Globalization and the Role of the World Trade Organization

2005 USDA Outlook Conference

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Historical Perspective

- General Agreement on Tariffs and Trade (GATT), 1948-1994

  Established to promote sustainable economic growth through the liberalization of international trade, i.e. encouraged reform of domestic economic policies
Was the GATT Successful?

- Simple answer – YES
- Political and economic instability first half of the 20th century
- Liberalization of international industrial trade was a significant engine of growth
- Was it perfect – NO; exclusive club – only 23 members and limited scope
The Uruguay Round: Most Comprehensive Reform to Date

- Eight years – starting in Punta del Esta in 1986, ending at Marrakesh in 1994
- Established the World Trade Organization
- Comprehensive agreement with 123 Members – agriculture brought into the rules based system
The World Trade Organization

- The WTO built from the foundation of the GATT

- A rules based, Member driven organization

- A function of Member’s interests, ambition and political leadership

- Only forum for multilateral trade reform
Dispute Resolution

- Provides procedures to facilitate resolution of disputes in two ways:
  - Encourages and facilitates negotiation between disputing parties;
  - If consultation not successful – binding resolution by impartial panel of experts
Uruguay Round Agreement on Agriculture (URAA)

- Market Access: reduced and bound all agriculture tariffs

- Domestic Support: established rules for support policies; defined trade distorting and non-trade distorting support

- Export Subsidies: defined and reduced
Uruguay Round Agreement on Agriculture (URAA)

- Sanitary and Phytosanitary Agreement:
  - Domestic regulations to protect human, plant and animal health must be based on sound science
  - Most consumer driven international agreement
Evolution of the Multilateral Trading System

- Is the WTO keeping pace with the dynamics of today’s global economy?
  - No, because changes we experience are so rapid and vast, and Members are slow to act
  - Yes, because Uruguay Round built in continued reforms; Doha Round is the opportunity
Doha Development Agenda: An Opportunity of a Generation

- Critical to continuing reforms and to adapt to current global dynamics

- What is key – the fundamental goal of the WTO is the reform of Member’s domestic economic policies

- WTO system will help Members implement and benefit from the necessary reforms
Doha Development Agenda: An Opportunity of a Generation

- Special and Differential Treatment – more practical and equitable approach needed

- To remain a dynamic and relevant institution, the WTO role should continue to focus only on promoting sustainable economic growth
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