

2015

## HIGHLIGHTS OF THE SESSION



**WTO AT THE AGE OF 20**

**ANNUAL SESSION OF THE PARLIAMENTARY CONFERENCE ON THE WTO**  
**GENEVA**  
**16-17 FEBRUARY 2015**

 Inter-Parliamentary Union  
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 EUROPEAN PARLIAMENT

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# CONTENTS

<b>ANNOTATED AGENDA OF THE SESSION</b>	3
<b>PROGRAMME OF THE SESSION</b>	4
<b>OUTCOME DOCUMENT</b>	6
<b>INAUGURAL CEREMONY</b>	
• Mr. Krister Örnfjäder, MP (Sweden), Co-Chairman of the Parliamentary Conference on the WTO	9
• Mr. Olli Rehn, Vice-President of the European Parliament	12
• Ambassador Fernando De Mateo y Venturini, Permanent Representative of Mexico to the WTO, Chairperson of the WTO General Council	15
<b>HEARING WITH THE WTO DIRECTOR-GENERAL, MR. ROBERTO AZEVEDO</b> <b>Why trade? Reflections on the WTO anniversary</b>	
• Introductory remarks	17
• Question-and-answer exchange	21
<b>PRESENTATION OF REPORTS AND INTERACTIVE DEBATE ON THE SUBSTANTIVE THEME:</b> <b>Trade as an enabler of peace and better living conditions</b>	
• Discussion paper presented by Mr. Joerg Leichtfried, Member of the European Parliament	25
• Discussion paper presented by Mr. Joseph Hyacinthe Owona Kono, MP (Cameroon)	29
• Discussion paper presented by Mr. Paul Rübig, Member of the European Parliament	31
• Discussion paper presented by Mr. Anurag Singh Thakur, MP (India)	34
• Introductory remarks by Ms. Arancha González, Executive Director, International Trade Centre	38
• Introductory remarks by Mr. J. Leichtfried	39
• Introductory remarks by Mr. J.H. Owona Kono	39
• Introductory remarks by Mr. P. Rübig	40
• Introductory remarks by Mr. A. Singh Thakur	41
• Excerpts from the debate	42
<b>DIALOGUE WITH SENIOR WTO NEGOTIATORS AND OFFICIALS</b> <b>Policy, politics and trade: keeping the WTO negotiations on the right track</b>	
• Ambassador Angelos Pangratis, Permanent Representative of the European Union to the WTO in Geneva	50
• Ambassador Remigi Winzap, Permanent Representative of Switzerland to the WTO, Chairperson of the WTO Negotiating Group on Market Access for Non-Agricultural Products	51
• Ambassador Gabriel Duque, Permanent Representative of Colombia to the WTO, Chairperson of the Special Session of the WTO Council for Trade in Services	52
• Excerpts from the debate	53

<b>PANEL DISCUSSION</b>	
<b>Conveying the benefits of the WTO to the wider public:</b>	
<b>The case of consumers and young people</b>	
• Ms. Emma McClarkin, Member of the European Parliament	58
• Mr. Faisal Al-Tenaiji, MP (United Arab Emirates), President of the Forum of Young Parliamentarians of the IPU	59
• Ms. Amanda Long, Director General, Consumers International	60
• Mr. Shinkun Haku, MP (Japan)	61
• Mr. Desmond Van Rooyen, MP (South Africa)	62
• Excerpts from the debate	63
<b>BRIEFING SESSION</b>	
<b>Enacting the Trade Facilitation Agreement</b>	
Ms. Sheri Rosenow (WTO Secretariat)	66
<b>ADOPTION OF THE OUTCOME DOCUMENT</b>	
Introductory remarks by the Rapporteur, Mr. Kil Jeong-woo, MP (Republic of Korea)	68
<b>RULES OF PROCEDURE OF THE PARLIAMENTARY CONFERENCE ON THE WTO</b>	
69	
<b>PARTICIPATION</b>	
72	
<b>COMPOSITION OF THE STEERING COMMITTEE</b>	
73	



# ANNOTATED AGENDA OF THE SESSION

## 1. ADOPTION OF THE AGENDA

## 2. DEBATE ON THE SUBSTANTIVE THEME

### *Trade as an enabler of peace and better living conditions*

*Trade has a direct impact on the day-to-day lives of the people, whether in developed or developing countries. As the best development tool at the disposal of all, it can improve the living conditions of citizens around the globe and help resolve conflicts through peaceful means. In approving such a broad theme, the Conference Steering Committee intended to focus the debate on the role of policymakers, including legislators, in making the best possible use of the potential of trade as a driver for peace and prosperity.*

## 3. DIALOGUE WITH SENIOR WTO NEGOTIATORS AND OFFICIALS

### *Policy, politics and trade: keeping the WTO negotiations on the right track*

*One of the principal objectives of the Parliamentary Conference on the WTO is to facilitate politically stimulating dialogue between legislators specializing in matters of international trade and government officials directly involved in WTO negotiations. This interactive session is meant to cover a broad spectrum of views on possible ways to advance the Doha Round, bearing in mind the newly agreed deadline of July 2015 for developing the WTO work programme.*

## 4. HEARING WITH THE WTO DIRECTOR-GENERAL

### *Why trade? Reflections on the WTO anniversary*

*It has become customary for the WTO Director-General to meet with parliamentarians. During this interactive session, which will focus on the lessons to be learnt from the twenty years of WTO's existence, the Director-General will field questions and listen to brief comments from the delegates.*

## 5. PANEL DISCUSSION

### *Conveying the benefits of the WTO to the wider public:*

#### *The case of consumers and young people*

*The WTO has struggled for years to convince a sceptical public of the enduring value of multilateralism. Part of the problem is that social and economic opportunities created by trade are spread unequally, while the benefits are not inclusive enough. How best to balance free trade and consumer protection? What can be done to better explain the benefits of the WTO to young people? This interactive panel will focus on the need for the WTO, as the centrepiece of the multilateral trading system, to accommodate the interests of specific groups, such as consumers and the younger generation.*

## 6. ADOPTION OF THE OUTCOME DOCUMENT

*At the end of the session, the participants will be invited to adopt an outcome document drafted by the Conference Steering Committee.*

# PROGRAMME OF THE SESSION

## MONDAY, 16 FEBRUARY

- 10:00 - 12:30 Pre-Conference session of the Steering Committee (*in camera meeting, IPU Headquarters*)
- 10:00 - 18:00 *Registration of participants*
- 15:00 - 15:30 Inaugural session
- Mr. Krister Örnfjäder, MP (Sweden),  
Co-Chairman of the Parliamentary Conference on the WTO
  - Mr. Olli Rehn, Vice-President of the European Parliament
  - Ambassador Fernando De Mateo y Venturini,  
Permanent Representative of Mexico to the WTO, Chairperson of the WTO General Council
- 15:30 - 16:30 Presentation of reports and interactive debate on the substantive theme  
**Trade as an enabler of peace and better living conditions**
- Rapporteurs**
- Mr. Joerg Leichtfried, Member of the European Parliament
  - Mr. Joseph Hyacinthe Owona Kono, MP (Cameroon)
  - Mr. Paul Rübig, Member of the European Parliament
  - Mr. Anurag Singh Thakur, MP (India)
- Discussant**
- Ms. Arancha González, Executive Director, International Trade Centre
- 16:30 - 18:00 Dialogue with senior WTO negotiators and officials  
**Policy, politics and trade: keeping the WTO negotiations on the right track**
- Guest Speakers**
- Ambassador Angelos Pangratis, Permanent Representative of the European Union to the WTO in Geneva
  - Ambassador Remigi Winzap, Permanent Representative of Switzerland to the WTO, Chairperson of the WTO Negotiating Group on Market Access for Non-Agricultural Products
  - Ambassador Gabriel Duque, Permanent Representative of Colombia to the WTO, Chairperson of the Special Session of the WTO Council for Trade in Services
- 18:00 - 19:30 *Reception at the WTO*

## TUESDAY, 17 FEBRUARY

- 10:00 - 11:00 Continuation of interactive debate on the substantive theme  
**Trade as an enabler of peace and better living conditions**
- 11:00 - 12:00 Hearing with the WTO Director-General, Mr. Roberto Azevêdo  
**Why trade? Reflections on the WTO anniversary**
- 12:00 - 13:00 Continuation of interactive debate on the substantive theme  
**Trade as an enabler of peace and better living conditions**

13:00 - 15:00 *Lunch break*

- 15:00 - 16:30 Panel discussion  
**Conveying the benefits of the WTO to the wider public:  
The case of consumers and young people**

### ***Panellists***

- Ms. Emma McClarkin, Member of the European Parliament
- Mr. F. Al-Tenaiji, MP (United Arab Emirates),  
President of the Forum of Young Parliamentarians of the IPU
- Ms. Amanda Long, Director General, Consumers International
- Mr. Shinkun Haku, MP (Japan)
- Mr. Desmond Van Rooyen, MP (South Africa)

- 16:30 - 16:50 Briefing session  
**Enacting the Trade Facilitation Agreement**

### ***Keynote speaker***

- Ms. Sheri Rosenow (WTO Secretariat)

- 16:50 - 17:30 Conclusion of interactive debate on the substantive theme  
**Trade as an enabler of peace and better living conditions**

- 17:30 - 18:00 Closing session: adoption of the outcome document

### ***Rapporteur***

- Mr. Kil Jeong-woo, MP (Republic of Korea)

# OUTCOME DOCUMENT

*Adopted by consensus on 17 February 2015*

1. We congratulate the WTO and its Members on the Organization's 20th anniversary. In its first two decades, the WTO has played a pivotal role in strengthening multilateralism, establishing an inclusive world economic order and promoting an open, rules-based and non-discriminatory multilateral trading system. We remain convinced that a fair and equitable international trading system helps foment global economic growth and sustainable economic development, creating jobs and welfare.

2. Open trade has increased the participation of developing countries in the global economy and contributed to strengthening their constructive engagement in global governance, as is evidenced by their combined weight in the G20. In the year marking the 70th anniversary of the end of World War II, it is equally important to underscore the role of trade in maintaining peaceful relations and cooperation among nations.

3. We acknowledge the part played by the WTO in hushing the siren call of protectionism in the aftermath of the financial and economic crisis of 2008. Despite an increase in protectionist measures in some areas, there has been no repeat of the tit-for-tat and widespread adoption of defensive barriers. By having trade rules in place and an effective dispute settlement mechanism to back them up, the WTO has helped keep global protectionist pressures in check.

4. The WTO provides a platform for global negotiations aimed at freeing up world trade and extending its benefits to developing and developed countries alike. We regret that progress in negotiations in the last two decades has been slow and urge WTO Members to redouble their efforts to conclude successfully the Doha Round, which was launched over 13 years ago and has become the longest running round of trade negotiations ever. We call on all parties to show the required flexibility and make the necessary breakthroughs.

5. In this regard, we applaud the recent approval by the WTO's General Council of the decisions taken at the ninth Ministerial Conference in Bali in December 2013, in particular the one on trade facilitation, aimed at cutting red tape and streamlining customs procedures. The new accord, which will become legally binding once it is ratified by two-thirds of WTO Members, should benefit the global economy by between US\$ 400 million and \$ 1 trillion per year. We therefore urge WTO Members to ratify the agreement as soon as possible. As parliamentarians, we undertake to contribute to this process from our side.

6. We appreciate the General Council's decision on public stockholding for food security purposes and call for the conclusion of negotiations on finding a permanent solution to the issue, in keeping with the decision. We believe that the issue of food security is vital for developing countries and that WTO rules should support fighting hunger.

7. We believe that a review of the working practices of the WTO to achieve greater efficiency will contribute to better rule-making in the trade forum. We recognize the consensus rule as the fundamental principle of the WTO and call on all Members to continue to honour this principle, including in final decisions adopted at the ministerial level.

8. Now that the post-Bali stalemate has been broken, WTO Members must seize the opportunity and press ahead quickly with implementing all elements of the Bali Package, including drawing up a "clearly defined" work programme for the remaining Doha Round issues. Members have no time to waste if they are to meet the end-July 2015 deadline. In order to ensure that the Round is concluded as early as possible, there is a need to build on the relevant results already achieved through years of negotiation as contained in the draft modalities texts. Too many deadlines have already been missed. The work programme must find a

balance between the key components of the negotiating package, namely agriculture, non-agricultural market access and services, and keep the special needs and interests of developing countries at the heart of the process.

9. WTO accords must bring tangible benefits to the poorest of its Members first and foremost. With this in mind, we urge the negotiators to intensify their efforts to convert Bali decisions into concrete economic gains for the least developed countries (LDCs), including through the creation of new export opportunities for LDC services providers and simplification of regulations governing rules of origin. At the same time, we urge WTO Members that have still not met the 97 per cent target for duty-free, quota-free access for exports from LDCs to do so as quickly as possible.

10. The launch of the Trade Facilitation Agreement Facility should further help LDCs reap the benefits of the new accords. Together with the World Bank, the World Customs Organization and the United Nations Conference on Trade and Development, the WTO should scale up technical assistance to LDCs. As parliamentarians, we undertake to work with our governments in order to ensure their active participation in these efforts.

