



GENERAL COUNCIL - 15, 16 AND 17 JULY 2020

APPOINTMENT OF THE NEXT DIRECTOR-GENERAL - MEETING WITH THE CANDIDATES

**PRESENTATION TO THE GENERAL COUNCIL OF THE WORLD TRADE ORGANIZATION BY
MR ABDEL-HAMID MAMDOUH**

15 JULY 2020

It is with a profound sense of honour, and pleasure, that I appear before you today.

I came to this building 35 years ago, as a young negotiator for Egypt to the GATT. That was in 1985. We were preparing for the most ambitious reform project in the history of the multilateral trading system – the Uruguay Round – which led to the creation of this organization.

The memories of challenges, faced by a developing country negotiator, struggling with others to navigate a way forward, come rushing back to me, with many memories of how much can be achieved by having a common purpose and building trust around it.

I then joined the GATT secretariat in 1990. For 27 years, I have served the multilateral system, rather than my country. Throughout my career, all the way from the Uruguay Round, to the creation of the WTO, to the Doha Round, and to this very day. I have all along first and foremost served the Members, and their pursuit of the common good. I have always had the collective interest of the Members and the common purpose of the system as my guiding stars for direction.

The Members – and their interest – is at the heart of this organization. Unlike other multilateral institutions, the WTO is not an agency tasked to execute programs or field projects. It does not distribute funds or mobilise resources. Without the interest of its Members, there is nothing for the WTO and the secretariat – including the DG – to uphold.

In fact, without a common purpose, the organization is lost.

You will hear from many that the WTO needs reform; or that the rulebook must be updated to be fit for the 21st century. Or that we need someone to bring us together again and for that, we need political leadership.

I think no one will disagree with that.

The truth is, that the consensus, our common purpose, has faded. One might say we are still in the same boat, but we are rowing in different directions. This will not hold. At some point, possibly very soon, if the situation is not corrected, the hull of the boat will break under the tension of differences.

I believe that this situation in the WTO calls for a different type of leadership.

This is not a statement about previous DGs, for whom I have utmost respect and appreciation. They have all been my colleagues and I learned a lot from them. This is rather a statement about the gravity of the current situation.

I recognize that I am in many ways an atypical candidate for the Director-General post. Trade ministers and the Ambassadors know me as a problem solver, their humble servant, and hopefully also their trusted friend, and the trusted person to go to for advice. This role continued and even grew after I left the WTO. They no longer seek the senior WTO Director but the trusted advisor.

Some might also be aware that I have chosen not to serve as a cabinet minister in the past. This is indeed true – and I believe it is also one of my strengths as a facilitator.

Indeed, the WTO needs political leadership. But political leadership is not always synonymous with ministerial leadership. A minister is, by definition, an "executive" that executes a policy agenda in the face of opposition and more often, in the face of other ministers in negotiations. The problem-solving techniques used are always based on a national position.

On the other hand, a WTO DG is by definition "an honest broker" who must not have an agenda of his or her own, and instead guide the Members on board to "row in the same direction". The DG's role is that of the facilitator, capable of solving complex negotiating problems with creative solutions.

A DG must listen carefully to all Members. Must also be perceptive and insightful and must have the ability to sequence a way forward through analysis, creative options, and the aptitude to IMAGINE what a possible outcome might look like. Of course, the way forward must be Member driven but without proper navigation we will not find our way together.

The DG must also steer the Members away from the rocky shores already encountered, of which there are many in our history. We simply do not have the luxury of time to waste on dead ends and repeating old mistakes.

My view of the problem

The critical importance of trade is now beyond debate, whether for growth, development, job creation, poverty reduction or World Peace.

And, remember, trade is no more about merchandise crossing borders. It's also about services and intellectual property.

The establishment of the WTO was no doubt the biggest achievement of the 20th century in trade cooperation, crafted from history and lessons learned and political will for change. None of the candidates will ever question that statement. Nor will anyone doubt that we are today in an existential crisis. I urge the Members to ask why we are in this crisis.

We must focus on the right questions to be able to see the way forward. For me, this should begin with how the WTO has fulfilled its functions. Also, how world trade has changed in the meantime. And finally, more importantly, what have we learned from the past 25 years.

In my view, over the past quarter of a century, the WTO has suffered from a chronic imbalance across all its vital functions. That is, dispute settlement, negotiation, and the transparency/deliberative functions.

In any legal system, there needs to be a balance between the "legislative" and the "judicial" functions. For the WTO, these are the negotiating and the dispute settlement functions. While dispute settlement gained strength due to the inherent automaticity of procedures, the negotiating function has broken down. This created an unsustainable imbalance.

At the same time, the international trade landscape has dramatically changed, and the WTO system has been unable to update its rule book. This caused unsustainable pressure on the dispute settlement function, which produced the current breakdown in the Appellate Body - as the saying goes; if you cannot negotiate, you litigate.

The third vital function is what I would call the transparency and deliberative function. Notification requirements must be fulfilled, but they also need to feed into the deliberative processes that help to verify compliance with obligations and, ultimately avoid disputes. As in the past, deliberations should also address newly arising issues that inform the negotiating agenda.

Here, I would like to stress the critical interconnectedness between these three functions. It is like a tripod; it must stand on three legs with balanced weight distribution. The system was designed to function with that kind of balance. That is why chronic imbalance is unsustainable.

A deeper look into the root causes of this imbalance would reveal that there are three cross-cutting phenomena that hinder the functioning of the WTO: leadership deficit, increasing complexity of trade policy and negotiating issues, and a fading vision of the common purpose behind the system. Over time, these phenomena lead to the unsustainable imbalance across the vital functions.

