

***Trade for Peace:
The Multilateral Trading System Was Founded to Underwrite Peace
After Two World Wars. The Linkage Has Renewed Relevance Today***

Remarks of
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Two examples of the relationship between trade and peace dominate modern history. The first had its origins at the Paris Peace Conference in 1919. U.S. President Woodrow Wilson linked trade and peace in his 14 points for shaping the world after the Great War. His Point 3 called for:

The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.

This paragraph linked trade conditions with the maintenance of peace. Wilson's effort failed. The Fourteen Points were formally adopted, but no implementation occurred. The consequences were severe.

This was not a wasted effort, however. It left its stamp on the next generation, emerging in the mid 1940s from one of the worst periods in global history - two World Wars separated only by a Great Depression, with resulting death and displacement caused for tens of millions of people, Franklin Roosevelt and Winston Churchill and post-war planners in Washington, joined by representatives of allies, decided that they had perhaps only one more chance to shape the world that they would like to see built in the ensuing years. They were dedicated to learning from experience. A central pillar of their vision was a more open and rules-based global trading system in the form of an International Trade Organization.

The opening words of its Charter, read as follows:

RECOGNIZING the determination of the United Nations to create conditions of stability and well-being which are necessary for peaceful and friendly relations among nations, THE PARTIES to this Charter undertake in the fields of trade and employment to cooperate with one another and with the United Nations,

The International Trade Organization, the ITO, did not, as it turned out, come into being. But the trading rules and tariff concessions that negotiators agreed to survived in the GATT, the General Agreement on Tariffs and Trade. From the beginning, a central but now unstated objective of the multilateral trading system was to sustain peace.

The second major endeavor in humankind's efforts in Europe to employ trade to build a durable peace came first in the creation of the European Coal and Steel Community, followed by the agreement to form a common market, and then the European Union. Jean Monnet, a father of European integration believed in the creation of “a *pax mercantoria i.e.* a peace achieved through the integration of the markets initially restricted to the energy market and then extended to other sectors until a single market was formed.”¹ This powerful motivation for European integration was still strong when decades later a Brussels official spoke of the purpose for the expansion of the European project, in order to bring in additional countries to the East. He said that a prime reason for bringing in these countries was to strengthen the prospects for peace and expand the geographic reach of economic integration, of trade relations.

The strong linkage of trade and peace does not mean that an abundance of trade between two countries guarantees peace. It does not, and often it has not. Other factors can prove overwhelming.

- Rome and Carthage had a robust trading relationship before Rome vanquished Carthage. This was not a story solely of Rome’s aggressiveness. Carthage had in fact weaponized trade to keep Rome out of Carthage’s Mediterranean markets.
- Some historians blame United States’ trade policy towards Japan in the 1930s for bringing about the war in the Pacific Theater in WWII. Although I do not subscribe to that theory, it is also true that the fact that there was a substantial amount of trade between Japan and the United States in the decades preceding the war did not prevent a war between the two.
- Former U.S. trade representative Robert Lighthizer argued in an article in *Foreign Affairs* that the fact that there was extensive trade between the North and the South in the United States preceding the Civil War did not prevent that bloodletting, the costliest conflict in terms of lives lost in the history of the United States.
- There was also substantial trade between the United Kingdom and Germany before each of two World Wars, and it did not prevent those wars from taking place.

None of these examples weaken the proposition that trade can underwrite peace, make it more likely to be sustained.

By the time the WTO came along, for major economies, the Second World War was a distant memory, and even the risk of large-scale war was seemingly extinguished with the end of the Cold War in 1989 and German reunification in 1990.

That there was not a threat of global war did not mean that the world lived in universal peace. Intra-state wars became frequent especially in areas of the developing world. On the continent of Africa alone, within the five years preceding the founding of the WTO, fully one

¹ *The Pedagogy of Peace: Jean Monnet and the Construction of the European Union.* Karine de Souza Silva. University of Miami.

third of African countries had experienced armed conflict, and many of them were still caught up in conflict.

The Bosnian War was spilling blood on the doorstep of Western Europe. There were armed conflicts on the periphery of Russia and in Moscow itself. There was civil war in Afghanistan. There was war in the Gulf and within Yemen. In short, the world was not entirely at peace. But there was nothing on the scale of the two world wars.

By 1995, when the WTO was created, trade and economic integration had underwritten an enduring European peace and an Asian peace with Japan, but it had not been a solution applied equally for all. This anomaly - trade for peace for the larger and more industrialized countries, but insufficiently thought of in connection to the smallest, least developed conflict-affected countries - was recognized in the founding of the g7+ WTO Accessions Group at MC11, the WTO Ministerial Meeting held in Buenos Aires in 2017. Axel Addy, the former Liberian Trade Minister, who is moderating this panel today, and I were there, cheering the Group on, a Group dedicated to recognizing the need for trade to shore up the economies of these conflict-affected countries, help bring about greater stability, and give them a greater chance at achieving a durable peace.

How is trade for peace relevant today?

