

How Should WTO Members Choose Among the Nine Candidates for Director-General?

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The race to determine who will take the mantle of the WTO from current Director-General Pascal Lamy – who steps down in August this year – is now well underway. The nine candidates vying for the job are set to address the organization's Membership this week at a three-day meeting of the WTO General Council.² The choice of Director-General – the first new one since 2005 – is crucial because movement is urgently needed on many fronts: on the negotiating side, the Doha Round is well into its twelfth year, with no end in sight; questions abound on the vision and strategic direction for the multilateral trading system; and at the institutional level, reforms are required in order to ensure the WTO is fit for purpose. Addressing these challenges will require exceptional leadership.

Although some commentators and experts have asserted strong views on the mandate of the WTO, it is far from clear that Members always agree on what the organisation should be for, beyond resolving disputes based on the existing set of rules. As such, Members may also have very different visions regarding the appropriate role of the Director-General, and thus what the ideal DG would be like.

The Director-General selection process should be grasped as a much-needed opportunity for WTO member states and stakeholders to re-engage in dialogue on a vision for the future of the multilateral trading system and what kinds of leadership it needs to address today's challenges. On this basis, Members should clarify what they consider to be the appropriate role of the Director-General, and use merit-based criteria to select the best-qualified candidate for the job.

The Vision for the WTO and Role of the DG

The WTO faces a series of well-known challenges to its credibility, most notably 12 years of Doha negotiations that have yet to yield a deal. The WTO's relevance has also been questioned, amidst compelling arguments that some of the current negotiation agenda is 'old' agenda and misses critical new issues. Confidence in the organisation is alarmingly low as businesses and the major trade powers increasingly turn to regional/bilateral negotiations where deals seem more likely. The WTO's legitimacy is also at stake as many parliamentarians and stakeholders still raise concerns about the fairness,

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² After each nominee presents themselves to the WTO General Council this week and responds to questions from Members, the General Council Chair – together with the Dispute Settlement Body and Trade Policy Review Body Chairs – will hold consultations with the Membership in order to find a candidate upon which they can reach consensus. A vote is an option, but a last resort. Through iterative rounds of consultations, candidates with the least amount of support are expected to withdraw (degree of transparency on how the three Chairs plan to discern and rank preferences among the long list of candidates would be welcome), ending with the appointment of the organisation's new head by the end of May 2013.

accountability, and environmental sustainability of the WTO and its rules.

Meanwhile, real-world crises worsen and demand urgent attention. While Doha stagnates, the global financial crisis has slowed trade flows critical for the livelihoods of many communities. Some of the world's key fish stocks face irreversible depletion with disastrous economic and social consequences for the communities and countries that rely upon them. Farmers in poor communities suffer daily because their produce cannot compete in skewed global markets. International trade in natural resources is growing, but not the regulatory framework needed to address risks to business and societies, such as price volatility, environmental degradation through resource extraction and use, and political fights over access and profits.³

Tackling these challenges requires a clear vision of the future of the WTO and its DG. Key questions at hand include: How can the WTO contribute to global economic governance, recovery and stability in the context of ongoing financial crisis? What are the values it should protect and support? What should be the role of the multilateral trade system in advancing progress on the global community's most critical goals – reducing poverty and inequalities; promoting environmental sustainability, human rights and political stability; and creating economic opportunities that generate stable, rewarding livelihoods for all?

There is considerable ambiguity about the role of the DG in shaping the WTO's vision and advancing action. A conservative view is that an incoming head who attempts to assert leadership on questions of vision, negotiation outcomes, or institutional reform risks backlash from Members intent on preserving the Member-driven character of the organisation. Sceptics thus warn that expectations about the impact of the choice of DG should be tempered.

However, it is worth remembering that despite their minimal leeway for political steering in formal WTO decision-making processes, WTO DGs have demonstrated considerable latitude to operate outside them. Consider, for instance, the Aid for Trade initiative, which was launched by Lamy soon after he took the job - or on the analytical side, the ongoing work with UNEP and the ILO on climate change and employment. Lamy has boosted the WTO's monitoring of protectionism and has been called upon by Members to mediate some disputes. He has regularly made high-profile speeches on a diversity of policy debates and global governance questions relevant to the WTO. While the Director-General cannot 'make' Members complete negotiations - Pascal Lamy has certainly worked valiantly to advance any viable prospects - the role can and is used to spur action among negotiators, galvanise support from political leaders, and reach out on the Members' behalf to stakeholders. With the Director-General currently chairing the WTO's Trade Negotiations Committee, suggestions that the role should be limited to 'running the Secretariat' seem out-of-touch.

Importantly, for the broad global public, the Director-General is the representative face of the organisation and what it stands for. The Director-General is also a source of continuity amidst a constantly changing cast of Ministers and Ambassadors, with even the General Council chair - the top job filled by WTO Members – rotating annually.