The universal disenchantment with the current situation must be turned into a major effort to understand "WHY" this is happening, why we are where we are today so we can see where we want to go. I would help Members unpack the issues to provide collective clarity about why we are in the same boat but not rowing in the same direction.

The world of trade has changed, and so have the dynamics within the Organization. Whereas the GATT started its journey in merchandise trade across borders, we have now expanded into trade in services and intellectual property. Today, the way we trade links goods, services, ideas, capital, and regulation. That requires a comprehensive and coherent approach by the WTO that leads to a "deal" that is truly inclusive of all sectors and interests of Members.

For example, I see the role that digitalisation has played for many industries, across the economy with technology-driven business models. At the same time, I also see the rising tide of legitimate domestic regulation in areas like privacy, consumer protection and cybersecurity. The interface between the two needs to be managed in ways similar to the approach that led to the SPS and TBT Agreements.

And to complete the picture of where we stand today, we must look at the COVID-19 pandemic crisis and make sure that we retain the lessons we are currently learning. The world will need a strong and stable WTO to support the post crisis economic recovery.

The way forward

We all talk about REFORM and I believe it is the responsibility of the Director-General, to enable you in an inclusive way to have the right "REFORM" discussion.

We also need to be clear on the nature of reform. Reforming the WTO is different from reforming other organizations. It is not about reforming administrative structures or allocation of resources to projects and programs. It is about reforming the TREATY itself, the enforceable contract among the Members, which is the WTO.

Well.....we know that this can happen only through negotiations among Members - an admittedly extremely complicated process.

Reforms will not result from any decision taken by the Director-General.

Guided by a common purpose, reform conversation must not simply aim to protect the WTO as it stands today, but rather to make sure it is fit for purpose, in today's world, for the next 25 years, and beyond.

While ensuring that the fundamental principles of the WTO and its purpose are preserved, reform conversations should not be about the "future of the WTO" but about "the WTO of the future".

Reform efforts must cut across all vital functions, but there are urgent priorities. The breakdown in the negotiating function paralyzes the ability to move forward, and to correct inevitable problems. We must renew Members' ability to come around the table and engage in productive discussions about the challenging issues. Without this necessary engagement, it would be exceedingly difficult to get anything done.

We also need to think of the negotiating agenda itself. The breakdown for the past 25 years leaves a backlog of negotiating files, starting with the Built in Agenda of Agriculture and Services which we started in 2000 and obviously never finished. Then came the DDA with other agenda items and we

know where that stands today. More recently, other items have emerged as priorities for many Members.

The reality here is that ISSUES will not go away. On the contrary, they will multiply. As global trade evolves with new business models and regulators responding in different directions, the demand for negotiations will only rise.

For the immediate future, we need to set clear priorities. MC12 is around the corner and it needs to be a turning point in the direction of the WTO and take it on a different path towards "positive territory". I believe we need to do two things: 1) agree on a reform agenda and 2) achieve concrete progress on issues currently under negotiation.

On current negotiating subjects, fisheries subsidies come first as the one item expected to be concluded by the end of 2020. It is crucial for our future to have a successful conclusion of the fisheries subsidies negotiations.

There are also the Joint Statement Initiatives on e-commerce, domestic regulation in services, MSMEs and investment facilitation. These initiatives address pressing issues of importance to many Members and pose new challenges.

While these negotiating items are the ones currently "beeping on the radar screen", the reform agenda will no doubt identify additional items for negotiations.

The backlog, including Doha issues is still there. You will recall, in Nairobi, Ministers disagreed on the Doha framework as a basis for negotiations, but all agreed on the need to address DOHA ISSUES. Reviving the built-in agenda of agriculture and services must be a priority because WTO Members agreed on this, and it has not happened. Trade distorting subsidies, both agricultural and industrial, will also be a priority.

None of this would be easily agreed upon for MC12, but we must mobilize our good will and faith to move forward.

We must not allow our frustrations to lead our thinking process. We should enable our ambitions and aspirations to take the front seat and think about "the WTO of the future".

Frustrations are "rear-view mirror" images, aspirations are "windshield" view that looks at the road ahead.

My 35 years of experience in the system started with the biggest reform project in its history – the Uruguay Round. Of course, the situation now is vastly different.

Since then, global trade has transformed, and trading powers have evolved. The circumstances and dynamics have changed. But the skillset we require of the leadership: imaginative thinking, and the ability to come up with legally sound and enforceable solutions – remain the same. We can learn from the past, but I will ensure that we will not repeat it.

I share the universal concern about the sense of urgency. MC12 is our next landmark and we must start preparation yesterday.

I reiterate my utmost respect for previous DGs, all of whom were my colleagues. But the kind of leadership we need now is different. This is not a statement about previous leaderships but about the unprecedented situation we face today.

As I mentioned, the DG is not a typical "executive". His or her role in global trade and vis-à-vis Members is that of the HONEST BROKER and FACILITATOR that promotes like-mindedness by suggesting ways forward and providing options for solving problems. To fulfil that role, he or she must have two legs to stand on:

The first is authoritative knowledge of the system and long experience with its functioning, particularly negotiation. The WTO DG is perhaps the most technically and politically demanding position in the multilateral system.

The second is the trust of Members in his or her impartiality. The confidence in his or her character and sound judgement, particularly under the pressure of difficult negotiation, and absolute commitment to the neutral advancement of objective and collective interest.

I aim to provide the kind of leadership that matches the gravity of the crisis.

I will rely on my long and proven WTO management experience to make sure that the world class expertise that resides in the Secretariat is put at the disposal of Members to assist going forward.

I will stand my ground on the gender balance amongst the DDGs and senior members of the secretariat.
