WTO Reform: Business Community Calls for Urgent Action on Dispute Settlement

Ahead of the G20 Summit in Osaka, the Global Business Coalition calls for urgent action on WTO reform. For the health and sustainability of the WTO's dispute settlement system, swift and collaborative efforts by the G20 are vital to prevent the stalemate of the Appellate Body and to avoid lasting damage to the multilateral trading system.

19 June 2019 - The business community is deeply concerned about the future of the multilateral trading system. For more than two decades, the World Trade Organization (WTO) has been the foundation of our global economic success. The multilateral trading order has proven to be essential for our businesses and the functioning of their global value chains. These global value chains have delivered enhanced prosperity, improved product choice, and concrete improvements in consumer purchasing power. These gains are now at risk. The current crisis of the WTO and ongoing trade conflicts threaten the predictability, stability, and openness in global trade, therefore also endangering global cooperation, development, and peace.

It is widely accepted that the WTO needs urgent modernization that would lead to more balanced results for all member states and address the reality of twenty-first century trading patterns. The international business community has repeatedly called for immediate action to reform all three pillars of the WTO – rule-making and liberalization, monitoring and dispute settlement. While several proposals on the WTO reform were submitted, the Members of the WTO have been unable to come to decisions. We are running out of time.

It is particularly urgent that we address the conflict among WTO Members on the functioning of the dispute settlement system. A balanced and effective dispute settlement system is essential for the enforcement of the WTO rule and the orderly resolution of trade conflicts. However, the system will collapse if the nomination process for members of the Appellate Body is not unblocked soon. As of December 2019, the terms of two of the remaining three members of the Appellate Body will expire, leaving the mechanism unable to complete any appeal. If this stalemate continues, the credibility of WTO agreements will suffer. Furthermore, every individual trade dispute has the potential to turn into a small trade war without a proper, rules-based settlement process.
We call upon the G20 leaders to

1. Make the resolution of the conflict on the WTO dispute settlement system and its Appellate Body a top priority.

2. Engage in urgent negotiations in Geneva to unblock the nomination process for Appellate Body members.

3. Mandate G20 Trade Ministers to report to their leaders and to the public about the progress made on a monthly basis.

4. Find solutions within the existing framework that ensure an impartial process and binding rulings on all WTO matters.

5. Take into account established concerns as well as existing proposals for solutions by G20 and other WTO Members, e.g., regarding transitional rules for outgoing Appellate Body members, the length of proceedings (including the issue of the 90-day deadline), and the focus of findings, as well as the issue of precedent.

6. Consider contingency work on potential alternatives as a last resort, in the event of continued gridlock. This could include arbitration on basis of Article 25 of the WTO Dispute Settlement Understanding (DSU) and appointing new members of the Appellate Body by vote.

7. Engage in good offices, conciliation, and mediation on the basis of Article 5 of the DSU in order to facilitate the early settlement of disputes and avoid further burdens on the system.

8. Guarantee enough capacity of the dispute settlement system of the WTO to efficiently and timely decide on the growing number of cases.

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ABOUT GBC

The Global Business Coalition brings together leading independent business associations from the major world economies and advocates on behalf of more than 6.8 million small, medium and large companies. GBC, established in 2012, operates as a worldwide platform of exchanges between national business communities, and aims at building consensus and developing common positions on issues critical for enterprises. Through its broad-based representation, GBC engages policy-makers at a global scale and advocates policies that contribute to growth and job creation at regional and international levels.

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