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BUSINESSEUROPE's Contribution to Future WTO Work Programme

Following the WTO Ministerial Conference in Bali, in December 2013, the Director General of the WTO, Roberto Azevêdo, launched consultations with members and stakeholders about the future WTO Post-Bali Work Programme, with the end of 2014 as initial deadline for its finalisation. Following the decision of the General Council on 27 November 2014, the WTO will continue this work with the new deadline being July 2015.

Furthermore, the WTO General Council took two additional decisions that put the implementation of the 'Bali package' back on track, one on the implementation of the Trade Facilitation Agreement and another on the public stockholding of food.

It is now pertinent that the WTO develops a Work Programme that is modern and better reflects today's needs of multilateral trade. BUSINESSEUROPE contributes to this process; the proposals below are based on initial discussions held among members.

BUSINESSEUROPE recommendations for a future WTO post-Bali Work Programme

Introduction

BUSINESSEUROPE supports that any future WTO Work Programme must start from the recognition that today's trade environment has significantly changed in the past decades and is characterised by global value chains. Goods and services are not produced in a single location, but are the result of a combination of tasks executed in different countries, while the lion's share of traded goods in these global value chains are intermediate products. At global level, comprehensive elimination of tariffs and non-tariff barriers, and facilitation of trade and investments are the right answers to this new international trading environment. Since the start of the Doha Round, several emerging economies have become global trading powers and should accept the responsibility connected to this new role by showing more commitment to the multilateral trading system and the WTO.



BUSINESSEUROPE is a strong supporter of the WTO, which remains the guardian of multilateral trade rules and standards, hosting also an unprecedented dispute settlement system. However, although the existing legal framework provides an excellent basis for multilateral trade, it is crucial that it is updated in order to respond more effectively to the challenges presented by the continually evolving global economic landscape. In this context, the rule-making power in the WTO should be reinvigorated and negotiating techniques should be reviewed. This will help WTO become more relevant and effective as an organisation.

BUSINESSEUROPE welcomed the package of agreements adopted during the Bali Ministerial Conference, in particular the conclusion of the trade facilitation agreement (TFA) – the first multilateral agreement to be concluded in 20 years. It is now essential that the TFA is effectively implemented by WTO members. We understand that the decisions taken by the WTO General Council of 27 November 2014 on the issue of public stockholding of food, de-blocking the implementation of the rest of the 'Bali package, have finally cleared the way to a successful completion. The implementation of the TFA in particular will provide concrete and substantial benefits for both developed and developing countries, and will strengthen the WTO as an institution.

The results of the Bali Ministerial Conference were indeed significant. However, we should be realistic and focus on concluding the Doha round. BUSINESSEUROPE is concerned with the limited progress on the negotiations. Reaching an agreement on the outstanding core Doha Development Agenda issues, such as tariff reductions for goods, remains the most urgent task.

There is also a number of pertinent other issues that are important for business and are not addressed by the Doha Round negotiations.

In concrete terms, the WTO negotiations should focus on the following areas:

A. Within the Doha Development Agenda:

- **Market Access:**
 - o Horizontal tariff elimination, in particular for industrial goods: Due to the developments since the 2008 NAMA package (Stevenson proposal), WTO members should look for a more ambitious agreement on NAMA, with due regard to the principle of reciprocity with ambitious commitments made by emerging economies in particular;
 - o Complementary tariff elimination in selected key sectors that would fulfil the critical mass of 90% trade coverage (chemicals, machinery, etc.);
 - o Market access for agricultural goods remains an important task, which requires a balanced approach within the Doha Round.

- **Non-tariff barriers (NTBs) agreements:**
 - o WTO must fully play its role to remove for goods and services all the protectionist measures and regulations that create trade distortions and impede trade and investment. In this perspective, WTO should precisely identify with its members, based on Article 2.3 of the TBT Agreement, all the



measures that are incompatible with WTO rules. In addition, the WTO should work towards further alignment of technical regulations. The conclusion of sector-specific agreements and the establishment of a mediation mechanism for “out-of-court” settlement of non-controversial NTBs should have gathered sufficient support from all WTO members, as this provides for less time- and resource-consuming solutions. Such a mechanism would also help depoliticise cases.