11. Poorer developing countries can face supply-side and trade-related infrastructure obstacles that limit their ability to engage in and benefit from international trade. The WTO's donor-funded Aid for Trade initiative aims to overcome these hurdles. We welcome the fact that the figures for 2012 show a rise of 20 per cent in donors' commitments year-on-year. We feel concerned, however, that most of the increase went to middle-income countries, while contributions to LDCs fell slightly. We call on donors to maintain support for this important initiative and ensure that a fair share of assistance is directed to LDCs. In this regard, we look forward to the Fifth Global Review of Aid for Trade, to be held in Geneva in July 2015 under the overall theme "Reducing Trade Costs for Inclusive, Sustainable Growth".

12. Trade is a necessary but insufficient condition for achieving economic prosperity and well-being. We observe with apprehension the growing economic inequalities, notably within countries. We continue to insist on the need for coherent and integrated national trade and industrial, labour market and social policies to strengthen productive capacities and create decent jobs. Developing countries, particularly LDCs, must have the freedom to apply the appropriate domestic policies so as to ensure that increased trade efficiency results in more job opportunities. Trade policies have to be accompanied by appropriate fiscal and monetary measures to generate jobs, boost productivity and promote sustained and inclusive economic growth.

13. In order to meet international challenges and obligations in other areas such as the environment and climate change, we emphasize that our aim is to strengthen trade relations and cooperation in ways that promote sustainable development. We further reiterate the principle in the preamble of the WTO Agreement that actions to protect and preserve the environment and means for doing so shall be consistent with the respective needs and concerns of WTO Members at different levels of economic development. Accordingly, given the holding of the 10th WTO Ministerial Conference in Nairobi as well as key United Nations Summits in 2015 and the expected adoption of the Sustainable Development Goals, we call for the closest possible cooperation through exchange of information between the WTO and specialized UN bodies that deal with social, economic, environmental and health issues. Without such cooperation, sustainable development will prove illusory.

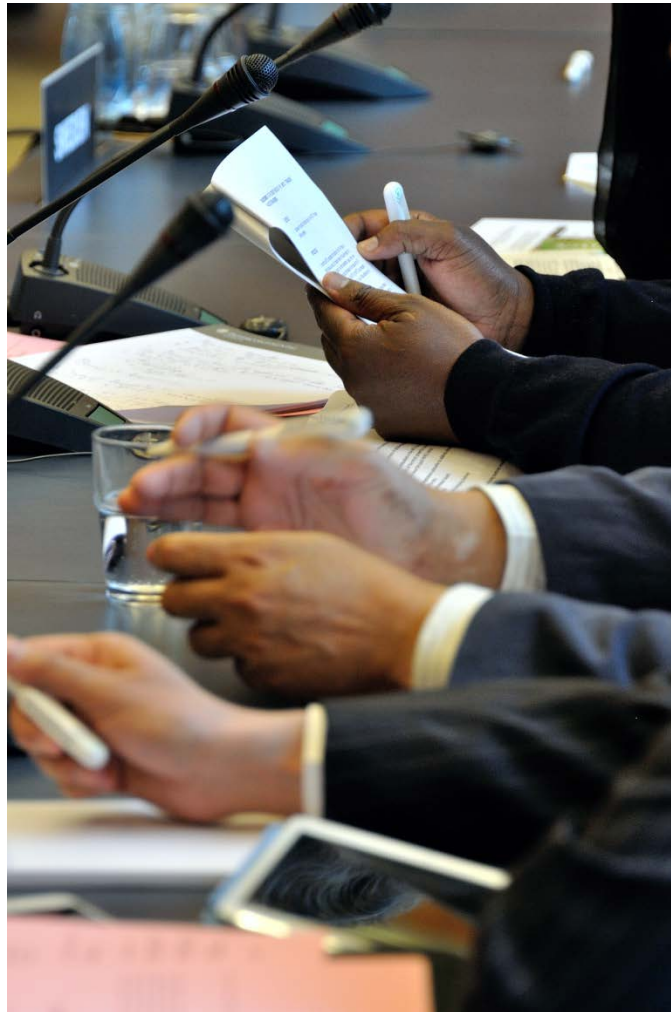
14. We further recognize that any unilateral trade measures against imports of goods and services on any ground related to environmental protection or climate change should not be taken in a manner that constitutes arbitrary or unjustifiable discrimination or a disguised restriction on international trade, although environmental protection in itself is not necessarily unjustifiable.

15. Recent years have witnessed a surge in plurilateral, regional and bilateral trade accords, motivated in part by the lack of progress in the Doha Round. Such accords can stimulate trade between participants, open up areas of trade that are only partially covered by WTO agreements, and provide useful negotiating



experience that can be subsequently applied in a multilateral context. We stress, however, that these agreements cannot eliminate or undermine the role of multilateral accords in international trade, in particular in some sensitive areas.

16. The challenges facing the WTO show the need for the continued involvement of parliamentarians with this uniquely important world trade body. Parliamentarians not only ratify the results of negotiations, but they are a crucial point of contact between the WTO and the people they aim to serve. We urge the WTO to make full use of the Parliamentary Conference on the WTO, ensuring that parliamentarians have access to all the information they need to carry out their oversight role effectively and contribute meaningfully to trade policies.



# INAUGURAL CEREMONY

ADDRESS BY **MR. KRISTER ÖRNFJÄDER, MP (SWEDEN)**

CO-CHAIRMAN OF THE PARLIAMENTARY CONFERENCE ON THE WTO

Fellow parliamentarians,  
Distinguished representatives of governments and international organizations,  
Ladies and gentlemen,

For two days, Geneva - the capital of multilateral trade diplomacy – will be hosting legislators who oversee international trade and development in their respective parliaments.

It is a great honour for me to address you on behalf of the Inter-Parliamentary Union - your organization. Rich with its 125 years of history, the IPU takes pride in presently embracing 166 legislatures that together comprise over 43,000 parliamentarians who, in turn, represent 6.5 billion people.

The IPU is headquartered not far away from the WTO, in a building known in Geneva as the House of Parliaments. The Parliamentary Conference on the WTO should be seen as a bridge linking the House of Parliaments and the House of Trade, which is the WTO.

Together with the European Parliament, we started constructing this bridge thirteen years ago. Today, the bridge is fully operational, with heavy traffic in both directions.

For parliamentarians, it provides an effective tool for scrutinizing the multifaceted work of government negotiators involved in WTO talks. For diplomats and trade experts, it presents an unrivalled opportunity to expound to legislators the challenges of the negotiating process and the technical subtleties of compromise formulas. This knowledge is invaluable for the ratification of trade agreements.

As legislators, we are duty-bound to enact and amend laws, approve national budgets and hold governments to account. Unless transposed into national legislation and followed by robust oversight, international trade agreements will be neither credible nor effective.

Our objective is to use the constitutional leverage vested in parliamentary institutions to influence, shape and provide critical input into WTO accords before they land in our parliaments for approval.

This is why we find it highly symbolic and very welcome that, for the third time now, our Parliamentary Conference is taking place on WTO premises.

The WTO has opened its doors to legislators in a demonstration of its growing external transparency. We are particularly pleased to be here at the start of the year when the WTO is celebrating its 20th anniversary. We have even given our session an appropriate overall title – "WTO at the age of 20". It is time for congratulations but also for reflection.



When the WTO came into being on 1 January 1995, no-one could foresee that the path chosen for it by Members would be so long and winding. Vested with unique powers, but framed by consensus-based decision-making rules, the WTO has become a true laboratory of multilateralism.

There have been a few successes, but also countless problems, deadlocks and stoppages. Progress in Doha Round negotiations has been particularly slow. Launched over 13 years ago, it has become the longest running Round ever.

At our parliamentary session in Bali, which we organized in parallel with the 9th WTO Ministerial Conference, we expressed our conviction that the main purpose of the multilateral trading system should be to allow people to benefit from increased opportunities and welfare gains generated by trade. We welcomed the adoption of the Bali Package with a renewed sense of hope that new dynamics had been injected into trade negotiations and that the Doha Development Round would finally come to fruition.

It was therefore with grave concern that, in the middle of 2014, we observed a situation where WTO talks were once again stalled. Speaking on behalf of the global parliamentary community, the Steering Committee of our Conference stated unequivocally that failure to deliver on the promise of Bali was not an option for the WTO.

It seems that the appeal of parliamentarians has been heard.

We applaud the recent decisions of the WTO General Council aimed at opening the way for a full-scale implementation of the Bali Package and in particular the Trade Facilitation Accord (TFA), which is expected to benefit the global economy by hundreds of millions of dollars per year.

As we know, that Accord will only become legally binding once it has been ratified by two-thirds of WTO Members. This is where the role of parliaments is indispensable. Together, we must make sure that the TFA ratification process goes forward as speedily as possible. We shall have ample opportunities to discuss this matter in the course of our deliberations today and tomorrow.

The agenda of our session is rich and wide-ranging.

We shall start with a series of presentations on the substantive theme, "Trade as an enabler of peace and better living conditions". When it is based on fair rules, trade is the best development tool at the disposal of all. At the same time, trade is indispensable for maintaining peaceful relations and cooperation among nations. The latter aspect is particularly relevant in the year marking the 70th anniversary of the end of World War II. While discussing this broad subject, let us not forget to look at how we, parliamentarians, can make the best possible use of the potential of trade as a driver of peace and prosperity.

The highlight of this afternoon's programme is the policy dialogue with senior WTO negotiators and officials. It has become traditional to invite to our sessions Ambassadors who chair various WTO councils, committees and working parties. It is they who bear the bulk of responsibility for moving the negotiations forward. For legislators dealing with trade matters, it is always interesting and useful to engage with these top-level WTO experts who are the best-placed to tell us the true story.

The subject of the interactive panel with Ambassadors is highly topical: how to keep the WTO negotiations on the right track now that the post-Bali settlement has been found. As we know, WTO members are in the process of defining a work programme designed to conclude the Doha Round. They have set July as the deadline to elaborate such a plan. There is no time to waste.

I am sure that you will have many questions for the distinguished Ambassadors – both those who will be on the podium and those who will remain in the room. I am told that there are many of them with us today. I take this opportunity to thank them all for attending the parliamentary session.

Tomorrow, we shall also have an opportunity to engage in a question-and-answer session with the WTO Director-General, Mr. Azevêdo. He will join us for a hearing not unlike those that we regularly hold with Ministers in our own parliaments, also known as question time.

During this interactive session, we expect the Director-General to focus on lessons learned from the twenty years of WTO's existence, but first and foremost to share with us his views on the post-Bali process. Let us make good use of this chance to ask him questions and make brief comments.

During the afternoon session tomorrow, we shall also hold a panel discussion on a subject that may appear to be relatively narrow, but in reality should serve as a prism for viewing a wider spectrum of questions. For years, the WTO has struggled to convince a sceptical public of the enduring value of multilateralism. Part of the problem is that social and economic opportunities created by trade are spread unequally and the benefits are not sufficiently inclusive.

As a sort of case study, the Conference Steering Committee has decided to single out the interests of consumers and the younger generation. How best to balance free trade and consumer protection? What can be done to better explain the benefits of the WTO to young people? We hope that the interactive panel, with the active participation of the audience, will help us find answers to these questions.

At the concluding sitting, we are expected to adopt an outcome document. The draft was prepared by the Rapporteur of the Steering Committee, Mr. Kil Jeong-woo of the Republic of Korea. Parliaments had until 31 January to submit their amendments. Tonight, the Steering Committee will conclude its consideration of all received amendments and elaborate a revised draft, which will be made available to all delegates tomorrow morning. It is my hope that we will be able to adopt it by consensus.

The IPU and the European Parliament, as the Conference co-organizers, have invested much time and energy into the preparation of the session. I wish to express my sincere thanks to the leadership and staff of the European Parliament - our partner in this exercise - for everything they have done to facilitate the process. We hope that the session will be crowned with success and look forward to a rich and constructive debate, in the true parliamentary tradition.

With these words, let me officially declare the annual 2015 Session of the Parliamentary Conference on the WTO open.



# INAUGURAL CEREMONY

ADDRESS BY MR. OLLI REHN

VICE-PRESIDENT OF THE EUROPEAN PARLIAMENT

Members of Parliament,  
Ambassadors,  
Delegates,  
Distinguished guests,  
Ladies and gentlemen,

It is an honour and a great pleasure for me to welcome you to the Tenth Parliamentary Conference on the WTO on behalf of the President of the European Parliament, Martin Schulz, on the occasion of the 20<sup>th</sup> anniversary of creation of the WTO.

As this conference is a joint effort by the European Parliament and the Inter-Parliamentary Union, allow me to express a special word of gratitude to our partner, the IPU, as well as to the World Trade Organization for allowing this event to take place for the third time on its premises.

It is heartening to see so many parliamentarians from all corners of the globe here today, which serves as a timely reminder of the importance of the parliamentary dimension in WTO affairs. As elected representatives, parliamentarians' role is not simply limited to ratifying trade agreements once they are concluded, but is much more far reaching. We act as a vital link between citizens and decision makers on the one hand, conveying the views of our electorates to those charged with negotiating deals and on the other hand by holding our governments to account and ensuring our concerns are heard and taken into account.



Perhaps one could say that I am preaching to the converted in relaying such a message to you here today, but it is my firm conviction that the democratic legitimacy of trade agreements can only be enhanced by greater parliamentary scrutiny.

