DISCUSSION PAPER

Beyond 2015: Trade Reform and the Development Deficit

By Amy Wood

Abstract: The deadlock of the Doha Development Round of WTO negotiations largely signaled the removal of development, or at least a rhetorical commitment to development objectives, from the international trade agenda. This takes place amidst a rapidly changing landscape of international trade where a ‘development deficit’ has emerged and unfair rules of trade have contributed to growing global inequalities. Since 2000, numerous proposals for WTO reform have emerged from member states, policymakers, academics and civil society organizations (CSOs). The global consultation process taking place around the post-2015 Development Agenda (DA) provides a tremendous opportunity to facilitate the advancement of alternative and reform policy proposals for international institutions. Given this opportunity, ASAP asks how can WTO member states best reform the multilateral trading system to pursue an agenda of sustainable development, fair trade and enhanced capacity building? In addressing this question, this paper seeks to explain why a development deficit is a perennial feature of the international trade politics, and the WTO specifically. The paper maps out WTO reform proposals in key areas that affect development and developing country participation within the international trade regime including trade facilitation, the Dispute Settlement Understanding (DSU), Special and Differentiated Treatment (SDT), and the creation of policy space. After taking stock of the development deficit, the paper offers a two-track approach with recommendations for ‘leveling the playing field’ in the WTO that will facilitate gains for the post-2015 DA objectives. The creation of more balanced rules of trade and alternative mechanisms of governance to deliver development is crucial to the sustainability of the international trade regime and to the formation of a new development discourse.

1 The author gratefully acknowledges Dr. Erin Hannah for her thoughtful comments and suggestions. We also gratefully acknowledge funding from the Social Sciences and Humanities Research Council of Canada (SSHRC) for the production of this study.

2 In understanding the notion of development in the context of trade, the paper borrows from Ismail (2013) to suggest that development led trade must be premised on balanced rules, good governance, fair trade and capacity building. Here, the focus is primarily on balanced rules.

3 Some (see Rodrik 2008; Scott and Wilkinson 2011) suggest that development was never on the WTO’s agenda and that the DDA represented an empty set of promises based on the ‘myth’ of a development round.
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<td>ADF</td>
<td>Agreement on Development Facilitation</td>
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<td>AfT</td>
<td>Aid for Trade</td>
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<td>ASAP</td>
<td>Academics Stand Against Poverty</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>BRIC</td>
<td>Brazil, Russia, India, China</td>
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<td>CIEL</td>
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<td>ENDA CACID</td>
<td>Le Centre Africain pour le Commerce l'Intégration et le Développment</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>DDA</td>
<td>Doha Development Agenda</td>
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<td>Development Facilitation Tariff</td>
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<td>DSB</td>
<td>Dispute Settlement Body</td>
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<td>DSU</td>
<td>Dispute Settlement Understanding</td>
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<td>EIF</td>
<td>Enhanced Integrated Framework</td>
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<td>FTA</td>
<td>Free Trade Agreement</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GVC</td>
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<td>ICTSD</td>
<td>International Centre for Trade and Sustainable Development</td>
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<td>IF</td>
<td>Integrate Framework</td>
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<td>International Institute for Sustainable Development</td>
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<td>International Labour Organization</td>
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<td>IRG</td>
<td>Institutional Reform Goals</td>
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<td>ITTC</td>
<td>Institute for Training and Technical Cooperation</td>
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<td>LDC</td>
<td>Least Developed Country</td>
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<td>MNC</td>
<td>Multinational Corporation</td>
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<td>NAMA</td>
<td>Non-Agricultural Market Access</td>
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<td>NGO</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>post-2015 DA</td>
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<td>REC</td>
<td>Regional Economic Community</td>
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<td>RTA</td>
<td>Regional Trade Agreement</td>
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<td>RTPC</td>
<td>Regional Trade Policy Course</td>
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<td>SCM</td>
<td>Subsidies and Countervailing Measures</td>
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<td>SDT</td>
<td>Special and Differentiated Treatment</td>
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<td>TF</td>
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<td>TRIMS</td>
<td>The Agreement on Trade Related Investment Measures</td>
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<td>TRIPS</td>
<td>Trade Related Aspects of Intellectual Property Rights</td>
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<td>Trade Policy Review Mechanism</td>
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<td>TRTA</td>
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<td>UN DESA</td>
<td>United Nations Department of Economic and Social Affairs</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>WFTO</td>
<td>World Fair Trade Organization</td>
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INTRODUCTION

Trade negotiations have not only failed to produce significant reforms for developing countries, but the rules of the game inherently favour affluent nations. This trend takes place amidst a rapidly changing landscape of international trade including the decline of multilateralism, the emergence of global value chains and persistent inequalities between the global north and south. Development has been removed from the international trade agenda to the detriment of developing and least developed countries (LDCs). Issues of concern for developing countries involve unfair terms of trade such as export subsidies, reduced market access and the accessibility of the Dispute Settlement Understanding (DSU) (Deere-Birkbeck 2011; Narlikar 2011; Wilkinson and Scott 2013). Given the international consensus around the MDGs, particularly Goal 8 on developing global partnerships for development, trade is key to poverty alleviation and development.

Although attempts have been made to reconcile trade and development such as the Enhanced Integrated Framework (EIF), Aid for Trade, and Special and Differentiated Treatment (SDT), the WTO and its member states have yet to live up to their commitments. The post-2015 discussion on the Development Agenda (DA) provides an opportunity for global consultation and the advancement of institutional reform proposals for more balanced and equitable global trade governance. This paper contributes to this conversation by providing a blueprint for a more authentic development focus within the WTO.

Part I outlines the empirical case for the WTO’s democratic deficit and its effects on the international trade regime. Although many suggest that a development focus within the WTO has never existed in a meaningful sense, this deficit has become more
apparent with the failure of the Doha Development Agenda and the decline of multilateralism\(^4\) (Wilkinson 2012). This paper does not question whether the WTO ought to be a development institution. It takes as its starting point the idea that the WTO must be a development institution if it is to achieve increased trade flows, economic growth and improved welfare of all member states as its mandate suggests. Thus, the paper maintains that development must be at the heart of the multilateral trade system. This would contribute to international institutional coherence and more closely align the WTO with UN goals around sustainable development. As trade reform has been underdeveloped in the context of the post-2015 DA, this discussion is particularly timely.

Part II maps out the WTO reform proposals currently on the table in key strategic areas for enhanced developing country participation in both legislative and litigious routes to reform. Addressed here are reforms on trade facilitation, the Dispute Settlement Understanding (DSU) and trade remedies, Special and Differentiated treatment (SDT), the creation of policy space, transparency, and accountability.

Part III provides recommendations for short term, modest reform, as well as long-term, more substantive changes. First, the section will make a series of pragmatic proposals for a reformist, development-led agenda. Explored here is the need to “deepen the [trade] agenda” (Bouzas 2011) through an examination of proposals concerning institutional reform including negotiations and decision-making processes, SDT, subsidies, trade facilitation including AfT, the DSU and knowledge mobilization. These ‘status quo’ reforms are designed to be implemented within the DA timeframe of the next fifteen years. Gleaned from this analysis is the inadequacy of current reform proposals

\(^4\) The decline of multilateralism within the WTO has attracted international concern from member states. States have turned to bilateral or plurilateral agreements in lieu of multilateral agreements. For more on this phenomenon see for example Barton et al 2006.
despite its breadth of treatment in the literature. The second part of this section reflects more broadly on the WTO’s contribution to global trade governance and development, which requires a serious re-evaluation. The proposals must be linked to a broader discussion about the underlying social values on which the WTO operates. Thus reforms must be accompanied by a “debate on [WTO] principles” (Stiglitz 2005) and the formation of an alternative trade narrative centred on sustainable development. Given the post-2015 DA which requires international institutional reform, an inquiry into the social values which underpin the multilateral trade regime is particularly pressing. These proposals fit outside of the status quo and are designed for a longer-term vision of the WTO beyond the 2015-2030 timeframe of the DA. Only once serious and more ambitious consideration is given to responding to development challenges can a more equitable and sustainable WTO agenda be advanced.

