



*** Check against delivery ***

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Ladies and gentlemen,

on behalf of BUSINESSEUROPE let me say thank you to all our distinguished panellists for joining us here today.

Is the WTO out of touch with business?

This is the hugely important theme to discuss today.

It is a theme, that is vital for the continued functioning of the WTO itself:

If the WTO would have lost touch with the concerns of business, then - indeed - this would be a sad lookout for the institution – and, if I may say, for the global economy also!

A drift away from the multilateral approach would have negative real world consequences. After all, it is the main purpose of the international trading system to facilitate the work of companies from all the 153 member states, allowing them to generate new jobs and development in our communities”.

The panellists today will go into much greater detail than I can but allow me one or two introductory remarks on the topic, looking also at the major concerns of the European businesses.

First, the fight against protectionism:

- The global economic crisis is already leading to the biggest slowdown in international trade for at least 25 years. After years of double digit growth. trade volumes are down by approximately 10%. This slowdown is severely impacting EU companies.
- And on top of this, companies are very concerned that governments are enacting restrictive, protectionist measures that will burden our recovery.
In this context I just mention
 - direct import restricting measures like tariffs and customs rules,
 - risks of illegal export subsidisation and increased dumping or



- increased regulatory divergence in economic crisis/stimulus plans.
- On this front, BUSINESSEUROPE has been pleased with the programme of work that the WTO has put in place to name-and-shame WTO members enacting protectionist measures. This peer pressure has helped to keep a lid on impulses to close markets so far.
- However, continued vigilance, and not complacency, is what is needed now. As unemployment continues to rise over the coming months, those impulses will only grow stronger!! BUSINESSEUROPE counts on the WTO – and its Members – to keep up the pressure in 2010!!

Second concern is the conclusion of the Doha Round

- I know that Business is often accused in Geneva of not supporting the Round enough. I believe that this is patently false. BUSINESSEUROPE has placed the Doha Round at the top of its international priorities since 2001 and lobbied hard in Brussels and elsewhere for its conclusion. Companies may be frustrated with the lack of progress on the DDA but we remain strong supporters of its conclusion.
- Whatever about its slow progress, we know that a successful Round is the best tool to counter the threat of protectionism. The facilitation and promotion of free trade is the winning formula to get us out of the current economic crisis.
- Of course we do welcome the commitment of Ministers in the Delhi meeting to finish the process in 2010 ! However, despite positive signs from Delhi companies at this time cannot have confidence that the WTO is going to deliver real new market access soon.
- That is why all of the countries represented here today, the EU, the US and China, have to do their homework:
 - The US position on trade policy is difficult to understand at present. On the one hand, in the G20 context, President Obama has expressed willingness to move forward on the Doha Round and to avoid protectionist measures.

On the other hand we see initiatives such as the Buy American provisions in the stimulus package. Looking at all the pressing domestic concerns in the US we are also concerned that the US is not ready to spend political capital on the concessions it must make to secure a deal. This will need to change if a conclusion is to be reached.

- And China will also have to contribute if we wish to move forward. It is of concern to our companies to see Buy China elements in China's stimulus package for example.

But even more importantly, China will be one of the major beneficiaries of an ambitious Doha deal. If these benefits are to be gained it must be ready to improve market access in those sectors where it is competitive.



- Finally, - and this is my personal opinion -the EU may need to look again at its defensive concerns - including agricultural matters - in order to achieve the requirements of new industrial and service market access.
- I want to be clear on the issues that must be tackled if a successful and ambitious DDA conclusion is to be reached:
 - There must be new market access by ambitious tariff liberalisation.
 - We need to see sectoral agreements in industries of EU export interest.
 - There must be new disciplines on non-tariff barriers.
 - There must be progress on service sector liberalisation; and
 - We need improvements in the WTO rules agreements.

If the WTO can achieve those two elements – control of protectionist impulses and conclusion of the Doha Round – it will demonstrate very successfully that it is very relevant to business.

But the WTO also needs to look ahead. While WTO-Members have been negotiating on the Doha Round, businesses have been experiencing new challenges on new fronts.

Let me just mention two: NTBs and investment

First, NTBs:

- New trade barriers are cropping up under the guise of environmental, health and consumer protection standards. And in addition to that numerous industrial policies are implemented to protect or subsidise industries like double-pricing schemes for energy-related products. Tackling these issues will be vital to the long term success of the WTO.

Second, investment:

- There is a global trend towards investment protectionism although everybody acknowledges the importance of foreign direct investment.
- Therefore it remains highly regrettable that investment has been excluded from the current Doha mandate.

NTBs and investment are just two examples. The panel discussion will no doubt raise other crucial issues for companies.

But I leave you with one important encouragement: The WTO must keep moving forward. It cannot, for its own sake and that of the world economy, stand still. European business will be there to support it – but it will also ask for concrete improvements.

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