



WTO OMC

ADVANCING THE MULTILATERAL TRADING SYSTEM

WORLD TRADE ORGANIZATION

DISCUSSION PAPER FOR THE G20

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1 INTRODUCTION

1.1. The package of trade reforms agreed at the WTO's Bali Ministerial Conference in December 2013 marked an important step forward for the multilateral trading system. Encompassing the Trade Facilitation Agreement, decisions on food security and cotton, and measures regarding least-developed country trade, the "Bali package" demonstrated that WTO negotiations and the Doha Development Agenda can deliver results. It also highlighted members' recognition that the multilateral trading system—and the international cooperation needed to make it work—matters more than ever in an increasingly integrated world economy.

1.2. 2015 is a critical year, as members seek to build on Bali's achievements and produce another successful WTO ministerial conference in Nairobi in December—the first time that Africa has hosted the event. Over the remainder of 2015, ensuring a successful Nairobi Ministerial meeting that delivers concrete results in key negotiating areas would be the most significant contribution that members could make to strengthening the multilateral trading system and to ensuring that it continues to play a central role in promoting economic growth and inclusive development. It would also further strengthen the WTO's role in governance and help move the international trade agenda forward.

1.3. It is in this context that the G20 Leaders' discussion on trade in Brisbane last November was important. Recognizing the significance of the multilateral trading system to the world economy, the discussion noted that the WTO's negotiating machinery has not worked as effectively as it should in the recent past. In this context, Leaders agreed to have a further discussion in Antalya in November on "ways to make the system work better." The WTO Director-General was asked to help facilitate that discussion.

1.4. Given members' focus on laying the ground work for a productive Nairobi ministerial conference, this discussion paper aims to provide a factual overview of the historical evolution of GATT/WTO negotiations, with a view to offering insights on where problems existed, how solutions were found, and what lessons might be drawn for the future. Its core message is that negotiating challenges are hardly new to the system, and that solutions can be found within existing approaches and structures when members find common ground.

2 FROM GATT TO WTO: EVER BIGGER AND MORE FAR-REACHING ROUNDS

2.1. The WTO represents the most far-reaching—and important—system of global economic cooperation in history. Launched as a limited tariff agreement among 23 members—the 1947 GATT—it has grown into a multi-issue economic agreement among 161 members—the modern WTO. It provides the framework of rules governing today's open trading system and an essential mechanism for resolving trade conflicts. As the only global trade system, the WTO also provides the only forum where all countries, including the most powerful, can cooperate on the growing number of global trade issues that impact them collectively. In today's increasingly open, interdependent, and multipolar global economy, there is no obvious alternative to the global system of trade rules, dispute settlement, and policy coordination that the WTO now provides. Understanding how this system has evolved over the course of nine multilateral negotiations—or 'rounds'—is important to understanding how it can remain relevant to international economic relations in the future.¹

¹ In addition to multilateral negotiating rounds, the GATT/WTO has also expanded through "accession" negotiations. Accession negotiations involve existing members agreeing on the terms by which new members can join—i.e., whether they have made sufficient commitments to open their markets and to bring their laws and regulations into conformity with GATT/WTO rules. Although accession negotiations have dramatically "widened" the system—indeed, the entry of the biggest economies, such as China in 2001, represented major market access negotiations—they have rarely (with a few notable exceptions) "deepened" its rules.

