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SHAPING MULTILATERAL TRADE: THE CHANGING INSTITUTIONAL LANDSCAPE

*Gloria Abraham Peralta
and Adriana Campos*

INTRODUCTION

This chapter highlights the fact that many international trade stakeholders agree on the urgent need to **strengthen the multilateral trade system** and its governing body, the World Trade Organization (WTO). This will mean that the WTO will need to strengthen its intrinsic negotiating function, in particular its ability to achieve results in different processes in the trade agenda, and particularly in the negotiations on agriculture. Indeed, it has failed to completely fulfill its mandate to deepen the reform process, through the adoption of key disciplines in the major negotiation pillars, among them, domestic support, export restrictions and **the search for innovative options to fulfill the Bali mandate on the establishment of public entities to promote food security**. Moreover, negotiations on other issues that are relevant to a significant group of countries, such as market access, are moving at their own pace.

Undoubtedly, tackling major challenges such as **food security and climate change** will require **innovation and the adoption of new technologies and science**, in order to increase production and the productivity of agrifood systems. Production volume, quality and sustainability must be improved, without losing sight of the fact that producers are social and economic players in the countries whose economic activity must be profitable. It must also be mentioned that trade and national production play an important role in achieving **global food security**.

STRENGTHENING MULTILATERALISM

During the first quarter of the 21st century, multilateral trade has been the cornerstone of economic growth and development, particularly in developing countries. Thus, to enhance the strategic role of agrifood trade, nations must streamline this system to make it more open and transparent, while ensuring that its rules are based on scientific criteria. As such, members must **participate effectively in forums such as the WTO ministerial conferences.**

After a protracted and complex negotiation process, the creation of the WTO in 1995 marked a step forward in bolstering the legal framework and defining rules to govern international trade dealings among countries. Of particular note in the case of agrifood trade was the adoption of disciplines that seek to: 1) increase market access, 2) improve market stability, 3) apply appropriate mechanisms to curtail unfair trade, 4) foster investment and innovation and 5) promote sustainable development.

In recent years, various economic and political events have erupted on the international scene, which have undermined the relationship between countries, which are the fundamental players in the multilateral trade system. This new dynamic has not created an enabling environment for members to reach a consensus on fundamental issues, such as trade rules, which has negatively impacted the proper functioning of global value chains.

This has weakened the multilateral trade system and directly affected developing economies, particularly those that are linked to international trade flows, which demonstrates the urgent need to work on bolstering the multilateral system, and in particular on reformulating the institutional structure that supports it. According to the Director General of the WTO, it calls for a “reglobalization” effort.

As such, there are various specific issues that need to be evaluated, and in some cases redefined:

- In the WTO, the adoption of decisions by consensus has become a complex task, given the absence of a positive, agile and flexible approach that makes the process more expeditious. Therefore, alternatives to consensus must be identified.

- The different crises experienced since 2008 have prompted some members to increase the adoption of protectionist measures, such as unilateral trade restrictions, increased subsidies, the use of domestic policy regimes as a justification for not adopting decisions and the failure to comply with mandatory notifications within the appointed time and manner.
- The war in Ukraine has triggered more intense geopolitical discussions. There is a growing insistence on regrouping countries according to political affinity or geographic proximity (*friendshoring and nearshoring*), eventually resulting in economic decoupling, which is seen as an alternative to globalization and to the rules that underpin multilateralism.
- The strengthening of transparency has been employed as a cross-cutting tool.
- The full functioning of the Dispute Settlement Body is one of the crowning achievements of the agreements that led to the establishment of the WTO.
- Greater regulatory convergence is being sought, given that the proliferation of varying regulations could impede cross-border trade, even if the regulations have legitimate objectives.

The restructuring of multilateralism, in general, and of agrifood trade, in particular, is essential in order to tackle current challenges and ensure fair and sustainable trade at the global level. New strategies and policies must be formulated to strengthen the WTO, not only with respect to its traditional areas of priority, but also in relation to new disciplines that have been incorporated in the global scenario.

The countries of the Americas, primarily in LAC, have benefitted from multilateral trade and from the existence of the WTO, and therefore should commit to processes to strengthen it. They currently chair some of the regular bodies of the Organization and participate in special negotiation groups, joint initiatives and declarations; and in the “Friends of the System” groups, which undertake initiatives to create closer ties with less proactive members to deepen trade reform. This is tremendously important as it could promote the execution of more effective joint actions to benefit the region in the restructuring of the WTO.

INTERRELATIONSHIPS LINKED TO INTERNATIONAL TRADE

An **integrated, simultaneous and multi-faceted approach** to various **economic, social and environmental issues** is required, embodied in four main concepts: a) national production, b) international trade, c) the development of **science, technology and innovation** and d) **climate change adaptation**, which are fundamental to the formulation of new public policies to benefit food security and environmental sustainability in the Americas.

International trade helps producers, particularly those from developing countries, to access **innovation** and new tools that facilitate their entry to international markets. **Technological innovation** in the agrifood sector provides the necessary tools to produce safe, nutritious and affordable food for the global population, and at the same time, contributes to climate change mitigation and adaptation.

There is a growing trend in international markets to unilaterally approve and implement **environmental rules** with no scientific justification, based on unclear criteria and insufficient studies, creating unnecessary technical barriers to the trading of agricultural products, impeding access to international markets and reducing the competitiveness of producers.



CONCLUSION

For several decades international trade has been an essential component of the strategy adopted by Latin American and Caribbean (LAC) countries, which have promoted entry into the international economy as a source of export markets and direct foreign investment.

Since the WTO was created, international trade has been dynamic and experienced substantial growth, which suggests that the organization's establishment and the adoption of rules governing the international trade of goods and services have been beneficial for member countries, including those in LAC. According to the Trade Data Monitor (2023), during the 2020-2022 period, on average, the Americas and LAC accounted for 30.2% and 16.5% of global agrifood exports, respectively.

The smooth functioning of the multilateral trade system will guarantee better conditions for developing countries to participate in international trade, in particular, net food exporting countries.

This positive performance will depend on the modernization of the WTO. Thus, the revision of existing regulations to tailor them to current conditions, must incorporate innovative disciplines, such as those related to the sustainability of production, trade and food security.