

Towards a reformed World Trade Organisation

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The European Parliament adopted, by 495 to 15 with 53 abstentions, a resolution on "Towards a reform of the World Trade Organisation". The own-initiative report was tabled for consideration in plenary by Cristiana **MUSCARDINI** (UEN, IT) on behalf of the Committee on International Trade.

MEPs consider that it is now more necessary than ever to resume the debate on the functioning and future of the WTO with a view to the possible reform of this organisation. The European Commission is called to present a strong initiative in Geneva with a view to re-launching this debate. Parliament calls on the Commission to make contact informally with other WTO members likely to support such an initiative and with the Director-General of that organisation, and to report to him, by the end of 2008, on the outcome of these consultations.

Parliament takes the view that the exercise should focus on the very aims of the multilateral trade system, to ensure that they are mutually supportive and consistent with the action being taken by other international organisations. In particular, the coordination of WTO activities with those of the International Labour Organisation (ILO), the United Nations Food and Agriculture Organisation (FAO), the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP), the World Health Organization (WHO), the United Nations Conference on Trade and Development (UNCTAD) and the Kyoto programme on renewable energy, should be strengthened. Furthermore, the ILO should be granted observer status before the WTO.

Members feel that the most challenging requirement for consistency between the UN system and the WTO will be the need for the latter to ensure trade rules fully respect human rights law and social and environmental standards. Parliament supports an incentives-based approach concerning the observance of environmental and social standards by WTO members but equally calls for the examination of WTO-compatible measures for addressing social and environmental dumping.

Parliament considers it neither realistic nor desirable to call into question the principle of consensus in the WTO decision-making process, which guarantees the equality of all members. However, they take the view that various solutions could be examined with a view to facilitating, on a case-by-case basis, the emergence of such consensus. Furthermore, they believe that the WTO's institutional structure could be improved and stress the need to create a WTO parliamentary assembly with consultative powers, given the WTO's lack of democratic accountability and legitimacy.

Recalling the importance of trade as an effective tool for poverty reduction, Parliament points out that effective participation by all members, including LDCs, must be given due consideration in any reform. MEPs insist on the introduction of a more democratic decision-making system in the WTO enabling an increase in the active participation of developing countries, so that they feel fully represented in the negotiating process. They support the proposal to include, as a contractual right for least developed countries (LDCs), funding arrangements for technical assistance so that they can participate meaningfully in the multilateral trading system.

MEPs also wish to see the issue of the role of the WTO secretariat and Director-General carefully considered and call for the financial and human means and resources available to the WTO secretariat to be strengthened. Considering that transparency in the drawing up and pursuit of trade policies represents a legitimate demand on the part of society, citizens and parliamentarians, MEPs support the ideas proposed

by the WTO Director-General seeking to strengthen the 'active transparency' mechanisms and to monitor and supervise effectively the application of the rules and undertakings approved by the WTO members, with a view to ensuring that they are genuinely and fully implemented.

Although the WTO dispute settlement mechanism has, overall, fulfilled its role successfully up to now, MEPs believe that certain adjustments are necessary, in particular with regard to the implementation of the recommendations and decisions of the dispute settlement body. They also stress the need to ensure that the Dispute Settlement Body interprets WTO rules in such a way that it takes into due account applicable international environmental and social law. Parliament envisages the possibility of introducing sanctions against those countries which refuse to ensure that their measures comply with their obligations, to the benefit of the countries harmed by such measures, especially if they are small economies which cannot credibly resort to retaliation measures. Moreover, given the judicial nature of the dispute settlement procedure, MEPs support the idea that substantive meetings with the parties, special groups and the appeal body should in future be held in public.

Lastly, Parliament calls on the WTO members to consider the idea of a special pre-accession status for candidate countries which, while not having yet concluded their bilateral market access negotiations with their key partners in the organisation, pledge to take on, without delay, all the obligations resulting from the application of the existing rules. The decision on whether or not to admit a new member country to the WTO should always be adopted on the basis of strictly commercial considerations.