In light of these realities, and the importance of the need for leadership to address the challenges at hand, WTO Members need to embrace a nuanced and careful dialogue on the DG's role go beyond broad assertions about whether or not the DG should play a political role in what none contest should remain a Member-driven organization, to embrace a careful dialogue on the nuances of that role. Indeed, it would make sense for like-minded ambassadors to hold meetings outside the General Council chair's process to generate shared understandings about what they want from the organization and how this shapes what is needed for DG role.

Choosing the Right Director-General

With nine nominees, the WTO Membership is faced with its greatest ever number of candidates for the post of Director-General. Among these are its first-ever female candidates, with three women in the race. Notably, eight nominees are from Members self-designated in the WTO as developing countries: Brazil, Costa Rica and Mexico in Latin America, Indonesia and South Korea in Asia, Ghana and Kenya in Africa and Jordan): the only developed country candidate is from New Zealand. Only one previous WTO Director-General has been from a developing country.

³ See Chatham House's 2012 report on *Resources Futures*.

Too often, races to head international organisations are dominated not by merit, but by politics. These include practices (and sometimes rules) on rotation between developed and developing countries or by region, political exchanges of support by governments on their candidates for the head of other international organisations,⁴ and the jostling for position by insiders. At the WTO, the political manoeuvring is even more complex due to a web of alliances on specific issues of trade negotiation and other regional/bilateral trade arrangements among Members.

How Do Candidates Propose to Respond to the WTO's Challenges?

All of the candidates for Director-General have extensive experience in the multilateral trading system. To discern who among them has the competences and skills that best merit the organisation's top job, WTO Members should consider how each will address the following five challenges.

First, Members should focus on which candidate can help galvanise them on the question of the vision and strategic direction of the multilateral trading system (MTS) and the Secretariat. Specifically, candidates should propose how they think the WTO Ministerial Conference this December can make concrete progress on addressing the key challenges facing the organization. This of course is not to say that the Director-General should be an activist who imposes his/her vision on WTO Members – such efforts would in any case be unlikely to succeed – but rather that he or she should be expected to work proactively to synthesise perspectives and propose options that might catalyse action by Members.

Second, the candidates should propose a strategy for reinvigorating the WTO as a forum for multilateral negotiations on trade rules and liberalization. On all sides, the Doha Round has fallen far short of expectations. To reiterate the mantra that the Round should be re-energised and concluded helps little.

Today's negotiations face substantive problems, such as the complexity of the issues under discussion and entrenched national interests. There are also procedural hurdles, as – at 157 Members⁵ – the WTO Membership is large, growing and diverse, which in an organization that operates by consensus can make even the smallest negotiation complicated. Director-General candidates should be able to offer Members suggestions on how to advance negotiations in ways that reflect the spirit of the Doha Development Agenda, while offering sufficiently concrete benefits to major players and the diversity of the WTO's Membership to keep them on board.

The incoming Director-General will have to be able to help Members explore alternative ways of conducting negotiations – such as through plurilateral and critical mass agreements – and review the single undertaking principle. Momentum in any future trade negotiations will also require redefining the terms of engagement between traditional 'developed countries' and emerging economies, and delivering on promises to developing countries, particularly the smallest and poorest WTO Members. Such countries are especially vulnerable to changes in trade flows, policies and rules but too often still remain left out of decision-making dominated by the major trade powers. On these highly sensitive matters, the ideal Director-General will be the one most able to help advance a process that strikes the difficult balance of inclusiveness, transparency, public legitimacy and efficiency.

What does each nominee suggest that the Bali Ministerial Conference – slated to be held in December 2013, just few months after the new DG takes office – could deliver in terms of a Doha mini-package? What would such a hoped-for package – which is currently being envisaged as a possible trade facilitation deal with some selected agricultural issues and Special and Differential Treatment (S&DT) components – mean for the rest of the Round post-Bali? And what would be the game plan for the Doha and non-Doha work of the WTO if no such "early harvest" deal emerges?

Third, the new DG should propose how he/she will engage Members and shepherd discussion on the so-called 'new' or '21st century' issues not fully or formally addressed under current negotiations. These include, but are not limited to, topics such as energy/climate change, food security in times of high and volatile prices, the emergence of global value chains, and the explosion of private standards and other trade barriers. Even where governments choose not to negotiate on these controversial issues at the WTO, the DG should propose spaces and processes within the global trade body for dialogue on the inevitable linkages between these subjects and the multilateral trade system. Where work is to be referred or shared

⁴ The UN Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC) and the UN Industrial Development Organization all face changes of leadership in 2013.

⁵ There will be 158 by 2 February 2013 with the accession of Laos. Tajikistan is soon expected to follow.

with other international fora, the Director-General needs to be able to network with other organisations and their executive bodies on behalf of the WTO's membership.

