

## **CONTENTS**

Balancing competing interests of WTO members 2

The quest for efficient decision-making processes 4

The case for a plurilateral approach 8

Endnotes 11

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# Looking beyond the Doha Round

Reforming the WTO negotiating process

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Onfidence in the World Trade Organisation (WTO) as the main forum for negotiating the reduction of trade barriers and the creation of favourable conditions for international trade seems to have reached its lowest ebb. If nothing else, the failure of three ministerial conferences in Seattle (1999), Cancun (2003) and Geneva (2008), and the slow progress of the Doha Round have raised serious questions about the ability of this institution to carry out its core mandate.

The proliferation of regional and bilateral trade agreements over the last few years is seen as a strong indicator that many key WTO members have lost patience with the institution. This has led to continued erosion of the key principle of non-discrimination, which is supposed to be the cornerstone of the rules-based multilateral framework.<sup>1</sup>

While the WTO is relatively new as an organisation, the system it oversees has been in existence since 1947 in the form of the General Agreement on Tariffs and Trade (GATT). The GATT sought to regulate the manner in which national foreign trade policies are implemented in order to avoid a situation reminiscent of the 1930s where states tried to obtain economic advantage by restricting imports and dumping subsidised goods on the markets of other states. This promoted a cycle of retaliation, which seriously inhibited international trade and contributed to international political instability, culminating in the Second World War.<sup>2</sup> At the end of the war, the victorious Allies agreed 'that the enduring peace

and welfare of nations were inextricably connected with mutual friendly relations, fairness, equality, and the maximum predictable degree of freedom in international trade'.<sup>3</sup>

Multilateral negotiations subsequently became the primary means through which consensus over the 'rules of the game' for governing international trade was obtained and market access concessions ceded.

The Uruguay Round of negotiations broadened and deepened the reach of multilaterally agreed international trade rules and principles and led to the creation of a more 'modern' institution (the WTO) when the Marrakesh Agreement came into force in January 1995. The WTO provides a comprehensive framework, consisting of more than 20 agreements governing global trade in goods and services, including the trade-related aspects of intellectual property rights and trade-related investment measures. It also provides a forum for trade negotiations, an institutional mechanism for the implementation of agreements and a binding

dispute settlement system.

However, most WTO members (developed and developing) are now frustrated by the lack of progress on issues of interest to them in the Doha Round of multilateral trade negotiations. Very few seem convinced that they can rely on the WTO to continue delivering more trade and economic opportunities for them. The need for reform has never been greater.

#### BALANCING COMPETING INTERESTS OF WTO MEMBERS

However, it is evident that more often than not the WTO is judged too harshly and unfairly, due to a lack of appreciation of the tremendous challenges it faces in seeking to balance the needs of its various members.

Typically, developed countries want to move faster and extend the scope of multilaterally agreed rules to new areas, in order to create more opportunities for their more technologically advanced economic operators.

Their poorer counterparts, some of whom are virtually light years behind in terms of economic and technological developments, find the speed of the WTO quite disorientating. The result is general disillusionment. Unlike their more developed counterparts (both developed and developing), poor countries are mainly interested in seeing progress on the 'development issues', which cover assistance or capacity building to implement previous agreements, adjustment assistance to cushion them against the negative effects of liberalisation and supply capacity

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Table 1: Trade rounds and selected ministerial conferences, 1947-2000

