

Trump Threatens to Axe WTO - What Now for No-Deal Brexit

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We keep hearing hard Brexiteers like Jacob Rees Mogg, Boris Johnson and Liam Fox saying that Britain is heading for a no-deal exit from the EU and that leaving on World Trade Organisation (WTO) terms is now likely. For most of Britain's population, they have no idea what this really means, only that there is some sort of deal, even if it's a bad one.

What you might not know is that the WTO is under serious threat of extinction anyway, just at the moment Britain needs the trade body more than ever.

The EU is launching its last-ditch plan to save the World Trade Organization just as U.S. President Donald Trump demonstrates ever more increasing signs that he is about to kill it off.

This week, Trump's administration [pushed the WTO closer to the brink](#) by blocking, yet again, the reappointment of another judge at its Geneva-based court that arbitrates trade disputes. With only three judges out of seven left in the WTO, it will now face increasing difficulties in passing rulings on international disputes over tariffs, unfair trade barriers and subsidies. This effectively means that the WTO will not be looked upon as an effective global arbitration service.

Politico.eu [reports](#) Tuesday (28th Aug) that

"Many in Europe think Washington wants to destroy the court because it is not sufficiently tough on China and has been too interventionist in criticizing America's high tariff calculations."

The American's are looking for WTO reform to work in its favour and says it's prepared to talk and negotiate. However, European officials are sceptical and are now out to test whether Washington is bluffing.

"Brussels thinks the WTO plays a vital role as a referee in global trade disputes, so it has prepared reform proposals for next month to tackle exactly the sort of complaints that the U.S. has raised in Geneva. If Washington takes up the offer, it should lift its opposition to the judges, Brussels officials say. If Trump snubs the EU's suggestions to reform the court, the Europeans will know that he simply wants to blow up the WTO."

"This is certainly about calling America's bluff," said Bernd Lange, chair of the

European Parliament's trade committee. "The EU will make proposals to the WTO in September to kickstart the [reform] process and to test who is really willing to work on reform. Those who frequently issue criticism will then also have to commit to such a reform. And this means first and foremost the United States."

If that's not bad enough, it does get worse. While the WTO can theoretically operate at such bare-minimum levels with just three judges out of seven, there are now growing legitimacy problems with this arrangement. These remaining judges are from the U.S., China and India, the three countries right at the heart of some of the world's biggest and most sensitive trade disputes. Judges are required to recuse themselves if there are conflicts of interest from their previous careers and that is highly likely for all three, especially the judges from the US and China.

Trump has made no secret of his contempt for the WTO. He takes the view that it is far too lenient toward Beijing. And as Politico points out, Trump has often mapped out strategies where the U.S. bypasses the WTO and wins trade wars simply by flexing its muscle as the world's biggest economy. In a world without arbitration, Trump simply thinks he can't lose.

United States Trade Representative Robert Lighthizer, who is spearheading US actions over the WTO wrote that

"the WTO is undermining our country's ability to act in its national interest ... First among those concerns is that the WTO dispute settlement system has appropriated to itself powers that the WTO Members never intended to give it."

Simon Lester, associate director of the Cato Institute's Herbert A. Stiefel Center for Trade Policy Studies, said that the current blockage is "dangerous" and that *"It's still not clear whether America is willing to negotiate in good faith."*

In reality, without the WTO, America would simply bully its way through trade deals as there would be no effective trade body to act an independent judge on disputes.

As for the much reported no-deal Brexit. With no WTO rules to protect it, where would that leave Britain other than capitulating to the US - exactly as Trump wants it?

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