

MY VISION OF THE MULTILATERAL TRADING SYSTEM AND THE WTO

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- ***The WTO: A successful institution***
 - Based on legally binding rules, the multilateral trading system as embedded in the World Trade Organization, has been key for trade becoming a dynamic engine of world economic growth and development of developing countries during the past seven decades.
 - Maybe its most important success in recent years has been resisting protectionist pressures during the financial crisis and its aftermath, avoiding the repetition of the experience during the Great Depression.
 - As the main economies of the world stabilize, trade is becoming again an engine of world economic growth.

- ***We got it right when we established the WTO in Marrakesh: Three pillars, with development as its core***
 - First pillar: Monitoring the implementation of a vast treaty system. No other international organization –not even the other Bretton Woods institutions-- has such a wide array of functions.
 - Second pillar: Dispute settlement mechanism. It has been more successful than even the International Court of Justice. Members have abided in most instances by the panels and Appellate Body resolutions.
 - Third pillar: Rule-making and market access negotiations. Unfortunately, the lack of progress in Doha has tainted the perception about an otherwise successful performance of the Organization.
 - Development at its core: In Marrakesh and Doha the development dimension has occupied a central stage. Although the WTO has the tools to provide developing countries, and particularly the least developed countries, with a powerful lever for development and job creation, Members still have to fully deliver to make this a reality.

- ***What is missing?***
 - The world economy has dramatically changed in the past few years. Not only a financial crisis with disastrous consequences to world trade occurred, but also there have been structural changes in the production of goods and services and in the way businesses are conducted.

- While the other Bretton Woods Institutions have been adjusting to the new realities, the WTO has, with certain important exceptions, remained stagnant. We have not produced any new rules since the Uruguay Round. We have a twelve-year old agenda dealing with fifteen-year old issues.
 - New and ever more imaginative behind the border protectionist measures have been established by Members.
 - If protectionist pressures do not subside and we do not implement enforceable rules, there is a real risk that the Dispute Settlement Mechanism becomes overburdened.
 - One of the responses to the lack of progress in the multilateral front has been an exponential increase of regional trade agreements to deal with the new realities in world trade.
 - Progress in implementing multilateral measures devoted to help economic development, in particular for the neediest amongst Members has been limited. The Organization and its Members need to make further efforts to benefit those which need the most. Trade is a powerful tool for development and there is an urgent need to provide countries the possibility to reap its benefits.
- ***The way forward***
 - If you select me as Director General of the WTO, my main task will be, guided by the Members, to rescue the Organization from the perception of being in the cliff of irrelevancy.
 - In this road, what I propose in a nutshell is as follows:
 - i) Short-term horizon: Bali
 - It is a must to make the MC9 in Bali a success, with concrete results in substantive issues. By the time the new Director General takes office, Members have to have progressed enough in setting the basis of an agreement. My commitment is to get involved immediately and fully in whatever remains to be done, working closely with the Members.
 - ii) Medium-term horizon: post-Bali and Doha
 - Once that Bali has succeeded, there are two tasks to be performed. The first and most urgent is the negotiating pillar. Reaching an agreement in Bali on certain issues will not mean that the remaining issues of Doha will disappear.
 - Members have to decide how to deal with them. The Director General is not a negotiator but should be an effective bridge-builder. Ten FTAs

with 34 countries guarantee that I am a bridge-builder. We have to successfully conclude and leave the negotiations behind us as soon as possible.

- The second task is related to the functioning of the regular bodies. If elected, I will consult with Members and the chairs of the different bodies on how to make them more efficient and relevant. This includes not only improving transparency issues, but also using the fora we have at our disposal to have in-depth discussions of the issues that are part of the WTO's general mandate.

iii) Inclusiveness: integrating RTAs

- The third horizon relates to the integration of the RTAs network in the WTO system. It is about how to ingrain within the WTO the solutions those agreements are bringing to the new, behind the border measures to trade in goods and services and seek ways to adopt them. I am aware it is not an easy task and cannot be done from one day to the next. But it is certainly something that requires serious and thorough consideration by Members. Successfully concluding the Doha negotiations will very much help in this endeavor.
- In all three horizons there is the unavoidable responsibility of Members to ensure the full and prompt implementation of all multilateral measures that have been agreed upon to help economic development, in particular those benefiting the neediest among Members. It is about effectively implementing special and differential treatment; solving the problem of commodities hard-hit by subsidies provided by developed countries; granting effective market access to products and services coming from developing countries, specially Duty-free-quota-free treatment to the least-developing-countries, as well as giving substance to the services waiver.
- **Why me?**
 - I am a firm believer in the multilateral trading system and, therefore, I am fully committed to the work and objectives of the WTO.
 - I have a long experience as a negotiator. I was the chief negotiator in the Uruguay Round from 1988 to its conclusion. As Mexico's Minister of Trade and Industry, I took part in the establishment of this Organization. I witnessed the failures of Montreal and Brussels but I took also part in the success of Marrakesh. It is remarkable that this success was due in large to the excellent job performed by the then Director General, Peter Sutherland, who, by the way, when elected had not been involved in the day to day negotiations.

- As Vice-Minister and Minister of Trade and Industry, I led negotiations of ten free trade agreements, with much richer countries than mine and also with less developed ones. I succeeded because I understood their respective realities. I was capable of building the necessary trust and bridges to conclude the negotiations.
- I dealt with ambassadors and senior officials and, when necessary, with ministers and even heads of state. I will do the same if elected as Director General of this Organization. Problems are solved and solutions should be crafted by ambassadors in Geneva, and I plan to work close to you. When required, though, I would not hesitate to support your work in capitals at the necessary levels to seek the appropriate flexibilities on the stumbling blocks of negotiations.
- I am aware of the concerns and views of developed and developing countries and I understand their trade needs. I will be an “honest broker”.
- I have worked in the private sector for the last twelve years, dealing with the trade challenges faced by small companies and larger corporations when they want to import and export goods and services. As such, I have closely followed the WTO work and the negotiations during the past years. I am also the Chairman of a company which, on a daily basis, analyses all trade measures affecting the main countries in Latin America.
- With my experience both in government and in the private sector and with my skills, I bring fresh eyes, fresh ears and fresh ideas. I am determined as from September 1st to build a stronger and relevant Organization which contributes to world economic growth and to the development of developing countries!