

# The Future of the WTO?

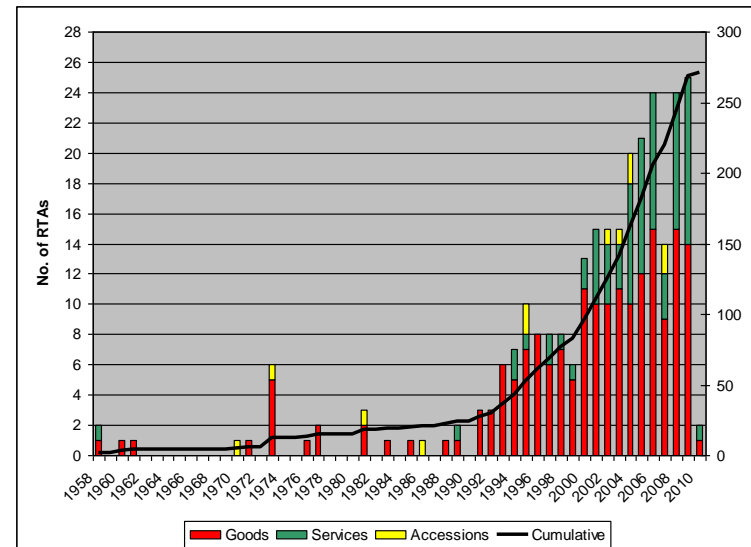
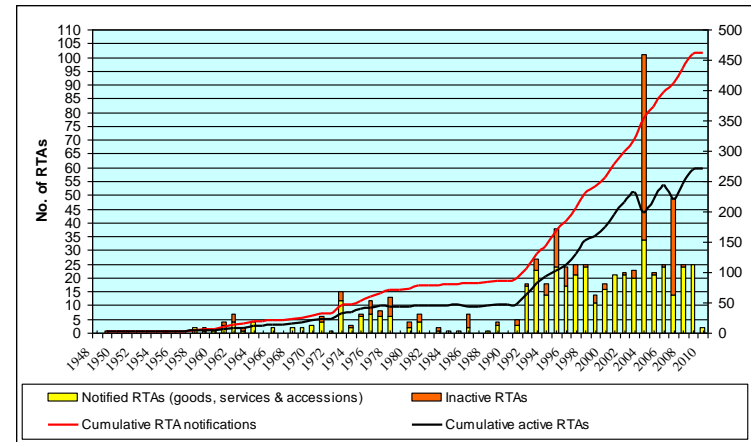
Launch of the Singapore WTO Chair  
4 Oct 2011, Singapore

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# 3 Challenges to the WTO

1. Rise of RTAs
2. Slow pace of Doha
3. Financial Crisis



# Legitimacy of Global Governance Organisations

- Buchanan & Keohane's "simple standard" (2006)
- **3 counting principles:**
  1. Minimal Moral Acceptability
  2. Comparative Benefit – "The legitimacy of an institution is called into question if there is an **institutional alternative**, providing significantly **greater benefits**, that is feasible, accessible **without excessive transition costs...**"
  3. Institutional Integrity

# History of the WTO

- Bretton Woods – international economic cooperation based on **3 institutions**:
  1. IMF – international monetary cooperation
  2. World Bank – development lending
  3. ITO/GATT – Roosevelt’s idea against trade wars
- GATT passed by Truman’s executive order when ITO was opposed by an alliance of protectionist Republicans and extreme liberal Democrats.