Fourth, after almost 20 years of existence, the candidates should be explicit about where they believe the WTO needs updating or strengthening to ensure it is fit for purpose. As the Doha Round has languished, the organisation's vital day-to-day work has been where much of the recent action has occurred. In addition to reinvigorating the WTO's negotiation function, key institutional challenges before the incoming DG will be to improve the work of regular WTO Committees, tackle constraints to use of the WTO's dispute settlement system by many developing countries, facilitate fair accessions of new Members, respond to a rising number of trade disputes, further boost Aid for Trade and trade finance, and find spaces to enable debate and problem solving on new issues not covered by negotiations but central to the WTO's relevance.

Key among institutional challenges is how the multilateral trading system relates to other governance regimes, particularly amidst efforts to improve wider global economic governance, a proliferating suite of regional, plurilateral and bilateral trade agreements, and the myriad of 'non-trade' regimes that have a bearing on trade relations. In particular, there is the need to rethink the way in which the WTO relates to RTAs (particularly given the consolidation of 'mega-regionals' exemplified by the TransPacific Partnership (TPP) negotiations) and the family of UN organisations.

Finally, after over a decade of Doha negotiations, many commentators have lost sight of the fact that the views of domestic legislatures and public opinion and expectations – not just those of governments and the private sector - regarding the fairness and legitimacy of any deal will ultimately impact whether these are ratified and how they are implemented. In the nearly 20 years since members concluded the Uruguay Round negotiations that launched the modern-day WTO, the range of public interest concerns – from human rights and environmental sustainability to public health and food security – have expanded, rather than abated. This, in turn, will make any WTO deal tough to sell to the public.

The nominees thus need to propose a renewed vision for the WTO's external relations, most notably on how the institution and its chief should engage with parliaments and non-state actors, including the private sector and NGOs. Candidates must convince the Members of their ability to help build the public's understanding of the institution, boost public accountability, and bolster the legitimacy of the multilateral trading system – including through their public outreach efforts during the selection process.

The Personal Merits Needed for the Top Job

In order to ensure that they select a DG who can help Members address these challenges, the focus should be on selecting the candidate who best demonstrates excellence in the following five personal qualities, namely:

- a) **Leadership**. As the head of the WTO Secretariat, the Director-General will have a critical responsibility for catalyzing and guiding constructive debate on its future. This requires a combination of vision, strategic thinking, initiative, determination, humility and charisma. He or she must be able to build and sustain dialogue with other international agencies, high-level intergovernmental processes (such as the G-20), Heads of State, Ministers and various other stakeholders in order to identify how the WTO can best contribute to the above-mentioned goals.
- b) **Technical excellence** on trade policy, law, negotiations and trends, combined with the intellectual prowess to engage dynamically on a broad range of related global challenges – economic, social, environmental and political;
- c) **A demonstrated commitment to public policy goals**, particularly development, and to addressing the special needs and circumstances of the WTO's poorest and smallest Members. The Director-General must be able to foster discussion on a vision for the multilateral trade system that is informed by a set of common values beyond the mere arbitration of mercantilist national interests or those of his/her country of origin. If the WTO is to have legitimacy in the eyes of the public, then who the leader is – and what he or she stands for - matters. The Director-General should have personal and professional credibility to convene and participate in debates on the relevance of the multilateral trade system to issues as diverse as development, employment, environment, agriculture, culture and public health.
- d) **Diplomatic skills to mediate tensions and build consensus**. The right DG will be a *trusted* listener who can effectively command the support and respect of the diversity of the WTO's

Members at the highest level of government, is willing and able to understand the diverse perspectives of a heterogeneous organisation, and can engage with the full range of its stakeholders. The WTO chief needs to be able translate political guidance and will from Ministers and Heads of State into concrete action by working with Geneva-based diplomats and technicians.

e) Any nominee for the post of Director-General must be **a highly capable administrator** with proven management skills, qualifications and experience to ensure high levels of performance of the Secretariat and its staff across the range of the WTO's functions.

As in previous selection processes, opportunities for public debate and to 'meet the candidates' should serve as vehicles for organised stakeholders – such as business communities, parliamentarians, NGOs and academics - to re-engage in dialogue on the performance and public expectations of the multilateral trading system, while also building the public support needed to conclude new trade rules.

The Nine Candidates Nominated for the Post of WTO Director-General



Alan Kyerematen,
Ghana



Amina Mohamed,
Kenya



Anabel Gonzalez,
Costa Rica



Herminio Blanco,
Mexico



Mari Elka Pangestu,
Indonesia



Roberto Carvalho de Azevedo,
Brazil



Taeho Bark,
Republic of Korea



Ahmad Hindawi,
Jordan



Tim Groser,
New Zealand