prominent place in the world trading system, even if its centrality has eroded. The organisation may be widely criticised as ineffective or even irrelevant, but members are not giving up on the WTO.

The WTO is worth fixing since it is one of the global forums for cooperation still seen as credible in the eyes of most nations. This can be seen in the modest progress that has been made in recent years in policy domains such as trade facilitation and more recently in the prospects for cooperation on e-commerce and fishing subsidies.

The alternative is a return to the gunboat diplomacy of the 19th century. A return to a world where ‘might makes right’ and of ‘an eye for an eye’ would lead to a lot of blind people and very little cooperation. Given the geo-economic shifts discussed above, a return to bareknuckle trade politics is unlikely to work out well for anybody. We are not, after all, in the world of Pax Britannica where a hegemon set and enforced the rules. We are in a world where no nation has the clout to successfully impose its will unilaterally.

In sum, the WTO is not perfect by a long shot, but it far better than the law-of-the-jungle – especially as we move further into an era of competing economic super giants and a possible Thucydides’ trap.

THE WTO CAN BE FIXED - AND HERE IS HOW

We are not trade diplomats and nor are we trade policymakers, but we have been keeping a beady eye on them for decades. In our assessment, considerable progress can be made revitalising multilateral trade cooperation in the near-to-medium term, capitalising on both the appointment of the new WTO Director-General and the ramifications of the COVID-19 pandemic for the world trading system.

Don't overdo the pessimism - there is plenty of good trade policy news away from Geneva

We have no illusions that revitalisation will take time and will require starting with confidence-building measures. Still, a number of key building blocks are in place, not least the sense that the current stalemate and frictions serve no one's interests. Away from Geneva there are many instances of governments engaging in trade cooperation – whether bilaterally, regionally, or in other formations, such as the Ottawa Group. Even in Geneva, work continues on the Joint Statement Initiatives and the COVID-19 pandemic has brought together groups of WTO members that have made declarations concerning their trade policy intent. Put simply, governments haven't lost the knack for trade policy cooperation.

Nor have governments stopped integrating their economies into the world economy. By 30 October 2020, the Global Trade Alert has documented 554 unilateral policy interventions taken this year by governments around the world that liberalise their commercial policies. That's more than double the number recorded at this time last year (249) and more than 50% higher than the comparable total in 2018, the year which saw the most trade reforms since the global financial crisis of 2008-9.

A total of 116 governments have taken steps that integrate their economies into the world trading system this year or will implement measures doing so by the end of 2020. For all the doom and gloom about the world trading system's prospects, it is worth recalling that the Global Trade Alert's data imply that, since the first G20 Leaders' Summit in November 2008, on average a government has undertaken a unilateral commercial policy reform every 14 hours. Governments haven't given up on trade reforms either. And these unilateral reforms aren't ones where the officials involved insisted on some reciprocal gesture by trading partners. We need to build on that.

Notwithstanding these positive developments, there is no hiding the fact that WTO members are different places when it comes to:

- signing new binding, legally enforceable trade obligations;
- their acceptance of the WTO dispute settlement system introduced in 1995; and
- the very purpose of the WTO.¹⁶

We see a mismatch between (i) the creativity that trade diplomats have shown in fostering inter-state cooperation in regional trade agreements and in formulating initiatives to keep trade routes open during the COVID-19 pandemic and (ii) the tensions between WTO members witnessed so often in Geneva. These tensions are a manifestation of a lack of alignment on foundational matters facing the governance of the multilateral trading system and this cannot be dodged anymore. Fixes to parts of the system that don't address these matters are unlikely to stand the test of time.

Going forward, there is considerable merit in WTO members proceeding on two tracks. The first involves collectively identifying a new common denominator for the WTO that will define, in broad terms, the organisation's purpose and trajectory in the decade ahead. That common denominator must be designed in such a way that each WTO member is convinced that there is an appropriate balance (in the sense discussed earlier in this chapter).

In parallel, on a second track potential confidence-building measures would be developed and some adopted. Doing so would signal to all that the WTO is place where governments can solve policy problems and where they lend each other support in normal trading conditions and, in particular, during times of crisis.

Identify a new common denominator concerning the very purpose of the WTO

What do we want to accomplish with multilateral trade cooperation orchestrated through the WTO? To us, this is the central question as it speaks to the purpose of the WTO, now and in the future. Elaborating on that question in the manner below differs from – but may complement – the approach taken recently in the Riyadh Initiative on the Future of the WTO. That Initiative sought common ground among G20 members on “common principles” and “foundational objectives”, whereas our approach would be open to every WTO member and, as noted earlier, would focus minds on what this organisation is actually for.

¹⁶ Taken together, divergent views on these matters amount to differences in view as to the legitimacy and value of multilateral approaches to tackling commercial policy problems.