Public opinion is increasingly focusing on trade agreements, given how they have evolved in recent years and how issues such as regulatory standards, food safety and sustainable development concerns are now part and parcel of them. The public, with good reason, wants to know more about what is being decided and by whom and that extends to decisions taken in the WTO.

The session tomorrow on conveying the benefits of the WTO to young people and consumers is therefore particularly relevant and timely.

When we last met in December 2013 at the ninth Ministerial conference in Bali, there was much expectation that a successful outcome could be reached and that the WTO was well on its way to concluding the Doha Development Agenda, which is now entering its 14<sup>th</sup> year!

In our outcome document, we hailed the results of the ninth ministerial as being of "great importance". We hailed the deal on trade facilitation which would enable goods to move around the world with greater speed and at less cost. We hailed decisions to take account of the needs of developing and least developed countries and a decision on public stockholding for food security.

It is worth pausing for a moment to reflect on the centrepiece of that deal, the trade facilitation agreement, which according to estimates would reduce total trade costs by 10 per cent and increase global trade by one trillion dollars. Both developing and developed countries would benefit and the measures could reduce total trade costs by 10% in advanced economies and by 13-15.5% in developing countries and create approximately 21 million jobs.

Whilst the Ministerial itself was a success and a deal was reached, as you know things did not go as smoothly as expected afterwards, and things started to unravel last summer.

Finding consensus amongst more than 160 members is no easy matter. Nonetheless we must constantly strive to promote multilateralism as the first best option for guaranteeing an open, fair and rules-based system which takes account of and balances the many varying interests of its members. The European Parliament is and always has been a strong advocate of the multilateral agenda, believing it to be the best way of ensuring that global trade can be advanced for the benefit of all.

I can say to you - in all transparency, and based on my ten-years as a member and Vice-President of the European Commission - that the European Union opted for regional and bilateral free trade agreements only once we were forced to conclude, that for the time being and in the near future the multilateral route of the DDA and WTO would remain blocked. But once we have a new opportunity to return to and seriously boost the multilateral trade agenda, you can count on the European Parliament to support it.

2015, as well as being the WTO's 20<sup>th</sup> birthday, is likely to be a busy year for the organisation and for those like us who are closely involved in its workings. The work programme for concluding the remainder of the Doha Development Agenda is due to be presented this summer.

I think we can all agree that our electorates want us to deliver concrete results that can improve their lives. Trade and the WTO have a role to play in this regard and have the capacity to bring about positive change. The WTO has an impressive record in a number of areas which don't always get the credit they deserve - promoting transparency and peer reviews through its monitoring and surveillance work, arbitrating and preventing trade wars through the dispute settlement mechanism and acting as a forum where members can come together and exchange information. Nonetheless, the credibility of the organisation hinges on its ability to conclude and implement multilateral agreements and I am hopeful that that is exactly what the membership will do to celebrate its 20<sup>th</sup> birthday.

I believe therefore that there is room for cautious optimism this year as we head towards the 10<sup>th</sup> Ministerial Conference in Kenya in December. We must not squander the positive momentum that has been built in the last few months, but rather channel it in to wrapping up this round once and for all. The WTO Director-General, Mr. Roberto Azevêdo called on all members in January to "maintain a sense of urgency; identify and prioritise the issues that are of the most substantive importance; target outcomes that are doable for all parties; maintain a high level of engagement; and tackle all issues at the same time rather than try to sequence them." I welcome this wise and realistic approach to the negotiations. After all, we do share many common interests. In fact, in some cases the whole globe can have a common interest, namely sustainable economic development.

This represents both an opportunity but also a responsibility for us as parliamentarians - if it succeeds, we can share in its successes but if not, we need to deal with the consequences. Being able to conclude the round also goes to the heart of the WTO as an organisation and its ability to update the rulebook. This will require an effort from all the members, and a recognition that the global landscape has changed dramatically since the DDA was launched in 2001. This is particularly striking as regards the emerging economies which must be prepared to contribute and play their part that is commensurate with their rising economic weight and influence.

As for the EU, where I come from, trade is not an end in itself but rather a means to an end. Trade has the ability to create growth and employment, a topic we will focus on this afternoon. But in order to ensure that the benefits of trade are shared within and amongst nations, accompanying measures are necessary. This is also vital in order to ensure that there is public trust in trade opening, something we as democratically elected politicians are very sensitive to. Trade operates within a wider institutional setting and is linked to many other policy areas. The WTO's efforts to reach out and work with other international bodies are to be welcomed in that respect.

One of the key areas that trade impacts upon and vice versa is that of development. The EU designated 2015 as the European Year for Development, which links to the Millennium Development Goals (that were launched at around the same time as the DDA) the issue of poverty eradication and ongoing talks on climate change, an issue which disproportionately affects developing countries. I welcome the increasing focus on sustainable development and the current negotiations on an environmental goods agreement - the latter has the potential to bring huge gains to developing countries which according to a UN report are well placed to benefit from increased trade in environmental goods. I would however like to see more developing countries join the negotiations so that their interests are also reflected in the negotiations. We must not forget that the DDA is intended to be a development round. Whilst the decisions taken in Bali and the aid for trade programme are to be welcomed, there is more to be done, if we want to ensure that development does not disappear from this round.

Ladies and Gentlemen,

Over the next two days we will hear from key negotiators and we will deliberate on a range of issues and how they relate to trade - such as peace, consumers and better working conditions.

This is testimony to how the international trading system has grown ever more complex given the changing face of globalisation and trade. We must however cut through the complexity and ensure that we come up with achievable goals and outcomes. I am looking forward to hearing the parliamentary contribution in that respect which I am sure will be stimulating and diverse.

I thank you for your attention and wish you all a very successful conference.



# INAUGURAL CEREMONY

## ADDRESS BY **AMBASSADOR FERNANDO DE MATEO Y VENTURINI** PERMANENT REPRESENTATIVE OF MEXICO TO THE WTO CHAIRPERSON OF THE WTO GENERAL COUNCIL

Welcome to the WTO. It is a great honour for me to address this annual session of the Parliamentary Conference. I would like to thank the Secretary General of the Inter-Parliamentary Union, Mr. Martin Chungong, for his invitation to participate in this important event.

This is a very significant year for the WTO. We are celebrating the twentieth anniversary of the Organization, the foundations of which were laid by the GATT almost seventy years ago.

In the past six decades, the volume of world trade has expanded fiftyfold in real terms, and global output sevenfold. It has repeatedly been shown that trade promotes growth, employment and development.

Trading patterns have undergone constant change. The consolidation of global value chains has had profound implications. Today, more than 70 per cent of global trade is made up of goods and services that serve as inputs for the production of more goods and services. The revenues generated by global value chains have doubled, on average, every 15 years. Countries are specializing in activities and production segments, instead of in complete industries.

While all countries participate in these chains, some do so more fully than others. Efficient participation depends on a number of factors.

- (1) Imports are as important as exports, meaning that it is indispensable to reduce delivery times and transaction costs.
- (2) Multilateral liberalization is preferable to agreements discriminating between countries, because indirect barriers in global production chains are as important as direct barriers, especially because they increase the cost of inputs.
- (3) Trade facilitation measures help enhance participation in value chains in that they do away with red tape, cut costs, avoid unnecessary delays and reduce uncertainty. The agreement reached in Bali, if implemented, has the potential to reduce trade transaction costs by between 11 and 14 per cent in developing countries. By other estimates they will generate over one trillion dollars.
- (4) It is crucial for global value chains to encompass efficient and high-quality services. Services contribute 42 per cent of the added value of exports by G20 members.
- (5) The developing countries most fully integrated into those chains have shown a greater capacity to sustain economic growth, generate more jobs and reduce poverty more rapidly and in greater proportions.

These five factors have huge implications for the work we are doing here at the WTO and that you, as parliamentarians, are doing in your countries.





As you know, the Bali Ministerial Conference, which took place a little over a year ago, was a success. Its results include the Trade Facilitation Agreement, which will enter into force once it has been ratified by two thirds of WTO Members. It would be a mark of success for the Ministerial Conference that will take place in Nairobi in December of this year if we could announce the Agreement's entry into force on that occasion. This is where you have a great responsibility, in seeing that your respective parliaments ratify the Agreement in short order.

Of course, it would also be a success for the Organization if, at the Nairobi meeting, it could announce the entry into force of the Protocol amending the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which was approved ten years ago but has yet to be ratified by the 70 countries needed for it to enter into force. This agreement opens a new legal avenue of access to medicines internationally and has the potential substantially to reduce the price of medicines in the poorest countries.

The main lesson to be learned from the new reality of global value chains is the need to conclude, as soon as possible, the Doha Round of negotiations. Various WTO Members have indicated that it would be desirable for this to happen, at least in all essential aspects, at the Nairobi Ministerial Conference.

The Doha Agenda contains key elements for improving how those chains function, from the need to eliminate or substantially reduce distortions in agricultural trade, to making trade in industrial goods and in services more fluid. The latter has become one of the main engines of growth and development. The Agenda also contains a series of elements that work in favour of the developing countries, in particular for the neediest among them. By July we must have prepared the programme of work for concluding the Doha Round, which ministers asked us to draw up in Bali. We're working hard at that, here in Geneva and in national capitals.

We have to conclude the Doha Round before we can tackle other topics that are critical in the light of today's global economic reality. I'll give you just two examples: the relationship between trade and investment, and the relationship between trade policy and competition.

I would like to conclude by underscoring something you are more than well aware of but which does not receive sufficient attention. The WTO is the state of the trade negotiations being carried out in this forum. How often have we read newspaper headlines along the lines of "The WTO fails again" or "The WTO on the brink of collapse"? The reality is that the WTO is much more than its negotiations; it is a very successful organization.

We have the best and most efficient dispute settlement process in the world, one of the reasons – perhaps even the most important reason – why the Great Recession of 2008-2011 did not see the surge in protectionism worldwide that occurred in the 1930s. The system has already handled around 500 cases, many more, for example, than the International Court of Justice, proof that it works – although it could no doubt be improved further.

The WTO also administers and oversees the implementation of the existing multilateral treaties thanks to which trade has developed so rapidly since the GATT was established.

In short, we are all aware of how important it is for the WTO to be able to count on your support, as parliamentarians, as people with decision-making authority and a solid global vision of the economy and governance.

I wish you a pleasant stay and fruitful discussions in the two days of this conference.

Thank you.

# HEARING WITH THE WTO DIRECTOR-GENERAL, MR. ROBERTO AZEVEDO

## *Why trade? Reflections on the WTO anniversary*

### INTRODUCTORY REMARKS

Mr. Bernd Lange and Mr. Krister Örnfjäder, Co-Chairs of the Conference,  
Mr. Martin Chungong, Secretary General of the IPU,  
Honourable Parliamentarians,  
Ambassadors,  
Ladies and gentlemen,  
Good morning — and welcome to the WTO.

We are truly delighted to be hosting the Parliamentary Conference on the World Trade Organization for the third time.

I would like to thank the Inter-Parliamentary Union and the European Parliament for organizing this event.

And I would like to thank you all for your support over the years.

As you know, the WTO is marking its 20th anniversary. So I think this is an appropriate occasion to acknowledge the contribution that this organization has made, with your support, in terms of global governance and economic well-being.

Today, when the global economy is more interconnected than ever, it is difficult to imagine a world without the WTO.

And of course the system has evolved considerably over these 20 years. We have welcomed 33 new members since 1995, ranging from some of the world's largest economies — including China and Russia — to some of the least developed. Today our 160 members account for approximately 98% of global trade.

And, with the package we agreed at our 9th Ministerial Conference in Bali in December 2013, we have begun to update the multilateral trade rules.

As parliamentarians you have played a crucial role in delivering all of this. You support us through approving and ratifying what we agree here. You do it through your advocacy for the WTO — and the pressure that you apply to your governments to engage on the key issues. But, most importantly, you do it by connecting the WTO to your constituents. Everything we do here is for their benefit.

That's why we are aiming to build on our usual dialogue this year by strengthening our Parliamentary Outreach programme, particularly for developing country regions. A number of meetings have already been scheduled in Singapore, Mauritius, Jordan and Morocco to reach out to those respective regions. More will be scheduled in the coming months.



The focus of these meetings will be the implementation of the package of decisions agreed in Bali. But, in a larger sense, we also want to have a frank discussion on the achievements and challenges that the organization faces today.

We are not complacent. We know that we face some real challenges as an organization and I am determined that we should do everything we can to tackle these challenges.

For example, we know that the pace of negotiations remains a particular source of frustration. The bulk of our current trade rules were agreed 20 years ago when the organization was founded. Despite the fact that many of those rules embody basic and perennial principles, the reality is that our legal texts are yet to properly enter the 21st century.

We need to deliver more outcomes, more quickly. We will do everything we can to work with members to make this happen. And, again, your support will be vital.

So let me turn now to some specific areas where we need to work together over the coming months — starting with implementation of things we have already done, and then moving onto the current negotiating agenda.

I think you are all aware of the significance of the Bali package — both in economic terms, and in terms of what it meant for the strength and viability of the WTO.

A major priority now is to deliver what was agreed there. And this work is well underway.

Discussions have started regarding a permanent solution on public stockholding for food security purposes, for example. And we have put a particular focus on taking forward the decisions which are a priority for the Least Developed Countries — the LDCs.