- **Subsidies:**

- The ‘Bali Package’ included a political commitment by WTO members to reduce export subsidies and keep them at low levels as well as to reduce obstacles to trade. BUSINESSEUROPE supports this initiative.

B. Beyond the Doha Development Agenda:

BUSINESSEUROPE believes that the conclusion of the Doha Round negotiations should be the number one priority of the WTO. WTO members should look for a rapid but ambitious agreement that would then allow the organisation to focus on other areas that are not (or not any more) covered by the Doha Round, but they are nevertheless pertinent for European business. These include:

- **Plurilateral Agreements**

- Information Technology Agreement (ITA)
It is a good opportunity to enhance market access and foster multilateral negotiations. In this context we welcome the on-going revision process through expansion of coverage and membership.
- Trade in Services Agreement (TISA)
BUSINESSEUROPE sees room for improving trade in services at multilateral level. More generally, services are fundamental for the economy and need to be globally liberalised. We support the plurilateral TISA negotiations as a means to advance liberalization of services trade. However, this agreement must remain within the WTO scope, and must not lead to a weakening of the WTO as an organisation.
- Environmental Goods Agreement (EGA)
Initiatives aimed at improving overall market access are welcomed. However they should avoid a negative impact on trade by unfairly discriminating between products and sectors.
- Government Procurement Agreement (GPA)
Accession of key trading partners, including China and Russia, to the Government Procurement Agreement (GPA) is important and should happen on ambitious terms.



- **Investment:**
The emergence of global value chains has also refocused attention on the need of a global framework regulating investments. The current proliferation of bilateral investment agreements covering the areas of market access as well as investment protection is a clear proof of this development. It is essential that a future, beyond the DDA, WTO Work Programme provides concrete steps how to address this issue at multilateral level.
- **Intellectual property rights:**
The TRIPs agreement sets the minimum IP rights protection standards globally. BUSINESSEUROPE believes that its standards should be respected and strengthened in various bilateral trade agreements or international agreements that address IP issues. Any IP-erosion initiatives that deviate from TRIPs should be countered globally. TRIPs implementation should be ensured where it is still pending in line with special transitional arrangements foreseen.
- **Coherence between bilateralism/ plurilateralism and multilateralism:**
As WTO members increasingly resort towards regional / bilateral free trade agreements, there is a need for clearer WTO guidelines on the coherence between bilateral / regional trade agreements and the WTO system. This would also facilitate the use of dispute settlement to challenge WTO non-compliant FTAs or chapters of non-compliant FTAs. It would also help in the process of multilateralising bilateral or plurilateral agreements at a later stage. Furthermore, the full use of the transparency mechanism on FTAs should be better ensured.
- **Reduction of export tariffs, export taxes and other export restrictions:**
Export tariffs and taxes have a negative impact on trade, discriminating foreign against domestic customers and resulting in economic inefficient use of materials or products. Their use has been increased in past years, resulting in increasing, artificially created distortions of competition. To progress towards an international level playing field, it is urgent to start in reasonable time an initiative on lowering export tariffs, taxes and other export restrictions¹.
- **Review of the functioning of the WTO:**
The DDA has revealed problems of the WTO to finalise complex negotiations within a reasonable period of time. As already agreed at G20 level, the rule-making power in the WTO should be reinvigorated and negotiating techniques (consensus rule, etc.) should be reviewed. This may also include reviewing the role and authority of the Secretariat.
- **Reform of the Dispute Settlement Understanding (DSU):**
The review of the DSU has been introduced into the Doha process. The DSU represents a core pillar of the WTO system. In order to make it more effective and efficient a successful reform of the DSU must remain on the agenda even in case it was not completed as an early harvest or in line with the rest of the DDA.

¹ The text on export duties already proposed under the negotiations of the Doha round should remain part of a final DDA deal.



- **Fighting protectionism:**
The regular trade policy reviews and the monitoring of potentially trade restrictive measures by G20 members are an important tool to improve transparency and highlight protectionist actions by members. WTO members should look for ways on how to make these tools more effective in the way they counter protectionism.
- **Further topical issues affecting global trade:**
In addition to the issues outlined above, WTO members should explore further topics that are essential for the smooth functioning of global value chains. Issues are for example competition, subsidies, data flows, energy or raw materials. Such initiatives could refresh the interest on multilateral trade and underline the central role of the WTO in rule making.
