

# Dr. Ngozi Okonjo-Iweala Becomes New WTO Head: Don't Expect Her to Fix it All

By Julien Grollier\*

**By appointing for the first time a woman at its head, and the first African to serve as its Director-General, the World Trade Organization (WTO) marked a stepping stone in its history. She takes office amidst many open battlefronts, from dealing with the consequences of the global pandemic to restoring the global trade body as a major pillar of global economic governance. Keeping expectations in check, Dr. Ngozi Okonjo-Iweala can only do so much in an organization where members have the driving seat.**

On March 1, 2021, Dr. Ngozi Okonjo-Iweala became the seventh Director-General of the WTO, the first woman and the first African to serve in this role. Following months of uncertainty during which Washington refused to join the consensus around appointing the Nigerian candidate, the decision was finally reached on February 15 after the new US administration announced its “strong support” for her. The term of office of the new Director-General will expire on 31 August 2025.

In her appointment statement, Dr. Okonjo-Iweala affirmed her vision to “restore and rebrand” the WTO as a key pillar of global economic governance, a force for a strong, transparent, and fair multilateral trading system that works for inclusive economic growth and sustainable development. Herself a former member of the UN Secretary General's High-Level Panel on the Post-2015 Development Agenda (which culminated in the adoption of the Sustainable Development Goals), Dr. Okonjo-Iweala recalled that the WTO's founding agreement places emphasis on raising living standards, ensuring full employment and pursuing sustainable development objectives.

*“The preamble says it all! The WTO is about people! It's about decent work! Let us place its overarching purpose front and centre as a driver for all we seek to accomplish for the multilateral trading system”, she said.<sup>1</sup>*

At a time when the global trading system has been facing long-standing challenges to sustain its relevance, Dr. Okonjo-Iweala brings to the role over 30 years of experience as a global finance expert, economist and international development professional with a track record in Asia, Africa, Europe, Latin America and North America. Most notably, she held twice the office of Finance Minister and once Foreign Minister of Nigeria; served 25 years at the World Bank including as Managing Director; and recently took leading roles in the fight against Covid-19. This included serving as WHO's Special Envoy for Access to COVID-19 Tools Accelerator, Special Envoy of

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<sup>1</sup> WTO (2021). JOB/GC/250. Appointment of the Next Director-General: Statement of the Director-General Elect Dr. Ngozi Okonjo-Iweala to the Special Session of the WTO General Council. URL: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/Jobs/GC/250.pdf&Open=True>

the African Union (AU) to Mobilise International Economic Support for Continental Fight Against COVID-19<sup>2</sup>, as well as chairing the Board of the GAVI Alliance (formerly the Global Alliance for Vaccines and Immunisation).

### **Why is there a need to “restore and rebrand” the WTO?**

Replacing the provisional arrangement under the General Agreement on Tariffs and Trade (GATT), the WTO started functioning on 1 January in 1995 to help trade flow smoothly, freely and predictably by *inter alia* acting as a forum for trade negotiations to agree on trade rules, administering the resulting trade agreements, reviewing national trade policies, building the trade capacity of developing economies and settling trade disputes. Twenty-five years down the road, its multilateral trading system has proven to be a valuable common good in many ways, effectively providing countries with a clear rules-based framework for exchanging goods and services and, until recently, the means to ensure it is effectively adhered to.

On the negotiating track however, progress has remained elusive over the past two decades and members have been riven by dissent on updating the 25 year-old trade rulebook across many subjects. Besides long-standing disagreements on agriculture and other “traditional issues” negotiated since launching the Doha round in 2001, the gap among members has been widening in recent years over taking up newer issues like electronic commerce as well as reforming the WTO and its appellate body.

Many factors come into play to explain such difficulties in WTO trade talks. Indeed, the world has changed fast over the past few years, with profound economic and geopolitical changes affecting the production, trade and power dynamics of WTO members. The length and complexity of global value chains has increased manifold; traditional distinction between goods and services has been blurred in the digital age; new business models have emerged with information and data as the key inputs; and the paths to economic development have become even more non-linear. Similarly, the distribution of economic power around the world has evolved in favour of emerging economies, sometimes at the cost of the major developed countries, while many smaller developing and least-developed countries plunge further behind. Recent years, particularly in the aftermath of the 2008 financial crisis and its consequences, have also seen the rise of populist anti-trade rhetoric - sometimes triumphing in referendums and elections -, creating a breeding ground for protectionist policies and trade wars.

There comes the need to “restore and rebrand”, as Dr. Okonjo-Iweala put it. International rules and national policies related to the functioning of trade markets need to be adapted, refined, or created to stay in tune with changes of a magnitude never seen since the first industrial revolution.

