

THE POLITICS OF WTO REFORM: DEBATING EU AND US ROLES TOWARDS SUSTAINABLE DEVELOPMENT



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Bridging Core Norms and Policy Options

Summary of Research Agenda

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The challenge of reforming the World Trade Organization (WTO) to reflect an agenda where all Members can live well and within the means of the planet has become one of the most pressing problems within global economic governance. A focus on sustainable development is contained in the original WTO Preamble, yet many analysts have questioned the extent to which this has been a primary objective in the history of the organisation. Such concerns have become more pronounced in the context of the Doha Round where negotiation proposals linked to development have often not matched the expectations of many actors. How the Members of the WTO system chart a viable course of reforms post-Doha will be crucial in terms of both normative concerns and livelihood security, for both developed and developing countries alike. As principal players within the organisation, it is vital to understand how the ideas and actions of the trade hegemony – the EU and the US – shape core norms and policy prescriptions. The EU and the US play different roles in the politics of WTO reform, sometimes converging, often diverging. The meaning and practice of reform is a deeply political business and many proposals bear the strong imprint of the EU and the US. These actors work to organise some trade issues into the WTO, and organise other issues out. Some Members are enabled by certain reforms, others are disabled. The task for researchers and practitioners is not to artificially divorce theoretical frameworks from policy options, but rather, to bring together, and understand the relationships between, both bodies of knowledge.

It is important to underscore that the project does not seek to capture some essentialist framework or set of notions on WTO reform, nor to necessarily prescribe some ‘ideal’

future model. We appreciate that there are a range of substantive and normative positions that can be taken on the WTO and that such debate is indeed helpful in terms of political contestation and the generation of ideas. In another important respect, we recognise that the EU and the US are not monolithic entities, that different political agents compete internally for legitimacy on trade policy, and that the interests of both actors at the WTO level can shift, sometimes considerably. Finally, we understand that if debates on WTO reform at the present juncture are to have meaning and policy relevance, the arguments and opinions of developing countries should be placed centre-stage. The ‘demand-side’ of the equation – to understand the demands and expectations of developing countries regarding WTO reform and how they read the EU and the US in this regard – necessitates such incorporation. For the purposes of organisation, the Research Agenda is structured into two major themes:

- (1) The Normative Foundations for Understanding WTO Reform, and
- (2) The Roles of the EU and the US.

Each theme contains different clusters and focal points for debate and investigation. The work of the project will be anchored in, but not limited to, these areas of enquiry.

Normative Foundations for Understanding WTO Reform

The agenda for this theme is focused on the following three clusters:

i. Legitimacy

Most international institutions face perennial challenges to their legitimate authority, but the WTO has developed a pattern of attracting a plurality of global critics. Many are keen to debate the sources, quality and strength of the organisation’s legitimacy. Conventional analyses have tended to categorise the problem of legitimacy into either ‘input’ legitimacy issues (such as procedural codes and the scope for democratic voice) or ‘output’ legitimacy concerns (material conditions generated by its policies and norms). While these debates are certainly

important, the results of such investigations are often left in isolation. Important questions of investigation in this cluster could include *inter alia*:

- How can one analyse and understand the relationships between input and output forms of legitimacy?
- What are the principle techniques and mechanisms used WTO Members in the legitimation of certain policy ideas and frameworks?
- Which alternative proposals on subjects of reform are commonly considered to be 'less legitimate' and why?

ii. Equity and 'fairness'

Closely tied to the struggle over the definition and accumulation of legitimacy are challenges concerning equity and 'fairness' in the trading regime. The analysis of equity in the WTO has been approached from a range of perspectives, with particular emphasis placed on processes and outcomes. For some, efficiency and human welfare are interconnected, supported by the WTO's role in promoting norms of reciprocity and equal obligations. Others would reject this and argue that considerable asymmetries between actors remain, notwithstanding the increased policy activism on the part of developing countries and critical scrutiny of the WTO. Enquiries are focused, but not limited, to the following:

- What definitions and conceptual classifications are important in the analysis of equity and fairness?
- How can alternative notions of equity be translated into concrete reforms of trade rules and trade institutions?
- How is the notion of 'fair' trade understood by decision makers and/or publics around the globe?

iii. Global Ethics

When one begins to conduct a more rigorous analysis of the relationship between power and legitimacy in the trading regime, a focus on the underlying political

ethics of the order becomes clearer. The work of the group is also concentrated on articulating alternative visions of political ethics at the international level. To reform means to re-mould and this necessitates new (or revived) ideas on the management of trade politics in order to foster greater institutional sensitivity and political inclusiveness. Key questions within this cluster could include *inter alia*:

- How can greater tolerance, transparency, and reason be accommodated in the WTO setting? To what extent do these principles in turn serve to enhance WTO legitimacy?
- Should there be even greater political contestability, and if so, how could this be fostered?
- How does the promotion of a global political ethics fit with the judicial and political negotiating spheres respectively? Through what concrete instruments should it be operationalised?

The Roles of the EU and US

The agenda for this theme is focused on the following clusters:

i. Lessons from a History of Reforms

If we are to understand which reforms of the WTO matter for a post-Doha world, an appreciation of prior efforts to change the institution is necessary. When has the question of reform become more salient in the opinion of the EU or US? The group is keen to consider the motivation and rationale for specific reform proposals, such as the EU's calls for procedural reforms in negotiating processes; the EU and US support for the incorporation of particular environmental issues into the organisation (such as the EU's clarification of the relationship between the WTO and multilateral environmental agreements and the US's interest in new disciplines on fisheries subsidies); or the involvement of both hegemony in the recent 'aid for trade' initiative.

ii. Mediating vs Polarising Actions

Although both the EU and the US clearly have their own trade interests and agendas in the WTO, they also claim and aim to play a leadership role in the organisation, sometimes collectively, as a kind of western hegemony (such as in services or intellectual property), sometimes separately from or even against each other. The EU in particular claims to act as a mediating player between different Members. Yet the strategies and approaches it uses to broker disputes and organise issues are often poorly understood. Frequently the EU appears torn between contradictory principles, such as non-discrimination and preferential treatment, or bilateralism and multilateralism. The group is keen to investigate what are the most important 'accommodation strategies' used by the EU and how these processes operate. These strategies relate both to the EU's internal decision making mechanisms, as well as its relations with developing and other developed Members.

iii. The Exporting of Policy Paradigms: Collective Preferences and the Role of State

Both the EU and the US tend to try to export their own policy paradigms to govern the multilateral level. In general terms, this means seeking to mould WTO rules in ways that are compatible with, or better yet similar to, their own internal political economy, their conceptions of state-society relations, and the role of the state in the management of markets. One example in the case of the EU has been its attempt to export the notion of 'collective preferences', or more precisely, 'collective choices' to the WTO. This has represented one way in which to conceptualise drawing a line between 'acceptable' and 'non-acceptable' forms of intervention by supranational authorities in state regulated markets. The group seeks to investigate whether, and in which ways, developing countries could benefit from such a policy paradigm, and whether there would be a need to compensate for collective preferences in order to protect the legitimacy of the WTO. Similarly, we could also ask what the ramifications of exporting to the WTO the kind of competition policy honed over decades in the EU and the US?