Name of conference or round	Period and number of parties	Subjects and modalities	Outcome
Geneva	1947; 23 countries	<b>Tariffs:</b> item-by-item offer-request negotiations	Concession on 45 000 tariff lines
Annecy	1949; 29 countries	<b>Tariffs:</b> item-by-item offer-request negotiations	5 000 tariff concessions; 9 accessions
Torquay	1950–51; 32 countries	<b>Tariffs:</b> item-by-item offer-request negotiations	8 700 tariff concessions; 4 accessions
Geneva	1955–56; 33 countries	<b>Tariffs:</b> item-by-item offer-request negotiations	Modest reductions
Dillon Round	1960–61; 39 countries	<b>Tariffs:</b> item-by-item offer-request negotiations, motivated in part by need to rebalance concessions following creation of the EEC <sup>a</sup>	4 400 concessions exchanged; EEC proposal for a 20% linear cut in manufactures tariffs rejected
Kennedy Round	1963–67; 74 countries	Tariffs: formula approach and item- by-item talks Non-tariff measures: anti- dumping, customs valuation	Average tariffs reduced by 35%; some 33 000 tariff lines bound; agreements on customs valuation and anti-dumping
Tokyo Round	1973–79; 99 countries	Tariffs: formula approach with exceptions  Non-tariff measures: antidumping, customs valuation, subsidies and countervail, government procurement, import licensing, product standards, safeguards, special and differential treatment of developing countries	Average tariffs reduced by one-third to 6% for OECD <sup>b</sup> manufactures imports; voluntary codes of conduct agreed for all non-tariff issues, except safeguards
Uruguay Round	1986–94; 103 countries in 1986, 117 as of end 1993	Tariffs: formula approach and item- by-item negotiations Non-tariff measures: all Tokyo issues, plus services, intellectual property, pre- shipment inspection, rules of origin, trade-related investment measures, dispute settlement, transparency and surveillance of trade policies	Average tariffs again reduced by one-third on average; agriculture and textiles and clothing subjected to rules; creation of the WTO; new agreements on services and TRIPS°; majority of Tokyo codes extended to all WTO members

- a European Economic Community
- b Organisation for Economic Co-operation and Development
- c Agreement on Trade-related Aspects of Intellectual Property Rights

Source: Hoekman B & M Kostecki, *The Political Economy of the World Trading System: The WTO and Beyond.* Oxford: Oxford University Press, 2001

building. All of these should be catered for under the 'aid for trade' agenda, which gained much prominence in the Hong Kong ministerial conference. This agenda must be taken seriously, and rich countries that pledged 'aid for trade' funding must make good their promises.

Clearly, the continued existence and/or effectiveness of the WTO as the premier institution governing international trade bodies largely depends on its ability to be all things to all its member countries. In other words, the greatest reform challenge for the WTO is to ensure that it operates in such a way that every member country feels that its interests are being adequately promoted and protected. For an institution that currently has 153 members, this is a gargantuan task, to say the least.

# THE QUEST FOR EFFICIENT DECISION-MAKING PROCESSES

Two issues require immediate attention if efficiency in decision making is to be ensured: the single-undertaking negotiating principle and the consensus decision-making approach.

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### Single-undertaking principle

According to the single-undertaking negotiating approach, member countries are required to agree on and implement an entire set of rules and incentive structures, multilaterally negotiated within the WTO. In terms of this principle, 'nothing is agreed until everything is agreed'. In other words, 'every item of the negotiation is part of a whole and indivisible package and cannot be agreed separately'.<sup>4</sup>

By ensuring that all WTO countries are party to all agreements reached at the end of the round of negotiations (save for plurilateral agreements that apply to only those who signed them), this principle has obvious advantages.<sup>5</sup>

However, as Oxfam contends, the single-undertaking approach 'wrongly assumes a parity in the readiness of all WTO Members to undertake commitments in areas such as intellectual property rights and investment liberalisation'. 6 Needless to say, a number of

poor countries are still struggling to implement some of the Uruguay Round agreements and are simply not ready to take on additional reform burdens – at least, not at the pace at which their developed counterparts want them to.

Flexibility must therefore be built into the system so that those countries that wish to go ahead and cut far-reaching trade liberalisation deals are able to do so without threatening the interests of those that are not yet ready. As such, all possible alternatives should be examined to achieve such flexibility. This paper will specifically look at the option of using plurilateral agreements under certain conditions in order to ensure efficient decision-making.

