



**T20** **Brasil 2024**  
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# T20 Policy Brief

Task Force 06

**STRENGTHENING MULTILATERALISM AND GLOBAL GOVERNANCE**

## Making WTO Ministerial Conferences Great Again

**Sait Akman**, Director for G20 Studies Center, The Economic Policy Research Foundation of Turkey (TEPAV), Turkey.

**Clara Brandi**, Professor of International Economics / Development Economics, University of Bonn; Head of Department "Transformation of Economic and Social Systems", German Institute of Development and Sustainability (IDOS), Germany.

**Peter Draper**, Jean Monnet Chair, and COE Director, Trade and Environment, Executive Director: Institute for International Trade | The University of Adelaide, Australia.

**Trudi Hartzenberg**, Executive Director Tralac, Stellenbosch, South Africa.

**Mina Mashayekhi**, Former Director in charge UNCTAD Trade Division, Switzerland.

**Maarten Smeets**, Guest Professor Shanghai University of International Business and Economics, non-resident senior fellow at the World Trade Institute, Bern, Switzerland.

**Tim Vogel**, Researcher, "World Economy" cluster, German Institute of Development and Sustainability (IDOS), Germany.

**Kim Ngan Vu**, Co-Chairholder, The WTO Chairs program at Foreign Trade University, Vietnam.



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## Abstract

After almost 30 years of its existence, the WTO is widely perceived as ineffective, increasingly irrelevant and having outdated rules. WTO Ministerial Conferences (MCs) have a weak track record, with few tangible outcomes delivered. Decision making has proven to be a main challenge and the WTO's 13th Ministerial Conference (26-29 February, Abu Dhabi) was no exception. Yet the challenges before Ministers have rarely been as significant considering geo-political trade tensions, security concerns, the rise of nationalism and neo protectionism.

A strong and resilient multilateral trading system is needed to counter these alarming trends, with new rules addressing 21<sup>st</sup> century trade issues and developing country concerns in line with the UN SDGs. This requires adequate outcomes from Ministerial Conferences. In order to restore the credibility of the WTO multilateral trading system, the functioning of MCs needs to be urgently reviewed. The G20 Members can play a key role in this regard.

This T20 policy brief offers new approaches to G20 Members for the conduct of MCs, with a view to making them more effective. It is proposed that MCs be held annually, similar to other multilateral institutions, with Ministers addressing the state of world trade, 'validating' completed negotiations and providing strategic policy guidance. Increasing the frequency of MCs would be in accordance with Art. IV of the Marrakesh Agreement, which foresees MCs to be held 'at least once every two years'. Ministers should conduct ad hoc meetings in the interval of the MCs to address specific trade issues. Finally, the deliberative function of Ministerial Conferences needs to be strengthened, making the process inclusive, with all interested stakeholders taking part in the discussions.



## **Diagnosis: Why are WTO Ministerial Conferences so Challenging?**

The WTO was established in 1994 with the expectation that it would effectively address 21st century trade challenges. The GATT rules, which had functioned since 1947 on a provisional basis, were outdated and inadequate. Globalization flourished, services, new technologies, digitalization, global value chains, environmental issues and the rise of newly emerging countries significantly changed the dynamics of trade. However, progress on reflecting these developments in the WTO rule book is slow. The WTO has not delivered on its promise and its credibility and relevance is seriously questioned. Hence the need for WTO reforms.

Recognising this reality, Members initiated deliberations on WTO reforms resulting in specific proposals, as will be discussed below. MC13 offered a first occasion to build on some of these, but the opportunity was missed: they did not figure on the MC13 agenda.

In this policy brief it is argued that the poor track record of MCs, including their outputs and tangible results, is of significant concern to the G20: a strong multilateral trading system offering relevant and enforceable trade rules to resist a rise in neo-protectionism, a fragmentation of the world trading system, and to settle trade disputes is needed. The MCs, which stand at the apex of the WTO as the main decision making body, have largely failed to deliver on expectations. The WTO's institutional weaknesses hinder advancing the trade agenda. The role and function of MCs needs to be revisited. It is a top G20 priority to address these concerns and work towards institutional reforms.

Following an assessment of MCs achievements, this policy brief proposes ways to enhance their effectiveness, by removing some pressures off the MCs in their current format and facilitating decision making. A new MCs format will facilitate the trade agenda's progress, taking into account recent developments in international trade and



addressing the interests of developing and least developed Members. The brief then assesses the scenarios and implications if the suggested recommendations were embraced by decision-makers. The brief offers a combination of research outcomes with fact finding discussions conducted with stakeholders.

Despite its extension by one day, and with the exception of the agreement on domestic services regulations, a last minute deal to extend the e-commerce moratorium by two years, and the accession of two of the smallest economies in the world, MC13 didn't produce any significant outcomes (Rockwell 2024). The Ministerial Declaration (WTO Ministerial Conference 2024) mostly invites Members to pursue their work and deliberations in Geneva.

