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## WTO Leadership Limbo: End in Sight?



*With the search for a new Director-General dragging on, there are hopes that the Biden administration will cease the US' blocking of appointments and in turn, facilitate the World Trade Organization's efforts to dodge and parry perceptions of irrelevance and ineffectiveness. Photo taken by Enrique Mendizabal on Flickr and tagged under a generic Creative Commons licence.*

## FEATURED COMMENTARY

## WTO in Limbo: Urgent Need for New Director-General

By Kaewkamol Pitakdumrongkit



Among the outstanding trade agendas the new Director-General-- now likely to be either Nigeria's Ngozi Okonjo-Iweala or South Korea's Yoo Myung-hee-- will have to facilitate include digital trade and fisheries subsidies (pictured above), whose deadlines have been pushed to 2021 given entrenched differences during negotiations. Picture taken by Paul Einerhand on Unsplash.

*WTO members should choose the WTO director-general very soon as major issues remain to be tackled. As the world organisation is purposed to advance global trade governance, it cannot afford to be in limbo for long.*

### Commentary

2020 IS not a good year for the World Trade Organisation (WTO). The institution is struggling to remain important and relevant in global trade governance. Concerning dispute settlement, the Appellate Body has ceased to function since December 2019. The COVID-19 pandemic has

caused the postponement of the bi-annual Ministerial Conference which could have provided an opportunity for the members to alleviate their tensions and conflicts.

Moreover, the rise of trade megadeals namely the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP) tempts some observers to believe that trading blocs will eclipse WTO and become new key players advancing global trade.

### Enter WTO-Plus Blocs: New WTO Chief Needed

Entering into force on 30

December 2018, CPTPP is an agreement among 11 parties representing 13.5 per cent of the world's goods trade. It is dubbed a "WTO-Plus" deal because some rules governing services trade and labour and environmental standards are more advanced than those of the WTO's. RCEP, which was signed by 15 countries on 15 November 2020, is the world's biggest trading bloc to date.

While critics contend that the pact still awaits ratification from the signatories before being activated, the fact that RCEP covers about 30 per cent of the global GDP and 30 per

cent of the world's population signifies its potential to shape the future landscape of international commerce.

Furthermore, the stepping down of the director-general (DG) Roberto Azevêdo added another blow to WTO. Such a move has made the organisation leaderless. Several nations see a need to elect the next chief soon. For instance, the Global Governance Group (3G) – an informal grouping of 30 nations convened by Singapore – released a statement urging all WTO parties "to work together to expeditiously complete the

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selection and appointment of a new WTO director-general in accordance with the agreed rules and procedures”.

Why is a new DG needed? The main reason is that WTO needs a chief to help facilitate trade discussions and negotiations. Hence, the DG's influence largely emerges from the DG's soft skills. For instance, his ability to leverage on the networks of experts, businesses, and officials as well as ability to persuade conflicting parties to find a common ground can make or break the negotiation.

Also, the chief may have access to certain knowledge such as members' interests. It can use the information to help members reconcile their different preferences and arrive at an agreed outcome. Additionally, presiding over some major gatherings, the DG can control the meeting's pace, the framing of issues, and the structure of the debates over certain matters. These elements can also determine whether the talks would ultimately succeed or fail.

## Challenges Facing Next DG

Whoever becomes the next chief will have to use the above skills to tackle the following burning issues: In the areas of trade negotiation and liberalisation, the DG should convince the members to rely on certain FTAs as a template for crafting WTO's rules. History teaches us that such arrangements can be beneficial to global trade governance.

For example, some terms of the North America Free Trade Agreement (now renamed as the United States-Mexico-Canada Agreement) were later adopted at the WTO and hence shaped the WTO's rules concerning investment, trade in services, and intellectual property rights.

Regarding dispute settlement, the chief should urge the members to adopt the Walker Principles aimed at salvaging the appeal process by directly addressing the US' concerns. For example, the Principles ensure that facts are not subject to appeals, the Appellate Body makes the verdict within 90 days, and the entity's decision does not add to the members obligations

and strip away their rights as provided by WTO.

As far as transparency is concerned, the new DG should play an active role in collaborating with other international organisations especially the United Nations Conference on Trade and Development (UNCTAD) to come up with an agreed definition of a “developing nation”.

Doing so would help address the contentious issue of special and differential treatment (SDT) as some members intentionally self-select their developing country status to take advantage of SDT. The definition will improve transparency, enabling WTO to better monitor member's compliance and detect non-compliers.

## Now for Biden's Move

At the time of writing, Singapore, as the 3G's convener, had been invited to attend the virtual G-20 Summit on 22-23 November which was hosted by Saudi Arabia. Free trade supporters were hoping that the world's leaders would use this Summit as a venue to convince one another to speed up the selection process.

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Yet, the world may have to wait until US president-elect Joe Biden is sworn into office in January 2021. As the new American administration is speculated to be more willing to pursue multilateralism and cooperate with partners and allies, the DG selection will likely be finalised not long after the US government is installed.

