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## CHALLENGES FOR THE UN AND OTHER ORGANISATIONS: THE ECONOMIC DIMENSION

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### Abstract

The article aims to put on the table the ongoing works of the United Nations Organization (its economic dimension) and others like World Trade Organization (WTO) being focused in their current and future challenges to build an effective and useful Multilateral Trading System

(MTS). Apart from achievements and reforms undertaken, further ones - based on another approach: considering the diversity principle - are proposed in order to reach equitable and fair trading negotiations outcomes in benefits of all members.

**Keywords:** *International organizations, System, Diversity, Challenges, Reforms*

## **Introduction**

In June 2014 we celebrated with pride the most influential UN organization in both international and national economic policy recommendations – UNCTAD; in order to cope with the millennium challenges, UN Economic and Social Council (ECOSOC) in New York has done an excellent job in compiling the Sustainable and Development Goals (SDG) in harmony with the Post-2015 Development Agenda 2030. In recent years and especially during 2014-2016, the UN Economic Commission for Europe (UNECE) has significantly boosted its performance, specifically in energy resources, housing and land management, trade and international transport networks and in other areas.

The WIPO has done a hard and systematic job in concluding several treaties aimed at putting on track the very fragile Intellectual Property (IP) Rights as well as other related activities in this global world; UNEP is rapidly emerging in the world arena with its major goal to establish a strong and correlative link between industrial development and

environmental protection in our planet as a whole and, in this area of environment protection, the Paris Agreement on Climate change in 2016 has been the biggest achievement.

The World Trade Organization (WTO) has been striving for decades to “put under control and discipline the worldwide business” by projecting and considering the balance between public goods (worldwide interests) and private goods (national interests in narrow sense). After 20 years of its existence in international trade system, the approval of the Trade Facilitation Agreement was a real success.

In addition, there are many other international organizations operating in the economic-social dimension influencing the world economic system, in particular two famous and prestigious financial international institutions—World Bank and IMF, whose predictions sometimes make the world optimistic but at times shake and shock it. Furthermore, this overview is being completed by the international political dimension, starting with the UN Assembly, Security Council (SC), Human Rights Council (HRC) and others, adding to it the Davos Forum, the World Economic Forum (WEF), G-8 and G-20 as well as intergovernmental Communities, such as the European Union (EU) which design, set up and define the economic, trade and financial organizations/structures, goals and objectives in our world.

Despite these operational international structures (in this study called System) – within UN and other intergovernmental organizations (according to current statistics, there are more international organizations than states), the crisis of 2008-2009 is still present and political clashes and military confrontations do not seem to be reduced. Even if one

presumes that this is a good functional System in the sense that it guides and recommends solutions and it also puts pressure (in respect of international law and its founding treaties or agreements) to business environments and objective circumstances, the expected outcomes are likely to be more fluctuant. This interaction is usually getting worse when major political actors are confronted with one another and when there are many local military deployments in many parts of the world. Hence, the well-known observation arises: our globalized world needs the implementation of effective global instruments and means is still on the table waiting for adequate and sustainable solutions.

### **Current challenges**

The actors in this worldwide scene - major states, all UN members as well as various international organizations are continuously facing current and future challenges appearing in our world, whose nature is as variable as the economic, political and social international environment by itself. Since the System (let us call it superstructure) which involves areas of international law, politics, economic-trade and financial relations is designed to respond to the above - mentioned nature of environment (let us call it structure), I think we are likely to face the following challenges:

### **The First Challenge**

True, for about one century, our world was governed by this System, during which (putting aside the First and the Second World Wars) its actors and states have demonstrated by and large their will and behavior

in favor of making this System work; yet, they are far from displaying fair, sincere, peaceful and democratic behaviors, particularly when there are clashes of interests over so-called strategic zones, energy sources, trade or water routes and so on. Likewise, the democratic principle “my interest ends up where yours is affected” looks to be also far from being true.

Let us take the economic area: in terms of free trade principles stated in many treaties and agreements, there is an obvious will by its members to implement them. But, when it comes to reality, this question turns out to be more complicated. Let us see the case of WTO: we know that its members have wasted many years and decades to reach a consensus or to find a compromise over a range of disputed trade issues; but when this occurs, the previous political commitments are often renounced, replaced, changed or even ignored. That is why the System is partly implemented and sometimes there are even doubts on its functionality.

Therefore, dwelling upon this concept, we presume that compromise and consensus are reached in each level and field of the System activities. However, this is not sufficient. In fact, the implementation of their commitments and statements on the ground constitutes the crucial stage called the First challenge of the System. Let us move on to the case of UNCTAD: many meetings, consultations, ministerial conferences, including those among governmental experts and specialists based on its philosophy, Think-Debate and Recommend are taking place at each time.

In other words, this means economic, trade, financial, technology solutions in international, regional and national level; debate among

experts and scholars in economics, politics and diplomacy over proposed solutions; recommend to members and governments and assist them in implementing the relevant projects and programs (In fact, these are basic principles and work procedure for all international organizations). Over the 50 years of its existence and operation, UNCTAD has showed its capacity as well as its technical and professional expertise, which have largely helped it overcome difficult situations in different areas, regions and in specific countries.