This backdrop would be more than enough to make the task of the incoming Director-General a challenging one. Yet, this becomes an euphemism considering the world we are now living in: with cases recorded in more than 200 countries, the coronavirus (Covid-19) pandemic is posing

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<sup>2</sup> <https://au.int/fr/node/38352>

an unprecedented challenge to public health, employment and trade on a global scale. Trade-related measures have been taken in a number of countries to protect their economies and their people's well being, and sound trade and investment policies will have to play a central role in efforts to fight and recover from the pandemic.

### **What can the Director-General do?**

However impressive Dr. Okonjo-Iweala's credentials may be, expectations should be kept in check as to how much the Director-General can achieve when it comes to reshaping global trade rules. The WTO being a strictly member-led body, it is entirely up to member countries themselves to drive the process, define the agenda and priorities, and ultimately decide on reforms and new rules. The Director-General, at the head of the WTO Secretariat, holds no formal power on the agenda or content of negotiations. Rather, he or she is entrusted with a role of "honest broker", helping members to keep discussions going by *inter alia* finding out the hardest nuts to crack, facilitating the emergence of feasible solutions, and promoting an inclusive, transparent and democratic nature of the process.

The soft power exercised by the Director General can nevertheless make an important difference, and proved crucial in the run-up to adopting in 2013 the first-ever WTO multilateral agreement since its creation, namely the Trade Facilitation Agreement (TFA). In a context of changing power dynamics and increasing rivalry among major players, the Director-General must be trusted by all 164 member governments for ensuring that all voices are heard without favouring one over another. In this regard, Dr. Ngozi Okonjo-Iweala is regarded as an effective consensus builder enjoying the trust and confidence of governments and other stakeholders, with a track record of brokering agreements which led to win-win outcomes.<sup>3</sup>

In terms of immediate steps, Dr. Ngozi Okonjo-Iweala had outlined the following priorities for her first 100 days during the selection process<sup>4</sup>: (i) Focusing on how to deliver a successful 12th WTO ministerial conference (MC12) in November this year, prioritising areas where an agreement is within reach like disciplining fisheries subsidies; (ii) Addressing trade implications of the COVID-19 pandemic, and preparing for future similar crises; (iii) Post-MC12, renewing negotiations to update the trade rulebook, particularly on 21st century issues; (iv) Working with members on restoring the WTO's dispute settlement system; and (v) WTO reform issues like transparency and notifications. These are reflected among others in her appointment statement from February 15,<sup>5</sup> where she outlined her priorities for the work of the WTO. These are further explored below.

### **Tackling COVID-19: Nexus of Trade and Public Health**

The challenges faced by the WTO have been amplified by the pandemic, which has erased years of economic gains for many countries. Recovering from the crisis will require the global

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<sup>3</sup> [https://www.wto.org/english/thewto\\_e/dg\\_e/dg\\_e.htm](https://www.wto.org/english/thewto_e/dg_e/dg_e.htm)

<sup>4</sup> WT/GC/M/185

<sup>5</sup> JOB/GC/250

community to intensify cooperation to achieve equitable and affordable access to vaccines, therapeutics, and diagnostics. “The WTO can and must play a more forceful role in exercising its monitoring function and encouraging members to minimise or remove export restrictions and prohibitions that hinder supply chains for medical goods and equipment.” Dr. Okonjo-Iweala said.<sup>6</sup>

Asked about how to proceed on this front during the selection process, Dr. Okonjo-Iweala expected to draw from her experience as the chair of the GAVI vaccine alliance to work with other groups and organizations, and also pleaded for removing barriers to access to lifesaving medicines and vaccines while honoring intellectual property rights.<sup>7</sup> In this regard, it should be reminded that India and South Africa, backed by dozens of developing countries, have been proposing to suspend intellectual property protection for vaccines to enable their mass production and distribution in poor countries.<sup>8</sup> Major developed countries with large domestic pharmaceutical industries such as the UK, Switzerland, the EU and the United States have however so far resisted the move.

### **Reform of the Appellate Body**

An urgent priority is to restore a functioning appellate body, which has been sitting empty since 2019 thereby severely undermining WTO’s capacity to resolve trade disputes. The system was frozen after the former US administration blocked the replacement of retiring judges, over criticism that decisions were too slow, overly intrusive going beyond the body’s powers, and too complacent with what was perceived as infringements by China and others to rules disciplining state sponsorship of enterprises.

Going forward, the then-candidate Dr. Okonjo-Iweala had stressed the emergency of unlocking the body’s work by tackling the issues being questioned. She envisioned building on the solution-seeking work done so far, e.g. under the Walker process, and also recalled that interim solutions have been put in place such as the Multi-Party Interim Appeal arrangement (MPIA) proposed by 19 countries including the EU.<sup>9</sup> The specific dispute resolution challenges faced by the poorest countries are also on her radar: “*We need a system that can garner the confidence of all, including small developing and least developed countries who have found it challenging to utilize*”, she told members in her acceptance speech.<sup>10</sup>

### **Updating the WTO Rulebook: New Issues**

Acknowledging the interest of many members in updating the WTO rulebook, which is now lagging behind other trade agreements where many innovations are being incorporated, Dr.