At a high-level meeting two weeks ago we saw some excellent progress on improving market access for services offered by LDCs. Over 25 members indicated services sectors and modes of supply to which they would grant preferential treatment for LDCs. Now we are working to realise these commitments.

And of course we are making good progress in implementing the Trade Facilitation Agreement.

This Agreement will help to simplify and harmonise customs procedures for all WTO members, reducing the time and cost of trade operations worldwide. In this way it has the potential to provide a timely boost to the global economy.

It is estimated that the Agreement could reduce the costs of trading by 10 per cent for developed countries, and up to 15 per cent for developing countries. In addition, studies have found that the Agreement could support export growth in developing countries of around 20 per cent.

Overall, the benefits have been estimated at up to a trillion US dollars a year — while also creating about 21 million jobs worldwide the vast majority of which would be in developing countries.

The Trade Facilitation Agreement also broke new ground for developing countries in the way it will be put into practice. For the first time there is a mandatory requirement to provide technical assistance for countries that lack the capacity to implement the Agreement.

And so we have created the Trade Facilitation Agreement Facility to help build that capacity in developing countries. Under this facility, developing and least-developed countries can be sure that they will receive the support they need.

But of course the benefits can only be delivered when the Agreement has been ratified. We need two-thirds of the membership to deposit their instruments of acceptance for the agreement to enter into force.

Kenya's Minister Amina Mohammed has urged members to ensure that this threshold is reached by the time of the 10th Ministerial Conference in Nairobi this December.

So I think that puts the ball in your court.

Your support as parliamentarians is vital to ensure that your domestic processes are completed.

Some members have already done so. And so I urge you all to keep pushing this process forward.

We have a similar task before us in fulfilling the mandate of the Doha Declaration on the TRIPS Agreement and Public Health.

The aim of this declaration was to solve the potential difficulties that members with insufficient or no manufacturing capacity in the pharmaceutical sector can face in making effective use of compulsory licensing to gain access to medicines.



This led to the so-called 'paragraph 6' system of special compulsory licences to produce and export pharmaceuticals to meet the needs of patients in countries where such medicines cannot be manufactured.

This was done in the form of a waiver in 2003 and subsequently became an amendment — the first amendment to the multilateral agreements in the WTO.

And again, it is high time that it was brought into force.

The UN General Assembly, ECOSOC, the World Health Organisation and UNAIDS have all called for this to happen.

As with trade facilitation, two-thirds of the membership has to confirm acceptance before the amendment comes into force. Around half of our members have already taken this step. They comprise a healthy cross section of the membership, drawn from every region and with all levels of development.

We need 27 more acceptances to trigger entry into force. I am convinced it is an eminently achievable goal to secure these acceptances this year.

So far it has proved to be a very straightforward exercise for most members.

After all, it does not require you to take on any new international obligations — it essentially means that you are prepared to affirm the right of all members to use this legal system if and when they wish to.

To build momentum, I have written to Ministers of all WTO members concerned asking them to consider taking this step.

And again, your help will be vital. We need to complete this process to help increase access to medicines — particularly in Africa.

I therefore urge you to encourage your governments to take the steps which are necessary to complete this process.

So these are things which have already been agreed. But, in addition to implementing these decisions, we have to deliver new negotiated outcomes that will contribute to the strength and stability of the global economy.

We currently have negotiations in a number of areas at the WTO.

Some members are engaged in negotiations on the Environmental Goods Agreement and the expansion of the Information Technology Agreement, for example.

These are significant initiatives, which would bring major economic gains, and would benefit all WTO members.

But of course by far the greatest focus here is on the Doha Development Agenda — the DDA. Negotiations on the DDA have been running since 2001. That is simply far too long.

In Bali, and again in November last year, every single WTO member committed to taking forward this work. And we now have the goal of agreeing, by July this year, a detailed work programme on the remaining DDA issues.

This means that the big, tough issues of agriculture, services, and industrial goods are back on the table — and we know that development issues will be at the heart of this work.

We started an intensive process of negotiations just a few weeks ago, and we have already seen some good progress. While the broad positions have not changed a great deal since last time these issues were discussed, it is clear to me that the tone of the discussion has changed.

Despite the gaps between positions, I sense a real desire from members to overcome them.

I have also heard people express a willingness to entertain new thinking in certain areas.

And, significantly, from my conversations with Ministers, I have a sense that there has been a big increase in the political will behind our work. This is invaluable.

We need to redouble our efforts and complete this work — and we need you to help keep governments engaged, to keep the focus on these negotiations, and to build and maintain the political will which is so essential.

Of course there are other trade initiatives in the world today which often grab the headlines. By and large they are very welcome — and they are all underpinned by the WTO's multilateral rules. But it is important to remember that they cannot replace the WTO.

There many big ticket items — such as negotiations on trade facilitation or agriculture and fisheries subsidies — which can only be efficiently delivered here.

Moreover, the WTO is the only place where **all** voices are heard — where everyone has an equal say — and where everyone has a seat at the table.

So we have to demonstrate once again — as we did in Bali — that the WTO can deliver. And I think that we have started this anniversary year with real purpose and momentum.

I hope I have given you a sense today of the continued importance of our work — and of the opportunities that lie ahead.

In addition to implementing the Bali package and the TRIPS amendment, and agreeing the work programme on the DDA by July, there are a series of major challenges and milestones ahead of us:

- We have the Global Review of Aid for Trade at the end of June.
- There is the UN's Summit on the Post-2015 Development Agenda in September — where it is important that trade's potential contribution to the Sustainable Development Goals is recognised.
- We have the annual WTO Public Forum in October.
- And we have our Ministerial Conference in Nairobi in December — the first WTO ministerial meeting to be held in Africa.

Positive outcomes in all of these areas would be the best way to mark our 20<sup>th</sup> anniversary. And, in each case, we look forward to your support and your engagement.

As parliamentarians your involvement is crucial in all of our work — because it is through you that we hear the voices of the people that we are here to serve. And nothing, absolutely nothing, is more important than that.

Thank you for listening.

## QUESTION-AND-ANSWER EXCHANGE

### Mr. S. Dor (Morocco)



My country is proud to be closely linked to the establishment of the WTO. The 1994 Marrakesh Conference, which commemorated the end of the Uruguay Round and led to the creation of the WTO on 1 January 1995, was a historic occasion in the history of international relations. In many respects, WTO is one of the best examples of multilateralism. Its efforts to ensure compliance with international trade rules have helped to prevent the widespread use of protectionist measures, and we call on the Secretariat to accelerate the process of accession, particularly for African and Arab countries.

This Parliamentary Conference provides a good opportunity to enrich debate at the WTO, and the statements made will help us to achieve a greater understanding of the needs and expectations of our peoples.

### Mr. H. Scholz (European Parliament)



I agree that we, as co-legislators, have a responsibility to support the WTO Director-General. I think there should be a greater focus on global challenges, such as food security, energy access and supply of materials, rather than on national interest in order to ensure that trade can promote better living conditions for all peoples. I would also welcome further information on how meetings such as this one and the WTO Public Forum link to the negotiations.

### Mr. M. A. Razzaque (Bangladesh)

Although the flow of Aid for Trade has been increasing, it has not kept up with the growing needs of the low-income countries, including the least developed countries. Moreover, the least developed

countries are facing formidable difficulties in participating in the global value chains and production networks. In view of the changing dynamics of global trade, these countries will need more effective Aid for Trade, in particular for productive capacity-building for trade expansion. We hope that the upcoming Fifth Global Review of Aid for Trade will make a meaningful departure in this regard. I would like to ask how WTO is planning to engage different donors, particularly multilateral donors, to provide support for the promotion of trade.

**Ms. E. McClarkin (European Parliament)**



How exactly do you see the recalibration taking place and in what time frame?

WTO is seen to be quite a slow moving organization. How can we keep the necessary momentum and fill in the communication gaps to ensure that we disseminate information on the benefits of trade for all countries?

**Mr. M. Kagwe (Kenya)**

The ability of WTO to act as an enabler of peace and better living standards for all depends entirely on how fair the discussions and results are likely to be. However, we all have a different perception of what is fair.

In most parliaments, there is very little understanding of the workings of WTO, and I would like WTO to enhance its parliamentary outreach.

I wish to welcome delegates in advance to the Ministerial Conference in Nairobi in December and I hope that the outcome document we will adopt today will reflect our intention that parliamentarians should be fully involved in the outcome reached in Nairobi and in finalizing the Doha Round.

**Mr. I. Gil Lázaro (Spain)**



I think that it is very important to raise awareness of WTO's work in our parliaments. The system of taking decisions by consensus in WTO may in itself constitute a limitation and lead to the proliferation of bilateral or regional agreements. Have any steps been considered to replace this mechanism or provide greater flexibility to overcome this intrinsic difficulty and enable the multilateral trading system to advance further.

**Mr. K. Abdullah (Kuwait)**

We need to be convinced that the WTO is achieving its mandate: does the WTO enable peace and better living conditions for the whole world or just certain parts of the world? Does WTO have the muscles to enforce its principles, rules and guidelines? Does it have a mechanism for observing violations in terms of trade, including in the area of human rights?

**Mr. B. Mahtab (India)**



It is a very important time for the WTO and the international trade system, and a small constructive contribution from those Members that drive the global trading system will go a long way in

developing a prosperous global partnership. It does not bode well for an organization if only a select few members are allowed to set the agenda for rules making; the issues that concern the majority of WTO Members must be addressed. We would like to know the steps being taken to enable WTO to be dynamic, while maintaining its basic structure and preserving its basic principles of equity, transparency and inclusiveness?

**Ms. I. Rodríguez-Piñero Fernández**  
(European Parliament)



If the issues are so challenging, why has a date of July 2015 been set for elaborating a work programme on the remaining issues of the Doha Development Agenda? The situation in 2015 is very different from that in 2001, and how will the recalibration be achieved? I believe that the time is now right to conduct a new campaign publicizing the work and importance of the WTO and the significant role that trade plays in our lives.

**Mr. H. Nejabat** (Islamic Republic of Iran)



We hope that WTO continues to be guided by its original principles and rules.

I would like to remind you that we applied to join WTO in 1996. Despite the fact that we have sent our trade regime to the WTO, answered some 700 questions from other Members and continue to follow the Doha mandate and other WTO principles, we are still waiting for our application to be accepted. This behavior cannot be reconciled with the principles, obligations and current procedures of the WTO. Political and non-trade considerations of Members should not affect our right to access, and we call on the Director-General to facilitate our accession.

**Mr. R. Azevêdo** (WTO Director-General)

I will do my best to attempt to address the concerns raised today in the limited time we have. WTO could address a number of the global issues we face today, such as energy, raw materials, the environment and labour conditions, but it has a mandate to look at the trade-related impact of those issues. While trade can, in many instances, help to solve aspects of these bigger issues, it is not possible to leapfrog problems of the past. I doubt very much that a large percentage of the membership of the Organization will be willing to forget distortions on agricultural subsidies; they will want to address the very significant and concrete distortions that exist in the market today before they will be prepared to address these other issues. I think everyone in the WTO agrees that we need to look at aspects of these global issues, but we also need to address the very specific concerns of a large portion of the membership. This is precisely what we are trying to do and I have always said that if we want to do more, we have to deliver on the promises of the past before moving into the future. We managed to reach agreement in Bali, because Members realized that we needed to deliver on the existing agenda by negotiating and finding solutions to the very pressing issues for many Members.

The WTO Public Forum seeks to give all constituencies a voice. While it is not the place for negotiation, many Members have used it as an opportunity to advance their interests in the negotiations of WTO.

We are continually seeking to engage donors in Aid for Trade, and donor countries as well as representatives of regional banks and global banking institutions are invited to the Aid for Trade Review.



On recalibration and finding a balance in the negotiations, the good news is that by now, almost 14 years after the round was launched, we know what the problems are and the lines that will not be crossed; the bad news is that large gaps between positions still persist. In order to recalibrate, we need to look at what we had on the table prior to 2008 because since then very little progress has been achieved. We then have to look pragmatically at what can be achieved avoiding what we is not achievable. I honestly don't know what the outcome will be; it is up to Members to decide. However, I guarantee that we are now at a different stage and we can do things that were impossible in the past. The Members themselves set July as the date.

I agree entirely that we need to communicate more; we are trying to do this but people are reluctant to talk about trade. We will continue to try to make people recognize that trade makes a big difference to incomes, employment and quality of life. I also agree that we need to bring parliaments and WTO closer together and raise awareness of our work. While we will do our best, we need you to reach out to us and tell us what you need from us.

On the issue of consensus, the problem that exists today is not because of the number of Members in the WTO. Decision-making by consensus in WTO will never disappear, notably because the large countries are not going to agree on a vote. In order to deliver despite the consensus policy, we need to negotiate agreements that recognize the differences in development and in political and economic cycles that will inevitably exist whenever we negotiate a multilateral agreement. It is important to engineer agreements that allow countries to adapt and adhere to commitments when they are in a position to do so. This is precisely what we did in Bali.

WTO can, more than any other international organization, enforce agreements. Our dispute settlement mechanism works: 90% of the disputes brought before WTO have been settled and the other 10% are in the process of settlement. However, it is not perfect and I believe that small, vulnerable countries still encounter difficulties in accessing the mechanism and in terms of their power of enforcement.

There is not one Member of this Organization that can claim that the negotiations, particularly after Bali, were not inclusive and transparent. Every single Member was represented at the table.