Moreover, the Dispute Settlement system is still in limbo, with a non-existent Appellate Body; despite an increase in the number of signatories to the Fisheries Subsidies Agreement it was not finalized as mandated at MC12; the Joint Statement Initiatives launched at MC11 (Buenos Aires) on Investment for Development (IFD), as well as the JSI on e-commerce are blocked by a few Members that refuse to endorse plurilateral agreements in the WTO notwithstanding broad support by its Members; and agriculture negotiations remain deadlocked, despite considerable progress in the discussions.

MC13's meager outcomes confirm once again the poor track record of MCs, with the risk of making the WTO increasingly irrelevant. The expectations created at MCs are too ambitious and unrealistic: Ministers of 166 countries with widely different levels of economic development and priorities cannot be expected to conduct and/or finalize negotiations on a broad package of sensitive and ever more complex trade issues that remained unresolved in the interval of the MCs, in three to five days. Hence the need to reform the function and format of MCs. The G20 Members can play a key role in this context by endorsing new approaches for the conduct of MCs.



## Recommendations: How Can the WTO Be Reformed to Reinvigorate the Negotiating Process?

Various proposals have been submitted by WTO Members including Brazil (WTO General Council 2023a), Australia (WTO General Council 2023b) and the African Group (WTO General Council 2023c), addressing specific concerns and including proposals for reform. Senior officials have held several deliberations chaired by WTO DG Ngozi and Dr Molokomme (Chairperson of the General Council) (WTO General Council 2023d).

- **Brazil's proposals include:**

- Holding MCs on a yearly basis. In accordance with the Marrakesh Agreement Art. IV, Conferences need to be held 'at least every two years' (WTO Agreement 1994).
- According to Brazil:
  - ‘A yearly meeting of the WTO Ministerial Conference – as practiced in other international fora, such as the IMF, the World Bank and the UNFCC- would not necessarily deliver yearly negotiating packages with a new set of commitments. Convening sessions for deliberation would enable Ministers to build trust, develop shared understanding of global trade, explore solutions to emerging and long-term challenges, and imprint strategic guidance to the WTO.’
- Similarly:
  - ‘Yearly ministerial meetings would also make the WTO more inclusive and open to the interests of developing and particularly



least-developed Members, as frequent interaction and debate among ministers should lead, over time, to a better and more nuanced comprehension of the needs and expectations of those countries regarding the multilateral trading system.

• **Australia's submission** is supported by eight Members and aims at maximizing the value of WTO Ministerial Conferences to make them better fit for purpose for the challenges facing the multilateral trading system. It contains five new approaches:

- *Deeper policy engagement, which includes thematic discussions addressing global challenges that intersect with trade policy, including climate change, inclusivity, gender, health and development.*
- *A focus on WTO reform, addressing future trade challenges.*
- *Deliberative and rulemaking work: consider emerging trade policy issues and launch new rule-making projects where deemed appropriate.*
- *Intersessional Ministerial gatherings: as necessary,*
- *Endorsing outcomes and negotiating guidance.*

• **The African Group submission** contains a range of concrete suggestions on institutional reforms centering on the requirement of making the process more inclusive and development oriented to address the interests of all Members, especially developing and least-developed countries. Consensus decision-making must take into account the special needs and requirements of developing Members and LDCs.



- **Senior officials position:**

- The necessity to reform the function of WTO's MCs was underscored by senior officials in Fall 2023, noting

‘that it is important MC13 be shaped as the WTO’s first genuine Reform Ministerial to demonstrate progress on the MC12 mandate to show that Members can address significant challenges facing the multilateral system and modernize the WTO.’

- Senior officials underscored that the WTO’s deliberative function should be reinforced: ‘*The WTO should be a living and relevant institution that responds to current and future challenges*’. Interestingly, senior officials made very specific proposals for the agenda that are not all reflected in the MC13 outcome document. They said:

‘Ministers should endorse a package that includes trade and industrial policy, trade and environmental sustainability and inclusivity, incorporating development, gender equality, MSMEs and indigenous economic empowerment amongst others. This would maximize the value of ministerial Conferences by creating space for Ministers to discuss major trade challenges and provide guidance to officials on how the WTO should respond.’ (WTO General Council 2023d, 3)

- WTO Members should not stand in the way of launching negotiations when strong support is expressed by a group of Members, often referred to as ‘open multilateralism’. This notion is supported by WTO senior officials who

strongly called for a viable path for the WTO to respond to ‘*flexible and open multilateralism*’ referring to IFD and Services Domestic Regulation. Open, non-discriminatory plurilateral initiatives offer the opportunity to move forward on issues where concerns about free-riding do not exist or can be addressed. According to an eminent group of trade experts, such initiatives should not require consensus to start (Bertelsmann 2018).