1.0 DEFINING THE DEVELOPMENT DEFICIT & THE NEED FOR REFORM

To conceptualize development, the paper borrows from Sen’s (1999) theory of Development as Freedom where development is measured by the amount of “substantive freedoms of people” (33), as without freedom, people cannot make the necessary choices to empower themselves and others. Importantly, this includes respect for local dimensions and cooperative activities under state provision (129). Taken together these

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5 ASAP (2012) suggests that international institutional reform should be taken into consideration in the next set of development goals. Multilateral institutions have shown support for open and accountable international institutions [see the joint appeal issued by seven multilateral institutions to the UN High Level Panel on the 2015 DA (Williams 2013)]. Kenny and Dykstra (2013) go further to suggest international institutional reform should feature prominently in the post 2015 DA framework.

6 Sen (1999) interprets freedom by examining five instrumental forms: political freedoms, economic facilities, social opportunities, transparency guarantees, and protective security.
freedoms help “enhance the capacity” (10) of persons within a society and of institutions. Of the five interrelated instrumental freedoms that Sen discusses, the focus here is on expanding economic facilities and freedom from poor economic conditions to generate public resources for social provisions. It is within this framework that the paper investigates what development-led trade looks like in the context of the WTO. In considering this relationship, Ismail’s (2013) understanding of development-led trade is emphasized: trade must be premised on balanced rules, good governance, fair trade and capacity building. Here, the focus is primarily on balanced rules, a framework unpacked in the proceeding sections.

There is a well developed though contested relationship between trade and development, made increasingly complex by processes of globalization (Chambers and Sampson 2008). Not only undertaken by the WTO, trade has been integral to the United Nations. The UN’s development agenda has a long relationship with global trade beginning in 1945. The 1986 Declaration of the Right to Development has shaped trade governance in a number of ways including: shaping of a holistic concept of development; provision of support for Aid for Trade and flexibility mechanisms; and the inclusion of issues such as debt and corporate responsibility in the UN Development Agenda (Puri 2011: 12). This role is based on the UN’s principles of “solidarity, market access, capacity to trade and competitiveness” (Puri 2011: 12).

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7 “Development led trade” takes a fundamentally different view of the relationship between trade and development than “trade led development” which has been used by the WTO to legitimize trade liberalization. “Development led trade” sees trade as one mechanism to increase development aims rather than to see trade as an end itself to development needs. The United Nations Conference on Trade and Development (UNCTAD) reaffirmed this in 2002.
According to Possel (2008), part of the right to develop, is sustainable development. This involves the pillars of economic development, social development, environmental protection, and “good governance, peace and security”. Here, development includes fundamental human rights, which are shaped by the international trade regime (Possel 2008). This is closely related to UNCTAD’s role, which has been moderately successful in monitoring the international trade regime and advocating an ‘integrated approach’ (Ocampo 2011; Puri 2011: 53). The UN Development Programme (UNDP) and the UN Department of Economic and Social Affairs (DESA) agenda continues to be underpinned by the values of “equity, fair play, altruism, humanism, the common good and making trade work for societies everywhere” (Puri 2011: 54).

Moreover, three decades of development thinking by the international community reflects the need to redress these imbalances (UNTAD 2011).

The GATT/WTO link to development emerged in the 1958 Haberler Report, particularly Committee III, which led to the inclusion of development-assistance provisions in several GATT articles. Today the ‘Enabling Clause’ and SDT provisions exist to safeguard developing country interests through preferential agreements. In terms of mechanisms, AfT has been developed to facilitate trade-led development projects.

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8 For the remainder of the paper I use the term development to include the principles of sustainable development.

9 I do not address environmental protection in this paper. Although there have been several proposals for a WTO subcommittee on climate change (Pauwelyn 2009) or for independent body “to subject countries’ environmental policies and needs to a review process compare to that for trade” (Meléndez-Ortiz and Biswas 2011), there is no consensus that this is within the scope of the WTO to undertake (see Bernstein and Hannah 2008 and 2011 for a more complete treatment of this debate).

10 On the fourth dimension see the UN System Task Team Report on the Post-2015 Development Agenda (UN 2012b) and the Leadership Council of the Sustainable Development Research Network’s (SDSN) report to the UN Secretary General (2013) on the SDGs, specifically Section I on the “Four Dimensions of Sustainable Development”.

11 Particularly articles XVIII, XXXVI-XXXVIII. Also see GATT article XXIII - Nullification and Impairment Provisions; GATT article XVIII – Government Assistance to Economic Development; and GATT Part IV – Trade and Development. However, current provisions have become “ineffective and obsolete” (Lee 2009).
along with the EIF. An extant trend is the mainstreaming of trade into national
development programs (Ancharaz and Pfister 2013). The former has been implemented
through the WTO’s AfT program as well as and the EIF, UNDP and the OECD, which
guides the direction of international trade assistance.

Trade reform efforts should focus on the institutional elements under the scope of
the WTO primarily for two reasons. First, there is global recognition that trade is of great
significance to sustainable development and poverty alleviation. An international
consensus was achieved in the MDGs and particularly Goal 8: Develop[ing] a global
partnership for development, which espoused that developed countries had an obligation
to work towards a fairer international trade system.12 This marked an important
recognition of the relationship between trade and poverty alleviation where trade is
believed to contribute to poverty reduction (Hoekman 2002).13 Second, while “good
international trade rules can create an enabling environment for poverty reduction”, “bad
rules can have the opposite effect” (Oxfam 2002: 15) meaning that trade reform may be
“one of the most cost effective anti-poverty policies available” (Winters, McCulloch and
McKay 2004). Thus, as the WTO is the fount of rule making authority within the
international trade regime, reform energy should be concentrated on mechanisms and
governance within the WTO.

To debate whether the WTO is a development organization or not is not the
purpose of this paper. While this normative debate is ongoing, this paper is grounded in

12 Target 8.A aims to “develop further an open, rule-based, predictable, non-discriminatory trading and
financial system” (UN 2000). Target 8.B “addresses the special needs of the least-developed countries,
specifically including tariff and quota-free access for least-developed countries’ exports” (UN 2000).
13 Although trade can facilitate incredible economic growth, evidence from recent modeling exercises and
studies in the literature has detailed how expected benefits from trade liberalization are surprisingly low
(Weisbrot, Rosnick and Baker 2004; Ackerman and Gallagher 2008; Bouët and Krasniqi 2009). Thus while
export led trade can lead to poverty reduction, it is only one mechanism available to address poverty and
development needs.
the position that development should lay at the heart of the WTO’s mandate. While the WTO (2006a, 2006b), is not considered a development agency, its core mandate of setting trade rules must be development-centred if it is to contribute to a more equitable global trade system as outlined by MDG 8. Moreover, proponents of a brand of WTO narrowly focused as a negotiating forum have been eclipsed by empirical reality (Deere-Birkbeck 2011: 121). Today, the global trading system has a duel purpose as both a ‘global public good’ by easing international exchange through a multilateral approach and also a ‘global development good’ which “facilitates economic, social and environmentally sustainable development for all” (Puri 2011: 48). This is in accordance with Wilkinson (2011: 135) who suggests that by promoting “trade-led growth,” the WTO will become a development institution. Thus the paper conceives of the WTO as an instrument to facilitate sustainable development, one that allows countries to achieve more balanced and mutually beneficial trade. The capacity of international institutions to become more sustainable and development-centred, as indicated by preliminary post-2015 DA reform proposals, suggests that much more is at stake than mutually beneficial trade. Indeed, the relevance of the WTO and the future of global trade governance hangs in the balance.

While the international community continues to support the idea of a more equitable trade system, this has not translated into reality and developed countries have not fulfilled obligations to redress inequalities within the international trade regime (Hoekmam 2002; Stiglitz and Charlton 2005; Watkins and Fowler 2002; Lal Das 2005; Petersmann 2005). Although many suggest that the WTO has never seriously had a
development focus, the WTO has been characterized by a ‘development deficit’ at least since the Fourth WTO Ministerial Conference in Doha. Although the DDA was largely paying lip service to development rhetoric, and it is believed that there was never any real attempt by developed countries to redress trade asymmetries or development objectives, it provided direction for the international trade community. Below, the paper conducts an analysis of the main causes of the DDA collapse with mention of development concerns in agricultural subsidies, loopholes and the non-implementation of SDT, as well as developing countries’ bargaining power in negotiations and limited involvement in the SDU. This selection of issues is not meant to be a comprehensive overview of all development proposals but an effort to include the most relevant ones to the IRG project. Such an examination contributes to a more substantive treatment of trade reform than has been considered in the context of international institutional reform conversations.