2.2. In examining the system's negotiating history, several broad trends are striking:

- First, multilateral trade cooperation has grown wider and deeper over time with more countries negotiating, more issues being covered, and more rules being consolidated in the increasingly global architecture of the WTO. The world trading system has in turn become increasingly open and integrated, further reinforcing the logic of—and need for—global cooperation and rules. The result is a "network effect" whereby the system has become more important—and valuable—to members, as more members have joined and more subjects have been added.
- Second, the basic approach to multilateral negotiations—the reciprocal exchange of liberalization commitments, extended to all members, and then 'bound' in enforceable rules—has remained consistent largely because it has proven so successful.² Although successive rounds have taken longer—as the number of issues and members has expanded, and as bargaining has grown more complex—their results have also been more far-reaching. Many of the negotiating challenges facing the WTO today—more issues, more players, more public scrutiny—are the products of its success.
- Third, multilateral negotiations have included all members, but not all members have had the same ambitions or undertaken the same commitments—especially as the system has grown more diverse. Every negotiation has been multi-speed—with some members going further and faster than others—and the resulting agreements have been variable geometry—with members choosing their own levels of obligations on everything from tariff schedules to services commitments, notwithstanding the common set of principles and general rules.
- Fourth, in principle, each negotiating round was conceived as an indivisible package—where "nothing was agreed until everything was agreed"—but in practice most were concluded with key issues, often the most contentious, left unresolved. These left-over issues typically provided the impetus for the next round of negotiations. Successive multilateral rounds were not so much isolated events—with clear beginnings and ends—as stages in a continuous negotiating process—interrupted by the periodic harvesting of results—constantly adapting to changing global economic and political conditions.
- Fifth, multilateral negotiations have tended to stall when major trade powers disagree—and advanced when they find common ground. While countries have not infrequently turned to bilateral, plurilateral, or regional arrangements when they feel their interests are not progressing sufficiently in broader multilateral negotiations—or when they want to exert competitive pressure on the system—the outcomes have tended to be multilateralized over time because of the inherent logic of extending trade liberalization and rules as widely as possible.

2.1 The limited membership GATT

2.3. A central goal of the international community after the Second World War was to build an open, cooperative, and rules-based world trading system—and to avoid a repeat of the 1930s when escalating protectionism and rival trade blocs contributed to the collapse of world trade and the rise of international tensions. The plan was to create a new International Trade Organization (ITO)—alongside the IMF and the World Bank—to oversee a series of multilateral negotiations aimed at lowering tariffs and strengthening rules. These negotiations were based on three broad principles: The first was reciprocity—the idea that negotiations should involve a balanced exchange of liberalization commitments. Not only did reciprocity maximize liberalization outcomes, but it helped to build domestic support for freer trade by balancing export gains against import concessions. The second principle was non-discrimination—the idea that any trade concession granted to one member should be extended to all members.³ In addition to mitigating against

² The goal of reciprocity is reflected in the preamble to the 1947 GATT which notes that the treaty's purpose is the "substantial reduction of tariffs and other trade barriers and the elimination of preferences, on a reciprocal and mutually advantageous basis." However, nowhere did the GATT attempt to define reciprocity, leaving it to members to decide whether import concessions were balanced by export opportunities.

³ In principle, the goals of non-discrimination and reciprocity conflicted to the extent that the MFN principle introduced the possibility that members could enjoy unreciprocated benefits from other members' tariffs reductions. In practice, members went to considerable lengths to avoid delivering "unrequited benefits" to other traders, including by limiting tariff reductions to products exported by principle suppliers and by separating, or "ex-ing out", portions of a tariff item for negotiating purposes. More generally, the link between

exclusionary blocs, it ensured that trade powers, in pursuing reciprocal liberalization, had an incentive to include other major players in their deals as well to avoid "free riding" – thus creating a powerful dynamic to expand freer trade. Concern for reciprocity and non-discrimination, in turn, gave rise to the need for a general code of trade rules. Unless negotiated tariff reductions were reinforced by agreed rules, commitments could be reversed and/or nullified by non-tariff measures. From the outset, however, these general rules were subject to various exceptions, safeguards, and escape clauses resulting in a system that was strong enough to encourage compliance, but flexible enough to allow accommodation. The overall approach was both old and new, deriving its inspiration and design from US bilateral trade agreements of the 1930s, as well as from the League of Nations' interwar economic conferences, but applied to the challenge of creating the first multilateral trading system after 1945.