In sum, the WTO members should finish selecting a new DG very soon as many burning issues remain to be tackled. As the world organisation is purposed to advance global trade governance, it cannot afford to be in limbo for long. ■

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- *The latest WTO leadership race was catalysed by former Director-General Robert Azevedo's unexpected departure one year before his tenure was to end.*
- *As of October 2020, the candidate pool for the Director-General post has been whittled down from eight to two: Nigeria's Ngozi Okonjo-Iweala and South Korea's Yoo Myung-hee. Either candidate's success will see the WTO having its first female leader since the institution's inception in 1994.*
- *Although Okonjo-Iweala has received the backing of both the WTO bureaucracy and most countries, including China, the European Union, and Japan, her appointment was vetoed by the Trump administration last year.*
- *The inability to appoint a new Director-General via consensus, which constitutes the WTO's primary decision-making process, has hamstrung the WTO's full-throttled operation amidst ongoing accusations of irrelevance and ineffectiveness in multilateral trade governance and deal-making. Absent consensus even with a Biden White House, the question of succession will likely be put to a majority vote.*

## RSIS Webinar on “Between Ambition and Ambivalence: Australian Diplomacy in an Era of Strategic Change”

On 27 October, Professor Caitlin Byrne, Director, Griffith Asia Institute; and Faculty Fellow of the University of Southern California's Centre for Public Diplomacy, delivered a talk at the RSIS Webinar on “Between Ambition and Ambivalence: Australian Diplomacy in an Era of Strategic Change”. Prof Byrne acknowledged that the COVID-19 outbreak has brought enormous pressure on the practice of diplomacy around the globe, with Australia being no exception.

Prof Byrne opined that Australia's place in the world is one of an evolving orientation – real and imagined — of what it means to

be Australian both in the region and in the world. Australian domestic interest in and support for diplomacy is myopic, as demonstrated in the recent budget outcomes. And yet, the broader strategic dynamics of the region demand more ambitious and active diplomacy. In fact, Canberra's 2017 foreign policy white paper states the country is a “regional power with global interests” which unambiguously spelled ambition in Australian foreign policy rhetoric.

As such, Prof Byrne highlighted the dilemma facing contemporary Australian diplomacy – caught between the dual forces of ambiv-

alence and ambition, both sharpened by the COVID-19 outbreak. These forces work in different ways, sometimes overlapping to define the nature, conduct and reach of Australia's outward engagement, in particular within its own region. But at the same time, they reflect inwardly to influence the nation's discourse about its place in the world. In conclusion, Prof Byrne considered past trends, noting that Australia in its nation-building has tended towards openness over insularity, engagement over isolation, and activism over passivity. ■

## RSIS Book Launch Webinar of “The Invention of China”

On 5 November, Dr Bill Hayton, Associate Fellow, Asia-Pacific Programme, Chatham House, spoke at the RSIS Book Launch Webinar organised by the Centre for Multilateralism Studies. Highlighting key themes of race, history, nationhood, and territory in his new book “The Invention of China”, Dr Hayton argued that the modern idea of China was constructed in the late nineteenth and early twentieth centuries by reformers and revolutionaries who adopted foreign ideas to “invent” a new vision of China. The vision was and still is a hybrid – it is not authentically Chinese – and comes with a political agenda that persists to this day.

Dr Hayton noted that the idea of race exerted a strong influence

over politics in both Europe and Asia in the late nineteenth and early twentieth centuries. In the 1890s and 1900s, new ways of writing history were introduced with the explicit purpose of animating a Chinese nation. Moreover, the word “territory” became part of the Chinese vocabulary but originally came from the Japanese language. Subsequently over the years, by asserting a particular politicised version of the past, the Chinese government bolstered its claim to a vast territory stretching from the Pacific to Central Asia.

Dr Hayton surmised that China's present-day geopolitical problems – the fates of Hong Kong, Taiwan, Tibet, Xinjiang, and the South China Sea – were born in the struggle to create a modern nation-

state. Ranging across history, nationhood, language, and territory, Dr Hayton concluded how the Republic's reworking of its past not only helped it to justify its right to rule a century ago, but continues to motivate and direct policy today. ■

## RSIS Panel Webinar on “Europe in the Indo-Pacific: Middle Power Patchwork or a Common European Strategy?”



*Despite cautious approaches towards an Indo-Pacific strategy, there is enthusiasm from Europe in upholding multilateralism within the region. From top-left to bottom-left, the panellists comprising Dr Ian Storey, Dr Eric Fréçon, Mr Christian Rieck, and Dr Frederick Kliem all touched upon this theme during the question-and-answer session. Photo from RSIS archives.*

On November 10, the Centre for Multilateralism Studies (CMS) hosted a panel webinar on European initiatives and involvement in the Indo-Pacific. Despite the Indo-Pacific being a region of significant interest to Europe, the panellists noted that expectations for greater hard power initiatives, and commitments squarely in favour of either the United States or China, may need to be tempered.