As agriculture has been recognized as a key concern for developing countries (Moore 2000; Panitchpakdi 2002; Veiga 2005), subsidies and protectionist measures from developed countries have had particularly detrimental effects on developing countries. Despite promises by affluent countries to reduce protectionist measures, only a narrow margin of trade restrictions has been eliminated since 2008 (UN 2012a). Resultantly, the protectionist measures taken to date have affected nearly 3 per cent of global trade (UN 2012a). Barry and Øverland (2012) conclude that subsidies and tariffs are killing the poor (Norberg 2005; Kristoff 2002). This trend speaks to the “agricultural exceptionalism” which has characterized a system overshadowed by EU and US

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subsidies that violate WTO trade policy and principles of international development (Carsten 2012). Such inequalities also exist outside of agriculture, evidenced by losses for developing countries around NAMA or by unfulfilled commitments by developed countries to improve market access for LDCs (Oxfam 2002).

Paradoxically, while the rhetoric of commitments to development and poverty reduction has figured prominently in the international community, trade policy has been used to maintain systems of inequality and undermine development. This is one example of “rigged rules” (Oxfam 2002), which have created “radical inequalities” within global trade governance (Nagel 1977; Hannah 2009). Other institutional trade ills include loopholes and the non-implementation of SDT. Thus amidst a “maze of regulatory requirements, standards and non tariff barriers”, there are important gaps that must be closed in order to meet development objectives (Lal Das 1999). This deficit has widened since the failures of the DDA.

This situation has been made worse by the limited bargaining power of developing countries. Despite the one-member-one-vote principle of equality in the WTO, a number of agreements have been made where a hierarchy has evolved; developing countries have been constrained by inadequate resources as well as the asymmetrical influence of developed countries on negotiation proceedings (see Jawara

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15 This has been most egregiously exposed in cotton farming where subsidies for developed country producers have reduced market access for the approximately 15 million cotton farmers in West Africa (Walker 2011; Lee 2007).
16 UNTAD estimated that under NAMA “tariff losses to developing countries could amount to USD 63.4 billion, almost four times the projected gains under the World Bank’s Assessment” (Gloeckl 2013).
17 A significant loophole has been the special provision for dispute settlement in the Agreement on Anti-dumping or within the Agreement on Textiles (Lal Das 1999). The non-implementation of SDT can be evidenced in Article 66 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) which requires developed countries to provide incentives and technology transfer to LDCs or Article XIX of the General Agreement on Trade in Services (GATS) which requires flexibility and market access developing countries (Lal Das 1999).
and Kwa 2003 or Narlikar 2003, 2006). Through both informal and formal channels of influence, developed countries have largely overshadowed developing country participation in negotiations. As a result, developing countries have consistently made significant concessions, often with little in return (Lal Das 1999). While free trade inherently involves making concessions, developed countries have consistently been the primary beneficiaries without extending commensurate counter-concessions to developing countries (Lal Das 1999).

Finally, the dispute settlement process has raised important questions concerning interpretation of agreements and their implementation. Developing countries seldom use the DSU. These countries have been unable to access legal restitution channels because of a lack of resources and the costs of accessing the system (Shaffer and Quershi 2003). Although this issue falls outside the collapse of the DDA, it is evident there exists a systematic bias against small and weak countries. Larger countries have asymmetrical influence in the disputes, particularly when threatening sanctions, leading to adverse effects for developing countries.

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18 As evidence, “in fifteen years of dispute settlement under the DSU, over 400 disputes were initiated; no African country has ever initiated a dispute; only one LDC initiated a dispute (Bangladesh) but did not progress beyond the consultation phase; EU and US together have 41% been complainants (WTO 2009); but 40% initiated by developing countries; US and EU have been respondents in 40% of case (Walker 2011).

19 See Shaffer and Meléndez-Ortiz (2010) case studies on developing country barriers to the DSU.

20 This is the absence of financial, legal and institutional knowledge of the trade system, particularly concerning the DSU (Shaffer and Quershi 2003; Ochieng and Majanja 2010).

21 In a survey of 52 WTO members “(including 10 ‘low income’ and 16 ‘lower middle income’ countries) 88 per cent of all participants cited legal capacity as a principle advantage of power members in using the DSU” (Shaffer and Meléndez-Ortiz 2010).

22 Additional barriers include fear of retaliation, complexity of the process and countermeasures, limitations of remedies available, the infrequent use of alternative mechanisms, the lack of capacity to enforce the rulings on the part of developing countries and the increasingly legalistic nature of the system (Meagher 2011; Shaffer and Quershi 2003).

23 See for example, the 1994 Shrimp-Turtle case.
Taken together, the structural and institutional failures outlined in the preceding paragraphs provide the contours for examining the current development deficit. While these issues extend beyond the collapse of the DDA, it has been representative of the shifts taking place across the global trade landscape. While it is beyond the scope of this paper to assess these shifts, the “new geography of international trade” includes the rise of the BRIC countries in the international trade regime, the proliferation of regional trade agreements, and the use of global value chains as a new narrative for trade-led development. While plurilateral agreements threaten to exclude developing countries, they face mounting pressure to become more deeply integrated into the global trade regime without adequate resources or flexibility needed to make this transition. This has contributed to an increasingly challenging trade landscape for developing countries to navigate.

In sum, the current international trade regime may be seen as both indefensible and unsustainable (Oxfam 2002). The image that the WTO advances the interests of developed countries and MNCs rather than those of developing countries, its primary membership, has been evidenced by consistent shortfalls to development commitments (Lee 2009a; Deere-Birckbeck 2011). Consistently, developing country interests have

24 BRICs according to Narlikar (2011: 143) have given developing countries unprecedented importance in the WTO. Although BRICs countries have contributed to increasing South-South trade and contribute to a “more accurate reflection of global power” (Narlikar 2011: 140), development remains a key agenda issue. This has meant an increase in bilateral and plurilateral agreements, particularly since the incapability to conclude the DDA. The case for plurilaterals has been made (Draper 2010) due to the “constraining power” of the WTO (Haydon 2008) but can have adverse effects for developing countries (see Sally 2000; Dasgupta 2012). Additionally, RTAs go against WTO principles of single undertaking and non-discrimination (Milberg 2013). While regional trade can benefit developing countries such as in Latin America, plurilateral agreements have been made to the exclusion of developing and least developed countries. For reform proposals in this area see Fabbricott (2009) and Bouzas (2011).

25 For further reading see Kurihara (2011), and Chaffour and Jean-Christophe (2011).

26 The global value chains narrative has been adopted by the WTO and international financial institutions in the wake of global economic recovery. For a history of GVCs see Gereffi and Millberg (2013); for their effects on corporate governance see Lazonick and Sullivan (2002) and Nolan and Zhang (2010); trade governance see Clark (2012). For an understanding of the impact on the trade narrative see Ismail (2013).
been marginalized and there has been “insufficient institutional attention to development issues” (Lee 2009a: 11). As a result, the WTO is facing crisis of credibility and there is a widespread loss of confidence in the system (Elsig and Dupoint 2002). In order for a development mandate to knowledge transfer, and provide freedom to choose trade and development strategies, sustainable development must be at the centre of the WTO (Gloeckl 2012; Ghosh 2013; Ismail 2006). In short, the multilateral system must be realigned for a ‘sustainable development-led agenda’ and a more balanced globalization (IBON 2013). There has been an absence of adequate channels for policy dialogue and mechanisms for substantive debate in this arena (Deere-Birkbeck 2011). With the global consultation process for the post-2015 DA there is tremendous opportunity to facilitate the advancement of alternative and reform policy proposals for international institutions.

2.0 REFORM

The need for WTO reform has been evidenced by numerous proposals since 2000 by civil society and state members. While there is consensus that the WTO is broken, there is no consensus on how to fix it or to what end (Drache and Froese 2007). As a result of the diversity of interests involved, proposals have been orthogonal in scope and approach.

WTO reform has been a catchall for proposals ranging from its scope, to decision-making processes, and implementation of mechanisms (Oxfam 2002); and from efforts to encompass an “ethical dimension” (Barry and Øverland 2012), to increasing efficiency, and ease of negotiations (Lawrence 2008). Although there have been a number of works
on WTO reform, few comprehensive works have taken a development focus with the exception of Deere-Birkbeck (2011) and Sampson and Chambers (2008). However, given the rapidly shifting landscape of trade and development and the 2015 DA, it is necessary to reexamine the notion of development-led trade. The importance of the relationship between the WTO, development, and the crisis of multilateralism to the post-2015 MDG process cannot be overstated. Given that MDG 8 outlined the consensus of the international community for a more equitable global trade system, namely the WTO, and given the increasing recognition of the failures of the DDA and the need for development-centred trade, the conversation around institutional reform fits squarely with the Post-2015 DA.

