

## **Latin America: in favor of multilateralism and the modernization of the WTO**

*We are a group of Latin American professionals who in different capacities in government, academia and international organizations have been linked to trade issues. On the occasion of the G20 summit, we wish to express our concern with trade policies that are eroding multilateralism and our view on modernization of WTO.*

1. The multilateral trading system (MTS) is in deep crisis. The two main economies are engaged in trade disputes that affect the global economy and transgress WTO disciplines. Other countries have reacted with retaliatory measures. For its part, the USA is blocking the appointment of new members of the WTO Appellate Body which could render it inoperative by the end of 2019. The proximity of a terminal WTO crisis alerts to the need to preserve it, by reforming and adjusting it to the new requirements of the global economy.
2. The MTS has not been able to deal with the economic and trade challenges of the 21st century: the intensity of technological change; the emergence of China and other countries in Asia as relevant players in world trade; the industrial organization around value chains; the plethora of preferential trade agreements promoted by the US, China and the EU; and finally, digital trade and the links of trade and environment, climate change and the world of labor.
3. The great merit of the WTO lies in its founding principles, which all its members have committed to abide by. Key in this regard are Non-discrimination embodied in the principles of National Treatment and Most Favored Nation; Reciprocity; Transparency and of course escape clauses used in well-defined situations. What is at stake is to either defend trade governed by rules or go into different system where political power prevails in trade and investment. In the latter scenario, developing countries would be affected the most.
4. The main players in world trade have opted to negotiate bilateral preferential agreements, limiting the WTO's capacity to address new issues. As the Doha Round was unable to deal with the outstanding issues of the 20th century, the relevance gap between WTO and preferential agreements has been increasing. This tension between the multilateral, regional and bilateral levels weakens the WTO, rendering it incapable of addressing the issues of the 21st century, without having fully resolved the outstanding problems of the 20th century, particularly agriculture.
5. Improving the pertinence and relevance of the WTO requires strengthening its functions: administration of trade agreements, trade negotiations forum, dispute settlement, review and monitoring of trade policies. This a complex and long-term agenda that is urgent to address with pragmatism and gradualism. It is obvious that this challenge cannot be addressed without the United States, but neither can it be done without China.
6. Multiple initiatives have emerged to address these issues. The most recurrent themes refer to: i) improving the monitoring and transparency of trade measures; ii) improved subsidy disciplines that limit the most distorting ones; iii) international cooperation and control of anti-competitive practices of state and private enterprises; iv) conclude negotiations on agriculture, substantially increasing access to markets, reducing all domestic support that distorts, with a view to its progressive elimination; v) strengthen the mechanism for reviewing national trade policies (Trade Policy Review Mechanism).
7. The WTO must: i) update the Special and Differential Treatment, adapting it to economic and commercial realities, ii) improve procedural aspects, facilitating flexible multilateralism, with variable geometry, including through plurilateral agreements which benefits are extended to all members of the WTO.

8. The monitoring and analysis capacity of the WTO Secretariat needs to be strengthened to level the playing field and reduce information asymmetries, improving the quality of notifications, reinforcing its collaboration with the OECD, the World Bank and UNCTAD. and the IMF, among others.

9. An increasingly relevant issue is to address the links of trade with inclusive and sustainable development. Legitimizing trade as a tool for growth, innovation and access to new technologies requires a reflection on its link with other public policies, especially to compensate the losers. Financial and technological support to SMEs and job training should be more integrated with trade agreements.

10. The reform and modernization of the WTO to defend multilateralism is the main challenge. To adapt it to new times and requirements is peremptory. This not only refers to the new trade issues but also to the need to incorporate trade into an inclusive and sustainable development framework. Latin America cannot remain on the sidelines of this crucial debate. It is time for our leaderships to manifest itself. Mercosur and the Pacific Alliance have an irreplaceable role but so far it has not been manifested. The next meeting of the G20 in Buenos Aires is an opportunity for the region to pronounce itself.

11. The deterioration of multilateralism in trade and the politicization of trade and investment threatens to bring the cold war of the 21st century to our region. Latin America should not allow it. To proactively participate in the WTO reform and modernization debate is a good step towards preserving multilateralism. To defend the achievements in trade and regional integration, favoring the convergence of Mercosur and the Pacific Alliance is another.