Consensus decision-making approach

The second issue that needs attention is the consensus decision-making process. Article IX of the Marrakesh Agreement Establishing the World Trade Organisation reads as follows:

The WTO shall continue the practice of decision-making by consensus followed under GATT 1947. Except as otherwise provided, where a decision cannot be arrived at by consensus, the matter at issue shall be decided by voting. At meetings of the Ministerial Conference and the General Council, each Member of the WTO shall have one vote.

In the WTO, therefore, consensus is assumed when 'no Member, present at the meeting when the decision is taken, formally objects to the proposed decision'. According to Article IX, various rules of one-member-one-vote majority voting can be invoked should consensus fail to be achieved.

Yet actual practice is somewhat different. When a member objects to a proposal, a lot of effort is made to bring it on board, and if this fails, then no decision is taken. Save for a few exceptions<sup>9</sup> (waivers and accessions), voting is not generally used as an option to break a deadlock in the WTO. As such, since theoretically any member can block an agreement from being reached, the consensus decision-making process has particularly come under the spotlight as a significant constraint. It is arguably the main reason why the decision-making process is so complex and unwieldy.

For instance, according to Ehlermann, the trade-related aspects of intellectual property rights (TRIPS) and public health saga demonstrated the limits and inefficiency of consensus. In that case,

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the implementation of paragraph 6 of the Doha Declaration was not achieved within the December 2002 deadline.

Up until August 2003, consensus could not be reached because one single Member felt unable to abandon its resistance against the proposed draft waiver. The question at issue was presented by some to be one of life or death for thousands of people in Africa. Yet, no Member considered requesting a vote.<sup>10</sup>

Why is voting not considered a real option? The main reason why the WTO almost exclusively operates by consensus is because developed countries fear the prospect of being outvoted by the more numerous developing countries. Other Bretton Woods institutions (the World Bank and International Monetary Fund) have no problem with voting, because votes are weighted according to a member's economic clout.

In fact, it seems that voting may actually not be the solution in most circumstances, as it risks undermining the credibility of the WTO as an institution by totally alienating its most powerful members.<sup>11</sup> Apparently, the United Nations

Conference on Trade and Development (UNCTAD) provides a good example of the limited utility of one-member-one-vote system. UNCTAD was established in 1964 as a response to the concerns of developing countries and as a form of alternative to the GATT. From its inception until about 1990, UNCTAD's decisions were made through voting in circumstances where developed countries were thoroughly outvoted. Interestingly, the majority normally voted in support of proposals obliging developed countries to adopt measures in favour of developing countries. As Hudec notes, the biggest problem was that even though developing countries were able to push through proposals despite developed countries' objections, such mandates were virtually useless, since the latter would not implement them. Accordingly, there are genuine concerns that UNCTAD-type voting, if adopted, could destroy the utility of the WTO.12

Compared to a one-member-one-vote system, consensus is clearly better. 13 Indeed, its advantages are self-evident:14

- A consensus-based decision tends to enjoy broad support in that at least no member state would have overtly opposed it. No one is openly seen as having lost and everybody saves face.
- A consensus-based decision has higher chance of being implemented. Although the majority risks alienating disaffected minorities, consensus can be an effective tool, since the majority can secure the co-operation of the minority in the implementation of the decision.
  - No decisions are likely to be taken against the opposition of the large and mighty, who generally need to implement the decision for it to have practical value.
  - While it is not popular, consensus is generally seen as the more palatable of the two options when compared to the onemember-one-vote system for both developed and developing countries. This is because developed countries want to avoid being outvoted, while on their part, developing countries are averse to being presented with done deals.