Reform proposals in the past have been located in specific areas by experts (i.e. Abu-Ghazaleh 2013). There is, however, a need for holistic proposals that affect all areas of trade. Thus, the paper contributes to this conversation by assessing traditional policy recommendations that include both short term pragmatic approaches on underdeveloped areas such as knowledge dissemination, and longer-term reforms that require attitudinal and normative shifts and a substantial rethinking of the WTO’s role in international development and trade governance.

2.1 NEGOTIATIONS AND DECISION-MAKING

Developing countries as the majority of the world’s population should have a larger role in determining the rules of the systems that govern them. The ‘one country one vote’ procedure, although done by consensus, is difficult to achieve given that there are
153 member-states. Some argue that consensus does not exist in a meaningful sense; rather it has been “manufactured” (Aslam 1999). Because of the strong link between “market size and political weight” there is a need to allow smaller and poor countries a greater voice in negotiations; as a result many proposals for voting have focused on critical mass approaches.  

However, most member states do not support an alternative voting processes (Van den Bossche 2006).

There are mechanisms available to help facilitate this consensus, beginning with representation. Small and developing countries are underrepresented at the Secretariat at the senior, technical and managerial levels. Of the 552 staff positions, only 94 staff are from developing countries, contributing to the absence of developing country needs on the trade agenda (Narlikar 2002). Increasing the geographical and social diversity of the staff can mitigate this situation. This is not simply an affirmative action type response; rather, it seeks to increase the intellectual scope and engender attitudinal change within the Secretariat. Other proposals focus on the efficiency of consensus building through an executive, consultative or advisory board (Schott and Watal 2000; Blackhurst and Hartridge 2004). This could help facilitate a more rigorous and knowledgeable presence on the part of developing countries (Narlikar 2002: 175). While this would certainly increase efficiency, it is unclear whether the results would be more fair for developing countries.

The Sutherland Report found that “new levels of political engagement and high-levels of consultative machinery” would provide direction in negotiation processes

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28 For proposals and analysis on critical mass approaches see Wolfe (2007); Warwick Commission; WTO (2007); Elsig (2010); Gallagher and Stoler (2009); Hoekman (2011). Other proposals have included the requirement of a super majority (Narlikar 2011).

29 In asking questions of fairness in terms of developing country participation in the WTO see Dunloff (2003), Gathii (2003) or Narlikar (2006).
(Denters 2005). The report prescribed a structure that suggested having infrequent meetings with high-level senior officials. However, this might further exclude countries that do not have the capacity to be represented and thus must be accompanied by a fund to guarantee access. Others such as Deere-Birkbeck (2011) advance that more effective and strategic use of the WTO Ministerial Conferences to push the envelope on institutional reform as it has agenda setting capacities that engages all member states. While increasing political leadership is important, participation alone does not close the deficit gap; rather, it should be utilized in tandem with other governance mechanisms to forward development concerns, particularly for small and least developed countries.

2.2 POLICY SPACE

As trade liberalization has constrained policy space, debates on whether and how policy space should be increased have been contentiously discussed. While Hoekman (2004), Van Den Bossche (2006) and Lawrence (2006), suggest policy space should be expanded to level the playing field for developing countries, Stiglitz (2005) cautions that increasing policy scope could lead to weakened bargaining power. Given these considerations, policy space should be interpreted cautiously (Stiglitz 2005).

One mechanism used to increase policy space, SDT, is associated most closely with increasing developing country access to markets, and its flexibility has been elemental for developing countries concerning reciprocity and the implementation of agreements (Hoekman 2004). SDT provisions have been consistently among UNCTAD’s recommendations to the WTO (Trade and Development Report 1981-2011). Since 2011
there have been 88 proposals to the WTO from developing and least developed countries on making the rules more effective although not all of them have been worked through (Walker 2011; WTO 2003).

It has been recognized that a “one size fits all” does not work for developing countries (MacDonald 2011). SDT provisions must be examined on a case-by-case basis and using a country specific approach they must recognize the heterogeneity of developing countries. Most proposals centre on ways to increase SDT such as in the manufacturing sector, particularly around the manufacturing of generic drugs (Gallagher and Wise 2009). Another popular area is agriculture in allowing “selective tariffs and quotas” to regulate local food imports (Barker 2007; Khor 2000). This is consistent with proposals that grant the exclusion of “special products” (local staple foods) from tariffs cuts as a result of commodities markets that have become highly concentrated (Gallagher and Wise 2009).

Since the inception of GATT, SDT has changed fundamentally yet it remains both conceptually and empirically important.\(^\text{30}\) However there are challenges with SDT and how to operationalize it.\(^\text{31}\) In sum, a more substantive sector-by-sector discussion must take place about the role of SDT in achieving development gains.

\(^{30}\) For a complete list of SDT measures within the WTO, see “Implementation of Special and Differentiated Treatment Provisions in WTO Agreements and Decisions” (WTO 2000).

\(^{31}\) There is extensive the debate around SDT provision as a means of increasing developing country development objectives. See for example Michalopoulous (2008) suggests reducing the scope of SDT on the grounds that there is no consensus whether greater freedom in trade rules leads to poverty alleviation while Suppermanium (2008), Collier (2007) and Melendez-Ortiz and Biswas (2011) justify SDT because it helps developing countries access global markets. Ismail (2013) suggests there has been a disproportionate emphasis on SDT in negotiations which has detracted from other areas of focus for developing countries.
2.3 SUBSIDIES

In addressing the problem of subsidies, there are several steps that can be implemented to create fairer terms of trade. The first concerns how subsidies are categorized. Meléndez-Ortiz, Bellmann and Hepburn (2009) suggest that to ensure coherence with sustainable development goals, the green box approach to classifying subsidies must be reformed by shifting away from the amber, blue and green classification system. According to the green box classifications, these subsidies “causes only minimal trade distortion”, however this has been empirically disproven (Meléndez-Ortiz, Bellmann and Hepburn 2009). This approach raises larger questions regarding the purpose of subsidies as a temporary tool or permanent corrective function. As argued here, the entire categorization process should undergo a thorough review to re-identify the role and effect of subsides on global trade and development.

Second, subsidy-use must be monitored by creating reporting systems and improving existing “methods of notification” (Thöne and Dobroschke 2008). For example, the Global Subsidy Initiative from the International Institute for Sustainable Development (IISD) does precisely this. This has led Meléndez-Ortiz and Biswas (2011) to suggest that we need a WTO initiative on energy subsidies by turning the Permanent Group of Experts into on Energy Subsidies and Sustainable Development. Other governance mechanism proposals such as the one proposed by Petersmann (2008) suggest using the Trade Policy Review Mechanism (TPRM) for ‘deliberative democracy’ and to modify the existing mechanism by making it independent so that it might receive feedback from UNEP and ILO (Sampson and Chambers 2008; Wolfe 2008). There are
also proposals for new mechanisms altogether: Lee (2009b) suggests the creation of a new body within the WTO, “the Council for Trade and Development”, to monitor trade and development issues. This body would establish a “coherent set of rules in the form of a separate agreement within the WTO disciplines” to address trade and development issues to monitoring regulatory developments and effectively establish a development agenda (Lee 2009a, 2009b, 2011).

Third, agriculture reform proposals consistently suggest the elimination of direct export subsidies and dumping along with the extension of special treatment for LDCs (Barker 2007). However, treatment of subsidies must be expanded beyond the agriculture sector. The WTO Agreement on Subsidies and Countervailing Measures (SCM) should be able to suspend concessions and obligations to the non-compliant member (Sarooshi 2003; Bernal 2011). Here, addressing the enforcement mechanisms and how they can be supported is integral to preventing developing countries from making concessions beyond their respective capacities.

