


The WTO's 25 years of achievement and challenges

As the WTO marks its 25-year anniversary, Director-General Roberto Azevêdo reflects on the organisation's achievements and on the formidable challenges it faces in the coming years.




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The WTO at 25: A message from the Director-General

Over this past quarter century, the WTO has helped transform international economic relations.

Binding rules for global trade in goods and services have facilitated dramatic growth in cross-border business activity. Since 1995, the dollar value of world trade has nearly quadrupled, while the real volume of world trade has expanded by 2.7 times. This far outstrips the two-fold increase in world GDP over that period.

More

- [Director-General](https://www.wto.org/english/thewto_e/dg_e/dg_e.htm)
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Average tariffs have almost halved, from 10.5% to 6.4%. For the dozens of economies that joined the WTO after its creation, accession involved far-reaching reforms and market-opening commitments that research suggests have been associated with a lasting boost to national income.

The predictable market conditions fostered by the WTO have combined with improved communications to enable the rise of global value chains. Confident in their ability to move components and associated services across multiple locations, businesses have been able to disaggregate manufacturing production across countries and regions. Trade within these value chains today accounts for almost 70% of total merchandise trade.

The rise of GVCs has been a key factor in enabling rapid catch-up growth in developing economies, while facilitating increased purchasing power and consumer choice in all countries. It is not a coincidence that the past 25 years have seen the fastest poverty reduction in history: in 1995, over one in three people living around the world fell below the World Bank's \$1.90 threshold for extreme poverty. Today the extreme poverty rate is less than 10%, the lowest ever.

In recent years, WTO members have agreed to streamline border procedures through a landmark agreement on trade facilitation projected to lift trade by over \$1 trillion per year. They have also liberalised trade in information technology products and abolished harmful farm export subsidies.

Despite these considerable achievements, it is no exaggeration to say that the WTO faces challenges today that are unmatched in our relatively short history. Over the past two years, governments have introduced trade restrictions covering a substantial amount of international trade — affecting \$747 billion in global imports in the past year alone. The rising uncertainty about market conditions is causing businesses to postpone investment, weighing on growth and the future potential of our economies. How WTO member governments face up to these challenges will shape the course of the global economy for decades to come.

On balance though there is no doubt that the WTO and the trading system we oversee are regarded by our 164 members as a public good worth preserving and strengthening. This may explain the quiet dynamism in the WTO's corridors. This energy is palpable, and it suggests profound changes are in the works.

The WTO's negotiating functions are now seeing a phase of experimentation that promises to give rise to new rules of direct relevance to the 21st century economy and contemporary sustainability concerns.

As 2019 drew to a close, we saw a reset in the critically important negotiations aimed at slashing the most harmful fishing subsidies which are depleting our oceans. Members know that we must have an agreement by June at our 12th Ministerial Conference in Nur-Sultan, Kazakhstan, or we will have to collectively shoulder the blame for missing a critical target for the Sustainable Development Goals. Agriculture negotiations have been reenergised with members taking pragmatic steps to identify where agreement on vitally important issues may be reached.

Groups of members are also working towards new rules on a range of issues — electronic commerce, investment facilitation, domestic regulation in services — that aim to make trade more efficient and predictable in cutting-edge sectors of the economy. Members are seeking, as well, to make it easier, safer and more viable for women and smaller businesses to participate in global trade. This would help make trade more inclusive.

It is true that in dispute settlement we suffered a setback at the end of 2019 when members could not agree on reforms for the Appellate Body. But I have already started consultations with members to explore all aspects of dispute settlement reform and will engage at

high political levels both in Geneva and in capitals to identify potential solutions. At the same time, many members are weighing an array of creative interim options to keep two-stage dispute settlement operational while we search for a permanent arrangement.

I continue to believe that the WTO is more important than ever before for the global economy, for job creation, for growth and for development. And despite the uncertainties around trade today, I think 2020 has real potential to deliver meaningful results. There is a good chance that negotiations percolating in Geneva will bear fruit in Nur-Sultan, in the shape of new agreements or frameworks. In fact, it's conceivable that MC12 could produce one of the most impressive clusters of agreements in our history.

If the last 25 years have taught us anything about the WTO, it is that this organization is resilient and resourceful. We have served our members well over this past quarter of a century and we will continue to do so in the future.

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VIDEO



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