However, although in formal terms consensus decision-making is democratic, in reality there is no equality among members, nor is such equality necessarily desirable in a body where the share of trade is vastly unequal among the membership. This is because not all members have the ability to individually resist consensus,

especially when it is pushed by the rich and powerful, who may even employ other arm-twisting tactics to exert pressure. In contrast, powerful countries like the US are able to impose their will by blocking decisions until they are satisfied that their interests are adequately protected.<sup>15</sup>

Since the capacity to sustain a veto or to withstand pressure to achieve consensus is inevitably linked to a member's economic size and importance in international trade, consensus decision making is therefore correctly seen as a partial substitute for weighted voting.

However, it is patently clear that the consensus principle needs to be modified if real progress is to be made. Consensus decision making as it is currently practised

Consensus decision making as it is currently practised is increasingly proving to be inefficient and unworkable

is increasingly proving to be inefficient and unworkable and seems to paralyse the political decision-making process of the WTO. Consensus appears to have worked well under the GATT largely because the membership was smaller and less diverse, and the issues were less complex than they are now.

Before the Uruguay Round of negotiations, trade deals were mainly cut between developed countries (mainly the 'Quad' that comprised the US, EU, Canada and Japan) and concentrated on liberalising industrial goods markets. A cocktail of systemic and other challenges made it difficult for developing countries to promote their interests through the GATT. As Wilkinson and Scott<sup>16</sup> convincingly argue, developing countries have always been active participants in the multilateral trading system and their inputs over the decades helped shape the WTO law. However, the focus on tariff barriers was only coupled with the use of the principal supplier rule, and reliance on reciprocity adversely affected the capacity of developing countries to participate in the early rounds of GATT negotiations.

In terms of the reciprocity principle that the US advocated, any gains from tariff cuts agreed would have to be paid for by reciprocal tariff concessions, thereby enabling the US to maintain its industrial comparative advantage. Developing countries, however, were of the view that their limited domestic market rendered their bargaining power inadequate to induce concessions from other countries and they also wanted to retain the ability to shield their

An additional challenge for developing countries was the use of the principal supplier method of tariff negotiations in terms of which a country could only be requested to make tariff cuts on a particular product by the principal supplier of that product to that country. According to this rule, the importing country would negotiate a tariff with its principal supplier and not with all suppliers of that product. Since developing countries were hardly principal suppliers of anything (their exports were mainly raw materials), this rule made it difficult for them to derive much from the tariff negotiations. The principal supplier rule appeared

infant industries.

to be designed to promote only the interest of powerful economies and not all contracting parties of the GATT.<sup>17</sup>

Further, the GATT was initially focused on tariffs, as the only trade restriction that could be negotiated on. Yet for tropical products-exporting developing countries, other trade restrictions like internal taxes and quotas were of paramount importance, but these were not on the negotiating table.

Because of these and other challenges that developing countries faced in the early stages of the GATT, they began to view the multilateral trading system as antithetical to their interests and saw trade negotiating rounds as largely a waste of their limited resources. Despite the above challenges, developing countries did not give up on the multilateral trading system; instead, they continued to press for multilateral rules that reflected and accommodated their interests. Their efforts led to some re-adjustment of the rules, notably the introduction of Part IV of the GATT dealing with trade and development and focusing on enhancing benefits for developing countries; and the 1979 Decision on Differential and More Favourable

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Treatment, Reciprocity and Fuller Participation of Developing Countries, which, among other things, allowed for legal departures from the most-favoured nation principle when dealing with free trade agreements among developing countries so as to enhance South–South trade.

The Tokyo Round expanded the GATT agenda to include non-tariff barriers (NTBs) and resulted in a number of codes applicable only to signatories. These deals allowed the contracting parties to opt in and opt out of agreements on NTBs. The result was that developing countries were largely exempt from far-reaching obligations through various exemptions in terms of the special and differential treatment principle and the opt-in and opt-out nature of the Tokyo Round codes.