2.4. Before the ITO charter was finalized in 1948, a "core" group of countries (15 initially which grew to 23) began negotiating a parallel tariff reduction agreement—the General Agreement on Tariff and Trade (GATT)—largely because of concerns that an ambitious liberalization deal would be difficult to reach among the 50-plus countries negotiating the ITO. Even among this smaller group, agreement was not easy. Many in the core group wanted to reduce tariffs across-the-board, or "multilaterally", but because the United States was constrained by congressional authority to negotiate bilaterally, the first GATT round was a hybrid "multilateral/bilateral" approach; countries engaged in simultaneous bilateral, request-offer negotiations the result of which were then multilateralized through the MFN principle to everyone else.

2.5. To "bind" their tariff commitments, the GATT used the draft commercial rules section of the ITO charter with minor modifications.⁴ The United States wanted the rules to outlaw all discriminatory trade arrangements and eliminate most quantitative restrictions, but the Europeans resisted dismantling their balance-of-payments controls and preferential colonial blocs. As a result, existing colonial preferences were grandfathered in the GATT, and Article XXIV exempted customs unions and free trade agreements from MFN treatment—guaranteeing that multilateral and regional trade arrangements would henceforth coexist. For its part, the United States wanted exceptions for its agricultural price support programmes and export subsidies—opening the way for the agricultural sector to be shielded from the liberalizing pressures of future rounds. Despite these differences—and the near collapse of talks on several occasions—the initial Geneva Round resulted in a 30 per cent reduction in average industrial tariffs and, even more important, demonstrated that multilateral trade negotiations could be highly successful.⁵ Although the GATT was intended as a temporary arrangement until it could be absorbed in the new ITO—with excluded countries given a set time-frame in which to join the pre-negotiated tariff agreement—the United States' failure to ratify the ITO several years later left the "provisional" GATT as the only multilateral instrument for managing world trade relations for the next half century.

2.2 Towards 'variable geometry' rules

2.6. The GATT's success in lowering tariff barriers and attracting members created several new challenges by the time of the Kennedy Round (1964-67). One was the challenge of negotiating tariff reductions in a system that had already doubled in size in less than two decades. In particular, the need to integrate new developing-country members in ways that increased their export opportunities without requiring full reciprocity was a growing issue.⁶ Another challenge was trying to discipline non-tariff barriers—which were becoming more salient to trade as tariffs declined—with the existing rules of the 1947 GATT. The newly formed European Economic Community (EEC) posed perhaps the biggest challenge, for the first time creating a negotiating counterweight to US preponderance in the system. All of these factors served to increase the

reciprocity and non-discrimination meant that GATT agreements required a "critical mass" of commitments from the most important traders—a requirement that expanded with the rise of new trade powers.

⁴ Although the trade rules of the draft ITO charter were arguably the most detailed and developed, there were also rules on employment, restrictive business practices, investment, services, and commodity agreements.

⁵ In this first round of multilateral trade negotiations, members concluded 123 agreements, covering around 15,000 tariff items, and affecting about 40 per cent of world trade.

⁶ A related problem was that the request-offer approach to tariff negotiations tended to increase the leverage of the major trade powers—the "principle suppliers"—at the expense of smaller members' interests.

scope of the Kennedy Round—which became the first multilateral negotiation since GATT's creation to attempt rules reform, as well as tariff reductions.⁷

2.7. The results were mixed. In terms of liberalization, the round was highly successful—thanks in part to the adoption of a formula approach to tariff negotiations—with industrial tariffs reduced by an average of 38 per cent. One major disappointment was agriculture which, despite initial plans to begin grappling with the issue, was left largely untouched because of members' unbridgeable differences. Regarding rules reforms, the results also fell short of ambitions, in no small part because of the perennial challenge of getting members—especially the transatlantic giants—to agree on even modest changes to the rules. Although the round resulted in new agreements to allow preferential, non-reciprocal access for developing-country exports—Part IV of the GATT⁸—and to discipline anti-dumping procedures—the Anti-Dumping Code⁹—efforts to update the rules and tackle non-tariff barriers more generally failed to advance. By the end of the Kennedy Round—which had lasted three years instead of the planned six months—some were already asking whether multilateralism in trade had run its course.