Out of the twenty-three countries currently seeking WTO membership, many countries are conflict-affected, for example, Bosnia and Herzegovina, Serbia, Sudan, Libya and Iraq. The last two countries which joined the WTO, in 2016, were Afghanistan and Liberia; and the last three which started their WTO accession journeys most recently, in 2016-2017, were Somalia, Timor-Leste and South Sudan - all having suffered through war.

Just before the pandemic brought about the lock-down, in February 2020, I visited Addis Adaba as the Ethiopian government, in a country that has had more than its share of external and internal conflict, renewed its commitment to enter the WTO. The actions of these countries are a testament to the role of the WTO accessions process as a key instrument in the creation of credible trade and policy frameworks for post-conflict recovery, state-building, and the promotion of peace.

In my years at the WTO, there were many occasions when representatives of the least developed conflict-affected countries confirmed that it was their firm belief that the linkage of trade and peace were essential to their countries' future well-being. For them, it was not something theoretical or remote and contained in history books; it was a pressing current reality. Integration into the world economy was a path forward toward the central objective of attaining peace.

At the 2018 WTO Public Forum, I moderated a program which featured speakers from Somalia, South Sudan, Afghanistan, and Timor-Leste. The subject was bringing fragile, conflict-affected economies into the WTO. They wanted their countries to become integrated into the world economy, to provide an economic basis for a greater assurance that it is possible to maintain peace. I asked our keynote speaker, the first President of Timor-Leste, Xanana

Guzmao, to make some closing remarks. He spoke about the need for his country to engage in world commerce, which was why the WTO was so important to his country's future. At a subsequent discussion, the ambassadors of Sudan and South Sudan, seated next to each other on a panel, spoke in the same words to express a common sentiment that "where there is trade, there is peace." Of course, these two elements have a symbiotic relationship: trade and peace are each a precondition for the other.

The g7+ WTO Accessions Group was launched by eight vulnerable, least developed countries that have long suffered from conflict and instability: three WTO Members (Afghanistan, Liberia, and Yemen) and five acceding governments (Comoros, Sao Tome and Principe, Somalia, South Sudan and Timor-Leste). Each of these countries is well-qualified to testify as to why they together pledged in their 2017 Ministerial Declaration to use WTO accession and membership to promote peacebuilding and sustainable development, and why they believe the prospects are good that this path is the right one.

Since 2017, the Trade for Peace Initiative has been extended to other conflict-affected and fragile states which are currently in the process of joining the Organization. Sudan has become a new member of the Group. The g7+ Group has actively promoted its agenda and participated and organized a series of Trade for Peace events during the last four years, including in collaboration with the Geneva Peacebuilding Platform.

At the WTO Second Regional Dialogue on WTO Accessions for the Greater Horn of Africa, which took place in Djibouti in December 2018, participants and speakers in the Dialogue recognized that the Trade for Peace (T4P) through WTO Accessions Initiative was a way in which the WTO could contribute to regional peacebuilding efforts in the Greater Horn of Africa and in other parts of the world.

From these beginnings, the WTO embarked on a collaboration with representatives of the peace community in Geneva to determine how best we could collaborate to understand the needs of the conflict-affected accurately, to pool resources, each pursuing its own mandate reinforced by the other's. In February 2019, an Exploratory Meeting on Trade for Peace took place, organized by the WTO Accessions Division and the Geneva Peacebuilding Platform, in collaboration with the Centre for Humanitarian Dialogue. Our common purpose was to give definition to concrete steps to be taken going forward:

- to share experiences across the trade and peace communities;
- to brainstorm promising topics for future discussions and on the establishment of a high-level panel/expert group on Trade for Peace;
- to identify a list of WTO acceding governments where the Trade for Peace Initiative could be implemented; and
- to discuss about how to feature Trade for Peace during a series of WTO events.

At the Aswan Forum for Sustainable Peace and Development in March of this year, I noted that in the regional dialogue organized by the WTO in Addis Ababa in 2020, Ambassador Albert Muchanga, Commissioner for Trade and Industry of the African Union, stated that the AfCFTA can assist in "silencing the guns" in Africa. Regional trade agreements clearly can also

foster peace. The AfCFTA makes an explicit link between trade and peace, as did the 1948 Havana Charter. The first of the general objectives set out in Article 3 of the Agreement of the AfCFTA points the way:

- (a) *create a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan African Vision of “An integrated, prosperous and peaceful Africa” enshrined in Agenda 2063.*

The AfCFTA and the WTO share a common goal and a common heritage — the use of trade for peace.

Yesterday, I spoke at an event at the London School of Economics on the subject of Africa in the WTO and the AfCFTA. Of the 24 countries currently seeking to join the WTO, nine are from Africa. For those candidates, the WTO accession process can enhance the benefits of AfCFTA as a regional agreement, unifying and amplifying Africa's voice in a manner that complements regional and global integration agendas. The rigorous process of WTO accession has helped fragile and conflict-affected states (FCAs) establish economic and legal systems to promote transparency, the rule of law and good governance. AfCFTA and WTO membership can contribute to using trade to alleviate the economic and social consequences of conflict and crises, and deal with some of the underlying causes.

Raising the standard of living of their peoples will bring added stability and the prospects for achieving a more sustainable peace, wellbeing, and development.