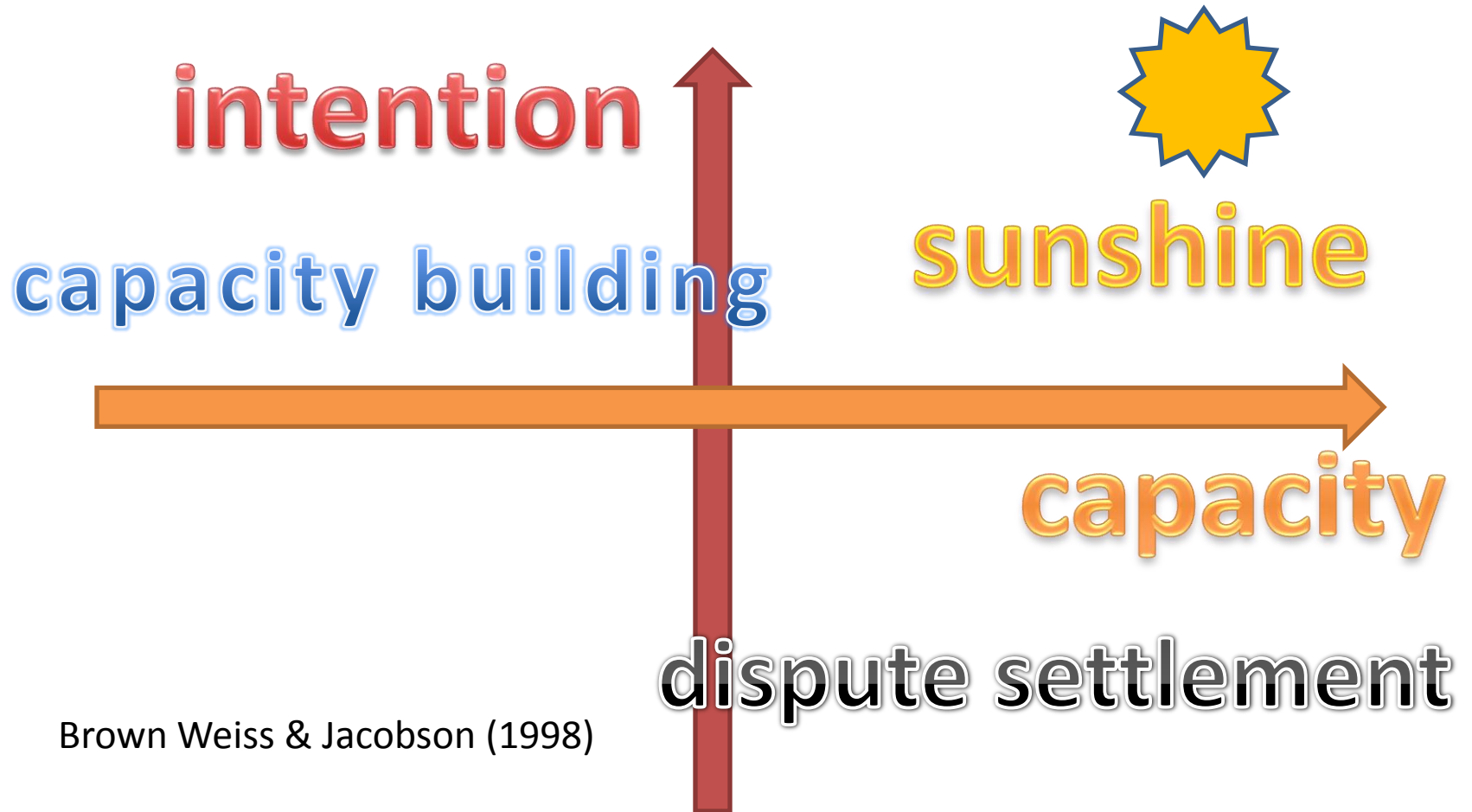
# The Establishment of the WTO

- Established 1 January 1995.
- Article II of the WTO Agreement – Functions of the WTO:
  1. Shall facilitate the implementation [of WTO Agreements]
  2. Shall provide the forum for negotiations [...]
  3. Shall administer the Dispute Settlement Understanding
  4. Shall administer the Trade Policy Review Mechanism
  5. Shall cooperate [with IMF and World Bank].

# 3 Unique Functions of the WTO

1. Most Multilateral Forum for Trade Negotiations
2. Most used Trade Dispute Settlement System
3. Most Transparent and Regular Trade Policy Review Mechanism (plus Transparency Mechanism for RTAs)

# Strategies for Compliance



Brown Weiss & Jacobson (1998)

# Conclusion

- Never in its history has the WTO as a forum for trade negotiations faced such serious challenges to its legitimacy.
- RTAs will not be able to provide “greater benefits” for trade negotiations though half a loaf is better than none.
- WTO – victim of its own success?
- Yet, its dispute settlement system, transparency institutions and capacity building efforts are stronger than ever.
- The parallels between the worlds of the Great Depression and the current Great Recession remind us that our economic futures may well be tied to the Future of the WTO.



# Singapore's WTO Chair Programme

- Faculty of Law & Centre for International Law, NUS:
  - Track II Dialogues and Forums
  - Research on Contemporary Trade Issues
  - Capacity Building
  - SIEL 2012