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<sup>6</sup> *ibid.*

<sup>7</sup> WTO (2020). WT/GC/M/185. Minutes of General Council Meeting, 15-17 July 2020. URL:

<https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/GC/M185.pdf&Open=True>  
<sup>8</sup> [IP/C/W/669](#). This is known as a “TRIPS Waiver”, for it aims to temporarily waive certain obligations enshrined in the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS)

<sup>9</sup> [WT/GC/M/185](#)

<sup>10</sup> [JOB/GC/250](#)

Okonjo-Iweala noted that the pandemic catalysed increased realisation of the role of e-commerce. On this and a few other subjects, some members launched plurilateral discussions or negotiations which in her assessment have brought new energy in the multilateral trading system.<sup>11</sup>

Such plurilateral discussions are ongoing in areas such as investment facilitation, MSMEs, women, domestic regulation, e-commerce, climate change etc. As co-Chair of the Global Commission on the Economy and Climate, the latter is of special interest to the new Director General. “We should also work to ensure that the WTO best supports the green and circular economy and addresses more broadly the nexus between trade and climate change”, she said.

Where the initiatives aim to negotiate new rules, as is the case with e-commerce, ensuring broad-based participation would require attracting interest from more developing countries who have so far not joined the talks; explaining their reluctance to tie their hands with new rules until they have gained sufficient policy-making experience in this area. In this regard, the new Director General stressed that *“to make it possible for some developing and least developed countries to participate in the e-commerce negotiations, we must partner with governments and other organizations to bridge the digital divide.”*<sup>12</sup>

### **Resolving Deadlock in Multilateral Talks**

The WTO’s multilateral negotiations track may be stalled, but it has not been abandoned. Nor should it be. Several areas of negotiations including fisheries subsidies, agriculture and others, remain critical for developing countries and LDCs. *“The WTO’s work in new or innovative areas does not mean that traditional topics such as agriculture are forgotten”*, Dr. Okonjo-Iweala assured.<sup>13</sup>

Here, a major elephant in the room has long been underpinning the general stalemate of negotiations: the definition of what constitutes a developing country. Indeed, having this status grants a country certain flexibilities in implementing the agreed rules, on terms less strict than those committed by developed members. This is known as the Special and Differential Treatment (SDT) principle. While specific criteria exist to qualify as an LDC - which grants yet another level of flexibilities -, being or not a developing country is self-determined by a member itself. At a time when major emerging economies are rivaling developed ones, the latter have questioned the legitimacy of the former to access the flexibilities associated with their status of developing country.

Yet, Dr. Okonjo-Iweala suggested that there may be light at the end of the tunnel. For instance, agreeing on an approach whereby some developing countries may voluntarily commit to not avail themselves of certain Special and Differential Treatment flexibilities in the future may be feasible.

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<sup>11</sup> JOB/GC/250

<sup>12</sup> Ibid.

<sup>13</sup> ibid

Among the many “traditional issues” of WTO negotiations that remain pending, agriculture is particularly important for many developing and least developing countries. *“Improving market access for export products of interest to these countries is of paramount importance, as is dealing with trade distorting domestic support. The growing domestic support entitlements of Members must be addressed to level the playing field, so as to provide opportunities for small scale farmers”*, said the new Director General.<sup>14</sup>

Agricultural trade and food security have not been spared by Covid-19 either, as the surge in raising trade barriers through export restrictions in March 2020 was not without effect on the food security of many developing countries, with growing concerns on poor consumers’ access to food in net food-importing developing countries. By combining multiple sources from the WTO, World Bank and the International Food Policy Research Institute (IFPRI), a recent paper by CUTS estimated that 32 countries had export restrictions on foodstuffs during COVID-19.<sup>15</sup>

Tackling this matter at the WTO, a group of nearly 80 WTO members issued a joint statement in January pledging not to impose restrictions on foodstuffs purchased by the World Food Programme (WFP) for humanitarian aid. Even though this text only applies to purchases by the WFP, it is already a positive step towards food security for the crises to come. In the run-up to this year’s ministerial, rallying the full membership to this initiative will be yet another test for the WTO and its new Director General.

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<sup>14</sup> ibid

<sup>15</sup> Staub, C. (2021). The Threat of Export Restrictions on Food Security in the Context of COVID-19. Note. Geneva: CUTS International, Geneva. URL: [http://www.cuts-geneva.org/pdf/KP2021-RRN-Export\\_Restrictions.pdf](http://www.cuts-geneva.org/pdf/KP2021-RRN-Export_Restrictions.pdf)