

Latin American experts in international trade unite to defend multilateralism and the reform of the WTO

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Grupo de Punta del Este (GPE)

<http://grupopuntadeleste.com>

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The Group of Punta del Este (GPE)¹ is a network of recognized Latin American professionals, constituted with the purpose of promoting awareness of the seriousness of the current situation in the multilateral trading system and formulating possible solutions for the short and medium term.

Faced with the growing weakening of multilateralism as an instrument for conducting international trade relations, a group of Latin American experts in international trade, came together to warn about the risks and proposed, this week, a road map to control damage and take the opportunity to reform the World Trade Organization.

The group, convened at the beginning of the year in Punta del Este, made a diagnosis of the implications that the abandonment of multilateralism could have for the world and particularly for Latin American countries.

The group concluded that there is a serious risk of WTO paralysis in at least three areas:

- Dispute Settlement. The lack, next December, of the minimum number of "judges" in the Appellate Body will provoke an unprecedented situation in the WTO, when all but one of the judges would have completed their mandates.
- Legislative function: The WTO has been unable to complete the reform of agricultural policies (as Members committed in 1995) or to move multilaterally in the face of the 21st century trade challenges (for example in, investment, regulatory coherence and digital economy).
- Administrative function: there is a notorious violation, by many members, of their obligations to notify - as required by agreements in force- of measures that affect trade.

This particularly affects countries with fewer resources and the violations of some of the world's major economies have a devastating effect on confidence in the WTO.

In the recently issued document, the Group of Punta del Este (GPE) states that Latin American countries and all in general, have much to lose without the guarantees and certainties provided by the multilateral trading system. It therefore calls for promoting an understanding between China and the United States, that would help to preserve the system.

To avoid irreversible damages to the multilateral system, the Group proposes the following punctual actions that combine both the urgent and the important.

As a matter of urgency:

1. Avoid the paralysis that the collapse of the Appellate Body would entail. The group proposes to reaffirm that a system of compulsory adjudication like that of the WTO is only viable on the basis of the strict application of the principle that the DSM cannot

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increase or diminish the rights and obligations enshrined in the agreements, which resulted from negotiations between the Members.

2. Demonstrate that the member countries of the WTO can reach agreements on relevant issues. The GPE supports the commitment to concretize without further delay an agreement that prohibits certain forms of fisheries subsidies that promote overcapacity and overfishing, and eliminates subsidies that contribute to Illegal Unregulated and Unreported fishing and to bring it to fruition the negotiation of rules on electronic commerce, launched in January.
3. Strengthen transparency and monitoring mechanisms, in particular by correcting breaches in the notification obligations.

As important matters:

The PEG proposes that the WTO convene "Policy Dialogues" to restore confidence and thus create the conditions for its institutional reform. PEG experts understand that a dialogue is needed on the use of trade policies that distort trade and that are of systemic importance, as well as to discuss new challenges that have arisen from the digital revolution.

The GPE intends to draft and present a series of documents that will be put to general consideration. They will begin with five proposals aimed at:

- a. Open a political dialogue on special and differential treatment for developing countries, appropriate to the realities of the present.
- b. Explore the negotiation of an integrated agenda on non-tariff measures
- c. Strengthen the transparency of trade policies through a robust system of notifications and monitoring.
- d. Strengthen and give coherence to the analysis and technical cooperation of the WTO and facilitate organic cooperation and coherence with other international organizations.

The GPE expressed its conviction that *"It is multilateralism and not unilateral measures that will respond to the multiple challenges of an inevitably interdependent world economy. It is necessary to rethink the multilateral system according to the new economic, political and social realities, but without losing sight of the need for a system of norms that warrant predictability and legal security."*