Reading widely and listening attentively, we have identified the following eight answers to this question, each of which is associated with a distinct, fundamental imperative. Nothing should be inferred about the relative importance of each imperative from the order in which they are presented here.

1. (Integration imperative) Multilateral trade cooperation is a vehicle by which governments enhance their societies' living standards by progressively integrating their economies into global markets over time, together or on their own.
2. (Uncertainty limitation imperative) Multilateral trade cooperation reduces uncertainty in commercial relations by locking policies into agreed ranges and by making national policy decisions transparent. Reducing uncertainty fosters cross-border commerce and all of the benefits which flow from that.
3. (Market reform imperative) Successful multilateral trade cooperation involves the adoption of more and more market-based economic governance by governments.
4. (Systems clash imperative) By acting as an interface between different, competing forms of capitalism, successful multilateral trade cooperation helps diffuse trade tensions and attendant disruption to global commercial flows.
5. (Disruption imperative) When faced with disruption to global markets, a successful system of multilateral trade cooperation recognises the right of governments to respond to such disruption, channels those responses along agreed lines, and does not circumscribe those channels over time, unless subsequently agreed by WTO members.
6. (Compliance imperative) A well-designed system of multilateral trade cooperation first and foremost encourages voluntary compliance by governments with their international trade obligations, and second, establishes procedures that encourage errant governments to come back into compliance in relatively short order.
7. (Relevance imperative) As the world economy evolves – in response to technological changes and to emergent global imperatives (such as tackling systemic health and environmental threats) – and as the distribution of economic power shifts between nations, a successful system of multilateral trade cooperation can adapt over time while retaining the support of the WTO membership as well as sustaining the perceived relevance of the WTO to key political, corporate, and societal stakeholders around the world.
8. (Crisis management imperative) Successful multilateral trade cooperation involves institutional arrangements that can be flexed for systemic crises and guides governments when addressing crisis-related disruption to their societies.

These imperatives need not be mutually exclusive. Indeed, one immediate response is that the WTO should pursue all of them. The current institutional arrangements certainly don't deliver all of them. On the positive side, the uncertainty limitation imperative is assured somewhat by a current set of rules that were established over quarter of a century ago. And the evidence of unilateral and other commercial reforms mentioned earlier suggests that many governments haven't given up altogether on the integration imperative (although they maybe chary of doing so in the context of binding accords, compromising the uncertainty limitation imperative, thereby highlighting the potential trade-offs across imperatives).

However, the market reform imperative that was part of the *Zeitgeist* at the end of the Uruguay Round is, with the rise of state capitalism, no longer universally accepted (Lang 2019). With the demise of a unipolar global economy, the systems clash imperative needs reviving, which is related to what some referred to as the 'interface function' in the GATT era (Jackson 1997, 1998). At present, the compliance imperative has been set aside in part because of mismanagement of the disruption imperative that some associate with the rise of a multipolar world economy. The relevance imperative has clearly not been met, as those whose economic activities lie outside the 1990s global trade rulebook can attest.

Each of these imperatives needs considerable thought. For example, with respect to the integration imperative, a variety of approaches are taken in existing multilateral trade agreements – not only the reciprocal undertaking of market access improvements. Some accords prioritise and encourage further integration into world commerce (the GATS agreement being a case in point), while others condition levels of commitments on aid-related cooperation between governments (as in the Agreement on Trade Facilitation). Reflection is needed as to whether at this time one goal for all WTO members should be to further integrate at roughly the same time or to shape public policy when governments want to integrate? The answer to this question may well differ across types of cross-border commerce.

In thinking through the systems clash imperative, the starting point should not be a government's policy intervention or interventions per se, but rather whether there is a tangible demonstration of an adverse cross-border spillover to trading partners resulting from that intervention (Evenett and Fritz 2018, Hoekman and Nelson 2020). Formulated this way, however, there may be an immediate tension with the market reform imperative. In turn, this highlights that identifying a common denominator among the biggest WTO members may require demoting certain imperatives.

In our assessment, the relevance imperative should not be underestimated. Given that so many senior policymakers around the globe appear determined to take steps to address climate change, and to speed up the implied transition in related energy sectors, the absence of any meaningful multilateral cooperation on this matter is likely to relegate the WTO from the first division of international organisations.

A similar risk arises should significant progress establishing the rules of the game for digital trade not be forthcoming. We reiterate that meaningful multilateral trade cooperation need not only involve the negotiation of binding public policy commitments. After all, the reform of the world's major banking systems after the global financial crisis of 2008-9 did not require Uruguay Round-style binding policy commitments.

Once an understanding over that common denominator is identified, then the implications for the institutional arrangements of the WTO will have to be drawn. For example, a new understanding of the relative importance of the compliance and disruption imperatives may provide the rationale for revising the current, contested WTO dispute settlement procedure. Elaboration of the crisis management imperative probably calls for the adoption of a WTO crisis management protocol.

