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World Trade Amidst War, Inflation and Protectionism

India's G20 Presidency: An Opportunity for WTO Reforms

By Nazia Hussain

SYNOPSIS

India could leverage its current G20 presidency to address the issue of long-awaited WTO reforms, and steer WTO discussions on critical emerging issues.

COMMENTARY

India's year-long Group of 20 (G20) presidency is underway amid escalating geopolitical tensions, global energy crisis, climate change and supply chain disruptions. New Delhi steers the G20 for the first time since the grouping was founded in the wake of the 1999 Asian Financial Crisis, giving the world's largest democracy a chance to shape the agenda for global cooperation as the world emerges from the shadow of the COVID-19 pandemic.

India's G20 presidency has rightly [prioritised issues](#) of particular concern for emerging economies such as digital infrastructure, resilient global value chains, inclusive energy transition, climate action and multilateral reforms. In fact, the G20 has established a [task force](#) focused on building a roadmap for "Multilateralism 2.0" that seeks to create targeted reform agendas for key multilateral institutions such as the WTO. India is seeking a better dispute settlement mechanism at the WTO and is planning to raise WTO reform related issues during [G20 talks](#).

Towards Reformed Multilateralism

New Delhi's call for "reformed multilateralism" comes at a time when there is a growing credibility crisis facing multilateral institutions. The World Trade Organization (WTO)

has risked losing relevance over the past decade for failing to keep up with changing geopolitical realities and the current global trading system.

Limitations of the WTO are further exacerbated by the crisis of the WTO Appellate Body involved in mediating international trade disputes. This [dispute settlement mechanism](#) was largely successful in averting damaging cycles of tariffs and retaliation outside internationally recognised trade rules, with a good degree of compliance to its decisions by member states.

India could use its G20 presidency to re-examine negotiations for WTO reforms and policy formulation. An often-repeated criticism of global governance institutions is the lack of representation of developing countries and that developed countries wield disproportionate influence on international rulemaking, thereby policy being skewed in favour of a few. New Delhi's G20 presidency opens a window to change this narrative.

In a first, the G20 troika — the outgoing, current, and next-in-line presidencies — will all be emerging economies. Brazil will take over the presidency of the G20 from India in 2024, followed by South Africa in 2025. India could urge the G20 troika to prioritise WTO reforms to address the concerns of developing countries, many of whom are WTO member states, in a balanced manner to shape discussions on WTO reforms going forward.

Multilateral reforms require mobilising the political will to make concessions, and to build consensus to conclude agreements. Japan's Group of Seven (G7) presidency overlaps with India's G20 lead this year, presenting an opportunity for the two Asian nations to explore synergies in multilateral efforts to tackle pressing challenges.

As close partners with traditionally good ties, New Delhi and Tokyo could agree to leverage the G20 and G7 respectively to highlight the critical function of the WTO in sustaining international trade and engaging the Global South, which not only renews attention to their imminent challenges but could also increase overall confidence in multilateral mechanisms.

Updating the WTO Rulebook

India has also identified an inclusive digital economy and global digital governance as key priorities for its G20 presidency. New Delhi possesses domain expertise to lead discussions on effective digital economy and governance as initiatives in areas such as e-payments and digital health, while the development of new e-commerce platforms are already underway in the country.

Domestically, India has successfully [implemented programmes](#) for digital identity and financial inclusion, such as Aadhar and Jan Dhan, as well as digital governance solutions such as the COVID-19 Vaccine Intelligence Network (CoWIN) and Unified Payments Interface (UPI) which many developing economies have taken note of. Some of these are [open-source platforms](#) for countries to adopt as digital public goods.

A G20 presidency which focuses on digitalisation to advance international cooperation on key digital issues such as data-governance frameworks, eliminating data

localisation and fostering cross-border data sharing could provide an impetus for WTO discussions on emerging issues.

The WTO faces a gridlock in offering new rules on digital trade. Slow progress on regulation of global digital trade has led members to pursue plurilateral and mega-regional trade agreements such as Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that would see global trading rules set outside the purview of the WTO.

However, regardless of the WTO's limitations, it continues to ensure equal opportunity in international trade, extending special rights or extra leniency to developing countries which make up two-thirds of the WTO's 164 members. It is essential that the WTO rulebook be updated to keep up with the way trade works in the current global economy.

Paving the Way for WTO Reform

Despite the troubles plaguing the WTO in recent years, member states want the organisation to succeed and believe that a multilateral rules-based trading regime is inclusive and beneficial for all, as demonstrated by the steady expansion of WTO membership since 1995. Moreover, unilateral actions taken by countries during the COVID-19 pandemic, which resulted in major disruptions of global supply chains, leave no doubt that the WTO has a crucial role to play in a well-functioning global economy.

Given that the G20 has emerged as one of the more efficient multilateral platforms involving developed and developing economies that account for over 85 per cent of the global GDP, India could use its G20 presidency to help shape the narrative of much needed reforms at the WTO, which would ensure that the WTO remains relevant as a key player in the international trading system.

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