If there is a good, then our global world would be manageable and any crisis, wherever it occurs would be put under control. If that would be the case, then the First Challenge, which relates to the political sphere could be overcome and resolved. However, the situation on the ground is hard and sometimes too difficult. The analysis of the First Challenge does not lead us to the point because our System does not function as we want it and as it is stated in its founding treaties and agreements.

## **The Second Challenge**

This is because the System depends both on political and non-political factors. Based on this analysis, we come to the *second challenge* which our System is facing. As a matter of fact, this UN – led System does not intend in the least to unify its international policies or to integrate it in the narrow sense of the word; the opposite is the true. It encourages their co-existence and harmonization within the diversity that shapes our economic and social world, simply because this diversity is neither a product of subjective actions nor an outcome of political will. This is our objective economic world with a variety of forms and shapes.

As such, economic diversity cannot be transformed or changed, neither by laws and decisions nor by military threats. The only way for economic changes, transformation and harmonization of policy – making at all levels is to make objective laws; it means that law and decision-makers should have large and in-depth knowledge, both in terms of the objective reality and the expectations for its future evaluations. The level of policy harmonization – on international, regional and national scales - varies within different economic fields and sectors. In some cases, for a given economic community like EU, there is not only harmonization, but integration and unification of various policies as well; or, the Balkan region – where we come from - within an improving rapidly political relationship among its members, it is more likely to get economic and trade integration within itself then individually towards EU.

In addition, once those kinds of ties become solid and sustainable, they may produce more shared political will to move on further. This is due to several reasons, among which we can distinguish the following basic one: similar economic and culture environment. That is why, in these last years, UNCTAD or UNECE are doing their job well in that area. Especially the UNECE played and continues to play a crucial role here; whereas in other fields, as in transport and telecommunications, the required standards are reached much easier than in other areas, as for instance in the IP rights.

Given the above-mentioned concept, let us continue our analysis on the second challenge from another perspective: there are areas where the System does not require harmonization, since this could be counterproductive, simply because it might go against its nature and its

own objective laws. Such an area is for example the economic culture of nations or regions (based on the same culture) in its generic sense. In fact, this leads to the meaning of the second challenge we are talking about, which can be addressed in the following way: Once a system is established, for example Multilateral Trade System–MTS (or other in the area of Human Rights, International Humanitarian laws, etc) the relevant structures become operational and a series of developed projects and programs need implementation, one notices the following challenge coming to surface: how to implement such a series of projects within economic areas that are so diverse and different? To answer this question, let us mention the following factors which determine that diversity (as it is widely known) among states, regions or among existing economic communities/unions:

1) Various geographical circumstances among countries and regions; 2) Obvious different levels of economic development; 3) Visible different educational systems and technical-professional level; 4) Different level of the democratic system, including various human right standard values; 5) Various cultures in a wide sense and economic cultures in a narrow sense which produce: 6) and very different behaviors and concepts vis-à-vis the material world, the attitude to business activities, well-fare, socio-economic life and others.

Owing to these factors, the world economic environment is obviously shaped into different and various economic environments – at regional or national levels, based on the elements on which our economic System is set up. So, it is clear that the implementation of the international treaties and agreements by and large and in principle is faced with



difficulties on the ground; because it is not easy to implement for instance in the field of trade “a unified norm or rule into different economic environments” Therefore, it would be better to also work to other solutions: Suppose we *enforce* the System to change this reality in the sense of unifying the above - mentioned factors. This is very likely to be impossible. The legal norms and rules cannot change the internal and objective economic and social natural laws. The only way to do that is to adjust the System as much as possible to the different economic realities.

As a matter of fact, this adjustment method has been successfully used by many organizations and UN agencies - UNCTAD, UNECE and WTO (i.). Actually, WTO represents the area where *this clash* is much more evident, although its working principle has been and remains that *the economic diversity should be considered at any time*. For example, WTO has set up some facilitating instruments in favor of Least Developed countries – LDCs or developing countries, or RAMs Group (Recently Acceded Members) enjoys a series of preferential tariffs for their exports, their customs technical assistance and gradual reduction tariffs. In this regard, the first failure to reach an “agreed language” on TFA (Trade Facilitation Agreement) in July 2014 indicated that this principle was not taken in due consideration. Moreover, there were political compromises reached among its members with the primary goal to “keep the system on its legs”.

We can also argue the necessity of that method from the philosophical perspective. In general, the System – all treaties, conventions and agreements - cannot generate and build on the expected sustainable

economic developments unless it reflects the economic objective reality within its diversity. In addition, there are entire societies, states, state communities or regions with more or less common characteristics of the above mentioned factors which make or shape the System by itself.

If the System requires changes and needs transformations, the scientific way suggests discovering and implementing them on the ground in the different economic environments and then materializing them in the system. This kind of System is also capable of anticipating and predicting the future developments of those realities. This could be the route to a better dynamic communication on the ground, among different realities and the existing System, which in psychology is called *conscious and subconscious communication*.

