



7 June 2022

## **BUSINESS PRIORITIES FOR THE 12<sup>TH</sup> WTO MINISTERIAL**

The 12<sup>th</sup> WTO Ministerial Conference, taking place in Geneva from 12 to 15 June, will be a trial by fire for the organisational effectiveness and ability to respond to the current economic and trade challenges. Against the backdrop of increasing geopolitical tensions and Russia's invasion of Ukraine, the primary objective of the Ministerial should be to reaffirm multilateralism and rules-based trade as the preferred path to boost global economic growth. The WTO also needs to demonstrate that it can respond to the most pressing challenges of our time, particularly health, climate change and food security.

EU and U.S. businesses remain strong supporters of the WTO, and we believe that pragmatism, prioritisation and result-driven approaches are key to ensure a successful outcome. Achieving progress in these areas will be key for a positive MC12:

### **1. Advance meaningful reform**

The current geopolitical context is challenging, making discussions to advance the WTO reform even more complex. **Strong political commitment from all WTO members to set an ambitious agenda, work plan and timeline are fundamental.** Reform should start by improving the functioning of the WTO as an organisation when it comes to monitoring, dispute settlement, solving the crisis in the Appellate Body, increasing transparency, and optimising the work of the Committees. Strengthening the negotiating function of the WTO would enhance its ability to devise new approaches to competitive neutrality, combat distortive subsidies, develop new rules for digital trade, address special and differential treatment, and promote ambitious climate action through trade. **A more structured and consistent dialogue with the business community is essential to ensure a fit-for-purpose modernisation of the WTO rulebook.**

**Reforming and restoring the Appellate Body is an urgent priority.** International trade agreements are only effective if they can be enforced through an effective dispute settlement system. While WTO dispute settlement continues to work in all areas except the Appellate Body, recent cases of appeals into the void show that members' compliance with WTO commitments and the ability to enforce them will erode over time. Concerns regarding the functioning of the Appellate Body can be addressed, but WTO members need to engage, commit to agree and execute the needed reforms — and do so expeditiously.



## 2. Extend the moratorium on customs duties on electronic transmissions

This is a priority and absolute necessity to avoid significant trade and investment disruptions. Imposing tariffs on electronic transmissions would significantly increase the costs of trading and lead to market fragmentation, generating additional headwinds for the global economy. The WTO would allow, for the first time, the introduction of new barriers to trade, thus setting a dangerous precedent where tariffs on services might be levied and potentially creating a paradigm shift in international trade that must be avoided.

## 3. Address trade and health issues pragmatically

The WTO has done very good work facilitating the easing of certain trade restrictions and monitoring trade-restrictive measures adopted by Governments in response to the COVID-19 pandemic. MC12 is a key opportunity to address the trade and regulatory restrictions that limit access and distribution of raw materials, medicines, vaccines, equipment, other goods and the essential services related to them.

Intellectual property (IP) has played a fundamental role in enabling an unprecedented level of research, innovation and partnerships that allowed us to fight the pandemic. It is clear that IP-based incentives have been central to the innovation and collaboration that enabled the development, manufacturing, scale-up and distribution of novel COVID-19 vaccines and therapeutics. Voluntary licensing of intellectual property for vaccines and therapeutics has resulted in hundreds of partnerships around the world, which has led to dramatic growth in vaccine manufacturing. There is broad consensus that today there is no problem of vaccine production. On the contrary, vaccine surpluses are widespread. Logistical bottlenecks, vaccines rollout, country readiness and lack of public acceptance are the real factors behind low levels of vaccination in certain countries. **Therefore, the proposed waiver of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) represents an attempt to solve a problem that currently does not exist.** It would not be the right answer to the collective challenge of equitable access to vaccines and risks undermining the collective response to the pandemic, and the incentive to invest in solutions to address future pandemics will be much lower.

## 4. Make progress on the Joint Statement Initiatives

Joint Statement Initiatives are critical to progress faster in the adoption of rules not covered by the current WTO rule book. They are an important step forward in the modernisation and adaptation of the WTO to current and future trade challenges. We support these negotiations, especially in the areas of e-commerce, investment facilitation for development and trade and the environment. We also hope the agreement on domestic regulation on services is officially concluded.

- **The negotiations for an agreement on e-commerce need a new impetus.** While recognising good progress on electronic authentication, electronic signatures, spam, open government data and online consumer protection, we must make more progress in the most complex and divisive issues, like cross-border data flows, prohibition on



source code disclosure and forced data localisation, expanded market access for ICT products and liability questions.

- **Trying to conclude discussions on investment facilitation for development** would be very important, as a transparent, non-discriminatory, efficient regulatory framework is key to attract long-term sustainable investment and help developing economies recover faster. With more than 100 members participating, a significant number of which are developing countries, this potential agreement shows how the WTO can deliver for all.
- There are several plurilateral initiatives in the area of **trade and the environment**, including a dialogue on plastics, distortive fossil fuel subsidies as well as a broader initiative on trade and environmental sustainability. Addressing climate change is a common and urgent goal. Agreeing on joint approaches is also key to promote a level playing field. Therefore, we hope for strong commitment from members to achieve concrete results including the launch of negotiations.

## **5. Finally conclude the agreement on fisheries' subsidies**

Tackling illegal, unreported and unregulated (IUU) fishing is a key component of the negotiations of a WTO Agreement on Fisheries subsidies. The main objective is to adopt rules that promote sustainable fishing and protect the livelihoods of people. This is a rare area where the WTO is uniquely positioned to address a serious environmental problem in a way that no other international body can. Concluding this agreement would be a clear sign that the WTO can deliver in a multilateral setting.