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Strengthening Multilateralism for Turbulent Times: Strategic Entry Points for the G20 in WTO Reform

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Trade and
Investment



Abstract

This policy brief provides strategic recommendations for the G20 to advance reform of the World Trade Organization (WTO) and strengthen the rules-based global trading system. The WTO faces mounting challenges, including stalled negotiations, a weakened dispute settlement mechanism, and governance deficiencies. These issues have been exacerbated by shifting geopolitical tensions, declining multilateral engagement, and recent shifts in US trade policy. The multilateral trading system has been in decline due to unresolved issues regarding the full restoration of the WTO dispute settlement understanding (DSU) and the failure of its legislative function: the Doha Development Agenda has not progressed and has not been succeeded by a work programme in sync with geoeconomic realities. Unresolved issues are not intractable. Businesses in all nations want orderly conduct of trade. Challenges can be tackled by proposals that address outstanding DSU issues – appeal/review procedures and access of developing countries, an increased focus on negotiations on emerging concerns, and enhanced executive functions and leadership within the organisation. Building a broad-based coalition for reform is undoubtedly challenging given the diverse interests of WTO Members. The institution needs a series of informal yet open and inclusive processes benefitting from potential solutions suggested by previous multilateral initiatives, and new suggestions that enable building of trust of the membership, particularly developing countries and Least Developed Countries, and practical suggestions that move the trade bicycle forward. The G20 with its focus on solidarity, equality and sustainability can take the lead.

Keywords: WTO, Trade Negotiations, Dispute Settlement, Special And Differential Treatment, G20

Diagnosis

The announcement by the US of the imposition, and subsequent pause, of global tariffs has resulted in tremendous global uncertainty. While it is difficult to fully assess its impact on global trade patterns or institutions at present, it appears that the US may be withdrawing from active participation in orderly international trade. Such uncertainty could further undermine institutions of trade, root and branch.

But businesses want orderly conduct of trade. Multilateral trade frameworks remain essential to promote business and investor confidence, and the WTO is at its core.

The G20 recognises the role of trade as an engine for inclusive economic growth and emphasises the need for a rule-based multilateral trading system with the development dimension at its centre. Solidarity, equality, and sustainability – as the G20 theme this year – together with the South African presidency's priority of coordinated efforts towards inclusive growth, provide hope for reviving the international trade order to the glory it saw with the advent of the WTO 30 years ago. In line with this hope, our submission proposes practical pathways for restoring the dispute settlement as well as negotiating and rule-making functions of the WTO while keeping in view the interests and concerns of all its members, particularly the developing countries and Least Developed Countries (LDCs). While there are other issues needing attention, this paper attempts to address only the key issues that are believed to be the reason for the current deadlock.

Restoration of the WTO dispute settlement system

One of the foundational principles of the WTO has been a binding and effective dispute settlement system. The WTO Membership has been seeking its restoration

for the last five years,¹ demonstrating an overwhelming agreement on its need. While several attempts (particularly the Walker text) have been made that resulted in emerging consensus,² further discussions are needed to resolve issues relating to the appellate review mechanism going beyond interim solutions,³ accessibility of the system for developing countries and LDCs, and procedures that could aid dispute resolution without commencing adversarial litigation.

Organisational reform

The deadlock⁴ on the Doha Development Agenda (DDA), and little movement in negotiations since 2015, point not only to the complexity and divergence of interests and concerns of WTO Members, but also to procedural inertia. Lack of full data transparency and anticipatory analytics prevents availability of pathways for resolution of issues. WTO bodies can benefit from operational efficiency through technology adoption,⁵ cross-pollination of best practices among WTO bodies and adopting working conventions that benefit delegates in Geneva and in the capitals.

¹ Restoration of the Appellate Body member selection process was sought by 130 WTO Members for the 87th time at the Dispute Settlement Body meeting held on 23 May 2025.

² WTO General Council, Functioning of the Appellate Body, Draft Decision, WT/GC/W/791, 15 November 2019.

³ Twenty-nine WTO Members including the EU have joined the MPIA, with Malaysia and Paraguay the latest to join in May 2025. However, it has been proposed only as an interim solution and does not fully resolve the existing uncertainty.

⁴ Spokespersons of a leading WTO Member called the Doha Round dead. Other Members asked for its abandonment during the 10th Ministerial Conference at Nairobi. However, most Members do not agree. Importantly, the Trade Negotiating Committee and subsidiary groups are still constituted and meetings held, but due to a lack of appetite to discuss solutions, detailed reports on their work are no longer issued.

⁵ Technology has already been beneficial with the use of video conference facilities during and after the COVID-19 pandemic. Technology can help WTO Members make the Trade Policy Review Mechanism more inclusive, enable more beneficial discussions of Specific Trade Concerns through tools like the ePing service and support more participatory discussions and negotiations using platforms such as Interprefy.