### **The Third Challenge**

Once this method is applied and this system is in place, the next challenge lies between that System and different economic environments where it is operating. Let us refer to the case of UNCTAD and WTO. In UNCTAD, for instance, a series of think-tank activities up to ministerial conferences are held on regular basis. While mentioning the case of Investment/Services Policy Reviews addressed to particular countries or regions, we know that expected recommendations are constantly taking into account the specific conditions and circumstances of the economy of that particular country or region.

On one hand, those recommendations expressed in scientific insights give consideration to economic diversity but on the other hand, they do

try to give us general views and pictures.; thus, they become common recommendations reflecting the world economy as a whole. This leads to a better coordination of general and specific components in the international scene. This system is functioning well in line with the UNCTAD working philosophy. As for the WTO, this organization has been working hard for decades to build up its MTS. To this end, a series of agreements had to be adopted and ratified by the 163 member states based on its famous principles: Transparency, Inclusiveness and Compromise. The WTO basic working motto lies in reaching a *compromise*. Its long past and current experiences show that reaching expected compromises have often been a hard process.

As indicated in the analysis of the *second challenge*, WTO and its main structures, as for instance the Trade Negotiation Committees (TNCs) should also look more at the causes of failures rather than open and re-open new talks and discussions. Under the above-mentioned Diversity concept, this might need some amendments to agreements, i.e. some changes in the System itself. At this point, the big question arises: how do we integrate or unify different norms, standards, tariffs, and national fiscal policies (which reflect different economic environments, national or regional even communitarian levels) into a unified System? Well, this is the clash which in my opinion represents the third challenge of the System (in the area of Human Rights, for example, where the political interest is there, this is an obvious clash).

As mentioned above, within the three WTO underlying basic principles for the operation of this system, I think that the principle that causes such a clash is Inclusiveness in terms of standard and tariffs unification for all

members; the explanation lies in the fact that this principle constrains all members to adopt the same norms, modalities and standards, as required by the common system. It is obvious that all WTO structures, like TNCs, AoA (Agreement of Agriculture), NAMA (Non-Agricultural Market Access), or plurilateral agreements such ITA (Information Technology Agreement) and others are working under that principle.

On one hand, it succeeded in making many concessions to countries like RAMs Group and LDCs which are considered wise and rational policies. The latter have helped WTO work well and meet its objectives, to manage world trade by building MTS. But, on the other hand, there are also several cases which show strategy failures. For example, TFA failed in July 2014, because India could not apply the WTO Subsidy Policy arguing its difficulties on *food security*; or the fact that AoA talks have been continuing for many years with too little progress on modalities in the three pillars (market access, completion law and domestic support) is another illustrating example, and others.

The WTO System which we are analyzing takes the shape of a MTA contract, with all actors working on it for decades to build it up in compliance with the relevant requirements: comprehensive, standardized and acceptable for all members. In this regard and in the view of our efforts to meet the third challenge, I share the idea of most scholars that the WTO ongoing work to establish the proper MTA is a logical and legally acceptable imperative; it seeks and is in favor of development and peace worldwide. But, at the same time, some reforms have to be undertaken in due consideration of Diversity and the different socio - economic environments on the ground.

The outcome could be building a MTS as a “chapeau” linked with the reality through a network of sub-MTSs, fitting to each socio-economic environment and defined by the above-mentioned factors, which have their identities within WTO in forms of Groups. Perhaps this is another challenge for WTO, since the sub-MTS network could be a very difficult undertaking; nevertheless, it is the true venture, which could make MTS operation possible. If it would be possible to have MTS as a chapeau, this would play the coordinating role, while sub-MTSs would remain the only structures to communicate directly on the ground. To this end, the existing economic and trade communities or unions, as intergovernmental agreements covering different areas of the economic world, should support this process and facilitate the establishment of sub-MTSs network.

It is a well - known fact that if those communities or unions are set up “from below”, they could function naturally; otherwise, they will probably not succeed. This can be illustrated with the examples of the following economic unions: European Union established “from below” is a success story in the world and Comecon (Council for Mutual Economic Assistance) built “from the top” was a failure; the latter was set up on ideological terms and not in keeping with the free trade and market economy laws. Maybe, the increasing number of Regional Trade Agreements and their role in the international trade constitutes a response to existing MTS led by WTO, and other economic international organizations.

As a matter of fact, there are some UN and other organizations on-going reforms, but they cannot be just a matter of "effective building platforms

and action plans", or reducing the number of sessions with the intention of "saving time and money". First and foremost issue should be how to process new platforms and ideas aiming to increase their efficiency and operation functioning as real "world government." They have to approach the future global developments under new conditions full of new and unexpected challenges and uncertainties, hoping to "implement SDG and 2030 Agenda" for a peaceful, stable, equal, equitable and balanced world where each one acts in mutually and common beneficial.

### **In lieu of conclusion**

In the context of the analysis related to those three challenges along with other additional ones, an adequate System can be dynamic, well-shaped and built up while anticipating the future assessments and challenges. Under this System, the international economic relations would be more effective, sustainable and ready to be transformed and reformed at any time on the ground and by international policies; the latter should always consider and rely on our diversity - as our universal value.