On the issue of accessions, it took 18 years for Russia to become a member and China's accession process was also lengthy. Accession is one area where my role as Director-General is limited. To the extent possible, I appeal for flexibility and engagement, but the decisions are ultimately taken by the Members.

I hope our actions deserve your support. I am more than happy to go the extra mile to ensure that we deliver results acceptable to all and better living conditions for peoples in all countries.



# SUBSTANTIVE THEME

## TRADE AS AN ENABLER OF PEACE AND BETTER LIVING CONDITIONS

*Discussion paper presented by Mr. Joerg Leichtfried, Rapporteur  
Member of the European Parliament*

*About a twenty-something...*

Ladies and Gentlemen, fellow parliamentarians,

1. We are gathering here today for the annual 2015 session of the Parliamentary Conference of the WTO, which invites us to reflect on the "WTO at the age of 20". The age of 20, is the right age to have plans for the future and ask: "What do you I want to achieve with my life?" It is an age, at which you should have "realistic" dreams, which you should strive to accomplish. I believe that the WTO should pursue the vision of promoting a trade policy, which makes trade an enabler of better living conditions. How could this be achieved? Allow me during my presentation to elaborate on this matter with the aim of stimulating a discussion.



*How should we define "better living conditions"?*

2. First of all, we need to define what we understand by "*better living conditions*". In my view, this term goes beyond work-related matters and covers the broader potential effects of trade, which impact holistically on the life of citizens all around the globe. As a starting point, I would like to suggest defining "*better living conditions*" as a concrete and palpable expression of the objective of sustainable development with a social, environmental and economic strand.

*How does trade generate growth?*

3. Let us start with the economic potential of trade: Trade is generally considered as being an enabler for growth, and, there is a considerable amount of empirical evidence available, which illustrates that those economies having enjoyed the highest growth rates over the last 60 years have achieved this, because they were open to trade and investment: South Korea, Singapore, China<sup>1</sup>. Why has trade led to so significant levels of growth? Trade enabled growth as it has led to technology transfer, thereby, allowing developing economies to start a process of catching-up with developed countries, notably by increasing their productivity.

*And how can trade enable inclusive growth?*

4. It seems commonly accepted and proved right by scientific evidence that trade and investment generate growth. However, the evidence remains inconclusive to whether trade is also an enabler of poverty reduction: This has to do with the inclusiveness of growth - who benefits from growth generated by trade? The inclusiveness of growth generated by trade depends on a variety of accompanying measures such as education policy to be understood in a broad sense, ranging from literacy rates, to higher education, professional skills and life-long learning, and infrastructure, also to be understood in a wide meaning covering physical transport infrastructure, hospitals etc. to the availability of digital technologies of the country. Though

<sup>1</sup> "The Growth Report: Strategies for Sustained Growth and Inclusive Development" published by the World Bank, 2008, Washington.

every country has its own specificities, it is still crucial to have active labour market policies and investment in education, skills and training – to better match labour supply with demand – as well as adequate social safety nets and competition policies in place. In order to climb up the global value chain and enable a country to generate more qualified and better paid jobs on its own territory, people need to have access to on-going education and professional training.

5. The wealth generated by growth tends to benefit largely urban elites. Infrastructure development enables more remote areas to benefit also from the growth generated by trade. By enlarging access to the benefits of trade - access of people through education and access of regions through infrastructure - the growth generated by trade can be more inclusive. It is the role of the governments to design the right policies to ensure that this happens. And trade policy-makers such as the WTO need to work hand-in-hand with international organisations such as the ILO, the World Bank and the IMF and governments, in order to optimise the leverage of trade policy for generating not only growth, but *inclusive* growth.

#### *How can trade impact positively on social standards?*

6. This brings me to a second element of the social dimension - trade as an enabler of "better working conditions". Trade can not only enable people to enjoy better wages, but can potentially also contribute to improve working conditions and labour rights. A first factor enabling better social conditions relates to the fact that opening up economies to foreign investment and trade has also the potential to open up societies for a positive social policies. I would call this phenomenon social rights spill-over.

7. Let me start to make this argument by dispelling one of the myths we hear about free trade, namely that free trade necessarily leads to a race to the bottom when it comes to labour standards as countries start to compete by lowering labour standards to attract investment and boost their comparative advantage. First of all, there is no evidence that poor labour conditions attract disproportionately more Foreign Direct Investment<sup>2</sup>. On the contrary, gender inequality, child labour and lack of civil rights are negatively correlated with FDI inflows<sup>3</sup>. This suggests that FDI may tend to encourage better working conditions and vice versa. Why is this case? A sound legal system with civil rights as well as more harmonious relations between capital and work provide stability and, thereby, predictability for trade and investment. Furthermore, foreign companies investing in or trading with other countries can also bring in their know-how in terms of dealing with social partnerships and improving employer-employee relations. Allow me to give you the example of a leading German carmaker, which established factories in the US and introduced elements of its "*betriebliche Mitbestimmung*"- co-determination by trade unions/workers in the management of the company - in its factories in the US. The bottom-line is - opening up to trade and investment brings in new ideas, also in the social sphere.

8. Here, an ambitious trade agreement can give a boost to the process of social change: Sustainable development chapters in trade agreements are key as they tie in the opening up of the economy to a set of basic common social standards. Providing a forum, for instance through a Sustainable Development Committee, can contribute to enhance the social policy change triggered by the increased openness of an economy. Under certain circumstances, governments are even willing to commit to a broader sustainable development agenda as was done by the government of Peru and Columbia, when signing-in the Free Trade Agreement with the EU, as they committed to pursue roadmaps for sustainable development.

#### *What power do consumers have to improve working conditions?*

9. Another factor element of how trade and investment can improve the working conditions relates to the power of consumers. Companies, in particular well-established brands, rely for their success on the image of their brand. Various companies are sourcing their products in countries, where labour is cheaper than in the countries where they undertake their research and development activities. These companies have the

<sup>2</sup> "Trade and the quality of employment: Asian and Non-Asian economies", by Robert J. Flanagan and Niny Khor in "Policy Priorities for International Trade and Jobs", Editor Douglas Lippoldt, OECD, 2012p. 259 ff.

<sup>3</sup> "Trade and employment in a fast-changing world" by Richard Newfarmer and Monika Sztajerowska in Policy Priorities for International Trade and Jobs", Editor Douglas Lippoldt, OECD, 2012, p. 37.

power to support contractors to improve the working conditions of local suppliers, thereby, transferring their "social knowledge". Furthermore, established brands are increasingly scrutinised by media and NGOs about the working conditions in their supply factories and reputation-sensitive companies cannot ignore the findings of such scrutiny. Of course, this mechanism only works, if consumers are also responsible and care about how a product is produced, which seems to me increasingly to be the case in many countries.

10. Unfortunately, very often it is only tragic events, which lead to the awareness of consumers living far away from the place of production of the products which they consume. I would like to refer to a recent example, where trade acted as an enabler for better working conditions following tragic events: Bangladesh, one of the poorest countries in the world, experienced unprecedented growth of its ready-garment industry in part due to the possibility granted by the EU under its *"Everything, but arms"* initiative to export textiles without any duties to the EU. For Bangladesh, trade led to economic growth by specialising in its comparative advantage in the ready garment-industry. The collapse of the Rana Plaza building brought to public attention the poor working conditions and hazardous health and safety situation in this sector. Policy-makers understood quickly that immediate action was needed to improve the situation - not only on moral grounds, but also driven by economic interests - as consumers otherwise would turn away from products produced in Bangladesh if they were associated with appalling working conditions. Therefore, the *"Sustainability Compact"*, an initiative by the EU, the US, the Bangladeshi government, the ILO and trade unions was set up. It aims at improving labour rights by granting freedom of association as well as health and safety at work by inspecting the factories for their safety. The ILO plays a key role in this process by advising the government on labour laws by improving building and fire safety in ready-made garment factories and by monitoring of the effective implementation of the new legislation.

*And what role can trade agreements play to stimulate this process?*

11. The case of Bangladesh illustrates not only the power of consumers, but also the political leverage of trading partners as the EU is a key market for Bangladesh. How a country shapes its trading relations through a trade agreement - be it a unilateral trade preference, a bilateral, pluri- or multilateral agreement - has the potential to impact on its social and economic conditions. The need to comply with ILO core labour standards, a binding chapter on labour rights with a dispute settlement mechanism, an advisory role for the ILO to implement the core labour standards, technical assistance to build-up capacity to monitor the implementation of labour standards and health and safety at work are just a few concrete areas, which can impact positively on living conditions and which should be part of trade agreements. For the benefit of the people, governments should not shy away from using these elements adapted to the characteristics of the countries, which shape their trading relations through a trade agreement. The GSP+ scheme of the EU- which makes certain unilateral trade preferences conditional on good governance and compliance with international labour conventions - is a clear example of such a responsible trade policy.

*Can boosting trade also be beneficial for environment, in which we are living in?*

Ladies and Gentlemen,

12. I tried to outline under which conditions trade can be an enabler for improving the social and economic situation of people's lives. But how can it also impact positively on the environment, in which we are living?

13. Let me start by addressing another common myth about trade, namely that stimulating trade contributes to climate change due to the increase in greenhouse gas emissions from transport associated with trade. Globally, it is estimated that transportation accounts only for about 15% of greenhouse gas emissions<sup>4</sup>. Research, even by academics with a very critical view of the impact of trade on sustainable development, indicates that the increase of greenhouse gas emissions due to an increase in trade flows of

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<sup>4</sup> [http://ec.europa.eu/clima/policies/transport/index\\_en.htm](http://ec.europa.eu/clima/policies/transport/index_en.htm)

goods is marginal compared to overall greenhouse gas emissions, in general<sup>5</sup>. On the contrary, trade can help to reduce emissions as it leads to increases in productivity due to technology transfer and other factors outlined above, where input in terms of energy and other commodities needed is the lowest.

14. The recent 'Green Goods Initiative' launched in July 2014 by the EU and 13 other members of the WTO shows that trade policy can also be an enabler for better environmental conditions. This initiative aims at removing barriers to trade and investment in 'green' goods, services and technologies. It covers products, services and technologies that contribute to green growth, environmental protection, climate action and sustainable development by helping clean the air and water, helping manage waste, being energy efficient, controlling air pollution, helping generate renewable energies such as solar, wind, or hydroelectric.

15. By giving trade preferences to environmental goods, we make these technologies more competitive and reduce their costs. This will, in the end, also contribute to improving our living conditions as cleaner air and water as well as slowing the pace of climate change (and, thereby, extreme weather events) will be for the benefit of everybody.

*What could be done to enhance the potential of trade as an enabler for better living conditions?*

16. I would like to conclude by drawing a couple of conclusions and make some recommendations as to what trade policy-makers, namely the WTO and governments, could do to enhance the potential of trade to enable better living conditions.

17. First of all, not all workers and sectors will benefit from this growth per se as trade entails a process of "creative destruction" to use the terms of Schumpeter. Flanking measures are needed, in order to ensure that this growth generated is inclusive. Access to education and development of infrastructure in their broadest sense are key in this respect. Therefore, trade policy-makers must cooperate closer with the authorities responsible for regional development as well as with the decision-makers engineering social policies.

18. Secondly, trade can improve social conditions. In order to improve working conditions, consumers and trade unions should be empowered and companies investing in new markets should cooperate with their suppliers to also transfer social knowledge in terms of labour relations and health and safety at work. Initiatives such as the "Better working" programme of the ILO as well as recognised labels for fair trade can enhance the positive impact of trade on social standards. These labels can increase awareness of consumers and empower them further.

19. Thirdly, core labour standards as well as trade-related human rights should be part of trade agreements. Clearly, the ILO can play an important role in this process and should be involved in the monitoring of trade agreements. The WTO as well as governments should reflect further on how to associate the work of ILO more closely those of trade-policy makers.

20. Fourthly, trade policy should be used as a tool for increasing competitiveness of environmental beneficial products. In this respect, the aim should be not only to multilateralise the "Green Goods Initiative", but also to consider, whether bilateral or unilateral trade agreements could provide premium preferences for environmental goods. Furthermore, the "Green Goods Initiative" should not be limited to addressing tariffs, but should also tackle non-tariff barriers for such goods and be extended environmental-friendly services with the aim of providing them a competitive advantage and promote their rapid expansion on a global scale. This should be coordinates with TiSA negotiations, which address in particular "energy services".

21. I would like to finish by stating that at 20 one should have ambitions and dreams and the willingness to realise them! I have tried to outline to you some of them for the WTO on the occasion of its 20<sup>th</sup> birthday.

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<sup>5</sup> See for a more in-depth analysis of this topic, for instance, "The truth about trade - the Real Impact of Liberalization" by Clive George.

*Discussion paper presented by Mr. Joseph Hyacinthe Owona Kono, Rapporteur  
Member of Parliament (Cameroon)*

1. Trade today represents nothing less than the sum total of relational flows throughout the world. The volume of trade that flows from commercial relationships, however, is not unaffected by conflict. The question that needs to be determined is whether conflicts become less frequent as a result of international trade. The interests at stake, in terms of the relative power of States (which most often manifests itself in the trade arena) need to be reconciled with the idea of a harmonious international society. Does trade make conflicts impossible? Has human history not demonstrated the contrary? In reality, rather than revisiting the past, the central questions are how can trade be transformed into an instrument for promoting international peace, and how can parliaments help create a peaceful society?