- Some senior officials called for sharpening the decision-making process by exercising ‘*responsible consensus*’. As stated by Jane Lim, Deputy Secretary for Trade at the Ministry of Trade and Industry of Singapore: ‘To secure meaningful deliverables at MC13, members must exercise “responsible consensus”, by seeking mutually beneficial approaches, showing openness to trade-offs, and approaching negotiations in an objective and evidence-based manner’ (Abdulkader 2024).

The authors of this brief thus offer the following recommendations:

- Conduct a thorough review of the functioning of MCs.
- Explore ways in which MCs could be harnessed to provide strategic policy guidance.
- Strengthen the preparatory process of MCs and especially the deliberative function.
- Strengthen the role of the General Council which should assume its responsibilities in the interval of MCs.
- Ministers meet annually to take stock of achievements in the negotiations, endorse negotiating outcomes, discuss main trends in international trade, conduct thematic discussions based on the WTO’s flagship World Trade Report, and set the





priorities for the trade agenda.

- As has occasionally been practiced, Ministers should meet more frequently in the interval of the MCs to address specific trade issues (agriculture, e-commerce, fisheries, IFD etc.) and conclude negotiations where agreements are within reach.
- Ensure inclusivity and facilitate the participation of developing countries and LDCs in the deliberations and decision making.

## Scenario of Outcomes

MC13 (Abu Dhabi) was meant to be a reform Ministerial but it wasn't. The reform proposals Members discussed at their senior official meetings were largely ignored. Business at MC13 was conducted as usual with few tangible results. The lack of commitment to reforms risks making the WTO increasingly irrelevant.

For the purpose of understanding the risks and implications of different scenarios for WTO reforms and more specifically the function of MCs, the authors of this policy brief discussed the main proposals with several WTO Members.<sup>1</sup> Interlocutors stressed the urgent need for reforms, and identified the main up- and downsides (risks) of the recommendations, including convening annual MCs and what was referred to as 'de-dramatizing' MCs. Irrespective of the question to hold MCs annually or biennially, it is held that the preparatory process of MCs needs to be improved, especially by a strengthening of the deliberative function. This applies both to MCs and to the Geneva process, with Members being urged to engage in deeper and substantive exchanges.

This confirms the key point made in the Brazilian proposal: 'Convening sessions for deliberations build trust, lead to a shared understanding of global trade....'. Strengthening the deliberative function would thus ease the process of coming to 'yes' and conclude negotiating packages. It contributes to creating an enabling environment for consensus building. It would facilitate discussions among Members on a broader range of issues including the future of trade. Deliberations and exchange of views contribute to clarifying

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<sup>1</sup> Discussions took place with senior officials from the EU Commission, France, Germany, Chili, China, Korea, Australia, South Africa, Türkiye, Vietnam, Philippines, Honduras, and the WTO Secretariat.



positions, enhancing transparency and lead to a better understanding of the logic and arguments behind positions. It would be more conducive to negotiated outcomes.

The main risks perceived with increasing the frequency of MCs are losing a ‘decision-making moment’ and a lower than Ministerial level attendance. The biennial MCs build momentum for making deals, trade-offs and exchanging concessions. Ministers attend MCs with a specific negotiating mandate and need to show results to their domestic constituencies. Ministers, however, have heavy schedules which might prevent them from an annual attendance of MCs.

A related risk of increasing the frequency of MCs is a lower attendance, especially by developing countries and LDCs, given the cost factor of attending MCs. Budgetary provisions would need to be made ensuring inclusiveness. Strengthening the Geneva process and holding MCs at the WTO premises would also alleviate some of the pressures and reduce cost.

Ministers need to be engaged in-between MCs through ad hoc Ministerial Meetings to advance negotiations in specific areas. Here again the cost factor of Ministerial level attendance needs to be taken into account.

In order to make MCs effective and result-oriented, it was suggested to have meetings at the level of trade or vice-minister prior to and in preparation of MCs to iron out differences in positions and finalize negotiations. Ministers provide policy guidance and cannot be expected to engage in technical and detailed drafting exercises.

Following the same scenario, for MCs to be effective and facilitate implementation of outcomes, the preparatory process in Geneva should be strengthened, e.g. through ‘bridge-builders’, a ‘consultative group’, or a ‘steering committee’ of up to 20 Members. They would prepare the ground through an open, inclusive and transparent process and work towards negotiated texts, compromises, and agreed outcomes prior to MCs. They

would not have decision making powers.

Equally, the General Council (GC) needs to fully assume its responsibility, engage in dialogue and take decisions, as mandated in the Marrakesh Agreement. In accordance with the outcome of senior officials meetings, Members should practice open, flexible multilateralism and apply responsible consensus, meaning that Members should not block progress without offering a justification for their positions.

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