2.4 TRADE FACILITATION AND AID FOR TRADE

Often referred to as ‘cutting red tape’ by the WTO (2012b), Trade Facilitation (TF)\(^{32}\) is being “aggressively pushed by developed countries” as a mechanism to increase

\(^{32}\) Trade Facilitation (TF) measures are aimed at “simplifying, modernising and harmonising merchandise import, improving tax collection at the border, export and transit procedures, especially customs requirements” by “simplifying rules, reducing the number of and standardising custom forms, and computerization” and closing gaps in border procedures (European Commission 2013). According to Moïsé (2013) these include transparency and predictability measures, procedural simplification and streamlining, and coordination and cooperation between border agencies.
efficiency\textsuperscript{33} (Dasgupta 2012). However this comes at an expense, namely the externalization of markets costs onto developing countries. Since 2005, the OECD has identified the need to redress challenges associated with IF concerning documentation costs\textsuperscript{34}, its highly bureaucratized nature, inefficiencies and inadequate flexibilities for developing countries (OECD 2012).\textsuperscript{35}

While the OECD (2009) suggests addressing regulatory, infrastructural, technological and institutional costs, Lee (2004) suggests the need for alternative governance mechanisms to more fully address the concerns associated with TF. He proposes a Development Facilitation Tariff (DFT) that would promote infant industry and limits “import restraints for development purposes on additional tariffs” (Lee 2004: 948).\textsuperscript{36} This would be part of an overarching ‘Agreement on Development Facilitation’ (ADF) which would “facilitate substantive, permanent SDT provisions” differentiated according to developing country per capita income (Lee 2011b: 317). An ADF would involve provisions on the adjustment of tariff bindings, scheduled commitments and subsidy treatment; the suspension of anti-dumping measures, as well as the TRIMS and TRIPS agreements; and the setting of procedures to monitor and implement commitments

\textsuperscript{33} According to the WTO (2012a) inefficiencies include “red tape”, duplication of documents, “lack of automatic data submission”, “lack of cooperation between traders and customs agencies”, and a lack of transparency.

\textsuperscript{34} The OECD estimated that annual document costs take up to 7\% of value of international trade (WTO 2012a).

\textsuperscript{35} According to the WTO (2012a) inefficiencies include “red tape”, duplication of documents, “lack of automatic data submission”, “lack of cooperation between traders and customs agencies”, and a lack of transparency.

\textsuperscript{36} The DFT would “allow a developing country to apply tariff rates above the schedules commitments unilaterally when the country demonstrates a development need for such a tariff with a concrete plane for industrial facilitation (Lee 2009: 16).
(Lee 2009; 2011: 118). This reform is particularly timely given that TF will figure prominently in the Bali Round of negotiations.\(^{37}\)

Intimately linked to trade facilitation is Aid for Trade, which falls under the umbrella of facilitation by addressing all trade or trade-related activities. Aid for Trade is part of the broader mandate of trade related technical assistance (TRTA) popular with the multi-donor EIF, which has become part of mainstreaming trade into domestic policy. Born from the Coherence Mandate during the Uruguay Round, AfT is the primary means by which the WTO purportedly delivers on its commitment to development.

While AfT can be effective and promote growth, it has not led to “the kind of export diversification and growth in developing countries that people had hoped” (Stiglitz 2012).\(^{38}\) According to Stiglitz (UNCTAD 2012b) AfT has ‘serious shortcomings’ in delivering “additional, predictable and effective resources for developing countries” including high levels of bureaucracy and a lack of donor accountability and transparency.\(^{39}\) Moreover, the year 2011 was the first time that development aid dropped.\(^{40}\) As the distribution of aid continues to be highly asymmetrical based on

\(^{37}\) The objective of the negotiations is “to ease border procedures and to facilitate the movement, release and clearance of goods” by clarifying three articles of the GATT pertaining to “the transit of goods, fees and formalities (documentation and procedures) and the transparency of laws and regulations” (WTO 2012). According to the EU (2013), the WTO Trade Facilitation Agreement could create an international framework for reforms.

\(^{38}\) Although AfT was developed because developing countries were not benefiting from trade liberalization, the program has prescribed the same approach to amending adjustment costs of trade liberalization, that is, more ODA. Trade related assistance is not new but indicates a renewed focus to leverage development needs.

\(^{39}\) It is estimated that “the average customs transaction involves 20-30 parties, 40 documents, 200 data elements (30 of which are repeated at least 30 times) and the re-keying of 60-70% of all data at least once” (WTO 2013).

\(^{40}\) Approximately 30% or $25-30 billion of annual ODA has been for trade-related commitments (WTO 2006a). While aid commitments rose from USD 40 to 45 between 2009 and 2010 (82% more than the 2002-2005 baseline period), ODA has dropped within the last two years (WTO 2011; UN 2012). According to the UN (2012), aid to sub-Saharan African fell by nearly 1% in 2011 and aid to landlocked developing countries fell for the first time in a decade. However, aid to small-island developing States has increased substantially (UN 2012).
strategic interests of affluent countries rather than on the needs of developing countries, lower aid commitments disproportionately and detrimentally affect many LDCs.

Many AfT reform proposals begin with domestic reforms and with new commitments to “take advantage of market opportunities” (Chambers and Sampson 2008). This is an inappropriate starting point because AfT has not addressed the “pervasive market failures in developing countries” (UNCTAD 2012b). Thus trade assistance is needed to address both revenue lost from unbalanced trade deals and for supporting developing country markets (UNCTAD 2012b). Here, emphasis is placed on the former, institutional AfT reform, in order to provide greater development flexibility.

It has been acknowledged by the WTO (Lamy 2006) that AfT cannot continue to be done in the same manner as traditional ODA, creating a need for more effective assistance mechanisms. Effective assistance should not continue to be underpinned by the neoliberal market logic of trade liberalization or insist on the developing country liberalization of the investment and service sectors (Gloeckl 2012; Chimni 2011: 294). Thus, the new model must provide the freedom to choose development pathways.

AfT must better provide in-country support and allow funding allocation for domestic concerns that affect trade and aid flows (Luke and Bernal 2011). Second, donor support should be given on the basis of need rather than strategic interest. Here something akin to Stigliz’s (2012) Global Facility Fund would be of use in a more substantive reform of the WTO. Finally, perhaps the most pressing issue of AfT has been the “mutual accountability of donors and beneficiaries” (Deere-Birkbeck 2011: 622). In order to ensure accountability, the WTO must empower regional economic communities (RECs) to fund interventions to implement recommendations. For example, the AfT
program in Mauritius used a regional FTA as a building block for integration into the international trade regime (OECD 2012).  

2.5 THE DISPUTE SETTLEMENT UNDERSTANDING (DSU)

Considered the ‘crown jewel’ of the multilateral system, the DSU and corresponding DSB, have been the focal point of WTO trade reform proposals (Steger 2011). This is because “a well functioning DSB should be of common interest to all members,” given its role in maintaining trade regime stability and predictability (Georgiev and Van der Borght 2006). Although developing countries and least developed countries are not frequent users of the DSU, this is not because it is without relevance for development. Improved participation of developing and least developed countries in the DSU would ensure more participation and effective enforcement of obligations. If reforms are successful, the DSU could serve as a litmus test for the WTO development agenda.

DSU reforms have been largely off the table because they were not part of the Doha agenda. However, the paper will explore several of the reforms that arose from the review launched in 1996 driven by the Uruguay Round of negotiations. Although reforms ranged from minimalist to maximalist, the reviewers facilitated a ‘middle way’ by proposing substantive changes, but ones that did not question the fundamental tenants of the WTO (Georgiev and Van der Borght 2006). However, these changes were never

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41 Lamy (2006: 1) praised the country’s response to the changing trade environment “with a new trade strategy that is home-grown, demand-driven, outward looking, and where Aid for Trade is a catalyst — and lubricant - for an ambitious policy of reform”.
42 Despite its importance, developed countries have launched more complaints against developing countries (46%) the reverse (25%) (Shaffer and Quershi 2003).
realized due to the committee’s time constraints. Examined below is the range of proposals that were most agreed upon by developed and developing countries, and that met developing countries’ needs while appeasing developed countries. Also included are more recent developments in the evolving debate about DSU reform.

Much discussion around developing country participation begins with talk of internal reforms. While internal reform to increase capacity, legal and WTO know-how etc are integral, there are important asymmetries within the ‘rules of the game’ that must be redressed. Developing countries must demand more technical and financial assistance to increase domestic capacity;\(^{43}\) however the remainder of this section will concentrate on institutional reforms, as they are central to producing an international trade regime with rules that help rather than hinder development aims.