2. As part of this dynamic, peace-building must begin from the very start of human interconnection. Insofar as a link exists between interdependence and the extent of conflict, what role can parliaments play to create the conditions needed to take advantage of this link and to contribute through trade to development and peace? In today's world, the WTO is the international framework through which we can "pacify" international trade. Growth in membership and in the demand for membership attests to the confidence that States place in the regulation of international trade. That confidence is confirmed by the celebration of the WTO's 20<sup>th</sup> anniversary.

3. Action by parliaments is essential, first and foremost, to strengthen good governance in budgetary matters. But parliamentary action must not stop there: development requires more sustainable economic activity, to create jobs and improve citizens' living conditions. From that perspective, economic and trade relations represent a cornerstone for the new global governance and a society more just for all.

4. The aim of this paper is to outline the role that parliaments should play in promoting peace through trade; but first, some initial observations about how trade relates to peace and to conflict.

### **Trade and relations among States**

5. Trade, as a process of both exchange and interrelationship, needs to contribute to the promotion of social justice. The idea of global trade in the service of peace has therefore been a central concern for world business and political leaders over the past two decades.

6. For poor countries, the natural resources that should be an asset for development represent instead a factor of instability, growing inequality and often militarization and systematic recourse to violence. Having significant natural wealth, therefore, becomes a trap in which a series of diverse interests give rise to a closed network of relations acting on the fringes of legality and constituting an inexhaustible source of conflict.

7. Thus, conflicts are most often linked to the exploitation of those natural resources, legally or illegally, and efforts by military or paramilitary groups to control them. Insofar as they contribute to sustainable development, the efforts of the WTO to bring an end to illegal trade in natural resources must continue.

8. Relations between the great powers and the emerging economies are also part of a dynamic of inequality, as each country seeks to exert its political power and control trade flows in its own best interests. Trade relations are becoming a source of tension that could threaten peaceful coexistence among States. Moreover, trade is often subject to political bargaining to force certain States to act in the interests of their supposed partners.

9. From another perspective, trade can be undermined by armed conflict. The free circulation of people and goods becomes more difficult as conflict interferes with smooth and peaceful commerce, ultimately creating other tensions within and between States. By hindering trade, conflicts undermine international security. It can justifiably be said, therefore, that while trade is a source of conflict, conflicts undermine trade, by fuelling or kindling other conflicts.

10. It is important, as the WTO observes its 20<sup>th</sup> anniversary, to celebrate the rounds of negotiation and agreement concluded to date. However, the growing inequality between and within States raises doubts about the benefits actually derived from these processes: the rise of extremism in some States is often the fruit of economic inequality within their populations.

### **The WTO and the rules of international trade: the role of parliaments**

11. The WTO serves today as both a regulatory body and an arena for competing national economic interests. And yet, the many challenges that remain unresolved could place the Organization's credibility in doubt. If we take as our premise that international organizations are not an end in themselves but instruments for managing priorities dictated by human needs, which must therefore be flexible and adaptable to the needs of the moment, global governance of international trade should seek to direct the interplay of economic forces on the basis of solidarity among peoples.

12. Parliaments, as the preeminent political representatives of all segments of society, play a central role in the management of social compromise. It is up to parliaments to represent and defend the interests of all classes in the formulation and in the effective and efficient execution of public policy. Given their crucial place in the balance of powers, parliaments must play a stronger role in the stabilization of trade flows.

13. Parliaments need in particular to support the establishment of transparent rules to promote fair and more equitable international trade, in the form of trade partnerships based on dialogue, transparency and respect. Fair trade contributes to sustainable development by offering better trade conditions to marginalized producers and protecting their rights, especially in the South.

14. As the *fora par excellence* for political debate, negotiation and compromise, parliaments have the tools required to help build such a dynamic. They can serve as safety valves by enacting laws to make the system efficient. But such a dynamic can only contribute to peace-building if parliaments, in serving the interests of their respective populations, do so as part of a global vision for international trade. Indeed, while power politics will always enter into the process, international trade must be configured with a view to building peace through fair and equitable trade rules. It is in this sense that parliaments can discuss the economic conditions most acceptable to all.

### **WTO negotiations and parliamentary diplomacy**

15. World affairs have been moving in such a way that international negotiations, on political as well as economic matters, are generally conducted in the absence of those most affected: the people. The WTO's objectives and rules can find a more solid foundation, however, in parliamentary diplomacy. The logic of interdependence to which the IPU is dedicated can contribute to collaboration among States within the WTO and more uniform compliance with its common set of rules. Inasmuch as parliaments are the instruments through which peoples express themselves, the legitimacy of international trade rules depends on a few essential elements.

16. The first step is to involve parliamentarians in the negotiations conducted by States within the WTO framework. Governments can enhance their legitimacy by including members of Parliament in the delegations that participate in international negotiations on WTO rules. The same in fact can be said about all international negotiations. This is not a matter of parliaments interfering in the work of the executive branch but of giving such negotiations – and thereby giving peace – a chance, by joining the efforts of both branches of government. It can also be argued that negotiations conducted within the WTO are predestined to fail if the agents doing the negotiating remain averse to compromise, a skill that is exercised and cultivated regularly in the work of parliaments.

17. In touch with the daily lives of their peoples, parliamentarians can give a more social dimension to the conventional rules of international trade. Moreover, their involvement upstream, in the various stages of negotiation, can help to gain time downstream in smoothing the way for ratification, avoiding the interminable parliamentary battles that sometimes, in some States, lose sight of the actual texts being discussed. States sometimes find themselves embarking on a new round of negotiations even when the previous round has still not been ratified.

18. The second step is to keep parliamentarians regularly informed about the negotiations being conducted by States within the WTO, so that representatives of the people can make that information publicly available. Clearer, more readable rules and information about the economic issues at stake would contribute to greater public acceptance of the system.

19. The third step is to enhance parliamentary oversight, defined as “the analysis, monitoring and control of action by government and public agencies, including the implementation of policies and legislation.” Such oversight focuses on the objective and nature of the activities concerned. It encompasses the work of parliamentary committees and plenary sessions as well as hearings held during the parliamentary phase of legislation and budgetary approval.

20. In order to promote peace through international trade, the role of parliaments in overseeing governments, whatever form that role might take, must ensure that agreements are negotiated based on the interests of the people (which would justify a parliamentary presence during the negotiations) and that government authorities effectively and equitably apply the policies negotiated.

### Conclusion

21. In conceptual if not practical terms, the new approach to human security is to admit that security and peace are social goods that are not the monopoly of, and may even be threatened by, the State. It is urgent to recognize and support the role that the WTO can and must play, in cooperation with other relevant institutions, in combating the financing of conflicts through trafficking in natural resources. Parliamentary diplomacy needs to contribute to the rules of international trade by endeavouring to strengthen human rights, particularly economic rights, and by organizing independent inquiries into the legitimacy of current rules.

22. In each of our States, parliaments are the political institutions that remain closest to the people, so their role in gaining acceptance for government decisions is decisive. Inasmuch as international trade rules often appear inappropriate and disconnected from local realities, greater parliamentary ownership would help to improve their clarity and thereby contribute to a more just society. In taking such ownership, however, and in order to enhance the interdependence of our societies, parliamentarians must themselves be sufficiently well informed about and sensitive to the stakes of international trade.

### *Discussion paper presented by Mr. Paul Rübig, Rapporteur Member of the European Parliament*

Ladies and Gentlemen,

1. It is an honour for me to speak to you today at the 2015 Annual Session of the Parliamentary Conference on the WTO. Firstly, please allow me to start by congratulating the WTO on its 20<sup>th</sup> anniversary.

2. Probably the best present for the 20th birthday celebration comes from the WTO itself with the deal to implement the key elements of the multilateral decisions reached in Bali. The WTO is firmly back on track and it matters today more than ever.





Ladies and Gentlemen,

3. Looking at the title of my speech probably both the WTO and the EU are the best examples of how economic integration and the liberalization of trade can contribute to enabling peace and better living conditions.

4. 2014 was a year of remembrance especially for us Europeans. 2014 marked the 100th anniversary of the outbreak of the First World War - the "seminal catastrophe" of the 20th century. World War II began only 25 years later.

5. After so many years, after the loss of so many lives, the vicious circle of war was finally broken when the Europeans successfully established sustainable peace through economic integration after the end of World War II. European integration abolished tariffs and custom duties, created the single market that established freedom of movement, people, goods, services and a single currency that facilitates easy transactions.

6. Today the European Single Market is the world's largest domestic market. It has contributed significantly to growth, competitiveness and employment. The European Commission estimates that the Single Market has been responsible for an increase in EU income of between 1.1% and 1.5% and for the creation of up to 900.000 jobs.

7. During the last six decades we have experienced in Europe that free trade between countries can reduce conflicts because trade forges connections between nations and gives each country an incentive to avoid war with its trading partners. Our European history proves that former so called arch-enemies can become partners: Today France and Germany are the most important trading partners in the EU.

8. In this context please allow me to recall the famous saying of the French economist Frédéric Bastiat which I would like to quote here: "If goods don't cross borders, soldiers will."

Ladies and Gentlemen,

9. The renowned Heidelberg Institute for International Conflict Research (HIIC) points out that the number of conflicts in the world rose more or less continuously from 1945 to 2013. Unfortunately also 2014 was a year of numerous conflicts. We saw the collapse of a series of states: Syria, Iraq, South Sudan, Central African Republic, Libya etc. And even in Europe people again have reason to fear the threat of war. Due to the crisis in Ukraine people are afraid of the outbreak of a new Cold War.

10. Civil conflicts and territorial disputes have not only severe and tragic impacts on people's lives but also a negative impact on economic growth as they can disrupt trade flows if they escalate further. It is not astonishing that as a result of the continuing geopolitical tensions the WTO's forecasts for trade growth have been revised downwards for 2014 and 2015.

11. There is rarely only one cause of dispute. The most common causes of conflicts and the root of most wars are: ideological change, self-determination, resources or territory. Although poverty per se is unlikely to be a sufficient condition to trigger conflicts or wars we can certainly all agree that poverty is a breeding ground for violence and terrorism. People who are unemployed, people who suffer the effects of economic and social inequalities and people who suffer from hunger are more likely to use violence to change their circumstances.

12. Generating economic growth and transforming it into quality employment opportunities is one of the biggest challenges for all our countries. Only through this we can support young people to improve their economic situation and to avoid their feelings of hopelessness.

13. If poverty is a factor that can contribute to conflicts then on the other hand economic stability and jobs are preconditions for peace - because economic growth reduces the incentive to fight.

14. We are making progress in our fight against poverty. The latest UN figures state that extreme poverty rates have fallen in every developing region. Globally, the Millennium Development Goal target on the proportion of people living in extreme poverty has been met five years ahead of the target date. About 700 million people fewer lived in extreme poverty conditions in 2010 than in 1990. Despite this impressive achievement more needs to be done as there are still 1.2 billion people living in severe poverty.

15. Most economists today accept that, in the long run, open economies create much more growth and jobs than closed ones. In the European Union for example about 30 million jobs depend on sales to the rest of the world. Trade means jobs, growth and opportunities.

16. No country in the past 60 years has sustained consistently high levels of growth without greatly expanding its exposure to international trade and investments. In fact international trade is the key to sustainable economic growth, job creation and better living standards worldwide. Protectionism on the other hand is not a solution for our economies. It can easily plunge countries into a situation where no one wins and everyone loses.

17. In this context I would like to underline the importance of small and medium sized enterprises for our economies. Small and medium sized enterprises account for 60 to 70 per cent of jobs in most OECD countries. They are the backbone of our economy and have the potential to create millions of jobs - if we help them!

18. It is true that globalization and trade liberalization offer new opportunities but also huge challenges. Only a small part of the SME sector is able to identify and exploit these opportunities and deal with the challenges. Unfortunately only 13 % of European small and medium sized enterprises have been internationally active outside the EU. We have to do more to support small and medium sized enterprises in their efforts to sell their services around the globe. In this context, we want to support especially small and medium-sized enterprises in developing countries.

Ladies and Gentlemen,

19. The European Parliament is well aware that trade policy is not an end in itself and as you may know the EU's trade policy was radically changed by the Lisbon Treaty in 2009. With the Lisbon Treaty the European Parliament gained an important voice and has played a key role in defending the incorporation of values such as human rights, labour rights and environment protection in the Union's trade policy.

20. Fair wages and salaries, human rights as well as democracy are important cornerstones that should guide decision-makers at all levels.

21. The European Parliament is standing at the forefront of the fight for creating better living conditions within Europe but also worldwide. Please let me underline this by giving you a concrete example of how the European Parliament makes use of trade agreements to achieve better living conditions for the people in the countries of our trading partners:

22. Before giving its consent to the Free Trade Agreement signed by the European Union with Colombia and Peru the European Parliament requested successfully from the governments of Colombia and Peru a binding road map on human rights, labour and environmental standards. Two sovereign governments committed themselves to concrete measures for the improvement of the human rights situation and the implementation of labour and social standards. With this trade agreement the European Parliament played an active part in improving living conditions in Colombia and Peru.

