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Commentaries On Implementation: TF04 - Trade and Investment for Sustainable and Inclusive Growth

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Introduction

For six months, TF4 has undergone an intense work programme discussing the G20 priorities on Trade and Investment. TF4 evaluated in depth six different topics and reviewed more than 70 Policy Briefs.

The central conclusion of this work is to alert the G20 on the urgency of saving the WTO from oblivion, by unblocking trade and related investment negotiations.

G20 must bring back WTO centrality to the multilateral system. It is unacceptable that the main forum for negotiations of trade and investment is, for more than 18 years, hostage of just one, or a few, of its members.

It is time for the G20 to assume its role in the global governance forum and solve this impasse.

TF4 presents a list of priorities to be discussed and analysed by the WTO in possible different fora: task forces in committees, joint initiatives, or group of friends. They can be discussed as guidelines to orient members.

Most of the topics can be considered as already included in the mandate for negotiations. The idea is to give a new impetus with a menu of important issues and allow the WTO to resume its leadership on trade and investment negotiations.

The objective is to present the results of this work to the Ministerial Conference in 2025 as a positive agenda of topics ready to be implemented by the WTO.

Policy Recommendations from TF4

The main recommendation of TF4 as presented at the T20 Brasil Communique was the following:

- Reform and strengthen the World Trade Organization as the main forum for negotiations on global trade, services, and trade-related investment issues, including their relation to climate and digital transformation.

There is an urgent need for the G20 to task its Ministers to find a strategy to unblock the negotiations in Geneva. Geoeconomic conflicts are paralysing activities of the organization, dismantling the rules-based trade and investment system. Geoeconomic instruments are being used by some members to achieve geopolitical ends. They are based on trade and investment instruments and are so effective that they are destroying the multilateral system. Tariffs, exports and imports controls, subsidies, technical and environmental standards, services, intellectual rights and restriction of investments are being used as trade-war instruments. Climate and environment crises are posing another existential challenge with trade measures affecting developing countries capacity to engage in trade flows. The consequences can be seen: stagnating trade and investment growth, income concentration, inequality, poverty, and hunger.

A Trade and Investment System – based on rules to be respected – is essential to attend many of these challenges. The existence of the WTO as the forum for trade and investment negotiations is essential. Enforcement and monitoring of rules are imperative to change the dysfunctional present moment and preserve peace.

In this sense:

- G20 leaders must instruct their ministers to prioritize the reform of the WTO as the main forum for trade and investment, in particular in supporting the transition toward sustainability and the digital transformation.
- G20 must safeguard the rule-based trade system agreeing on common regulations and standards in order to expand agricultural production to help fight hunger and environment damages.
- G20 should negotiate more flexibilities on trade rules to allow developing countries to combat climate change and integrate into value chains.
- G20 should negotiate a common agenda to support the contribution of women in trade.
- G20 should agree on a common framework for International Investment Agreements that eliminate barriers to capital flows and explicitly deals with environment protection.

Implementation activities

Based on these recommendations to the G20, TF4 suggests a positive agenda for the WTO, supporting the continuation of its activities, and engaging its members and interested parties on discussions and analyses on some special important topics. The key implementation issues are described below.

TF 4.1 - Trade and Investment to Fight Inequality, Poverty, and Hunger

- **WTO should create a Task Force to strengthen global collaboration around food security and hunger elimination.** WTO should discuss instruments to protect food trade and food supplies from geopolitical events, especially to net food importing poor countries.
- **WTO should create a Group of Friends to elaborate on measures to address barriers to trade created by the climate emergency and domestic needs for agricultural products from developing countries.** Concerns on climate and environmental needs are creating trade standards that negatively affect food trade.
- **WTO should create a Joint Initiative to discuss flexibilities in multilateral agreements to foster inclusive and sustainable production chains by developing countries.** Propose measures to facilitate discussions to give developing countries more policy space in the face of geopolitical challenges related to industrial sectors.

