

# THE MULTILATERAL TRADING SYSTEM AND THE WORLD TRADE ORGANIZATION (WTO) LESSON 101



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# LIKE AN ASSEMBLY OF BUSINESS OWNERS

## IMAGINE THIS

There is a local market building with medium-sized businesses, small businesses (50), huge and powerful stores (20) and street vendors who barely make a living (74). All of the people in the neighbourhood celebrate the creation of an assembly in which they will decide which rules will apply to different aspects of the market, from security to cleaning services, from schedules to decorations.

In the decision process, however, some actors have more influence than others. The small businesses are heavily in debt to the powerful stores, so often the stores will use that debt as leverage to have the small businesses to side with them. The medium-sized businesses, with a growing ambition to defeat the huge and powerful stores, might side with the street vendors and offer them benefits if they cooperate against the huge and powerful stores.

But at the end of the day, those who win in the decision-making process are those in a position of power to bring more actors to their side. And, you will note, the actual people buying at the market will have really no voice or role.

## TELL ME MORE!

Trade agreements today are the main source of corporate rule-making at a global level. They cover a huge array of subjects that extend far beyond traditional trade matters. They are effective tools at eliminating the diversity of domestic policies and priorities, minimizing regulatory costs, and maximizing corporate interests. In most cases they set constraints on domestic regulations, override constitutional safeguards, challenge domestic consumer protections and weaken the leverage of local producers.

While they can ease the free flow of goods and services across the planet, their effects often come to the financial and institutional detriment of small actors. Namely, small and local businesses are not able to compete with other trade actors from countries with better lobbying skills, larger investments and research and development support. There are many bilateral and regional agreements on the way, negotiated between a vast number of countries and covering a variety of issues. The future of the Internet, our privacy and data protection, access to medicines, and knowledge and innovation are at stake.

## WHO ARE INVOLVED?

Member states are the real actors in the World Trade Organization (WTO). They are represented by ministries of trade and economy, which tend to represent a very specific set of multinational corporate interests in their countries. Public interest groups, the public, and the press are excluded from active discussions or information about draft texts. While some WTO documents are publicly available on the WTO website, some are not. In some cases, member states can even request that certain proposals not be made public.

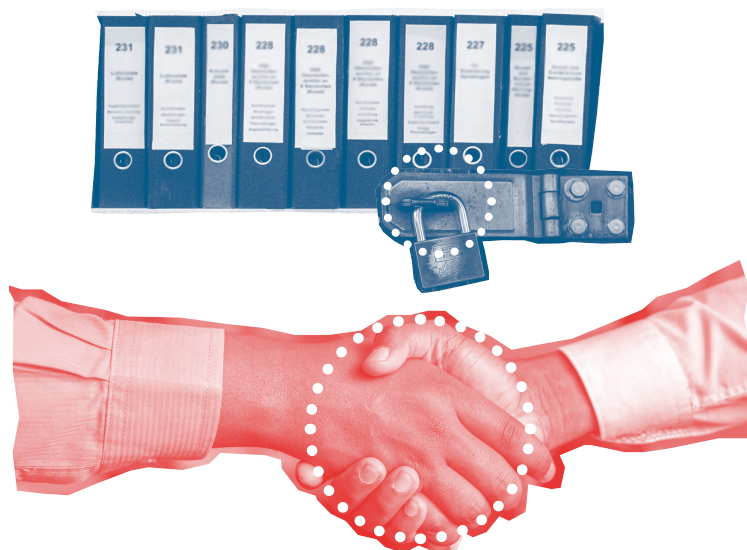
## WHY SHOULD I CARE?

The multilateral trading system impacts public interest policy and legislation at a global scale. In the WTO, global trade takes precedence over everything: democracy, public interest, public health, fundamental human rights, access to essential services, and more. Major decisions are supposed to be taken by consensus, but in reality, major players develop take-it-or-leave-it proposals, which are not isolated from other pressures, such as foreign debt or heavy dependence on the markets of those exercising the pressure.

The WTO created a superstructure that cannot be challenged domestically, and reversing its rules and practices is almost impossible, since those rules include harsh dispute settlement provisions and sanctions for those who do not follow WTO rules. The WTO's tribunals systematically rule against domestic laws under the premise that those laws violate WTO rules. So far, multilateral trade agreements have had an overall negative impact on issues related to public health, access to knowledge, and environmental and safety regulations, while also having a positive impact on a number of other issues, such as reduction of barriers for some exporters or easement of procedures at customs. But there is still a long way to go to achieve balanced results for all sides.

## FOR INTERNET ACTIVISTS, CONSUMERS AND WORKERS

WTO rules seek to commodify everything – to turn everything into a form of property – so that it can be traded. This is an especially urgent concern as data becomes a new form of trade commodity. Our daily lives intersect with online services constantly: the goods we buy online, posts we share, news we read, financial transactions we conduct and ads we click. Rules defining artificial intelligence, algorithm transparency, Internet platform neutrality, and the security and safety standards of our digital economy and society are being drafted in rooms where the public interest has no place at the table. In the private sector, there is growing enthusiasm to push for a global trade agreement on digital issues.





## THE BIGGER PICTURE

Past experiences show us that trade agreements do not play out as advertised. Adding to this, the scope of the agreements is only broadening, while the space for civil society organizations (CSOs) to participate is narrowing. With people's movements united across borders and across sectors during the Trans-Pacific Partnership (TPP) negotiations, CSOs were able to stop a power grab by some of the most powerful economic and political interests. That's lesson one to draw from the TPP going forward.

Informed and engaged citizens can make a difference. Developing countries can also make a difference, when their representatives are well briefed and they understand the issues in depth. Often, knowledge gaps can be bridged by active involvement by CSOs to address them from the beginning. The more prepared all sectors are, and the more willing they are to commit to build a common agenda in the public interest, the better outcomes might be reached for all.

## WHAT CAN I DO?

- Monitor the situation domestically.
- Know your trade representatives and ask them about current free trade agreements under discussion or negotiations in your country.
- Get in touch with your parliamentary commission on international trade and ask them to hold periodic meetings with the executive branch and then with civil society.
- Connect with public interest groups, academia, and experts to better understand the implications of complex trade issues you might not be familiar with.