

A job description for the next WTO director general

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A GOOD EXECUTIVE who rolls up his sleeves and moves negotiations forward. That's how Brazilian Ambassador to the WTO Roberto Azevêdo presented himself in a press conference in late January in Geneva, announcing that he is a candidate to lead the World Trade Organization (WTO) for 2013–17. Having represented Brazil at the agency since 2008, Azevêdo is well aware of the effects of 20 years without concluding negotiation of the Doha round and the public disbelief caused by the impasse. Azevêdo argues for both an innovative negotiation strategy and for strengthening multilateralism in line with changes in the configuration of power in the world.

If elected director-general, what would you see as a minimal agenda that would ensure completion of the Doha round?

It is difficult to define in advance the scope and range of a possible resumption of the Doha round, knowing how much you can move and in what areas. For many years we have avoided talking about the core issues that led to the impasse, particularly market access, industrial goods, agriculture, and services. Market access and subsidies related to the three pillars of the organization—monitoring existing agreements, dispute settlement mechanisms, and development of new rules and agreements—have to be unlocked.

Basically, there is good news and bad news related to the Doha round impasse. The bad news is that the differences between the [negotiating] parties are big.

The good news is there are problems only in a few areas. So to unlock the round of negotiations we must give priority to these problem areas, however difficult they may be, because unless they are resolved it will not be possible to unlock the round of negotiations as a whole.

In your press conference, you mentioned the need to modify the methods used to conclude the Doha round. What would these new methods be?

That's the million-dollar question. The biggest problem today is that the positions are so entrenched that it seems absolutely impossible to make the parties move. We have to seek a more creative, more innovative [negotiation strategy] to allow us to, first, identify what is possible. Once that's done, we should test how to achieve the possible. We have to promote conversation until we get a clear idea of what is possible or not.

The change in the configuration of global economic power has led many experts to declare the end of the multilateralism built after World War II. Do you agree?

Multilateralism has to be resilient to changes in the configuration of power. Otherwise, we would live in a perpetual tangle of diverse configurations. It is not the first time that the world has been changing, and it will not be the last. The way emerging countries, China among them, are beginning to occupy more space in the international political and economic scenario means that there is a need for a new dynamic in relations between not just central players but all members of the multilateral system. I think it's natural that this is happening, but the transition will take time.

Between widening the scope of topics covered by the WTO (to the environment, competition policy, and so on) and focusing on areas already negotiated, which should be the priority for the WTO?

Hot topics in the trade agenda cannot be ignored, because in the WTO it is necessary to treat the commercial aspects. At the same time, it's difficult to give proper treatment to new themes when the Doha round is stalled. Countries aggrieved by the interruption of negotiations resist discussing other matters for fear that the previous Doha development agenda will be forgotten. We have to find a way to give confidence and comfort to members . . . to make them realize that discussing new themes does not mean abandoning the development agenda.

What prompted Brazil to submit your application to the WTO? Would not it be better to join forces with Latin American partners, for example?

The application had been thought of for a long time, even before the nominations of Costa Rica and Mexico. What was missing was simply a final decision, which the president has taken . . . . Regarding this continent, it is natural that there is diversity, a plurality of opinions and interests, and it is good that this is so because it enriches the selection process.



"We live in a trade farce"

FGV PROFESSOR AND RESEARCHER Vera Thorstensen coordinates the Center of Global Trade and Investment. From 1995 through July 2010 she was economic advisor to Brazil's Mission to the World Trade Organization (WTO) in Geneva.

Today, there is a perception that the WTO is weakening and will become just an arbitration center. Can we still believe in multilateralism?

Not only is the WTO in crisis, but so is the whole multilateral spectrum—the UN, the IMF, climate change organizations, the G-20. The WTO, however, has the advantage of already having a set of rules by which member disputes are resolved by the Dispute Settlement Body that has an established jurisprudence and mechanisms for imposing penalties. However, with the WTO crisis, trade rules began to be created by preferential trade agreements (there are about 300) and informally by transnational corporations—global supply chains have huge buying power. Brazil has made only trade integration in South America a priority. As evidenced by recent WTO studies, it is outside the global network of supply chains of goods and services. Because it has isolated itself from agreements centered in the US, the EU, and China, Brazil's exports will lose dynamism. It is time for Brazil to redefine its trade policy.

Some experts have harshly criticized the industrial policy of the Rousseff government, including subsidies, raising taxes on imports, and legal requirements for hiring and buying locally. Does Brazil deserve to be seen internationally as protectionist?

The issue of protectionism is blurred. There are international rules on trade that allow protectionist instruments, such as tariffs and safeguards, protection against unfair exports (antidumping), and subsidies. If these instruments are being used within the rules, the country has the right to do so. A country cannot, however, take actions that are prohibited, such as requirements for hiring and buying locally for other than government procurement. Other countries have a disguised protectionism policy using deeply undervalued exchange rates, subsidies to industry and agriculture, unlimited credits via state banks to state enterprises, or restrictive rules of origin. That is why it is important to build up the WTO to fight unfair protectionism.

What platform should Ambassador Roberto Azevêdo advocate in his candidacy for head of the WTO?

The WTO has immense challenges, and Ambassador Azevêdo has vast experience in the international economy. It will be essential to get beyond the Doha Round impasse and persuade the major partners to end it with some result because the political cost of burying Doha would be immense. At the same time, mechanisms need to be created that would allow the WTO to address modern trade issues: investment, competition, climate, and private standards. It is also necessary to address the effect of undervalued exchange rates on trade. That has been left to the IMF, but the results have not been impressive.

We live today in a trade farce: countries pretend to comply with WTO rules but undermine the rules with undervalued exchange rates. If the WTO does not neutralize the effects of significantly undervalued exchange, it will never again have relevance as a center of global trade governance.