However, during the Uruguay Round, developing countries were effectively thrown into the ring mainly through the single-undertaking principle. The scope for WTO rule making was also significantly broadened to include more politically sensitive behind-the-border issues like services trade and intellectual property protection. To cap it all, the new WTO system is underpinned by a revamped and binding dispute settlement system. This effectively prompted developing countries to assert themselves forcefully and to use their combined veto power to block any consensus that risked burdening them even further with new rules to implement.

In addition, a few middle-income developing countries actually have economic clout and offer many economic opportunities in their markets, such that their voices have to be taken seriously. In other words, developed countries can no longer simply ignore these countries and cut deals only among themselves, as in the past, since a good chunk of the economic opportunities for their traders are in developing countries. This global geo-economic shift posits challenges to the WTO and multilateralism in general. In particular, the implications of the rise of China and India for global economic governance are not yet fully known. Apart from these two, other advanced developing countries like Brazil, Mexico, Argentina, South Africa and Vietnam are increasingly influential and have demonstrated their willingness to flex their muscles through negotiating groups like the G20 group, which has been lobbying for the elimination of agricultural subsidies in rich countries. What this means is that the traditional power brokers like the US and the EU are increasingly unable to dictate trade rules. <sup>19</sup>

### THE CASE FOR A PLURILATERAL APPROACH

The view that the current decision-making system is no longer appropriate is generally accepted. The challenge is to find an appropriate system to replace it. In terms of sheer efficiency, a lot can be learned from the way that the more effective WTO dispute settlement system works. <sup>20</sup> In contrast to the negotiating system, it uses a 'reverse consensus' rule, in terms of which a decision of the dispute settlement body panel or the appellate body is adopted unless there is consensus against it. This, of course, will not be appropriate in the negotiations, but some middle ground between the two might allow for a more creative and efficient system.

Plurilateral agreements (separate agreements between only those governments that agree with their provisions) may actually be a good option in cases where negotiations 'collapse' due to lack of consensus. There are currently only two

plurilateral agreements in force: on government procurement and aircraft. These only apply to a few members, largely developed countries.

History suggests that it is possible and perhaps wiser to gradually introduce new issues to the multilateral trading system through plurilateral agreements first, with a view to broadening the scope of participants later. A number of current agreements administered by the WTO, i.e. anti-dumping agreement, subsidies and countervailing measures, were first introduced as plurilateral agreements or codes at the end of the Tokyo Round in 1979. These codes were a creative way of dealing with a decision-making deadlock. However, according to Article X (9) of the Marrakesh Agreement, a consensus decision is required to bring a plurilateral agreement into the WTO institutional structure. Therefore, some countries – or even one country, for that matter – could block a new plurilateral agreement from being part of the WTO, which means that a trade-off has to be made. Those countries that refuse to give their agreement on a particular matter should allow those that wish to move ahead to do so in a plurilateral context and should therefore not unreasonably withhold their support for such agreement.

However, the plurilateral route is not without problems. Some analysts have correctly warned that such an approach, if not properly handled, may lead to the weakening of the multilateral trading system as a result of too much perforation. In fact, the Uruguay Round's single-undertaking principle was introduced partly as a way of incorporating the Tokyo Round codes and avoiding too much perforation. As such, caution is needed and certain guidelines are needed to govern plurilateral agreements. To that end, or in this regard, the Warwick Report advances a very convincing case for what it terms 'critical mass agreements' when dealing with extending the remit of WTO rules

ditions for a plurilateral or critical mass agreement to be accepted:

• That new rules are required to protect or refine the existing

to new areas or topics. The Report suggests the following precon-

 That new rules are required to protect or refine the existing balance of rights and obligations under the WTO and/or that the extension of cooperation into new regulatory areas will impart a discernible positive global welfare benefit;