The creation of a tribunal instead of an ad hoc panel could increase timeliness, expertise, independence, geographic diversity, and promote a stronger ‘two tier’ system within the WTO (Steger 2011; Deere-Birkbeck 2011). This has been proposed in lieu of the permanent Panel Body given the impasse of the DDA (Davy 2003). While a tribunal would certainly strengthen the DSU, this must be carefully balanced with accessibility of the system to ensure that developing countries can effectively participate.

Second, provisions for SDT measures have gained traction within DSU reform proposals (Martin 2013).\(^ {44}\) As well, improvements of SDT would help ensure developing country access, both in procedural changes such as flexible deadlines and within the panel body itself. While there is debate about the particular requirements of these

\(^ {43}\text{ Some suggest the best avenue is through an autonomous legal services organization (Shaffer and Quershi 2003).} \)

\(^ {44}\text{ For example, consideration of ‘Equitable Discretion’ to protect “against potential abuse of preferential remedies” would incentivize developing countries to engage more in the DSU (Kumpf 2012).} \)
measures, there is a mutual understanding among developed countries that they are necessary (Georgitev and Van der Borght 2006).

Third, several developed countries have submitted proposals to the DSB regarding enhanced transparency of the system including suggestions to make the Appellate Body’s proceedings public, allowing public access to party’s submissions and the regulation of *amicus curiae* briefs. Developing countries have typically been skeptical of these proposals given that private legal expert interests in developed countries might sharpen resource asymmetries.

Linked to transparency are surveillance mechanisms. This includes bridging information gaps both within the organization and within ongoing negotiations, and externally with increased transparency for RTAs (Ghosh 2011). Another proposal has been for the inclusion of an independent Ombudsperson at the WTO to aid in internal transparency and to respond to members’ complaints (Pena 2011; Gotttehrer and Hostina 1998). The Center for International Environment Law (CIEL) also provides recommendations for internal and external transparency, emphasizing greater engagement with NGOs, including their accreditation (2001). Here, consideration must be given to imbalances in negotiating capital as the involvement of northern-based NGOs could exacerbate the asymmetric power dynamic between developed and developing countries.

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45 Particularly SPS measures which greatly affect developing countries.
2.5.1 COMPENSATION

One of the largest concerns around the DSU and legal restitution is that trade remedies do not go far enough to redress violations of trade policy, which is linked to the issue of compensation (Georgiev and Van der Borght 2006). First, there must be more stringent enforcement when a developed country does not pay damages. If a “developed country cannot comply with its market access commitments to developing countries” they should pay financial compensation as development assistance; this is congruent with developed country commitments to aid flows (Shaffer and Quershi 2003). Some policymakers suggest financial compensation or a remedy of monetary fines. More radical proposals include those for retroactivity where compensation would extent over the entire period of the dispute rather than beginning from the expiration of the set period (Georgiev and Van der Borght 2006). However, there are several challenges around the implementation of compensation (see Gloeckl 2012). Transferable retaliatory rights have also been proposed which addresses some of the concerns associated with compensatory measures (Bagwell et al 2006).

Strengthening the DSU could have adverse affects in terms of accessibility for developing countries to the litigate process. We must begin with understanding how we

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46 Although this might incentivize developed countries to ‘buy themselves’ out of compliance expanding WTO remedies to include the retrospective payment of damages would help ensure compliance and incentivize developed countries not to drag out negotiations with developed countries (Deere-Birkbeck 2011). This could be accompanied by a “fee shifting rule” to increase acceptance by large powers (Risenburg 2011).

47 Challenges to compensation include: increased bureaucracy; the use of complicated calculations; its inconsistency with WTO principles (ie cross retaliation); the inability of some member states to apply enhanced market access measures obtained as compensation; national industry losses and regime corruption; the voluntary nature of compensation (Deerbirk 2012).

48 For example, the proposed transfer of the right to retaliate is an enhancement of the current retaliation remedy. Likewise, collective retaliation is a means of making the present retaliation remedy more effective. See Bagwell et al (2006) for a more complete treatment of this measure.
can make the DSU more accessible for developing countries. Here, balance with soft law\textsuperscript{49} instruments is required (Hoekman 2004). Others have suggested a ‘learning approach’ that considers both legal and economic implications to increase cooperation (Sabel and Reddy 2002; Hoekman 2004). This has been a consideration in the Secretariat’s provision of trade policy courses in Geneva.

2.5.2 ATTITUDINAL CHANGE

Perhaps the largest shift is attitudinal, a theme that has been underdeveloped in the literature. Rather than starting with enforcement of trade commitments, we must recognize why developing countries are not bringing cases and work to enhance their capacity to do so. Developing countries have internalized the idea that they are not able to litigate effectively which is compacted by institutional and socio-economic barriers to their participation in the DSU (Trommer 2013).\textsuperscript{50} Similarly, Martin (2013: 129) identifies an “unhealthy attitude towards developing country concerns and interests” that has contributed to the ‘undoing’ of attempts to increase the DSU’s regulatory scope.\textsuperscript{51} This can only change with attitudinal adjustment within the international trade regime. Increasing legal knowledge and information flows, providing aid to legal teams, and

\textsuperscript{49} I.e. supplementing or clarifying ‘hard rules’ or to fill in gaps between existing rules (see Footer 2008).

\textsuperscript{50} For example, in negotiations, developing countries are consistently told that they must be more competitive, must use the DSU, must better use the mechanisms available to capitalize from the system, and that their increased integration in the international trade regime will lead to greater gains trade liberalization. However, this promise has not translated into empirical reality and the negotiating atmosphere for many LDCs has been orthogonal to prospects for equal exchange.

\textsuperscript{51} This conclusion was driven from comments in the Special Session of the Dispute Settlement Body, Report by the Chairman, Ambassador Peter Balas to the Trade Negotiations Committee, WTO in June 2003.
having in country on the group law clinics can also contribute to this shift -- proposals explored in the next section.

2.6 KNOWLEDGE MOBILIZATION

According to Wilkinson (2013) the trade system is crippled by a “knowledge deficit”.

He suggests that the key to improving the world trade system is to better disseminate knowledge. “Information asymmetries” are particularly prevalent in the services due to their intangibility (Hoekman, Mattoo, and Sapr 2007; Chauffour and Maur 2011).

Knowledge must first be understood as a political construct (Foucault 1969). This requires addressing the political elements of research production and places it within a “broader process to redistribute and share power and global resources in a way that is socially just” (Scott 2013). It asks how power hierarchies constitute power and knowledge in the global trade regime and how it can be re-conceptualized (Rodriguez 2003). The works of praxists such as Apffel-Marglin (1996) are particularly relevant because they advance a holistic vision, one that replaces unitary knowledge transfers with discourse and mutual learning. This can redress inequalities in “informational capabilities” which can transform unjust power relations (Giger 2010). Moreover, this will ensure that relevant knowledge to the poor is identified and made accessible (Scott 2013).

52 See also Mbekeani, K., Stewart, T., and Thang, N. (2003).
Knowledge mobilization is an integral part of building trade capacity.

Traditionally trade capacity has been narrowly focused on technology such as initiatives through the Institute for Training and Technical Cooperation (ITTC) (Lee 2009). According to the WTO (2013), the ITTC has bolstered delivery of WTO technical assistance programs in 2012 by increasing interactions with beneficiaries in all involved regions. However, in the past, knowledge mobilization has meant sending ‘experts’ to developing and least developed countries to evangelize the benefits of trade liberalization. This has been strengthened by Geneva based trade policy courses (TPCs), regional trade policy courses (RTPCs), and an e-learning program that covers all areas of the WTO’s work. However, this has not been sufficient in producing in-country knowledge; rather, difficulties navigating the intellectual property rights regime have inhibited developed countries. Trade knowledge and technology have largely been retained in the global north in part because technology diffusion has been hindered by the TRIPS agreement.\(^5^3\) Although aided by the Internet, the dissemination of information remains limited (see MDGs Target 8: F). Moreover, the knowledge available is narrowly focused around the trade liberalization agenda. In order to have a more engaged and diverse knowledge base, alternative trade knowledge production must be encouraged. In examining knowledge relevant to the trade regime, we must treat legal, political, social and economic dimensions (Wilkinson 2013). Thus the WTO must consider a broader agenda in essential areas concerning trade and financial mechanisms such as debt relief, technical advice, training, research and participation in negotiations (Laurent 2011).