2.8. This unfinished reform agenda from the Kennedy Round, the expansion of the EEC, the continued rise of developing economies, and growing turbulence in the world economy—following on the collapse of the Bretton Woods fixed exchange rate system and rapid rise in energy prices—provided the main impetus for the launch of the Tokyo Round (1973-79). Its broad agenda, combined with the fact that there were now 102 GATT members, ensured that the Tokyo Round would be the most comprehensive and wide-ranging multilateral trade negotiation so far, as well as the most protracted and contentious. Once again, transatlantic tensions—especially over agriculture—were a main source of negotiating friction, although for the first time major differences between developing and developed members also complicated the search for agreement. In terms of liberalization, the round achieved a 35 per cent reduction in average industrial tariffs, equivalent to the Kennedy Round—although agriculture was again largely side-stepped.¹⁰

2.9. To solve the challenge of reaching unanimous agreement on rules reform, negotiators sought to clarify and strengthen GATT rules in key areas, such as subsidies, anti-dumping, technical standards, import licensing, customs valuation, and government procurement, by creating six new side agreements or codes (modelled on the existing Anti-Dumping Code) which members were free to either join or opt out of. As well as being less than universal, most of these codes were in principle subject to the same MFN treatment as other GATT rules, meaning that members who opted out could benefit from the commitments of members who opted in.¹¹ While the Tokyo Round achieved the most far-reaching reform of the system's rules since the ITO charter, the codes' limited coverage, ambiguous application, and perceived fragmentation of the system, proved a source of dissatisfaction with the round's results, the resolution of which provided an important motive for launching of the Uruguay Round seven years later.

2.3 Single undertaking-plus

2.10. By the time of the Uruguay Round (1986-94), the GATT system had expanded to 123 members and the constellation of major trade powers included, not only the United States and the EEC, but also a fast-rising Japan, and increasingly engaged developing countries members, such as India and Brazil. The challenge of reaching agreement among an expanded membership was reflected in the fact that the round took four years to launch and required another eight to

⁷ The formation of the EEC provided a major impetus to liberalization in the round as outsiders looked to reduce the trade diversionary impact of intra-Europe free trade by further lowering barriers multilaterally.

⁸ Part IV contains three articles that encourage developed members to assist developing members "as a matter of conscious and purposeful effort" in their trading activities, and not to expect reciprocity for concessions accorded to developing members that were inconsistent with their trade development and financial needs.

⁹ Due to congressional difficulties, however, the United States never signed the Kennedy Round Anti-Dumping Code (as well as another agreement related to customs valuation) and as a result the Code had little practical significance.

¹⁰ Negotiators adopted a formula, rather than a linear, approach which cut high tariffs to a greater extent than lower tariffs.

¹¹ The one exception to broad MFN treatment was the Government Procurement Code. The GATT was silent on matters of government procurement; it refers to government procurement only in Article III.8, where it exempts "procurement by government agencies" from the general obligation of Article III.

complete—double the expected duration. In addition to reducing tariffs and addressing new subjects such as agriculture, textiles, services and intellectual property, the round's goal was to expand the system's rules to all members and clarify ambiguity around their application.¹² Instead of the Tokyo Round's à la carte approach to signing new rules, all WTO members were now committed, not just to negotiating a single package, but to adhering, with flexibilities, to the whole package as well. It is important to note, however, that even this more sweeping conception of the single undertaking allowed for important exceptions. Because of the controversy surrounding the proposal to launch services talks—and because of concerns, especially among developing countries, that progress in goods liberalization would be made conditional on progress in services—a formula was worked out that services would be included in the round only if the negotiation proceeded on a separate track and only if a resulting agreement was kept outside the GATT architecture: hence the creation of the General Agreement on Trade in Services, or GATS, at the end of the Round.¹³