Ladies and Gentlemen,

23. History is littered with examples of trade disputes turning into war. That is why it is so important to have the WTO with its constructive and fair channels for dealing with disputes over trade issues. The WTO has proven effectively that it brings order to the sometimes chaotic world of trade business. Dispute settlement rules have avoided a number of dangerous and disruptive trade wars of the sort that once undermined entire economies and the welfare of nations. Therefore, and I think we can all agree on this, one of the biggest and most important achievements of the WTO is that it has contributed successfully to international peace.

24. A global free and fair trade system needs effective, fair, transparent and strong global rules. The multilateral trading system, embodied in the WTO, remains by far the best framework for achieving free and fair trade on a global basis. Defending the WTO's achievements remains a priority for the European Parliament. The efforts undertaken via the World Trade Organisation for achieving international growth and poverty reduction are more necessary than ever.

Thank you for your attention.

*Discussion paper presented by Mr. Anurag Singh Thakur, Rapporteur  
Member of Parliament (India)*

1. Proponents of free trade are of the view that the benefits of trade are not merely economic. Trade also encourages people and nations to co-exist peacefully. Trade leads to economic interdependence between nations. They also argue that trade makes it more profitable for people of one nation to produce goods and services for people of another nation and engage with them commercially.

2. Free trade between nations tends to reduce the chances of international conflict because trade forges proximity and gives each nation an incentive to avoid war with its trading partners. Countries that engage in trade are unlikely to invade others and less likely to be invaded. When the door to free trade is open, nations can gain access to each other's resources and produce. When the door is closed, the only way to gain access to each other's resources is through military conquest.

3. The exchange of goods and services implies not just the exchange of tangible items, but also cultural exchange. Trade helps to humanize the people you trade with. No country wants to go to war with its trading partners.

4. Because of trade, consumers pay lower prices for goods, which translates directly into higher real incomes. This web of interactions and mutual benefits helps to foster peace, as it creates a basis for global



interdependence. Trade also allows nations to benefit from the process of international specialization. It allows people, regions and nations to specialize in the production of what they do best and to buy those things which others do best at lower prices. International trade leads to the integration of markets and facilitates rapid transmission of market information from one part of the globe to another.

5. Peace is, to a great extent, the product of two of the most fundamental principles of the trading system: first, that trade must be helped to flow unrestricted and provide countries with a constructive and fair outlet for dealing with disputes over trade issues; and second, that the trading system fosters international confidence and cooperation. Protectionism tends to promote hostility. Promotion of trade and investment is a basic tool of economic diplomacy and should be used creatively to promote peace and security. The European Union, the Association of Southeast Asian Nations, the BRICS countries (Brazil, the Russian Federation, India, China and South Africa) and the South Asian Association for Regional Cooperation are excellent examples of creative economic diplomacy. The increased interdependence resulting from free trade, a common market, common institutions and shared values leads to the development of a common identity. A number of studies have analysed the impact of regional trade links and peacebuilding between States that were previously hostile to each other.

6. Growth, employment and equity are closely interlinked. Trade theory tells us that a rise in trade spurs the need for manpower; more jobs are created, which in turn stimulates economic growth and income redistribution, resulting in poverty alleviation and better living conditions.

7. Trade also has an important role to play in the growth of economies. Free and fair trade can help the world overcome the problem of unemployment and reduce poverty in general. However, the manner in which trade affects employment differs from country to country, as other factors also play a role. For example, technological advancement also has a strong impact on employment and productivity, benefiting some jobs while hurting others.

8. It is widely accepted that trade liberalization leads to job creation and improved living conditions. Increased production for export certainly creates more jobs, but import substitution of domestic production has its own impact on employment and causes dislocation. It is no easy task to retrain and relocate displaced workers. As countries move up the value chain, the qualitative nature of job markets also changes. There are several factors at play, and the net impact of liberalization varies from country to country and across regions. The pace of trade liberalization has to be calibrated according to the specific requirements of each country.

9. It is precisely this realization that prompted the founders of the World Trade Organization (WTO) to build in the flexibilities considered to be essential for the least developed countries (LDCs) and developing economies when they framed the rules of global trade. The legacy of poor infrastructure and institutional inadequacies places huge constraints on the competitiveness of developing economies. Even advanced economies have only gradually embraced openness in trade. We therefore need to strike a balance that takes account of those constraints. The LDCs and developing economies require flexibilities to help them adapt even as they integrate into the globalized world.

10. The WTO came into existence on 1 January 1995 and deals with multilateral rules of trade between nations as set forth in the Uruguay Round agreements. Apart from administering these trade agreements, the WTO serves as a forum for trade negotiations, settles trade disputes, reviews the trade policies of its Members and assists developing countries with trade-related technical assistance and training programmes.

11. The Doha Round<sup>\*</sup> is the latest round of trade negotiations between WTO Members. Its aim is to achieve major reform of the international trading system by introducing lower trade barriers and revised trade rules. The work programme covers about 20 areas of trade, which together constitute an indivisible package to be agreed as a "single undertaking", i.e. "Nothing is agreed until everything is agreed." A fundamental objective of the Round is to improve the trading prospects of developing countries; the Round is therefore also referred to as the Doha Development Agenda.

12. Whereas the developed world is looking to create new trade flows and greater market openness, particularly in key emerging markets such as Brazil, China and India, and to make rules accordingly, India and several other developing countries have been working for the conclusion of the Doha Development Agenda. Developing countries are aware that unless today's biased trade rules are replaced with newer rules, they will never get a level playing field and greater participation in global trade will remain a distant dream. The first step towards a level playing field would be a balanced outcome in line with the development mandate of the Doha Development Round.

13. Attempts have been made to junk the entire Doha Round on the grounds that there are new challenges and new issues. Failing to get the desired results, some prophets of doom have even predicted the end of multilateral rule-making and the WTO. This arises from their perception that their commercial interests are not being served by the Doha Development Agenda. Their interest is to obtain greater market access for their exports in developing countries, particularly Brazil, China and India. They seem to feel that the Agenda does not serve this objective and that they will have to take on commitments, such as reducing their agricultural subsidies and eliminating agricultural export subsidies, without obtaining substantive market access gains in exchange. They have therefore called for a new agenda for the WTO. There have been calls for alternate approaches to rule-making at and outside the WTO. However, the exclusive nature of arrangements that are not multilateral makes them non-starters in many cases. These initiatives do not inspire the confidence of the world at large and can never replace the WTO system, in which all negotiations are predicated on the principle of consensus. The principle of consensus ensures that all member countries are willing partners when rules are made for international trade. The WTO dispute-settlement mechanism ensures that matters do not escalate beyond trade disputes by settling these in a time-bound manner.

14. In any trade negotiations, flexibility is key. It is even more important in a multilateral organization like the WTO, where consensus is the watchword. Negotiations are a two-way process, with Members gaining from concessions made by other Members and having to make concessions of their own. The WTO has 160 member countries, most of which are developing countries (including the LDCs). Any trade rules that do not address the concerns of this majority are not going to pass muster. Today's biased rules of trade are already a source of angst in the developing world. Unfairly high agricultural subsidies in developed countries adversely affect the livelihoods and food security of billions of farmers in the poorest countries and make agriculture unviable, thus destroying jobs and growth opportunity in these countries.

15. It is necessary not only to promote trade but also to ensure that trade rules help all the world's countries co-exist and grow. Trade rules should therefore be fair and transparent – and be seen as such by all concerned. Inclusiveness is key to rule-making.

16. When referring to the current negotiations at the WTO, India and other developing countries have pointed to the need to start by addressing the Doha Development Agenda; they have consistently said that bringing in new issues without addressing existing ones would lead to a dilution of the Doha Development

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<sup>\*</sup> The Doha Round was officially launched at the WTO's Fourth Ministerial Conference in Doha, Qatar, in November 2001. It covers a wide range of subjects, including agriculture, non-agricultural market access (NAMA), services and rules. There are several contentious unresolved issues in each area: the proposed reductions in domestic subsidies, including cotton subsidies; proposals on sensitive products, tariff capping and the Special Safeguard Mechanism in agriculture; additional tariff reductions in specific industrial goods sectors (sectoral initiatives) in NAMA; the liberalization of trade in services; the development of disciplines on domestic regulations pertaining, for instance, to qualifications and licensing requirements and procedures; disciplines on fisheries subsidies (including the extent and scope of the special and differential treatment of developing countries and the attached conditionalities); and several issues relating to WTO rules.

Agenda. In the agriculture negotiations, India is seeking effective cuts in the trade-distorting subsidies provided to the agricultural sector by developed countries and effective disciplines on such support; at the same time, it seeks flexibilities for developing countries, such as provisions for lower tariff cuts, longer implementation periods, self-designation of Special Products that could take lower tariff cuts and the Special Safeguard Mechanism, to safeguard the interests of farmers in the event of surges in import volumes or a fall in price.

17. Free and fair trade will not be possible unless and until labour markets are opened in developed nations. Trade must be approached holistically and address the issue of free movement of labour across borders. Such a step may help generate employment and hence better living conditions.

18. India embarked on the path of economic liberalization nearly two decades ago. Since then, our economy has become increasingly integrated globally. India has on its own liberalized its tariff structures. Both imports and exports have grown at a healthy rate, an indication of the continuing openness of the Indian economy. We have a large trade deficit, one of the highest in the world as a measure of gross domestic product.

19. Trade can easily play an important role in economic growth and poverty alleviation, provided equity is maintained in trade. Trade should not be a tool available only to developed countries seeking market access in developing countries. Developing countries need to be helped to achieve equity in terms of infrastructure, technology and skills development before achieving trade parity. Until such time, they need the policy space required to protect their industries from being wiped out and prevent the consequent increase in poverty. Trade is a potent tool, one that needs to be used by countries in the manner best suited to their stage of development.

20. At the WTO, India and other developing countries have made persistent efforts to ensure that the progress made in the Doha Round is not lost and that development, which is at the core of the Round, remains firmly entrenched in all negotiations at the WTO. India has consistently expressed its commitment to the balanced and development-oriented conclusion of the Doha Round. Trade does not just mean more markets for developed countries. Developing countries, together with small and vulnerable economies, should also be able to benefit from trade.

21. At the latest WTO Ministerial Conference, in December 2013 in Bali, India maintained this principled stand and did not join the consensus on implementation of the Trade Facilitation Agreement (TFA) until its concerns relating to implementation of the other Bali ministerial decisions, in particular the decision *Public stockholding for food security purposes*, were addressed. This decision stipulates that a mechanism barring WTO Members from challenging the public stockholding programmes of developing Members for food security purposes under the WTO Agreement on Agriculture will remain in place until a permanent solution regarding this issue has been agreed and adopted. In the meantime, our food security programmes and minimum support price policy will not be affected. Similarly, the deadline for acceptance of the TFA has been withdrawn, enabling Members to complete the internal process for acceptance. This positive outcome reaffirms the faith of our country and all developing countries in the multilateral trading system, and proves that this is the forum offering the best chance to participate on equal terms in international trade and a place where the voices of the vulnerable are heard.

22. Trade can be an enabler of peace and better living conditions, provided the rules of the game are fair and there is a level playing field for all players. The concerns of each WTO Member need to be addressed to ensure complete harmony in the system.

*Introductory remarks by Ms. Arancha González, Discussant  
Executive Director, International Trade Centre*

There is no doubt about the usefulness of trade as a tool for creating growth, generating prosperity and supporting development. However, trade in itself is not enough; it has to be part of a wider social and economic context including infrastructure, education, innovation and a stable economic environment. Trade creates opportunities, and we need to ensure that a bigger part of development assistance is used to translate these opportunities into realities. You, the parliamentarians, hold the key to this Aid for Trade, and it is very useful to have you all here to debate how to translate these opportunities into realities.



Trade today is about tasks and the addition of value through tasks. It is not just about removing tariffs, but also increasingly about removing non-tariff measures to trade. Trade is about manufactured goods, but also to a large extent about agro-process products and increasingly, about services. This is why, rather than talking about industrialization, I prefer to talk about value addition. When we think about industrialization we seem to refer only to the part of our economies that is about manufacturers. There is much more to trade than that.

Finally trade is about North-South, North-North and increasingly about South-South relations.

On the development side, small and medium enterprises constitute 80 to 90 per cent of the economic tissue of all our economies but only contribute to 30 to 35 per cent of GDP; they are too small, too fragile and many are in the informal sector. We need to help them become bigger engines for generating growth and ensure that governments create the right enabling environment for them to thrive. That said, it is also necessary to ensure that we help their support institutions, chambers of commerce, associations of producers, trade and investment promotion agencies.

The International Trade Centre, which I head, is a joint venture between WTO and the United Nations. It assists small and medium sized enterprises by ensuring they have better trade and market intelligence to identify opportunities; by helping them add value to trade and move up the value chain; by helping to them access finance; and by helping them connect to markets in order to generate a sustainable business activity. There are three cross-cutting dimensions, namely supporting youth entrepreneurship, the economic empowerment of women, and ensuring sustainability.

I have four recommendations for you: first, there is a need for more emphasis on trade and the economy in the post-2015 development paradigm that we are crafting; second, multilateral trade should be a bigger part of our trade policies; third, we need to ensure that a greater part of development assistance is spent on trade capacity-building; and fourth, efforts should be made to promote more inclusive economies and the participation of youth and women.