- That the disciplines be binding and justiciable so as to attain the objectives laid out in the first criterion above;
- That the rights acquired by the signatories to an agreement shall be extended to all Members on a non-discriminatory basis, with the obligations falling only on signatories;
- That Members shall consider any distributional consequences arising among Members from cooperation in new regulatory areas and shall consider means of addressing any such adverse consequences that they anticipate;
- Given the objectives at hand and the international cooperation sought, no other international forum provides an evidently better venue for pursuing the cooperation than the WTO;
- That the WTO membership would collectively undertake to provide any necessary technical support, capacity building and infrastructural needs in order to favour the participation of developing countries so wishing

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- to participate in an agreement and derive tangible benefits from such participation;
- That all Members not forming part of the initial critical mass shall have the unchallengeable and unqualified right to join the accord at any time in the future on terms no more demanding than those undertaken by signatories to the accord in question.

It should thus be possible for sub-sets of WTO member countries to forge ahead and sign specific agreements on areas that are important for their economies, provided that they cover a critical mass or comply with an agreed criterion like the one enunciated in the Warwick Report, which basically seeks to protect the rights and interests of all members and the integrity of the multilateral trading system. Therefore, plurilateral or critical agreements that apply only to a smaller sub-set of countries that negotiate them, but whose benefits are available to all other members, should be allowed and encouraged. Such an approach would foster efficiency in decision making, while ensuring that the interests of those countries that do not wish to be part of such agreements are not compromised. This is important if developed countries are to keep their faith in this system, and it could minimise their tendency to concentrate on bilateral and regional trade agreements, where power relations tend to determine the outcome.

In conclusion, it must be stressed that, despite its current challenges, the WTO is currently the only institution that has the capacity to promote trade liberalisation and rule making on a global scale, and which is backed by a fairly efficient dispute settlement system. At a time when bilateral and regional trade agreements are the order of the day, the overarching framework it provides remains indispensable. This is primarily the reason why no country believes that disengaging from the WTO is a viable option. In fact, many countries are currently busy trying to accede to this institution to better advance their trade interests.

