



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Change Coming at the Top of the WTO Secretariat

The World Trade Organization’s (WTO) Director General, (DG) Roberto Azevêdo, announced his departure from the helm of the organization at a virtual Heads of Delegation meeting held on May 14th. The surprising decision effective August 31 comes a year before the end of his second mandate (September 2021) and in the midst of an economic downturn due to the pandemic of the new coronavirus, COVID-19.

Many questioned the timing of Azevêdo’s decision, some even describing it as a selfish move. However, in his statement to Members, Azevêdo denied pursuing any political opportunities, adding that his decision is rather personal – “a family decision” – one that “serves the best interests of this Organization,” he said.

To those questioning the timing of his announcement, given the challenges facing the organization, Azevêdo retorted that, contrary to what people think, the earlier a new DG takes office the better. This, because the normal DG selection process takes about six to nine months and was not expected to start before December 2020.

Given the ongoing talks on how to reform the organization, the importance of the next Ministerial Conference (MC12) – which would take place either June 2021 or December 2021 – and the fact that the Covid-19 crisis has significantly slowed down activities in Geneva, launching the selection process for a new DG this summer would have “less impact than usual” on the preparation for the MC12, Azevêdo claims.

“[T]he selection process would be a distraction from – or worse, a disruption to – our desired [MC12] outcomes. Instead of focusing all efforts on the search for compromise – on finding flexibility and making concessions – we would be spending valuable time on a politically charged process that has proved divisive in the past.”

“For a mid-year ministerial, the selection process would overlap with the most intensive phase of pre-ministerial preparations, making it highly prone to compromise the planning and execution of MC12,” he added.

Mixed Record

In his six-year tenure, Azevêdo succeeded in delivering some high-profile agreements including the Trade Facilitation Agreement (TFA), the expansion of the Information Technology Agreement (ITA), and the elimination of agricultural export subsidies at the MC10 in Nairobi.

Since the arrival of President Trump at the White House, work at the WTO became increasingly difficult, mostly because of the differences the U.S. has with China, particularly with the latter’s developing country status and the U.S.’s aim to reform the organisation altogether. The U.S. has long accused the WTO of favouring China and lately, things have become very political.

“As Members start to shape the WTO’s agenda for the new post-COVID realities, they should do so with a new Director General,” Azevêdo told Members. That is to say his replacement should be a politician rather than a diplomat like him, to be able to deal with the political aspects of the current challenges Geneva’s trade observers stressed.

That being said, the U.S. Trade Representative, Robert Lighthizer, has nevertheless issued a statement thanking Azevêdo “for his exemplary service.”

“Despite the many shortcomings of the WTO, Roberto has led the institution with grace and a steady hand. He will be difficult to replace,” Lighthizer said, adding that his country looks to participating in the process of selecting a new DG in the coming months.

Who Will Replace Azevêdo?

Members aim to appoint a new DG by September 1st to allow the focus to move quickly on the issues (i.e. Appellate Body and WTO Reforms & preparations for MC12). To do so, they agreed to interview the candidates – either physically or virtually – at a special General Council meeting to be held on July 13th, following month-long window for nominations (June 8 to July 8, 2020). That being said, delegates remain flexible to review the process based on the number of candidates applying for the post.

Normally this process – whereby candidates are invited to interact with the full Membership by introducing themselves and detail their vision for the organization – takes about 3 months. However, if Members were to follow the normal process, the third phase – at which point the Troika (Chairs of General Council, Dispute Settlement Body, and Trade Policy Review) meets individually with Members or groups of Members to assess where their support lies and which candidate gathered the most backing – wouldn't start before October. In other words, there is no other choice than accelerating the process.

If everything goes according to plan, by the summer break (i.e. August) there should be consensus arising on who Members would like to see as the next DG. That being said, in case delegates are unable to reach a consensus on a candidate, one of the current Deputy Directors General will be appointed as an interim DG. Though, how the latter selection would be carried out remains to be determined.