Revitalising the deliberative function⁶ of the WTO

The deadlock in DDA with a balanced agenda for trade liberalisation accepted by all Members has made progress in the deliberative function of the WTO challenging. This has also jeopardised the possibility of addressing the evolving dynamics of international trade and the new and emerging issues that impact trade (or are impacted by trade). The lack of progress on incorporation into the WTO *acquis* of the issues on which several Members have undertaken Joint Statement Initiatives (JSIs) needs to be addressed. Sustainability issues are also on the agenda of some WTO members with proposals to address the trade-environmental linkage. Revitalising the negotiating function requires a careful consideration of balance across issues and across the levels of development of the members of the WTO. Past experiences from the General Agreement on Tariffs and Trade⁷ and the WTO⁸ can be helpful in identifying solutions.

The development dimension

The DDA deadlock has created a trust deficit among developing countries, particularly LDCs. The development dimension needs to be brought back to the top of the agenda to rekindle trust and enable their active participation. Technical assistance has been a part of WTO's activities since its inception, but it

⁶ The term “deliberative function” is used to capture wider consultations than the negotiating function of the WTO, especially to include the discussions that are (eg, JSIs) or have been (eg, DSU reforms) taking place outside the formal WTO Councils and Committees.

⁷ For example, keeping in mind the trade–development linkage, which allowed developing countries less than full reciprocity, participation in the Kennedy Round and Tokyo Round Anti-Dumping Codes was voluntary for them. The concept of the Single Undertaking in the Uruguay Round brought these disciplines to all Members. By that time, developing countries had learned the benefits of using trade remedies.

⁸ For example, a careful balancing of interests and concerns enabled a negotiated set of recommendations on the relationship between trade and environment for the Singapore Ministerial Conference (WT/CTE/1). Similarly, extensive deliberations and evidence-based research on the four so-called Singapore issues enabled careful consideration of balance across issues and the membership, resulting in Trade Facilitation moving forward while abandoning the other three issues in the Cancun Ministerial Conference.

is evident from ongoing discussions that more needs to be done – not more of the same, but more and differently.

One challenge to implementing special and differential treatment (S&DT) is the case being made for differentiating among developing countries to avoid free riders from among those who have the competitive strength to trade.⁹ But dilution of the Most Favoured Nation principle, the foundational edifice holding the multilateral trading system together, could call into question the utility of the system itself. Hence, innovative solutions that provide S&DT where it is needed to enhance market access opportunities for developing countries and LDCs are required. Developing country status is acquired on a self-selection basis. WTO Members have to agree through negotiations to the obligations they take on. Examples of different levels of obligations taken by developing countries in sector and agreement specific situations exist in the WTO system and can be useful in forging agreement among WTO Members.¹⁰

Recommendations

1. Restoration of the WTO dispute settlement system

Several suggestions made in 2019 by New Zealand Ambassador David Walker are useful and instructive for restoring the two-tier dispute settlement system.¹¹ The

⁹ The US has proposed (WT/GC/W/764) fixed, horizontal criteria for differentiation, but these have proven politically unfeasible due to opposition from several WTO developing members (WT/GC/W/765/Rev.1). The EU has advocated building on the model set by the Trade Facilitation Agreement, which tailors obligations to individual members' capacities based on actual capacity constraints. However, developing countries have expressed strong views against differentiation among them.

¹⁰ For example, Annex VII of the WTO Agreement on Subsidies and Countervailing Measures exempts LDCs and developing countries having below \$1,000 gross national product per capita, and transition periods for phasing out export subsidies for those that have reached export competitiveness in a particular product (ie, a share of at least 3.25% in world trade in that product). Likewise, WTO rules now waive certain conditions for the granting of compulsory licences for countries lacking pharmaceutical manufacturing capacity. In the Doha Round negotiations, the draft negotiating texts on agriculture and no-agriculture market access prepared by the respective negotiating groups included different levels of obligations applied to different groups of developing countries based on criteria decided under that specific negotiating group for specific goods.

¹¹ See the draft General Council decision on the functioning of the Appellate Body in document JOB/GC/222, 15 October 2019.

discussions mandated by the Ministers have so far resulted in an elaborate and discursive WTO document¹² that does not address appellate review, the *raison-d'être* of the discussions. While these discussions have not yet concluded, in the interim, WTO Members have the option to take recourse to the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), which has been operational since April 2020.¹³ In addition to the full restoration of the dispute settlement system, and taking into account that the elaborate and adversarial dispute settlement framework of the WTO might well not be capable of addressing many developing country and LDC concerns, convergence is required on accessibility and alternative dispute settlement procedures without adversarial litigation, as has been suggested by some of the co-authors. It is proposed for G20 to encourage the use of such alternative dispute settlement procedures and to institutionalise a quasi-independent conciliation and mediation facility under the WTO rules (eg, Article 5 of the DSU) that can be invoked outside the formal dispute settlement procedures, even before a request for consultation is made, not to displace formal disputes, but to supplement existing structures. This will be particularly, but not exclusively, beneficial for developing countries that have raised matters of trade concern in forums like the Council for Trade in Goods and hundreds of outstanding Specific Trade Concerns before other WTO Committees and are wary of launching lengthy and costly dispute procedures.¹⁴

2. Organisational reforms

For small, incremental improvements that spur confidence in the institution's ability to deliver quick administrative solutions, the work undertaken by WTO

¹² WTO Document, JOB/GC/385, 16 February 2024.

