

Decision Making in the WTO: Some Loud Thinking

The issue of decision making in the WTO has come under increasing scrutiny and close examination in recent times particularly in view of the current state of the Doha Round negotiations which were supposed to be concluded a few years back. Not unexpectedly, the need for a rethinking about the process, outcome and implications as well as perception, gained wide acceptance amongst all stakeholders involved. Whilst the *modus operandi* of decision making in the WTO has always been a debatable issue, accession of new member countries and the increasingly large membership, the need to take developmental aspects into account along with rule-making functions of the WTO, and the ever widening range of issues being brought under the ambit of discussions and negotiations in the WTO, have made decision making in this organisation increasingly complex. No doubt reaching a 'balanced' outcome, perceived by all Members to be fair and acceptable, under the *single undertaking* principle, is becoming enormously difficult. In a sense, the experience with the ongoing Doha Development Round negotiations reflects all these difficulties. Many developing countries, particularly the LDCs, tend to feel that WTO decision-making process lacks transparency and is 'non-inclusive'. Identifying modalities of decision making in an organisation with 153 members, that would take care of concerns and interests of all members is not proving to be easy.

From the perspective of the low income members of the WTO, the LDCs, the sense of being 'excluded' and 'marginalised' is particularly acute. Oftentimes, these countries are given the understanding that since they have not been asked to undertake any concrete obligations, they should not expect to play a major role in the decision-making process.

However, the complexity of the problem of decision making in the WTO is well epitomised by the case of the LDCs. Although LDCs don't have direct stakes in tariff reduction discussions, having not been obligated to undertake tariff reduction commitments, the issue of tariff reduction agreed through negotiations will have important implications in terms of erosion of preferences (for items with preferential market access) and gains from those tariff reductions (for items not enjoying

preferential market access). Each LDC would have unique set of concern and interest depending on respective export interest; each would have to weigh respective potential gains/losses from tariff reduction by various GSP donor countries. How is it possible for them to assess the balanced outcome without closely participating in the negotiations in NAMA and Agriculture even though they don't have to take tariff reduction commitments? The implications of 'sectoral negotiations', also having similar implications for preference-enjoying LDCs, may also be mentioned in this connection. For Members, participating in the negotiations with their respective offensive and defensive interests, the stakes are admittedly much higher. But then how to ensure that the decision making is 'inclusive' and 'participatory', but at the same time geared towards time-bound outcomes?

In recent times, a number of possible options have been considered with a view to making WTO decision making process more 'workable'. 'Variable Geometry', 'Consensus-Minus', 'Weighted/qualified majority voting', 'Critical Mass', 'Greater role of a strengthened WTO Secretariat', 'Learning from IMF-WTO Decision-making' have, amongst others, been mooted in this connection.

The aforesaid LDC case demonstrates the inter-linkages of the various issues under discussion in the WTO, and goes against the argument that not all countries have equal interest in all issues. Since rules made today would have implications for tomorrow and future, in a sense, all WTO members ought to have concerns and interests in negotiations in all areas, albeit may be to varying degrees from the perspective of today. The principle of *single undertaking* and the need for an overall *balanced outcome* enshrined in the WTO decision making process are thus not without justification. How to ensure that these outcomes are arrived at not only through a democratic and participatory process, but also in a speedy manner should be the twin issues at the centre of the related discourse in the context of WTO decision-making architecture. Thus, whilst not undermining the difficulty of arriving at consensus in such a body with multiple interest and diverse concerns, the focus should be on how to achieve this in as best possible way as can be from the perspective of all Members, and not just the powerful few.

Whilst each of the aforesaid modalities has its own reasoning, it appears that some of these options are driven by the overriding concern of getting ‘quick results’. Trade issues are so critically important to developing countries and LDCs that the notion that ‘no deal is better than a bad deal’ do enjoy wide currency among the stakeholders in these Member countries. The need for transparent and participatory decision making process, which are also perceived to be so, is thus of crucial importance for these members.

Some of the ideas floated recently have come under criticism from various quarters. The idea of variable geometry was at some point in time (Tokyo Round) discarded in favour of consensus-based decision. The idea of critical mass (as in the sectoral negotiations), in spite of some practical advantages, runs the inherent risk of creating a host of asymmetric rights and obligations. The weighted majority voting (consensus-minus) whilst making WTO decisions more democratic, could work in favour of particular members at the cost of others.

From a forward looking perspective some thoughts could be given to the following initiatives whilst revisiting the current WTO decision making process, as have been suggested by a number of stakeholders.

A strengthened WTO secretariat would have greater delegation of power and authority (something in line with EU decision-making). The secretariat would table proposals based on inputs from WTO Members in various negotiating committees which would be in continuing sessions. The secretariat will have adequate human resource capacity, able to work on professional basis, with representation from wide-ranging member countries reflecting population and trade importance.

A WTO Consultation Body, with representatives from governments, at trade Ministerial level, could be constituted with participation from major groups of member countries (identified through variable geometry considerations), to serve as consultative/executive body (as in IMF) which would meet every six months and give political direction to the negotiating committees and the WTO secretariat. Such a Committee would have both political clout (at home) and be able to give a sense of direction to the work of the WTO Secretariat and Negotiating Committees.

There have also been suggestions to the effect that weighted/qualified voting system should be introduced in the WTO. This, of course, could expedite the process of decision making and emerging Members such as China, India, Brazil (and subsequently, Russia) could benefit from such a voting system (as also LDCs such as Bangladesh). However, this also has the danger of undermining interests of weaker member countries. At this point of time, the consensus-based decision making is perhaps still the best way to go. However, with the RTAs coming up in such increasing number (e.g. India-EU BFTA) many of the current dynamics are likely to change in important ways in near future. As interest of various countries become entangled in RTAs, FTAs and BFTAs, a weighted voting system may eventually emerge as an accepted form of decision making in the WTO in the near-term future, if not now.

Professor Mustafizur Rahman
Executive Director
Centre for Policy Dialogue (CPD), Bangladesh