It may be the case, regrettably, that at the conclusion of this deliberation on the purpose of the WTO, governments may want to move ahead at different speeds, with some initiatives that will not involve all of the WTO membership. While no WTO member should be shut out of any negotiation, no member should be able to veto others moving forward. A government is entitled to decide that it doesn't want to further integrate some aspect of its economy into global commerce, but that does not give it the right to block other WTO members from integrating further.

We are reluctant to endorse the phrase 'variable geometry' as a guiding principle for revitalising multilateral trade cooperation, as this term means different things to different people (Lloyd 2008). Still, it is necessary to reflect upon the experience of the GATT codes of old, on the experience with the current Agreement on Government Procurement, and on those leading regional integration initiatives that have had to accommodate significant diversity among their members, to devise a new understanding as to how accords involving a subset of WTO members can go forward. The insights of numerous scholars on the WTO becoming a 'club of clubs' (Lawrence 2006, Levy 2006) and on plurilateral agreements (Hoekman and Mavroidis 2018, Hoekman and Sabel 2020, Warwick Commission 2007) should inform such deliberation by WTO members.

Organise detailed deliberation around three themes

In terms of the subject matter for deliberation and potential negotiation, the COVID-19 pandemic provides a useful hook (in addition to ongoing initiatives, such as the negotiations over subsidies in the fishery sector). The mantra "never let a crisis go to waste" comes to mind. As the chapters in this volume make clear, COVID-19 has provided a significant stress test for the world trading system and it beggars belief that such an episode should not induce reflection among WTO members about:

- the effectiveness of the WTO during crises;
- the WTO's place in the firmament that is the world trading system, given that cross-border trade is so dependent on practices governed by other national, regional, and international bodies, such as those dealing with shipping, air transportation, and so on; and¹⁷
- the appropriacy of the current WTO rule book.

The table at the end of this chapter summarises suggestions for future multilateral cooperation in many policy domains and in pursuing important societal imperatives. Many of these suggestions have been formulated so that they can be incorporated into a potential work programme for the WTO members in the run up to the next WTO Ministerial Conference and the one that follows. Some recommendations relate specifically to enhancing the WTO's capacity to function effectively during crises. Many of the recommendations found in the table can be implemented in the coming year.

Execute confidence-building initiatives in the near term

To kickstart revitalising multilateral trade cooperation, however, a series of confidence-building initiatives are needed. These initiatives don't require bare knuckled negotiations over binding commitments, rather the goal is to channel the cooperative and reforming spirit mentioned at the start of this section into greater collaboration among WTO delegations in Geneva, supported by a re-motivated WTO Secretariat. Such confidence-building measures should include the following:

- Discussions about solutions to common problems including those arising from arising from COVID-19 (e.g. resilience of supply chains) and steps to better to manage trade frictions arising from different types of capitalism (and the adequacy or otherwise of existing WTO accords in this respect).
- Negotiation of a Memorandum of Understanding on facilitating trade in medical goods and medicines that could later form the basis of a fully-fledged binding accord.
- Engagement with other bodies whose decisions seriously implicate cross-border commerce, including GAVI and others working on the production and distribution of a vaccine as well as the steps taken by other bodies to revive sea- and air-based cross-border shipment.
- A more ambitious project would be a commitment to a moratorium on tariff hikes and other taxes on imports.
- A joint study of next-generation trade issues, including the trade-related aspects of the digital economy and the relationship between commercial policies and climate change.

¹⁷ Bear in mind that the revival of international trade is a pre-requisite for global economic recovery.

- A review of the practices and operation of the WTO during crises, with an eye to ensuring extensive and sustained participation of members, stronger links and inputs to and from national capitols, and other pertinent organisational matters. The goal would be for the WTO membership to adopt a **crisis management protocol**.

Purposeful, pragmatic steps towards noble goals

Archbishop Desmond Tutu, that tireless campaigner against Apartheid, once remarked that “there is only one way to eat an elephant: one bite at a time”. After a decade of drift and backsliding, the task of revitalising multilateral trade cooperation may seem daunting. It may seem even more so after the disruption of the COVID-19 pandemic and the attendant slump in world trade.

Yet, in the same emergency lies the seeds of revival – especially, if trade diplomats can demonstrate the relevance of the WTO to national governments fighting this pandemic – ideally through an accord that eases the cross-border shipment of needed medical goods and medicines. Step by pragmatic step, the WTO can regain its centrality in the world trading system.

Ultimately, the pandemic affords the opportunity to reframe discussions on multilateral trade cooperation away from the stalemate, frustration of recent years between governments, and the Uruguay Round mindset that ran into diminishing returns years ago. Rather, discussions between governments need to draw lessons from the second global economic shock in 15 years so as to rebuild a system of global trade arrangements capable of better tackling systemic crises and, more importantly, better able to contribute to the growing number of first-order challenges facing societies in the 21st century. Doing so will require revisiting the very purpose of the WTO.

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