

Remarks of

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Is the multilateral trading system in decline -- suffering irreparable damage from trade wars, divisions and the rise of populism?

The founders of the multilateral trading system did not get it wrong.

The best trading system for the world is one which supports more open trade, worldwide without discrimination. That is true because of economic forces provide the most benefits if they are allowed to determine competitive outcomes, and open trade provides the foundation for a more stable, peaceful world.

- The multilateral trading system is not in decline.

Far from it.

- Granted, this is a time of unequalled stress in for the world trading system,
- The rise of China as an economic power is far more challenging than the rise of Japan in the 1970s and 1980s.
- A "trade war", a term that had fallen long ago into disuse, is found all too often in headlines.
- The rise of populism makes further global trade liberalization unlikely at present.
- The dispute settlement system, an important part of the WTO requires reform.

- There has been substantial underinvestment in the multilateral trading system by governments as well as businesses and non-governmental organizations.
- Although it is a highly active participant in the work of the WTO, the United States is no longer the guarantor of the multilateral trading system.
- While there are more challenges than ever before, there are also more and better opportunities to improve the world trading system than have existed for many years

- The next frontier is electronic commerce. New rules will provide for inclusiveness in the benefits of trade as innovator, producer or consumer, whether in a poor country or a rich one.

- Active efforts are under way to –
 - Preserve and enhance the benefits of global commerce for all, including
 - to facilitate international investment and
 - to make the domestic regulation of services less daunting for international exchanges, and
 - and strenuous efforts are being made to regulate fisheries subsidies.

- The regular work of committees continues to assure that standards do not block trade.
- The WTO and the multilateral trading system continue to play its essential role as part of the foundation of the world economy. It will endure and it will be improved.

Are bilateral and regional agreements, currently in vogue, a good alternative for international cooperation?

Bilateral agreements are not a substitute for the multilateral trading system.

- They rest upon the WTO rules and mechanisms as their foundation.

On the positive side:

- Regional economic integration, which goes deeper than what is possible on a multilateral basis can contribute to global well-being.
- Bilateral agreements can be laboratories in which improved international rules can be explored and fostered.
- But to the extent that they bring about discrimination with respect to goods and

services from nonsignatories, it should be demonstrated that the benefits for global commerce of reduction of protection on a bilateral basis outweigh the trade diversion that is inherent in sub-multilateral agreements.

- Progress in the history of our time is measured in reducing discrimination, whether one focusses on gender, beliefs, ethnicity, or any other criterion. This goes for trade as well, non-discrimination regardless of origin, with a growing demand to be able to buy from any source on the planet and to reach any customer wherever located.

Top priorities:

- Prove that agreements can be reached among the willing, and open to all, on essential subjects, the first being electronic commerce.
- The world is expecting and must get a new multilateral agreement disciplining fisheries subsidies. It is a litmus test for international cooperation. All a pledged to reach an agreement after years of trying.
- Make sure that the rules of the WTO remain enforceable. This requires dispute settlement reform.
- Be responsive to changed conditions:

- Better rules for agricultural commodities in a time of devastating climatic events
- Consider what should be done to respond to environmental challenges, such as plastics invading the oceans.

We – the WTO, Member governments, companies and individuals engaged in international trade have to make a better case for trade. It is just about providing efficiency, although it does that, and raising standards of living,

At the individual level it supplies fairness, fairness that a factory worker's or a farmer's output will not be stopped at a foreign border, that those working in

services industries are not discriminated against, and that the global digital economy does not close.

Innovation and new technologies create opportunities never previously envisioned. Positive government policies, including importantly trade policies, can either spread the benefits of technological change or limit it, and promote innovation or stifle it. The correct policy choices need to be made.