2.11. If each succeeding GATT round had produced more ambitious results than its predecessors—the Kennedy Round dramatically reduced tariffs; the Tokyo Round extended the GATT rules to non-tariff measures—then the Uruguay Round produced the most ambitious results of all. Not only did it cut industrial tariffs by over 30 per cent, bring agriculture and textiles into the system, address services and intellectual property rights, and strengthen the dispute settlement mechanism, but it led to the creation of the WTO.

2.12. The fact that the Uruguay Round delivered the most far-reaching package of trade reforms in GATT history was seen by many as a testament to the success of the "round" approach to negotiations, and in particular to the value of the strengthened single undertaking. They argued that "bigger was better" not just because larger trade-offs met the needs of an ever-expanding membership—and gave them a larger stake in a successful outcome—but because high-profile packages generated the needed political support to bring the negotiations to a conclusion. They also argued that only an ambitious round—where issues were linked—would encourage all members to make progress on the most difficult issues and avoid some members attempting to 'cherry pick' the negotiating subjects that mattered most to them, inevitably leaving the toughest ones behind.

2.13. However, others drew the opposite conclusion. The sheer length of the Uruguay Round and the many moments of near-failure, they argued, underlined the need for faster, more efficient ways to conduct trade negotiations. They also pointed to the fact that while the Uruguay Round was concluded it was not "finished", in the sense that substantive commitments on the two most difficult subjects, agriculture and services, were to a large extent deferred to future negotiations as part of the Uruguay Round's "built-in-agenda". As an alternative to cumbersome, slow-moving, "all or nothing" rounds, they argued that the new WTO—with its stronger institutional structures and increased opportunities for policy dialogue and information sharing—should provide a forum for more focused, more efficient sector-by-sector negotiations.

2.14. Over the next five years, the WTO pursued this sector-by-sector approach with mixed results. On the one hand, it delivered early stand-alone agreements on financial services and telecommunications—as well as on trade in information technology products—which suggested that more focused negotiating approaches could work for certain subjects. On the other hand, the WTO failed to conclude a maritime services agreement—or to significantly advance other proposed sectoral initiatives—which seemed to point to the need for trade-offs with other issues for some subjects to advance. As members approached the built-in-agenda's 2000 deadline for launching negotiations on agriculture and services a growing number were persuaded that meaningful progress could only take place within a larger package of negotiations that included more scope for trade-offs. A main impetus for launching the Doha Development Agenda (DDA) in 2001 was therefore the mounting pressure to tackle agriculture in particular—an issue which had been sidestepped for most of the GATT's history and was only partially addressed in the Uruguay

¹² Addressing the status of the codes was important to many developing as well as developed members, but for opposite reasons. While code members were concerned about non-members "free riding" on their commitments, non-members were concerned about ambiguity surrounding the code's non-discriminatory application.

¹³ For the same reason, the proposal to create the WTO at the end of the Uruguay Round was controversial, in part because in placing the GATT, GATS, and TRIPS agreement under a single legal umbrella, goods and services obligations were now linked in a way that some members had initially wanted to avoid.

Round—and to make progress on other market access issues more generally where developing countries felt that the Uruguay Round results had fallen short, leaving the system unbalanced.