¹³ As of May 2025, two disputes have been finalised by MPIA (one of them with a non-MPIA member), three disputes are ongoing, while eight others have been finalised without MPIA appeal or withdrawn, lapsed or otherwise settled.

¹⁴ Details of the proposal can be accessed at <https://genevatradelaw.com/wp-content/uploads/2024/05/WTO-MC13-Toward-Inclusive-and-Accessible-WTO-Dispute-Resolution-1.pdf>

Committees is a good start, as is the '30 for 30' proposal.¹⁵ Increased trade intelligence¹⁶ and strategic foresight supported by a nimble secretariat, the Standards and Trade Development Facility (STDF)¹⁷ and the Trade-Related Technical Assistance must be broadened to address market access implications of non-tariff measures.

3. Revitalising the deliberative functions of the WTO

The WTO members need to revisit the DDA to identify critical issues such as those relating to agriculture market access¹⁸ and domestic support, antidumping rules, and S&DT. To make S&DT provisions more useful, reasonable thresholds that are part of the WTO Agreement(s) could be explored, like export share¹⁹ and reasonable transition periods.²⁰ Of the JSIs, those amenable to open plurilateral agreements²¹ should help in resolving the current stalemate in multilateral dialogue. Domestic regulation of services must be inscribed into Members' schedules. Those aspects of the proposals on e-commerce²² and investment facilitation for development²³ that are less contentious should also be inscribed into Members' schedules. An initial step for the trade-environment interface could

¹⁵ WTO Document, WT/GC/W/874, 1 May 2023. Some of the key suggestions include a dashboard for all specific trade concerns, regular LDCs experience sharing, careful identification of binding constraints that have a dominant role to play for achieving outcomes, and expeditious availability of meeting minutes.

¹⁶ For example, see <https://globaltradealert.org/>

¹⁷ STDF has been very useful for building capacities of developing countries to meet SPS standards.

¹⁸ Converting specific duties into *ad valorem* duties is an example of a possible solution.

¹⁹ Article 27 of the Agreement on Subsidies and Countervailing Measures offers a lead to work on.

²⁰ Also see Section 2.4 below.

²¹ See, for example, <https://icrier.org/publications/supporting-open-plurilateral-negotiations-for-multilateral-liberalisation-of-trade>

²² For example, by leaving out data localisation and its cross-border flows and focusing primarily on online consumer protection.

²³ For example, by following the model used in the Trade Facilitation Agreement.

be for G20 to set up a working group comprising relevant international organisations to identify gaps and potential solutions.²⁴

4. The development dimension

We suggest the constitution of a group of experts including multilateral development cooperation and technical assistance agencies working with developing countries²⁵ and agencies from select developing countries that have been able to improve their market access opportunities. Their job will be to identify market access challenges, specific trade concerns including Non-Trade Measures (NTMs);²⁶ use success stories²⁷ from multilateral bodies that enabled developing countries to address their challenges; examine proposals and suggestions given by WTO Members for implementing S&DT,²⁸ and difficulties of graduating LDCs,²⁹ and identify ways of operationalising the key aspirations therein; and examine ways to replicate success stories from developing countries that have derived concrete benefits from S&DT. The report of this group may then be discussed by WTO Members towards the constitution of a Centre of Excellence that advises developing countries and LDCs and refer them to the relevant development cooperation and/or technical assistance agencies for redress.³⁰

²⁴ Apart from the WTO and the United Nations Framework Convention on Climate Change, the working group could include other stakeholder institutions. See <https://t20ind.org/research/establishing-equivalence-between-taxes-on-fossil-fuels-and-carbon-prices/>.

²⁵ For example, African Development Bank, United Nations Economic Commission for Africa, Asian Development Bank, Inter-American Development Bank, Enhanced Integrated Framework, and STDF.

²⁶ NTMs are a key issue to be addressed. There are NTMs that can be addressed, with requisite funding and technical assistance, by garnering the capacity to meet global standards, entering into mutual recognition agreements and certification procedures etc., and opportunities that arise from knowledge of foreign markets.

²⁷ Examples include S&DT measures in the Trade Facilitation Agreement of the WTO, the Montreal Protocol on Substances that Deplete the Ozone Layer etc.

²⁸ See WTO website https://www.wto.org/english/thewto_e/minist_e/min03_e/brief_e/brief21_e.htm and agreement specific proposals https://www.wto.org/english/news_e/news23_e/devel_07jun23_e.htm

²⁹ WTO Document, WT/GC/W/807/Rev.2, 6 December 2022

³⁰ WTO Staff Working Paper ERSD-2004-03 of May 2004 by A. Keck and P. Low is one of the first papers on these lines and is instructive in this regard.

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