

## **EU's top trade official warns on Trump impact on WTO**

### ***US risks 'killing the WTO from inside', official says***

**The EU's top trade official has hit out against the Trump administration's continued blocking of appointments to the World Trade Organisation's dispute settlement body, saying that the stance risks "killing the WTO from inside".**

Speaking in an interview with the Financial Times, Cecilia Malmström, the EU's trade commissioner, said that the impasse, which has already left two of the seven seats on the WTO's appellate body vacant, could lead to the breakdown of a system that is central to managing disagreements among the world's most powerful trading nations.

Her comments reflect mounting international anxiety about the **future of the appellate body**, the WTO's top dispute settlement authority, since the US rejected proposals from the EU and seven Latin American countries in August to begin a selection process to fill the growing number of vacancies.

**Washington has said that its position is linked to the failure of the WTO to address its objections to members of the appellate body signing off rulings in cases that are only concluded after the end of their mandates.**

Trade officials from other countries see this as a **pretext linked to broader US criticism** and the stance has raised concerns that **the US is trying to undermine the current model of international trade dispute settlement. Successive US administrations have long complained about the appellate body, which they have said has exceeded its mandate by repeatedly ruling against key aspects of US trade law.** Donald Trump's administration has threatened to ignore WTO rulings if they infringe US sovereignty.

"If there are specific concerns that the Americans have, OK, let's hear them," Ms Malmström said. "But we haven't heard if there is anything specific, they are just generally not happy with the system."

Ms Malmström's comments echo warnings from Roberto Azevêdo, the WTO's director-general, that the appellate body is approaching the minimum number of judges that it needs to function. Under WTO rules, appellate body cases are heard and decided by a panel of three judges. Judges are in office for a maximum of two four-year terms

.Belgium's Peter Van den Bossche, one of the five remaining members, steps down in December, meaning that the number will drop to four unless he is replaced. One of those four is Hong Zhao from China, who trade lawyers believe may need to recuse herself from

some cases concerning her home country because of previous roles in the Chinese government.

Another member's current term ends in September 2018. The stand-off "is something that worries the whole membership", Ms Malmström said.

**The advent of the Trump administration has led the EU to trumpet its role as a pillar of an international trading system under attack by populists.** Ms Malmström said that the US president's decision to pull the US out of the Trans-Pacific Partnership trade deal had galvanised other major economies."

Almost all" the other TPP countries "turned to us and said 'come on, we want to show that trade is important, we want to stick together, we want to create this circle of friends who believe in good trade agreements,'" she said. This new "political wind" in favour of trade co-operation is not preventing the EU from running into problems with its WTO counterparts. Argentina, Brazil and other major agricultural exporting nations signalled their objection earlier this month to plans developed by Brussels and UK officials for determining what share Britain should take post Brexit of various import quotas that the EU offers its trading partners. The countries have argued that the plans, which centre on dividing up the so-called tariff-rate quotas based on past consumption, could nevertheless leave them disadvantaged.

Ms Malmström said that the **backlash was surprising** seeing as the countries had not, at that point, seen the EU-UK proposal. The plans are a "good starting point" for dealing with an unprecedented situation, she said. The EU's goal is to find a smooth solution which leaves different trading partners with "no more, no less" than what they have now, she said, adding that the EU would resist any attempt by other WTO members to "start renegotiating TRQs because people feel that they have a right to more".

"We cannot renegotiate or compensate," she said. "The aim is, of course, to make sure that there are no losses and no gains."