Sign:

1. Enrique Iglesias, Former President of the Central Bank of Uruguay, Former Minister of Foreign Affairs of Uruguay, Former President of the IDB, Former Executive Secretary of ECLAC and President of the Ministerial Meeting of the Uruguay Round, which gave rise to the WTO

2. Nicolas Albertoni, Uruguay, Principal Researcher Trade Policy Project, University of Southern California.

3. Francisco Alvarez de Soto, Former Vice-Minister of Trade Negotiations and Former Minister of Foreign Affairs of Panama

4. Ignacio Bartesaghi, Dean, Faculty of Business Studies, Catholic University of Uruguay.

5. Carlos A. Primo Braga, Associate Professor, Fundação Dom Cabral, Brazil, former Director Economic Policy and Debt, The World Bank; Former Senior Trade Advisor, The World Bank; Former Director, The Evian Group @ IMD.

6. Nathalie Cely, Former Minister of Production and Former Ambassador of Ecuador to the USA.

7. Aluisio de Lima-Campos. Professor of Trade Policy at American University, Washington DC, President of the ABCI Institute - Brazilian International Trade Scholars Inc.

8. Fernando de Mateo, Former Ambassador of Mexico to the WTO, Former Chairman of the WTO General Council and Former Head of the International Trade Negotiations Unit

9. Francisco de Rosenzweig, Former Under Secretary of Commerce of Mexico. Negotiator Pacifico Alliance and TPP.

10. Eduardo Ergas, Executive President of Promotion of Exports and Investment, CORPEI, Ecuador.

11. Cristian Espinosa C., Ambassador, Former Vice Minister of Foreign Trade of Ecuador, Former Chief Negotiator of the FTA with the United States.

12. Carlos Furche, Director of Economics of Agricultural Development FAO, Former Minister of Agriculture of Chile and Former Director General of International Economic Relations.
13. Hernando José Gómez, Former Director of the National Planning Department (DNP), Former Chief Negotiator of the FTA of Colombia with the US and Former Ambassador of Colombia to the WTO.
14. Anabel González, Former Minister of Foreign Trade of Costa Rica; Former Director of Agriculture of the WTO, Former Senior Director of the Global Practice on Trade and Competitiveness of the World Bank
15. José Miguel Insulza, Former Secretary General of the OAS, Former Minister of Foreign Affairs and Former Minister of the Interior of Chile.
16. Alejandro Jara P., Former Director General of International Economic Relations, Former Ambassador of Chile to the WTO, Former Deputy Director General of the WTO
17. Ricardo Lagos Weber, Senator, Former Minister General Secretary of Government, Former High Official for APEC, Former Deputy Chief Negotiator for the Chile-US FTA.
18. Roberto Lavagna, Former Minister of Economy, Argentina and Former Ambassador to the WTO.
19. Dorotea López, Director of the Institute of International Studies, University of Chile.
20. Felipe Muñoz. Vice Director of the Institute of International Studies, University of Chile.
21. Olga Lucia Lozano. Former Vice Minister of Foreign Trade, Former Deputy Permanent Representative of Colombia to the WTO, where she chaired the Subsidies Committee.
22. Carlos Mladinic, Former General Director of International Economic Relations, Former Minister of Agriculture of Chile
23. Beatriz Nofal, Former Secretary of State for Special Affairs of G20 and Sherpa Argentina of G20, of the Ministry of Foreign Affairs and Worship of the Argentine Republic
24. Félix Peña, Former Under Secretary for International Economic Relations of the Argentine Ministry of Foreign Affairs and Foreign Trade; Director of the International Trade Institute - ICBC Foundation
25. Andrés Rebolledo, Former Minister of Energy of Chile, Former General Director of International Economic Relations.
26. Martín Redrado, Former President of the Central Bank of Argentina, Former Secretary of Trade and International Relations.
27. Miguel Rodríguez Mendoza, Former Deputy Director General of the WTO, Former Minister of International Economic Affairs of Venezuela.
28. Osvaldo Rosales, Former General Director of International Economic Relations, Chief Negotiator of the FTA. Chile-USA, Former Director of the Division of International Trade and Integration, ECLAC
29. José Manuel Salazar-Xirinachs, Former Minister of Foreign Trade of Costa Rica; Former Director of the Trade Unit of the OAS; Former Director of Global Employment at the ILO; Former Regional Director of ILO for Latin America and the Caribbean.
30. Mariana Sarasti, Former Vice Minister of Foreign Trade of Colombia.
31. Magali Silva Velarde-Alvarez, Former Minister of Foreign Trade and Tourism, Peru
32. Juan Gabriel Valdés, Former Minister of Foreign Affairs of Chile, Former Ambassador of Chile to the US, Former Economic General Director of the Ministry of Foreign Affairs of Chile.
33. Guillermo Valles Galmés, Former Director of the International Trade in Goods and Services and Raw Materials Division of UNCTAD, Former Vice Minister of Foreign Affairs of Uruguay and Former Chairman of the WTO Negotiating Group on Rules.

34. Andrés Velasco, Dean of School of Public Policy, London School of Economics; Former Minister of Finance, Chile