

## WTO chief warns of risks to trade peace



By Shawn Donnan

**The head of the World Trade Organization has warned that the Trump administration's blocking of the appointment of new judges to hear international disputes risks undermining a system that has kept trade wars at bay for more than two decades.**

**In an interview with the Financial Times, Roberto Azevêdo, WTO director-general, said the US move to block the filling of two vacancies on the seven-member appellate body was causing a crisis for the body's most important function.**

**"The dispute settlement system is . . . one of the most important pillars of the organisation," he said.**

**Mr Azevêdo added that there had been more than 500 disputes at the WTO since it was created in 1995, saying: "If we -compromise this pillar, we will be -compromising the system as a whole. There is no doubt about that."**

The appellate body needs at least four judges to function. It will go down to that number by this December when a Belgian member's term expires. By September next year its membership will be reduced to three if no other appointments are made.

The dispute over the routine appointment of new judges has fed into concerns over Donald Trump and his scepticism about multilateral institutions such as the WTO, which he lambasted during last year's campaign and has continued to criticise in office. It also illustrates the fragility of a system on which the UK is likely to depend heavily following Brexit.

Most recently, officials in Geneva have seized on a line in the president's speech to the UN General Assembly in which he appeared to aim his fire at the WTO. As a result, many in Geneva are now bracing for what they fear will become a more concerted US attack on the organisation.

"For too long, the American people were told that mammoth multinational trade deals, unaccountable international tribunals, and powerful global bureaucracies were the best way to promote their success. But as those promises flowed, millions of jobs vanished and thousands of factories disappeared," Mr Trump said in that speech.

The suspicion in Geneva is that the US is now laying the groundwork for a bigger attack on the WTO's dispute system.

The US has raised procedural objections to the appointment of new appellate judges, arguing that departing members of the body should not be allowed to keep working on cases still ongoing when their four-year term finishes. But it has raised broader concerns in the past, including under the Obama administration, about what Washington sees as judicial activism by the appellate body.

In speeches and private conversations, Robert Lighthizer, the US trade representative who once mounted an unsuccessful campaign to be named a WTO appellate judge, has signalled US enthusiasm for reforming a dispute-resolution system that he argues has not always acted in US interests. The US has not laid out what sort of reforms it wants.

Instead it has issued what some senior officials from WTO member states see as **veiled threats** linked to specific disputes.

Mr Lighthizer has, for example, warned that the US would have to consider action if the WTO finds in China's favour in a **dispute between Beijing and the EU over whether China deserves "market economy" status in the WTO**. An initial decision in that case is not expected until the middle of next year.

**Much of the current, broader US concern derives from Mr Lighthizer's own past as a trade lawyer. On behalf of the steel industry and others, he pushed aggressive anti-dumping actions against imports, using practices that in some cases were struck down by the WTO.**

More broadly, as one of the Trump administration's most prominent China hawks, he has **criticised the WTO's institutional capacity to cope with a rising China** and what he has labelled its unprecedented mercantilism and cheating of the system.

In his interview Mr Azevêdo, a former Brazilian trade negotiator and ambassador to the WTO, pushed back against those charges. "The US misgivings about the system are important. A key member like the United State having concerns is not something that we could or should ignore," he said.