\(^5^3\) Intellectual property rights rules must ensure developing country access to affordable technologies, medicines and agricultural products (Watkins and Fowler 2002). For TRIPS reform see Barker (2007) or Deere-Birkbeck (2008).
Rather than imposing expert trade knowledge from the global north, the international community can open channels for knowledge and technology dissemination and transfer. What kind of models can we use to disseminate and mobilize knowledge more widely? This type of knowledge must extend beyond traditional ‘non-mobile’ forms of dissemination (Fenwick 2008; SSHRC 2008). This can be done by engaging more stakeholders in the process and increasing research accessibility (Deere-Birckbeck 2011; SSHRC 2008). Having more North-South dialogue with knowledge mobilization through new channels outside of traditional academia can also help achieve this reality. For example, the work done by the Access to Knowledge (A2K) movement with its annual conference, hosted by the Intellectual Society Project at Yale Law School, is instrumental in developing such a framework and mobilizing the necessary actors around A2K issues.

Second, we must increase ‘in-house’, or in-country trade capacity of knowledge production from emerging powers and local regional communities. This has been helpful in the case of southern-based NGOs and the existence of resources necessary for in-country trade analysis. This can produce critical opinions and alternative discourses that is at odds with “the old guard” of traditional liberalization views and is essential in the promotion of alternative voices to inform development-led trade (Scott and Wilkinson 2012: 16).

The question of how to retain knowledge within unstable or rapidly changing regimes remains a preeminent one (Scott and Wilkinson 2012). Institutionalizing

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54 A2K is about “designing intellectual property laws, telecommunications policies and technical architectures that encourage broader participation in cultural, civil, and educational affairs; expand innovation, development, and social progress across the globe” (Yale Law School 2010). The Information Society Project at Yale Law School has hosted four conferences to date contributing to A2K goals that affect international bodies from the WIPO to the UN.
knowledge transfer and the dissemination of ‘trade knowledge’ is not without its challenges. However, this task can be carried out by “the new cadre of ambassador intellectuals” -- a collection of “serving and past permanent representatives to the WTO who are actively engaged in public commentary on trade issues” that have helped produce alternative opinions and knowledge (Scott and Wilkinson 2012). By contributing to the production of a “Southern-focused” commentary on trade, ambassador intellectuals have been instrumental in “opening up greater space for the role of industrialisation policies in national policy formulation and remedial measures,” particularly for LDCs (Scott and Wilkinson 2012). Intergovernmental organizations (IGOs) and NGOs have also been instrumental in this process, including the South Centre, International Centre for Trade and Development (ICTSD), and the Third World Network. As well, grassroots NGOs such as le Centre Africain pour le Commerce l'Intégration et le Développement (ENDA CACID) has been actively educating African public officials on international trade. This reduces the danger of dependency on external knowledge.

3.0 REFORM ANALYSIS: THE SHORT TERM

The question of how to improve the functioning of the WTO in the short term has been met with no shortage of proposals from non-state and state actors, the majority of

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55 These include for example: “Faizel Ismail [from] (South Africa), Ujal Singh Bhatia (India), Sun Zhenyu (China) and Debapriya Bhattacharya (Bangladesh), […] Celso Amorim (Brazil) and Love Mtesa (Zambia)” (Scott and Wilkinson 2012).

56 ENDA CACID aims to promote social programs, innovation, and critical reflection. It envisions West African economic integration through an equitable and inclusive trade system based off of the interests of its members. See http://www.endacacid.org/fr/ for more.
which could theoretically be implemented in the near future with the right degree of political will. The proposals presented on negotiations and representation address obstacles to developing country participation in agenda-setting, deliberation, and decision-making processes by modifying existing mechanisms and practices, building on existing rules, and creating spaces within institutions to address future challenges (Deere-Birkbeck 2011: 14). However, participation is not the only means with which to achieve development aims. Other core reforms include subsidies treatment and “committing to ceiling bindings for tariffs,” SDT provisions, increasing developmental assistance and mobilizing funding for aggregate aid redistribution or making the DSU a “development test” for some issues (Hoekman, Michalopoulos and Winters, 2004; Hoekman 2004, 2007).

Although the likelihood of mobilizing this type of political will and cooperation is low, the proposals treated here do not question the fundamental premise on which the world trade system is based. Thus for the best interests of ‘development’ as defined by Sen and Ismail, developing countries must work on capacity building and regional integration through local trade and South-South Cooperation (SSC).57 Increasing cooperation among developing and least developed countries is key to the creation of a system that is designed not solely to increase market access or “minimizing negative terms of trade” but also to aid in delivering on development objectives (Hoekman 2004). It would do little harm to the WTO if developing and least developed countries first

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57 South-South cooperation (SSC) is a blanket term used to describe trade between countries in the global south. Bilateral regional cooperative agreements (ie ASEAN) and economic unions in developing countries have contributed to stronger networks of regional “open regionalism” institutions (Ocampo 2011). This will benefit developing countries if agreements are based on mutual benefit. However, SSC has been romanticized in the literature as a silver bullet to developing country trade liberalization. Although SSC often facilitates more equal bargaining power this is not always the case such as in trade agreements between the BRICs and LCDs (Vaes and Huyse 2013).
strengthened their domestic markets through increased regional interactions before deeper global integration. To assist in this process, emphasis should be placed on knowledge and enhancing local capacity. As recommended here, in order to institutionalize knowledge mobilization, the debate must ask whose knowledge is being produced and for what purpose.

For developed countries, their contribution to a more development friendly WTO should be to provide more flexibility for developing countries to strengthen regional economies and to access global markets. Here, increasing both positive and negative policy space is required. Additionally, greater tolerance for the rate and methods for development is necessary. Second, developed countries must also help enhance the institutional capacity of developing countries to trade internationally through mechanisms such as AfT. Third, greater adherence to their commitments to developing counties (ie subsidy reduction, SDT implementation, technology transfer etc) is required.

Finally, perhaps the current system needs a ‘cooling off period’ in order for the “dust to settle” as was done after the Potsdam Ministerial meetings (Khor 2007). If Wilkinson (2013) is correct, the WTO will inevitably realize the need to focus on development. However, reform fatigue is evidenced in the literature and in reality; now member-states must carefully reflect on the future of the organization. Given the limited projected gains for developing countries within the current DDA round there must be

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58 Here a distinction between positive and negative rule making must be made where positive rule making involves regulatory functions and negative rule making refers to carving out policy space for other institutions to address particular issues in order to increase institutional coherence (see Bernstein and Hannah 2012 for an overview).

59 According to Gallagher and Wise (2009) and using the World Banks modeling projections global gains from the DDA are around 96 billion with 16 billion for developing countries (or 0.16% of their collective GDP which is “less than a penny per day per person” for developing country citizens).
careful thought to the direction of the WTO through a process whereby all members have full participation (Khor 2000).

Given the reality of Doha and the unraveling of multilateralism, some suggest that it is unrealistic for the “WTO to be efficient in ‘making’ new rules” (Wolfe 2008). The short-term proposals above fall within the status quo and would effectively ‘tweak the margins’ of the WTO. However, given the ongoing challenges facing the multilateral trade system, a fundamental rethinking of the values that underpin the regime is required and consideration of status quo altering proposals should be given. A new set of rules must emerge through the adoption of developmentally friendly trade practices and careful reflection on the normative framework, which supports the current system.

In the final section below, some longer-term changes are proposed. These proposals are compatible with the short-term proposals but require a more radical rethinking of the role of the WTO in international trade governance.

3.1 REFORM ANALYSIS: THE LONG-TERM

There have been a plethora of reform proposals ranging in scope and degree of reform sought. Radical institutional reforms were those that introduced new procedures such as ending the single undertaking or implementing critical mass methodologies (Lawrence 2006). Others addressed regional trade agreements (RTAs) either by measuring the prospects for multiplying plurilaterals (Bouzas 2011), proposing a moratorium on North-South preferential trade agreements (Gallagher and Wise 2009) or encouraging regional trade communities (Deere-Birckbeck 2011). Proposals for a fair
trade system as part of the growing international fair trade movement (Charlton and Stiglitz 2005)\textsuperscript{60}, have also emerged although there has been little engagement between the World Fair Trade Organisation (WFTO) and the WTO (IFAT 2003). Others still, such as Wilkinson (2013) suggest a wholesale overhaul that likens the WTO to a model of national-state department of trade and industry.