In the case of France, Dr Eric Fréçon, Adjunct Fellow at the French Research Institute on Contemporary Southeast Asia, highlighted the country's capacity for and growing momentum vis-à-vis greater involvement in the Indo-Pacific, such as appointing a new Indo-Pacific ambassador. Nonetheless,

France's involvement will likely remain cautious. Though it may participate in minilateralism with American allies, such as India and Australia, it is unlikely to join the Quad.

As regards Germany, Dr Frederick Kliem, CMS Visiting Fellow, similarly noted that the country's Indo-Pacific “guidelines” reflect prudence. It features some changes but mostly continuity by expanding on existing German cooperation with Indo-Pacific countries, and is deliberately designed to be less controversial to enable the scaling up of this Indo-Pacific framework to the European Union (EU) level.

Meanwhile, Dr Ian Storey, Senior Fellow at ISEAS-Yusof Ishak Institute, spoke on the UK's

desire to forge closer ties with the region, considering Brexit. Still, the UK has yet to devise an Indo-Pacific strategy or guidelines. While open to trilateral military interoperability between the US, UK and Japan, public support and a lack of funding for utilising Japanese naval bases could pose stumbling blocks to greater hard power cooperation on that front.

Mr Christian Rieck, Assistant Professor and Chair of War Studies at Potsdam University, added that though the EU is capable of playing a greater role in the region, an EU-wide Indo-Pacific strategy is subject to aligned interests between its member states on the Indo-Pacific. This convergence is not yet apparent.

Cautious approaches notwithstanding, there is enthusiasm from Europe in upholding multilateralism within the region. With an incoming Biden White House, neither the substance nor tenor of current European Indo-Pacific approaches is likely to change significantly. For Europe, China is not a strategic threat but simply not a like-minded strategic partner. Nonetheless, a Biden administration could see Europe beefing up collaborative efforts with the US on trade and climate change multilateralism in the Indo-Pacific— issues where European countries can contribute significantly to the liberal rules-based order. ■

## Multilateral Matters: News Roundup

**Seeing Through Smoke: Why the Debt-Trap Narrative is a Distraction**

*Fulcrum* | 8 January 2021 | [Full Report](#)

**The Brexit Boon to Europe and the US**

*Project Syndicate* | 8 January 2021 | [Full Report](#)

**Asia's Regional Financing Woes Are Exposed during COVID-19**

*East Asia Forum* | 17 December 2020 | [Full Report](#)

**A Novel European Act of Data Governance**

*Centre for International Governance Innovation* | 15 December 2020 |

The European Commission is proposing the world's most ambitious data governance architecture — but it still ignores familiar, fundamental problems.

[Full Report](#)

**The Outlines of a European Policy**

**on the Indo-Pacific**

*The Interpreter* | 26 November 2020 |

Germany and the Netherlands have new strategies for the Indo-Pacific, and maybe the beginnings of a common EU stance.

[Full Report](#)

**The Urban 20 (U-20): Seeking to Influence the G-20 through City Diplomacy**

*Brookings* | 24 November 2020 |

[Full Report](#)

### SELECTED PUBLICATIONS

**ASEAN's Perspective on Economic Recovery**

Kaewkamol Pitakdumrongkit | *Brookings Institution Southeast Asia Insights* | 17 December 2020

**Revitalize the Global Trading System**

Evan Rogerson | *Council of Councils Global Memo* | 14 December 2020.

**Why German Industry is Looking Past China to the Rest of Asia**

Frederick Kliem | *Nikkei Asia* | 01 December 2020

**The Geopolitics of the Mekong and a Radical Proposal for ASEAN to Navigate It**

Frederick Kliem | *RSIS Policy Report* | 25 November 2020

**Germany and Indo-Pacific: Berlin's ASEAN-Style Regionalism**

Frederick Kliem | *RSIS Commentaries* | 20 November 2020

**Digital Taxes: Multilateral Breakthrough or Falling Through?**

Amalina Anuar | *RSIS Commentaries* | 06 November 2020

**China's BRI will Ride Out the Pandemic**

Pradumna Rana | *Nepali Times* | 06 November 2020

**Comparing foreign policy and development in Malta and Singapore after 1964: between surviving, thriving and taking risk**

Alan Chong | *Small States and Territories Journal* | 05 November 2020

**BRI's 'Debt Trap Diplomacy': Reality or Myth**

Pradumna Rana & Jason Ji Xianbai | *RSIS Commentaries* | 04 November 2020

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Kaewkamol Pitakdumrongkit | *RSIS Commentaries* | 21 October 2020

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Pradumna Rana | *Nepali Times* | 11 October 2020

**Need for Reset: Modi's Cross-Border Connectivity Policy**

Pradumna Rana | *RSIS Commentaries* | 08 October 2020

**COVID-19 and ASEAN Cooperation: The State of Play and Ways Forward**

Kaewkamol Pitakdumrongkit | *AsiaGlobal Online* | 07 October 2020

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**Multilateral Matters** is the quarterly publication of the Centre for Multilateralism Studies (CMS), analysing the most recent developments regarding multilateralism by our team. It covers articles on relevant economic and political issues as well as programmes and latest publications from the research centre. The objective of the newsletter is to promote the research being done by our centre, raising awareness of the many events that we hold on a regular basis.

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