2.4 The Doha Development Agenda: the most ambitious round yet

2.15. In many ways the DDA—the ninth round of multilateral trade negotiations—represented the most ambitious undertaking so far. It tackles the toughest issues left over from previous negotiations—agricultural subsidies, services liberalization, tariff peaks and escalation, preference erosion, non-tariff barriers, etc. It also includes the largest number of actors and covers the biggest share of the world economy. With China, Russia, and 31 other new members now at the negotiating table—a fifth of the WTO's membership—the DDA represents the first truly global trade negotiation in history. Progress in the round has been disappointing to say the least so far, with many missed deadlines and an increasingly complex set of external circumstances impeding agreement. At the same time, there have also been several specific advances. Among other things, members have established a new transparency mechanism for regional and other preferential trade arrangements, and they have reaffirmed their commitment to eliminate agricultural export subsidies and to expand duty-free treatment for least developed countries' exports.

2.16. By far the biggest breakthrough came at the 2013 Bali ministerial conference when members concluded a package of 10 ministerial decisions/declarations on agriculture, development and Trade Facilitation which collectively represented the most significant advance in the Doha Round since its launch. On agriculture, ministers agreed to facilitate developing countries' efforts to promote food security, to improve the way tariff rate quotas are managed, to increase scope to subsidize rural livelihood and land use programmes, and to make progress on cotton within the agricultural negotiations. Regarding development, ministers agreed to establish a new monitoring mechanism to analyse progress in implementing special and differential treatment provisions and, for the least-developed countries, to help them to better use export preferences by improving the transparency of preferential rules of origin, to improve the implementation of duty-free and quota-free market access programmes, and to put into operation a waiver allowing members to grant preferential market access to LDC services and service suppliers.

2.17. The Trade Facilitation Agreement—the first new global trade accord in 20 years—represented a major achievement. Designed to streamline customs procedures, reduce red-tape, increase transparency, encourage national customs cooperation, and generally ease cross-border trade, it has been estimated that the agreement could contribute between US\$ 400 billion and US\$ 1 trillion to the world economy, with many of the key benefits flowing to developing countries. Beyond demonstrating that multilateral negotiations can deliver results—particularly in an area of growing relevance to the private sector—the Bali package has renewed confidence in the WTO's negotiating machinery and raised hopes for broader progress in the Doha Round.

3 THE FUTURE OF MULTILATERAL TRADE NEGOTIATIONS: MORE OPPORTUNITIES, MORE CHALLENGES

3.1. The fact that the DDA has taken even longer than previous rounds has inevitably renewed debate about whether—and how—multilateral trade negotiations can be improved. Key questions include: Could more progress be made in stand-alone, sectoral negotiations than in big multi-issue rounds? Should certain new agreements be optional—allowing some members to go further and faster than others—rather than universal? Is there scope for negotiating "soft" rules—backed up by monitoring, peer review, and other transparency mechanisms—as well as "hard" rules—enforceable through binding dispute settlement? Should negotiations be driven by the search for cooperative solutions to collective action problems as much as by the exchange of market access concessions?

3.2. Three observations are relevant to these debates. The first is that most—if not all—of these approaches are already operational in what is a highly flexible and adaptable trading system. Throughout its history, the GATT/WTO has combined multi-issue negotiations with single-issue negotiations, universal rules with flexible and plurilateral rules, hard law with soft law, in order to create a global system that allows for diversity as well as integration.¹⁴ The consensus rule—

¹⁴ Obligations vary widely across WTO members. In the GATT, members schedule country-specific commitments for tariffs on goods (agricultural and non-agricultural) as well as in other quantifiable areas such