Several names have already emerged as potential candidates to replace Azevêdo. These include (as of June 1st):

- Abdelhamid Mamdouh: A Swiss-Egyptian dual national, former Director of the Trade in Services and Investment Division of the WTO
- Eloi Laourou: The current Benin's Ambassador to the WTO and Permanent Representative of Benin to the UN in Geneva
- Yonov Frederick Agah: A former Nigerian Ambassador to the WTO who currently serves as one of the four Deputy Directors-General and who could be appointed interim DG until Members decide on the new DG
- Amina Mohamed: A Kenyan Minister who also held key positions in UN agencies including the WTO General Council chairmanship
- Tim Groser: A former New Zealand's Trade Minister and Ambassador in Washington

- Sigrid Kaag: The current Dutch Trade Minister
- Peter Mandelson: A British politician and former EU Trade Commissioner
- Arancha Gonzalez: The Foreign Affairs Minister of Spain and former Executive Director of the International Trade Center who also served as Chief of Staff to Pascal Lamy, then WTO DG, between 2005 and 2013

Agriculture Chair Leaving Too

After two years at the helm of the agriculture negotiating group, Ambassador John Deep Ford (Guyana), also announced at virtual meeting of the negotiating group on May 25th that, he too, will step down from his chairman duties on June 30th.

Ford indicated that “Guyana's commitment was always to chair the agriculture negotiations up to the 12th WTO Ministerial in Nur-Sultan, Kazakhstan, in June 2020” which was postponed for at least one year due to the COVID-19 pandemic. However, his decision to step down has more to do with domestic politics in Guyana and with a blockage in the March elections, which have not been completed.

The ambiguity of the political environment in his country has affected his posting in Geneva, which was due to end but, because of the non-functioning government, no one could decide whether his term should be prolonged or not.

Next Moves

Ford said that given his tour of duty was coming to an end, “it was important for the next Chair to establish a new mode of working, taking into consideration the impacts of COVID-19 and the extended time period for negotiations.”

Many expect him to circulate a new version of his “Options Paper” prior to his departure. The next chair may elect to pursue the work by building on his paper or alternatively, he or she, could simply start afresh based on the new priorities Members will identify as emerging from the coronavirus crisis.

No matter what, this is not a great development for the WTO, one trade official said. Ford at least was successful in pushing Members in trying to agree on some issues at the MC12 despite the U.S.-China trade war, the blockage in the Appellate Body and other uncertainties surrounding the WTO not to mention its negotiating arm. Very energetic and highly respected, he enjoyed a rather good reputation throughout his two-year tenure as Chair of one of the most important WTO negotiating groups.

Hybrid Process to be Tested in Agriculture

Ford nevertheless tested Members on the way forward with the agriculture negotiations at the May 25th virtual meeting. Most delegations have underlined the negative effects of the COVID-19 pandemic on their economy in general and their agricultural sector in particular. To this end, they asked that measures put in place against the pandemic should not impact global food flows to guarantee access to healthy and sufficient food through predictable and liberalized trade.

At the meeting, China mentioned that it is in favor of negotiating new rules to guarantee the security of food supply chains to go along with new disciplines on domestic

support that would take into consideration per capita domestic support.

Generally speaking, Members showed support for the continuation of virtual meetings even though this format cannot replace the traditional face-to-face discussions. The U.S., for its part, stressed that, although it is in favor of a continuation of virtual discussions, it remains against the pursuit of negotiations until the face-to-face meetings have fully resumed.

Others called for a sort of hybrid format that would combine virtual gatherings, written assessments and small group meetings when possible.

Geneva Watch is published monthly by Dairy Farmers of Canada, Chicken Farmers of Canada, Turkey Farmers of Canada, Canadian Hatching Egg Producers, and Egg Farmers of Canada to report on the various events occurring in Geneva, especially on agriculture.

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