TF4.2 - Trade and Investment, Food Security and Climate Action

- **WTO should renew discussions to face the triple crisis involving food, energy, and climate security**, so as to avoid countries implementing measures that restrict international food trade, including export bans, taxes, quotas, and distorting export subsidies that are raising prices and barriers to trade.
- **WTO should discuss measures to promote the creation of multilateral standards and regulations** that foster collaboration to expand sustainable agricultural production models and ensure food security.
- **WTO should play a central role to discuss trade-related climate change provisions in trade agreements and bilateral investment treaties** to impede fragmentation of rules and allow for a just transition.
- **WTO should coordinate activities to strengthen the capability of countries** to harness the potential of trade and investment for just transition and food security.

TF 4.3 - Women in Trade

- **WTO should create a platform to collect and analyse gender-related trade indicators and data.**
- **WTO should coordinate activities among members to build negotiation capacity on trade and gender issues in partnership with women in the private sector.**
- **WTO should create a consultative unit to foster interactive dialogue among trade and gender policymakers.**

TF 4.4 - Trade and Digital Transformation

- **WTO is a privileged forum to address digital challenges and promote regulatory convergence at the global level.** WTO should create a Task Force to discuss rules regulating the international digital economy.
- **The WTO should create a Joint Initiative to foster effective governance for artificial intelligence (AI).** It is important for the WTO to contribute to avoiding that national technical standards become barriers to trade.
- **WTO should be the core institution in the area of digital trade, creating a Task Force to coordinate negotiations and administer global trade agreements covering digital trade, to avoid the risks of regulatory fragmentations.**

TF 4.5 - Promoting Greater Participation of MSMEs in Trade and Investment

- **WTO should play a central role in developing globally recognized standards designed specifically for MSMEs to prevent redundancy in reporting requirements.**

TF 4.6 – Dealing with Neoprotectionism and the Changing Features of Global Value Chains

- **WTO should create a Task Force to discuss Neoprotectionist measures and how to address them in the different WTO Committees.**
- **WTO should start negotiations to review the Subsidies WTO Agreement.** It is important to improve international comparable data on subsidies, under an international cooperation mechanism with the technical support of the WTO.

- **WTO should create a Task Force to discuss climate change mitigation measures** to evaluate how they are creating barriers to trade. It can contribute to foster green technology adaptation, especially in the developing world.
- **WTO should start negotiations for an initiative on trade and investment related measures, including environmental rules and the digital transformation.**

Implementation Pathways

Strategic and operational activities toward potential implementation

TF4 suggestions for a positive implementation agenda on trade and trade-related investment have as central objective the use of the political power from the G20 to force its members to unblock the activities of the WTO.

The formats to start discussions can be different: joint initiatives, tasks forces, groups of friends, friends of the chair, or other one.

The results of this work should take the form of guidelines, not agreements. They should be orientation-maps to inform the decisions of members and trade partners.

Potential barriers to Implementation

The only possible barrier to the implementation of this positive agenda of proposals can come from the same countries that are putting WTO in jeopardy, without calculating the huge costs their action is causing. They are destroying the main instruments to support their own development – trade and investment.

G20 is the best forum to address this impasse.

Drivers for a successful Implementation

With the support of the G20, ministers can agree on a list of topics to be included in a new Positive Agenda for the WTO.

The results can be presented to the next Ministerial Conference and could be agreed by members to be implemented immediately by the WTO.

Feasibility and Maturity Assessment

The trade topics proposed by TF4 are not new. They can easily be incorporated at activities of the WTO Committees as trade-related topics. They have been discussed and analysed by experts, academics and business associations for many years. What is decisive is to integrate them in the WTO agenda and to engage countries and civil society on trade negotiations in Geneva again.

Conclusion

Brazil cannot lose the present opportunity, as G20 president, to solve the WTO impasse. It cannot allow the continuation of this unacceptable situation.

The present World is already fragmented by geoeconomic conflicts. Some hegemonic countries are using trade and investment instruments to achieve its main geopolitical objectives. The impacts of this strategies are already being negatively felt in developing countries.

Developing countries have just one multilateral forum to discuss trade and investment issues – the WTO. Developing countries are not the users of geoeconomic instruments but are the main affected ones by them.

Developing countries need an active multilateral system. They need the WTO alive and well. And they need it right now!



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