

YI XIAOZHUN

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Nicolas BARRE

Now, Yi Xiaozhun, you represent the authority here, but it is an authority under threat and it must be difficult sometimes to lead this organisation. How can you respond to all the criticism we have heard about world trade and the WTO more specifically?

Yi XIAOZHUN

Thank you very much, Nicolas. I am happy to join this panel to discuss the future of world trade and the global trading system. Many of you may not have noticed that last Monday this week, 30 October, marked the 70th anniversary of GATT, the predecessor of the WTO and the origin of the multilateral trading system. We believe that the WTO and its predecessor GATT hugely contributed to global prosperity over the last decades. Between 1950 and 2016, global GDP increased 10-fold, while global trade increased 39-fold. I think that this is largely due to the increasing economic openness, fostered by the multilateral trading system.

I would like to make three points. Many people now feel as if the global trading system is on the verge of collapse. However, I believe that the multilateral trading system remains strong and solid. We all saw the value of this system during the financial crisis and in the 1930s, the protectionism of the major countries wiped out two-thirds of world trade. In the 2008 crisis, we did not see this kind of escalation because our members of governments knew that they were all bound by the multilateral rules. They knew where their boundaries were. I truly believe that the multilateral trading system represents the best world effort to keep protectionism and economic tensions at bay.

My second point is that we must be aware that many people feel disconnected from economic progress and attitudes towards trade and globalisation have hardened recently. In some countries, trade is often singled out as a destructive force in labour markets. Trade does have an effect, but technology and technological progress is actually the major force driving changes and disruption. It is true anywhere, in any economy: automation, digitization, new managerial techniques have hugely reduced demand for labour employment. According to our survey, we can see that more than 80% of job losses are due to productivity gains and technological progress, not to cheaper imports. Again, trade is often pointed out as the culprit here, but as I mentioned, technology and trade are essential for economic progress. We cannot reject those forces; instead, we should better embrace and adapt them.

The current trend of turning against trade will not solve any problems. Instead, raising barriers to trade will only make the situation worse. It will not bring jobs back. A better response to these challenges is to have more active domestic policies to support workers and equip them with the skills to compete in the modern market place.

Let me move on to my third point, which is also the topic of today. I think that the key question before us today is about the future of the WTO. I truly believe that none of the global trade challenges can be solved more easily outside a multilateral trading system. In fact, the opposite is true. For example, it is difficult to imagine that you can manage an increasingly bodiless digital economy or respond to the globalization of the Internet through bilateral agreements. It is also impossible for countries to limit their agricultural or fishery subsidies via regional arrangements. I am not saying that bilateral or regional approaches are not important; they absolutely are. However, what I am trying to say is that they cannot be enough on their own, they can only supplement the multilateral trading system and act as building blocks for it. The multilateral approach is essential and indispensable.

Nevertheless, I believe that the WTO can and should do more to evolve and improve. There are a lot of longstanding issues in front of us. As Minister Bark mentioned, when you were Minister you discussed issues such as agricultural subsidies, fishery subsidies, domestic regulation of the service sector, etc. Those issues are still waiting to be resolved. Meanwhile, we also see that there is increasing interest among some members for discussing forward-



looking issues like ecommerce and facilitating investment. However, we must recognize that there is no easy or obvious solution on any of those fronts. If we want to get a solution then we have to find a consensus, that is to say we need to bring all the WTO members onboard. It is very challenging and difficult. Ultimately, the future of the WTO is in the hands of its members; we are a member-driven organisation.

Our members share the responsibility for bolstering global economic cooperation to leave a strong and well-functioning multilateral trading system for future generations. I will stop here.

Nicolas BARRE

Just a quick follow-up. Are you suggesting that there is an issue of governance at the WTO?

Yi XIAOZHUN

I think the economic governance is a global issue in a lot of international organisations; the IMF; World Bank; WTO. We have to face those challenges, but the current problem is that we lack leadership in the WTO, which is why I said that we hope all members will share collective responsibility for promoting a multilateral trading system and keeping it strong.