### **ENDNOTES**

- 1 In fact, according to a report commissioned by the former WTO director-general, Supachai Panitchpakdi, the WTO's most favoured nation treatment can now only give the least favourable treatment to the exports of a country that only trades using it, because its competitors would be receiving better treatment through various preferential trade agreements. See Sutherland P et al., The Future of the WTO: Addressing Institutional Challenges in the New Millennium. Geneva: WTO, 2004.
- 2 See Draper P & N Khumalo, 'Smoke and mirrors? Sub-Saharan Africa's negotiating position in the Doha development round through the prism of special and differential treatment', SAIIA Trade Policy Briefing no. 2, September 2003, <a href="http://saiia.org.za/images/upload/tpb2.pdf">http://saiia.org.za/images/upload/tpb2.pdf</a>.
- 3 Khalid R, P Levy & M Saleem, *The World Trade Organisation and the Developing Countries*. Vienna: OPEC Fund for International Development, 1999, <a href="http://www.opecfund.org/publications/PDF/pamphlet/pamphlet.pdf">http://www.opecfund.org/publications/PDF/pamphlet/pamphlet.pdf</a>.
- 4 See <a href="http://www.wto.org/english/tratop\_e/dda\_e/work\_organi\_e.htm">http://www.wto.org/english/tratop\_e/dda\_e/work\_organi\_e.htm</a>.
- 5 See <a href="http://www.ycsg.yale.edu/focus/gta/do\_we\_need.pdf">http://www.ycsg.yale.edu/focus/gta/do\_we\_need.pdf</a>>.
- 6 Oxfam, 'Institutional reform of the WTO', *Oxfam GB Discussion Paper*, March 2000. <a href="http://www.oxfam.org.uk/resources/policy/trade/downloads/wto\_reform.rtf">http://www.oxfam.org.uk/resources/policy/trade/downloads/wto\_reform.rtf</a>.
- 7 See Ehlermann C-D, 'WTO decision-making procedures, "member-driven" rule-making and WTO consensus-practices: Are they adequate? Are WTO decision-making procedures adequate for making, revising and implementing worldwide and "plurilateral" rules?', 2005, <a href="http://www.wilmerhale.com/de/claus-dieter\_ehlermann">http://www.wilmerhale.com/de/claus-dieter\_ehlermann</a>.
- 8 The decisions are to be reached with a (simple) majority of the votes cast.
- 9 An exception is Article 2.4 of the Dispute Settlement Understanding, according to which the Dispute Settlement Body decides by consensus, with the notable exception of the reverse consensus mechanism for the key steps of a dispute settlement procedure. According to this rule, a decision issued by a WTO panel or the appellate body is automatically adopted, unless all WTO members agree not to do so.
- 10 See Ehlermann C-D, op. cit.
- 11 Consensus closely reflects the fact that the WTO is essentially a club whose aim is to employ diplomacy to deal with issues. Therefore, if the negotiating mechanism breaks down, the club suffers existential challenges.
- 12 See Robert Hudec's comments on Professor Jackson's paper entitled 'The role and effectiveness of the WTO dispute settlement mechanism', <a href="http://muse.jhu.edu/demo/brookings\_trade\_forum/v2000/2000.1jackson01.pdf">http://muse.jhu.edu/demo/brookings\_trade\_forum/v2000/2000.1jackson01.pdf</a>.
- 13 Also see Warwick Commission, *The Multilateral Trade Regime: Which Way Forward? The Report of the First Warwick Commission.* University of Warwick, Coventry: Warwick Commission, 2007, <a href="http://www.latn.org.ar/archivos/documentacion/EVENTO\_DOCUMENTOS285402.pdf">http://www.latn.org.ar/archivos/documentacion/EVENTO\_DOCUMENTOS285402.pdf</a>. The Warwick Report also does not recommend voting as a viable alternative and lists three reasons for this: the challenge for governments to agree on the appropriate threshold, i.e. the level of majority for a specific decision to be taken; the fact that some countries would be de facto disenfranchised every time a vote is taken; and, finally, because the idea of voting runs counter to the prevailing culture of the institution and is unlikely to receive sufficient backing.
- 14 Ehlermann C-D, op. cit.
- 15 Oxfam, op. cit.

- 16 Wilkinson R & J Scott, 'Developing country participation in the GATT: A reassessment', World Trade Review, 7, 2008, pp. 473–510.
- 17 Formula-based approaches were later introduced and brought substantial improvements to the way in which tariff liberalisation is done.
- 18 This is not intended to be a detailed examination of the history of developing country participation in the GATT. See Wilkinson R & J Scott, *op. cit.*, for an insightful reappraisal of developing country examination of this subject.
- 19 Halle M, 'New approaches to trade governance', <a href="http://www.iisd.org/pdf/2008/trade\_state\_of\_world\_2008.pdf">http://www.iisd.org/pdf/2008/trade\_state\_of\_world\_2008.pdf</a>.
- 20 This does not mean that everything is fine with the dispute settlement system. Indeed, there are some loopholes in the system that require amendment. For more on the challenges of the current system, see Pauwelyn J, 'Appeal without remand: A design flaw in the World Trade Organization dispute settlement and how to fix it', *ICTSD Dispute Settlement and Legal Aspects of International Trade Issue Paper* no. 1. Geneva: International Centre for Trade and Sustainable Development, 2007, <a href="http://www.ictsd.org/issarea/dsu/resources/Pauwelyn\_Remand.pdf">http://www.ictsd.org/issarea/dsu/resources/Pauwelyn\_Remand.pdf</a>. However, in comparison to the political decisionmaking process, it is far more efficient and is actually regarded as the 'jewel' in the WTO crown.
- 21 See Jackson JH, 'The role and effectiveness of the WTO dispute settlement mechanism', in Collins SM & D Rodrik (eds), *Brookings Trade Forum 2000*. Washington, DC: Brookings Institution Press, pp. 179–219.

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