WTO: the way forward

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The Committee on International Trade adopted an own initiative report by Bernd Lange (S&D, DE) and Paul Rübig (EPP, AT) on WTO: the way forward.

It stated that, since its creation the WTO has played a pivotal role in strengthening multilateralism, promoting an inclusive world economic order and fostering an open, rules-based and non-discriminatory multilateral trading system. However, Members point out that currently, the rules-based multilateral trading system is facing its **deepest crisis ever**, with **both its negotiating function as well as the dispute settlement mechanism being threatened**. In this respect, they noted that the results of the 11th WTO Ministerial Conference in Buenos Aires in December 2017 were disappointing, and clearly showed that the negotiating function of the organisation is **paralysed**. They also noted that the **Appellate Body** is the 'jewel in the crown' of the WTO owing to the binding character of its decisions and its status as an independent and impartial review body. However, the Appellate Body's membership fell to the minimum number of judges it needs to function, leaving only three judges appointed. The committee noted that this **deadlock, caused by the US administration**, could lead to the collapse of a system that is essential to managing disputes among all WTO members. It also noted that the concerns expressed by the US regarding the Appellate Body extend beyond procedural changes and entail significant reforms to the rulings of the body's judges.

Members reiterated their full commitment to the enduring value of multilateralism, and a free, fair and rules-based multilateral trading order that supports social, environmental and human rights, contributing to peace and security. They felt that is was now a matter of urgency to proceed to the **modernisation of the WTO,** not only in the light of the latest developments but also owing to the long-standing lack of progress on the Doha Development Agenda (DDA). The Commission and the EU Member States in the WTO were asked to reach out to other WTO members, in particular the **EU's major trading partners** such as the US, Japan, China, Canada, Brazil and India, in order to agree on common positions. The committee took note of the European Council's conclusions and the mandate given by to the Commission on 28-29 June 2018, as well as of the Commission's concept paper on WTO modernisation of 18 September 2018.

The committee made recommendations regarding:

- addressing **current gaps in the rulebook** in order to level the playing field as regards market-distorting subsidies and state-owned enterprises, as well as keeping intellectual property protection and investment market access up to date;
- addressing **issues of protection and forced source code disclosure** and other state- directed activities giving rise to overcapacities, as well as regulatory barriers to services and investment including technology transfers, requirements of joint ventures and local content requirements;
- creating the necessary regulatory framework to cope with **technological developments** by covering e-commerce, global value chains, public procurement, updated domestic regulation for services.

The committee also felt that it is necessary to:

- revisit the **classification** of countries into developed and developing, and re-examine the special and differential treatment (S&DT) mechanism in order to better reflect human development indexes ;
- ensure that trade plays a part in contributing to development and the achievement of the 2030 Sustainable Development Goals (SDGs) and of the Paris Agreement commitments in the fight against climate change;

- revise the functioning of the negotiating process by introducing **more flexibility** than has currently been the case under the consensus rule, and support the concept of flexible multilateralism, whereby WTO members interested in pursuing a certain issue where full consensus is not yet possible should be able to conclude plurilateral agreements. However, such agreements must complement and not undermine the multilateral agenda and should be used not as alternative fora to address trade barriers.

Members viewed the decision of the US to **impose tariffs on steel and aluminium products** on 31 May 2018 on grounds of 'national security' under Section 232 of the Trade Expansion Act of 1962 as unjustified and strongly encouraged the Commission to work with the US to address trade disagreements within the WTO's rules-based dispute settlement framework.

Lastly, Members urged the WTO members to ensure democratic legitimacy and transparency by strengthening the **parliamentary dimension of the WTO**, and to support a memorandum of understanding establishing a formal working relationship with the Parliamentary Conference on the WTO.