The Caribbean’s Place at the WTO

Jesús Seade

Former WTO Deputy Head and USMCA Chief Negotiator.
He is Mexico’s candidate to lead the WTO

The Caribbean countries have an unusual place in international trade. Collectively they have a sizable GDP and population, similar to some developed economies. Judging their strength by their average income, they fall in the middle of the scale among strong developing countries. But the reality is that as high as their incomes are—and as blessed as they are with some of the most beautiful landscapes on Earth— their societies and economies are regularly affected by severe natural events.

In addition to that, due to the size of their individual economies, they depend on a very narrow production base of goods and services. This means that during downturns of the world economy —such as the great financial crisis of 2008, and even worse, the current coronavirus pandemic— serious problems for other countries become a disastrous situation for the Caribbean. The Caribbean economies are Small Vulnerable Economies (SVEs).

The Caribbean Community (CARICOM) —of which Mexico is an observer— as a group has been most valuable and active in the World Trade Organization (WTO) and the multilateral trading system. Personally, it has been invaluable for my own professional growth.

When I arrived in Geneva as a young Ambassador to negotiate what would turn to be the creation of the WTO, one of the key leaders in the process was Jamaica’s Ambassador Anthony Hill. He kindly took me under his wing and taught me how to be a strong negotiator. He also set the foundations for a new group of negotiators to take more prominent roles in the WTO. As a result, CARICOM’s members often hold influential positions in this Organization in crucial areas like Agriculture (Guyana) or the Rules Negotiating Group (Jamaica), which deals with issues such as fisheries subsidies. For those very reasons, I celebrate the recent appointment of Jamaica’s Dr. Pamela Coke-Hamilton as Executive Director of the UNCTAD-WTO International Trade Centre to whom I wish every success.

Later on, during my time in the International Monetary Fund, the World Bank, and the WTO, I gained invaluable experience working with many Caribbean countries. From that involvement, I believe that it is possible to support SVEs with developing risk management programs and cooperative schemes to mitigate the impact of external shocks, supporting faster recovery and promoting economic diversification. As the only candidate to have the honour of having served at senior positions in all three Bretton Woods organizations, I believe I fully understand the intertwined interaction between trade, development and finance, and how comprehensive policies can solve problems in different areas.
Back to the WTO. The organization is facing important challenges itself. It has failed to achieve significant progress in much-needed negotiations since its creation 26 years ago, its Appellate Body is in a state of disrepair, and the Organization will now have to face the severe dislocation of world trade caused by the pandemic. Staying as it is now, the WTO will fail to offer the support SVEs need. The Caribbean, in particular, has been struggling in recent years with the weakness of global trade compounded with the region’s economic dependence on the trade of a limited array of goods and services, and its fragility vis-à-vis climate change. Those issues require suitable flexibilities and support from the WTO. Moreover, they require the scaffolding that goes beyond stop-gap measures.

As members recognise, there is a need to reignite our work at the WTO and engage in a true 21st century agenda, with development at the core. In that sense, the CARICOM will play a vital role to improve the WTO’s work on small developing economies, with emphasis on special and differential treatment. It is imperative to enhance the work at the Councils and Committees. Moreover, the WTO must invest more in training and technical assistance, possibly leveraging resources with assistance in kind from member countries and other partner agencies.

To move effectively on these issues, as well as on negotiations and the renewal of the Appellate Body, time is of the essence. **The WTO cannot afford learning curves at this juncture.** The Ministerial Conference (MC12) will happen very soon, and the WTO needs to reach it with real and credible progress to create momentum. The new DG will have to hit the ground running. He or she will have to listen to the range of members, understand, communicate, and lead towards finding solutions. Whoever gets the honour to lead the WTO must have political heft accompanied with the sensibility of a negotiator to create dialogue and help to move it forward. The new DG will need a deep knowledge of trade to appreciate the reasons behind delicate balances; an unexperienced trade negotiator would be side-lined at the first engaging discussion between top brokers. More importantly, the new DG will have to have the vision to direct the WTO system. This entails inevitable closer interactions with other major areas of international economic engagement such as investment, competition and finance, in coherence with the International Monetary Fund and the World Bank towards a new era of much-needed multilateralism.

My vision down the road sees a revitalized, functional, strong and inclusive WTO regaining its relevance in the trade system. If elected DG, I will work to build a representative and dynamic negotiating arm, a robust dispute settlement system, and a modern and adaptable forum for the 21st century; one that can meet the global post-pandemic challenges on global trade and development. We need an organization that is responsive to all its members regardless of their size.

It is not an exaggeration to affirm that only a successful leadership will save the WTO. Given the critical circumstances that the international trading system faces, members of the WTO need to engage in a firm but pragmatic effort of renovation; one that will not take place without the right candidate for the task.