The type of reforms suggested here revolve more around refocusing the WTO including: the creation of a set of social values to underpin the WTO, an enhanced role for civil society, the attitudinal change of member states, commitments to flexibility and development objectives, and broader international organization (IO) institutional reform. This fits squarely within the post-2015 DA discussion because it provides a vision for the WTO beyond the next set of MDGs.

Although the multilateral trade system needs the WTO as its centre to develop and enforce trade rules, it must look radically different if it is to serve the needs of all member states. First, little has been done to increase its development scope because of the WTO’s design which inherently prevents it from benefiting developing or least developed countries (Wilkinson 2006). Thus the moderate proposals for reform are unlikely to encourage “a cooperative approach for deeper integration” (Buzas 2011). Second, given the myriad of proposals, the international community has exhausted the traditional reform proposals (Wilkinson 2011). This increases the need for a new development discourse. Many developing countries and development institutions have been dissatisfied with the current range of proposals. Some suggest that the WTO needs

\textsuperscript{60} Previously known as IFAT, the WFTO is comprised of 450 alternative trade organizations (ATOs) such as La Siembra, Oxfam Trading and Equal Exchange from 75 countries. ATOs are based on equal exchange between producers and consumers, defined in the on 10 principles of fair trade involving issues concerning working conditions, wages, child labour and the environment (see WFTO 2011).
‘radical’ reforms (Alqadhafi 2007; Dunkley 2000; Ezeani 2010). Many of these types of proposals, offering pathways for far-reaching change within the WTO have been discredited due to their lack of pragmatism. However, there is merit to a type of thinking and reflection that challenges conventional trade practices; this is precisely what the WTO needs more of – those who are able to think outside of the neoliberal paradigm and offer innovative solutions.

The development deficit is a perennial feature of the multilateral trading system not because developing countries have not realized full participation in negotiations, but because of a systematic attempt by developed countries to act without regard for development aims. Thus in order for a more balanced system, there needs to be an understanding of the “core set of embedded power relationships” which drives the WTO, and a fundamental rethinking of the social values that underpin the multilateral system (Wilkinson 2013).

In order to create a new trade narrative premised on a new set of social values, the WTO first needs to provide space for alternative discourse brought forth by global civil society and grassroots actors. Knowledge experts outside the status quo can bring alternative trade knowledge forward (see Scott and Wilkinson 2012). Civil society organizations (CSOs)\(^{61}\) should also engage this issue. Proposals for third party consultation have been popular as mechanisms for increasing policy space and for producing alternative trade discourses because of their ability to influence both member states and international institutions in normative and empirical rule creation. CSOs are an important voice in this conversation and can provide a nuanced appraisal of the trade

\(^{61}\) CSOs are defined here as the ‘third sector’ of global governance, distinctive from government and industry (Florini 2000).
system (Vaues and Huyse 2013: 8). Coupled with an increase in knowledge dissemination, these new ways of thinking about the relationship between trade and development must be respected by the international community and have the potential to birth a more substantive development agenda for the WTO. This is in line with the 2005 Paris Declaration on Aid Effectiveness in promoting openness and innovation when approaching questions of development (Cylke 2012).

Second, attitudinal change must be accompanied by increased political will. Institutionalization of knowledge mobilization will lack significance unless it is internalized by all members and represents an attitudinal change to facilitate a shift in the balance of power. Here the support of major powers is required to ensure that reform efforts are sustained. We must focus on incentivizing developed countries to commit to development objectives through connecting the WTO to a larger set of social values. This can also be done in practice by connecting trade more closely to different in-country industries.

Third, developed countries must provide flexibility in negotiations and concessions but also in the types of trade knowledge that are advanced. All reform proposals should be designed to recognize social, economic and political differences within and between political institutions and countries (Ismail 2013). By maintaining policy space and flexibility, the international trade regime can mitigate against the effects of unbalance trade rules (Ismail 2013). This approach draws from Sen (1999) who suggests that a system of ethics rooted in social justice principles is required for

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62 Greater involvement of CSOs is not without its challenges. For example, there are dangers that civil society could be co-opted by strong powers. See Scholte (1998) or Alqadhafi (2007) for a more complete treatment of this issue.

63 See Wilkinson forthcoming 2013/2014 for a more complete treatment of this reform proposal.
coherence between government regulation and market mechanisms (Ismail 2013). While increasing policy space and flexibility will not necessarily lead to a reconsideration of the social values underpinning the regime, it will facilitate a more open and inclusive trade regime that can contribute to development objectives.

Finally, reforms must be accompanied by structural change in international institution governance architecture. Although international trade cannot be addressed without examining the international monetary and financial systems, it is beyond the scope of this paper to explore. One proposal with development truly at the centre would be Stiglitz’s Trade Facility Fund (TFF) at UNCTAD. This would bring forth “The Right to Trade” within the DSU and developing countries could bring action against a developed country if certain conditions were met. Administered by UNCTAD, the TFF would set requirements to provide more effective and genuine trade assistance to developing countries (UNCTAD 2012b). It would also assist third party developing countries that are “negatively impacted as a result of changes to advanced countries' trade policies”, and support countries in the DSU process (UNCTAD 2012b). This could serve as a framework for the WTO and fits within the Coherence Mandate. Here, the Integrated Framework (IF) could be an opportunity for inter-institutional cooperation and reform (IISD 2003).

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64 The three conditions that must be met are: “a specific group of poor people within a developing country can be identified as being significantly and directly affected by a specific trade or trade-related policy of an advanced country; the effect of the policy acts to materially impede the economic development of those poor people; and the impediment operates by restricting the ability of the people to trade, or gain the benefits of trade” (UNCTAD 2012b).

65 According to Stiglitz (UNCTAD 2012b), the Facility would be “supported by a funding commitment of 0.05% of GDP of advanced industrial countries, which would comprise just 7% of the total commitment (of 0.7% of GDP) to developing countries. There would be an additional commitment of a small percentage of the value of the advanced countries' exports to least developed countries”.
In short, the new development discourse must seek to: better understand the relationship between liberalization, aid and development; emphasize local cooperation and knowledge sharing; promote productive capacity building; and has respect for alternative discourses on trade and development.

Ultimately, this paper envisions a WTO that is inclusive and responsive to the needs of developing and least developed countries, and centred on principles of sustainable development. In this manner the WTO could serve as a model for other IGOs. However, in order to see the trading system as a ‘development public good’ (Puri 2011: 61) and one that enables a development agenda, we need a larger conversation about the role of the multilateral trade system within a broader set of social values. This is consistent with the post-2015 development agenda and the global consultation process unfolding on how to facilitate more authentic global partnerships for development.

CONCLUDING THOUGHTS

Global asymmetries in international economic structures, particularly the WTO have made difficult to advance the global development agenda. Global rules of trade have undermined developing countries in trade negotiations, inhibited their capacity to participate in the international trade regime and have contributed to increasingly asymmetric relationships within WTO. In order to address the shifts taking place and the new geography of international trade, international institutions must place development at the forefront of negotiations and policy making. Given high demand for reform from both state and non-state actors, it is time to put development at the centre of the global trade
regime. There is no shortage of proposals on development-led trade for the WTO, whether it is a “step by step approach to targeted trade reforms,” (Ismail 2009) an incremental process of evolution, or deeper reforms with greater civil society involvement (Chimni 2011; Deere-Birkbeck 2011). This paper has provided a modest view of the institution and a detailed roadmap for a more authentic development focus within the WTO. Examined here are responses to global trade governance challenges and proposals to re-centre the WTO around development in areas of governance, mechanisms and capacity building. Any successful set of proposals must address the interrelated elements of the trade regime. Many traditional reform proposals have been exhausted and time is needed to carefully reflect on the social values, which underpin the WTO and global trade governance. In the post-2015 DA, inequalities in global trade must be addressed and trade reform is compatible with this objective. Perhaps most importantly, developed countries have opportunity to make good on a reenergized goal on forming global partnerships for development. Perspectives from developing countries are crucial to the development of global trade rules, and their contribution to these discussions is paramount. Thus addressing these structural inequalities through institutional trade reform must be undertaken to promote a more equitable and responsive international trade regime. In sum, the creation of more balanced rules of trade and alternative mechanisms of governance is crucial to the sustainability of the international trade regime and the formation of a new breed of global development governance.
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