designed to prevent negotiations (and agreements) from being imposed on individual members, not to prevent other members from negotiating—has clearly not been an impediment to the system's evolution so far, contrary to what is sometimes asserted. Indeed, the recent Trade Facilitation Agreement is striking example of the system's capacity for innovation and reform. It breaks new ground in allowing developing and least developed-country members to determine their own implementation schedules and by explicitly linking implementation to their technical and financial capacity. It was also driven by members' desire to improve cooperation—on customs processes, information exchanges, and border agency collaboration—rather than by their exchange of market access concessions, further highlighting its relevance to future WTO rule-making. The fact that the negotiations were the most inclusive and transparent in the GATT/WTO's history—with all members engaged in a "bottom up" process of discussion and design—underscores not only how new negotiating paradigms can deliver significant results, but how multilateralism—regardless of the size and diversity of participants—is no impediment to progress on trade reform. The WTO is hardly a "one-size-fits-all" system. Indeed, with 161 members, at different stages of development, and with varying interests, needs, and capacities, a multi-speed WTO is more necessary than ever. The choice is between allowing members to cooperate on different issues and at different speeds inside an inclusive global system—with common rules, transparency mechanisms, and dispute settlement procedures—or outside of it through exclusive and competing regional blocs.

3.3. The second observation is that in this increasingly complex and diverse global trading system there is no single, optimal negotiating model. Some subjects—such as trade facilitation—can be solved in single-issue negotiations whereas others—such as agriculture—are more likely to advance when combined with other issues in a more comprehensive package of negotiations. On certain issues—such as government procurement—only a sub-set of members may choose to negotiate, whereas on other issues—such as subsidies—universal engagement is needed. Small groups may make agreement easier but the results are narrower; single-issue negotiations will address some members' concerns but not necessarily others. There are trade-offs. One incontrovertible fact is that in an increasingly interdependent and multipolar global economy, multilateral trade cooperation is becoming more, not less, important. No regional grouping, however far-reaching, can comprehensively address agricultural subsidies, e-commerce, trade remedies reform, the link between environment and trade rules, and the many other issues that are inherently global. This is why bilateral, regional and now mega-regional arrangements need to advance in ways that complement the global trading system on which all countries increasingly depend—the most powerful, for managing their trade relations; the less powerful, for preventing their marginalization and keeping them on a path to economic growth and development.

3.4. A final observation is that multilateral negotiations progress when members agree; they stall or splinter into regional efforts when members cannot agree. The biggest challenge in the Doha Round lies not in reforming the negotiating machinery as such. Rather it lies in finding a win-win package of global trade reforms that delivers benefits for all members. The source of the current impasse is not that a willing majority is being held back by an unwilling minority—or that there are now too many members to negotiate multilaterally—but rather that the key players have yet to reach a doable agreement. This situation is hardly unique to Doha. Every previous multilateral negotiation has also suffered repeated delays, deadlocks, and predictions of failure when powerful members seemed unable to bridge their differences, only to be resolved by a last-minute breakthrough and compromise. It is not necessarily surprising that the Doha Round is taking longer than expected given that is grappling with the same basic challenge that preoccupied its predecessors, namely how to achieve as much trade cooperation as possible among as many countries as possible. And this is in a more integrated global economy, with more trade actors, and where the stakes are higher. But if members can find common ground—and if Bali-like innovation and flexibility is embraced—then the system will respond and agreements are doable

as agricultural subsidies. In the GATS, there are even more detailed means of scheduling country-specific commitments (including the extent to which members are prepared to offer national treatment in specific services sectors). There are also a number of categories of provisions in the WTO's general rules designed to differentiate among members' rights and obligations. In addition, there are the special and differential treatment provisions for developing and least-developed countries across the GATT, GATS and TRIPS agreements. Finally, there are voluntary agreements—such as the Code of Good Practice for the Preparation, Adoption and Application of Standards (annexed to the Agreement on Technical Barriers to Trade)—and plurilateral agreements—such as the Government Procurement and Civil Aviation agreements.

3.5. The Bali success, after many disappointments and false dawns, has restored confidence in the WTO and demonstrated that progress in the broader round is possible when members' collective interests prevail. In the end, members will decide whether to build on this momentum, acknowledge their shared stake in an effective WTO, and find the compromises needed to conclude the round—or instead to stick to their current positions, allow this window of opportunity to pass, and risk the marginalization of the system as an effective negotiating forum. Multilateralism has become increasingly complex and difficult, even as it has become increasingly important.