### *Introductory remarks by Mr. J. Leichtfried, Rapporteur (European Parliament)*

Many of us will remember that, at the age of twenty, we started to develop firm plans for the future. We asked ourselves what we wanted to achieve with our lives, and how many of our dreams we would actually achieve. If the aspiration of better living conditions is to be realized, we need to define what those conditions actually are. Are better living conditions about more than money, jobs and growth? Do we need to adopt a more holistic way of thinking about the life of our citizens in order to define them?

We need to ask how trade generates growth. Trade is generally considered as an enabler of growth, and indeed, those countries that have achieved the highest growth rates in the last sixty years, such as South Korea, Singapore and China are very trade-open. However, do we need something more, such as inclusive growth?

The evidence as to whether trade is an enabler of poverty reduction remains inconclusive. Poverty reduction is linked to the inclusiveness of growth, which depends on a variety of accompanying measures, such as education and training, infrastructure and technological development.

It is quite obvious that wealth generated by growth largely benefits urban elites. We therefore need infrastructure development so that the benefits spread to more rural and remote areas. We also need to ensure that investment is directed to those areas where poor labour standards and conditions exist. Trade can impact positively on social standards, particularly if consumers take an interest in manufacturing standards and try and improve the health and social security standards of workers.

We also need to look at the role of trade agreements. There are good examples of trade agreements that seek to influence other fields in addition to trade. For example, the trade agreement between the European Union and Colombia is seeking to improve the human rights situation in Colombia, and there are other trade agreements that seek to influence the environmental situation. Trade can really improve social, environmental and human rights conditions.

What conclusions can we draw about growth enabling better living conditions? The real issue is that if growth and more trade are taking place, we need to look at the surrounding environment since those factors can enable better living conditions. Elements such as social, labour and environmental legislation, education, infrastructure and public support need to be taken into account. If they are, there is a chance that trade will finally enable better living conditions. That is the ambition that WTO should have after its 20<sup>th</sup> birthday. It's not unacceptable to discuss environmental and other issues in conjunction with trade; that is the way to improve living conditions all over the world.

### *Introductory remarks by Mr. J.H. Owona Kono, Rapporteur (Cameroon)*

In many countries, the 20<sup>th</sup> birthday marks the coming of age. Although world trade has been in the discourse for a number of years, conflicts, which limit the free movement of goods and people, have a detrimental effect on trade, which can in turn cause other conflicts. This can be seen today in the Northeast Nigeria near the border with Cameroon, where conflicts are preventing the free movement of goods and use of the infrastructure, and affecting livelihoods. Populations displaced as a result of conflicts and loss of livelihood add to the refugee crisis.

The role of parliaments is to represent and defend the interests of all peoples. However, parliamentarians do not negotiate policies affecting their constituents – that task is undertaken by government representatives. The first step is to ensure that parliamentarians are involved in the negotiations conducted by States within the WTO framework. Governments can enhance their legitimacy by including members of parliament in the delegations that participate in international negotiations on WTO rules. This is not a matter of parliaments interfering in the work of the executive branch, but of giving such negotiations – and thereby peace – a



chance by joining the efforts of both branches of government. Parliamentarians can give a more social dimension to the conventional rules of international trade. Their involvement upstream, in the various stages of negotiation, can help to gain time downstream in smoothing the way for ratification, avoiding the interminable parliamentary battles that sometimes lead to losing sight of the texts being discussed. The second step is to keep parliamentarians regularly informed about the negotiations being conducted by States within the WTO, so that the representatives of the people can make that information publicly available.

The third step is to enhance parliamentary oversight, defined as “the analysis, monitoring and control of action by government and public agencies, including the implementation of policies and legislation”. Such oversight focuses on the objective and nature of the activities concerned.

In order to promote peace through international trade, parliaments must, in exercise of oversight, ensure that agreements are negotiated based on the interests of the people, and that government authorities effectively and equitably apply the policies negotiated.

It is urgent to recognize and support the role that the WTO can and must play, in cooperation with other relevant institutions, in combating the financing of conflicts through trafficking in natural resources. Parliamentary diplomacy needs to contribute to the rules of international trade by endeavouring to strengthen human rights, particularly economic rights, and by organizing independent inquiries into the legitimacy of current rules.

In each of our States, parliaments are the political institutions that remain closest to the people, so their role in gaining acceptance for government decisions is decisive. International trade rules often appear inappropriate and disconnected from local realities, and greater parliamentary ownership would help to improve their clarity and thereby contribute to a more just society. In taking such ownership, however, and in order to enhance the interdependence of our societies, parliamentarians must themselves be sufficiently well informed about and sensitive to the stakes of international trade.

### *Introductory remarks by Mr. P. Rübiger, Rapporteur (European Parliament)*

The best present for WTO's 20<sup>th</sup> anniversary came from WTO itself with a deal to implement the key elements of the multilateral decisions reached in Bali. Many of you were in Bali, and it is important to realize that parliamentarians helped to achieve an important step forward in concluding these negotiations. I think that WTO is very firmly back on track, and it matters more today than ever before for parliamentarians to be part of the political decision-making.

The WTO and the EU are the best examples of how economic integration and the liberalization of trade can contribute to enabling peace and better living conditions.

Trade and democracy are built on values such as consent, the building of an identity, respect and tolerance among peoples. European integration abolished tariffs and custom duties, created the single market providing for freedom of movement, people, goods, services and a single currency that facilitates easy transactions. The 500 million people in the European area have moved forward and why should it not be possible to move forward at the global level? The European single market is the world's largest domestic market. It has contributed to growth, competitiveness and employment, and is estimated to be responsible for an increase in European Union income of approximately 1.5 per cent and for the creation of up to 900 000 jobs. It may well be possible to create jobs around the world if we avoid war among trading partners. Much work was involved in integrating 28 countries in the European Union and the European Economic Area; there were considerable differences between East and West, North and South and within the European Union itself. Through co-operation, it has been possible to achieve compromise and develop the appropriate targets that are beneficial to all.

The French economist Frédéric Bastiat says that “if goods don’t cross borders, soldiers will”. I am very hopeful that our work as parliamentarians can facilitate the movement of goods, services and ideas across borders.

Generating economic growth, which can then be transformed into quality employment opportunities, particularly for young people, is one of the greatest challenges for all our countries.

If poverty is a factor that can contribute to conflicts, then it follows that economic stability and jobs are preconditions for peace. I think that progress is being achieved in the fight against poverty. The latest UN figures show that rates of extreme poverty have fallen in every developing region. Approximately 700 million fewer people lived in extreme poverty in 2010 than in 1990. However much remains to be done as 1.5 billion people are still living in poverty. We can see the contrast on the Korean Peninsula where peoples in the same area are driven by two different systems: South Korea has one of the highest growth rates of all countries in the world, more than 4 per cent of its GDP is devoted to research and development activities and living conditions have increased dramatically.

Most economists today accept that, in the long run, open economies create more jobs and growth than closed economies. In the European Union, approximately 30 million jobs depend on sales to the rest of the world. It is very clear that small and medium enterprises will play an important role in our economies. However only 13 per cent of such enterprises in Europe have been active in exporting outside the European Union, and the European Parliament recognizes the importance of helping small and enterprises.

The European Parliament is well aware that trade policy is not an end in itself. Fair wages and salaries are also important, and democracy, human rights and social security also important cornerstones to guide decision-makers at all levels.

An objective is to create better living conditions worldwide, and it is very clear that trade can play an important role in this regard, as the agreement signed by the European Union with Colombia and Peru has shown.

The WTO is an effective, fair, transparent and strong rules-maker at the global level. We should be proud to be part of this and of the efforts to encourage society to take the right steps.

### *Introductory remarks by Mr. A. Singh Thakur, Rapporteur (India)*

The subject of trade as an enabler of better living conditions is of immense relevance in the context of the present trade negotiations, particularly at a time when the world economy is trying hard to recover from the global economic downturn.

Trade and commerce have a very important role to play in the growth of the economy and can bridge the gaps between nations and regions. Free and fair trade practices can help the world overcome the problems of unemployment and reduce poverty. We all accept that increasing fair trade stimulates overall economic growth, generates more income, and the better distribution of income, which leads to improved living conditions of the masses. In addition to promoting growth and development, trade also functions as an enabler of peace. Countries that engage in trade are unlikely to enter into conflicts, or war-like situations, where there are no winners. Exchanges and mutual benefits from trade help to advance peace as they create a basis for global economic interdependence.

You will all agree that the economic slowdown has adversely affected the entire world economy. The successful conclusion of the ongoing trade negotiations in the WTO will inspire the confidence of members and will help create more demand through opening up of the markets. The relation between the slowdown of the global economy and its impact on trade through fallen demand is causing major problems for the exporting countries. In developing a level playing field through fair and equitable rules making, WTO will create more opportunities and a better competitive environment, which will help to stimulate demand in large

developing countries, which in turn can help to boost the global economy. Most importantly, the developing countries, grappling as they are with the basic problems, are stymied by unconventional barriers to trade, mostly in the form of non-tariff measures. Trade does not only mean more market for the developed countries; developing countries, together with the small and vulnerable economies should also be able to benefit from trade.

We must agree with the perception that a rules-based multilateral trading system can contribute to the speedy global economic recovery that we all seek. Together we should strive for a balanced and development-oriented early conclusion of the Doha Development Round.



## EXCERPTS FROM THE DEBATE

**Ms. J.L. Fubbs (South Africa)**



Although trade can be an enabler of peace and better living conditions, it can also be used as a tool in the arsenal to destabilize peace. We have still not

reached a situation where all countries are given an equal opportunity to trade. We are concerned that the obligations in the Trade Facilitation Agreement for developing countries and the least developed countries are not clear, yet those countries are expected to endorse the agreement. The obligations should be clarified.

It is also a concern that developing countries are being asked to entertain something new regarding the negotiations on non-agricultural market access, although the development round has not yet been dealt with fairly.

WTO is the only institution that offers to resolve issues on a multilateral basis. We hope that its original vision can be implemented, and that its achievements can be consolidated rather than eroded through the instability created by poverty.

### Mr. S. Haku (Japan)



Japan does not have many natural resources but has grown significantly since the end of the Second World War thanks to trade. Recently, however the gap between the 'haves' and the 'have nots' has widened, and this is also the case within and between other countries. Furthermore, goods are often cheaper on the Internet, which could lead to the disappearance of shops on the high street. How does WTO intend to address this issue?

### Mr. Z.A. Bhatti (Pakistan)



I agree that trade is an enabler of peace and better living conditions, at the local as well as the global level. However, there are very clear winners and losers and trade dividends are never shared equitably. WTO's rules-based system is far more preferable than the power-based free regional and bilateral trade agreements, which are regrettably increasing in number. While some progress concerning trade facilitation and food security has been made in Bali, I would like to ask what is next.

Will the rules-making function of the WTO ensure that the trade facilitation agreement and public stockholding for food security will be the common denominator for all? How will the WTO ensure that food security does not become a threat to peace and better living conditions? What steps will be taken to secure progress with regard to agriculture? At 20 years of age, WTO has to live up to the legitimate expectations of its members, particularly the least developed countries.

### Mr. V. Halasyuk (Ukraine)



International trade serves not as a source, but as a proxy for economic growth. It induces sustainable economic development only when combined with appropriate investment, industrial and innovation policy. The best form of aid from developed to developing countries is therefore not just financial in nature but also investment in production facilities. The new Trade Facilitation Agreement is encouraging; Ukraine is very interested in ensuring that this agreement comes into force as soon as possible and will make appropriate efforts to complete ratification in the near future. At the same time, the special needs of developing countries should be taken into account.

On behalf of the Ukrainian delegation, I would like to express deepest appreciation of the international community's continued support for Ukraine in the current challenging situation. I would also to remind you that our country needs some additional flexibility and policy space to stimulate its economic and industrial revival.

### Mr. C.M. Huber (Germany)



There are questions about regulation of agricultural commodity speculation and the impact of food security in the least developed countries. Lack of food security is linked to terrorism, lack of inclusion, human trafficking, fragmentation of countries and instability. I would like to know why we tend to view African and least developed countries as consumers rather than producers. We need to support them as producers, particularly as 70 per cent increase in agricultural efficiency is needed with the population of the continent expected to double in 35 years. How are we going to tackle this issue?

### Ms. A. González (Discussant)



Let me put trade facilitation in context: the average tariff applied in worldwide trade today is five per cent; the cost of trade facilitation is 10 per cent; and the cost of complying with non-tariff measures is in the order of 20 to 30 per cent. The new Trade Facilitation Agreement is therefore a good opportunity to reduce what is essentially a tax on small and medium enterprises. Furthermore, for the first time in the history of WTO, this Agreement links

the adoption of commitments with technical assistance and capacity-building for those countries that are unable to implement the commitments on their own. I therefore urge you to ratify this Agreement, which provides a unique opportunity to blend a trade opening with trade capacity-building. Countries are already requesting assistance in implementing the Trade Facilitation Agreement because they know that this will help their small and medium enterprises to move up the value chain and reach markets in other countries.

It is true that, while inequalities among countries have sharply reduced over the previous 20 years, inequalities within countries have greatly increased. We have to be careful not to blame trade policy for all the problems our societies face. For example, all 28 members of the European Union follow the same trade policies, but there are huge differences within those countries. Innovation, education, investment in social safety nets, infrastructure, and taxation policies are all important for reducing inequalities within countries.

Considerable efforts are being made by the international community to support better agricultural production, in particular on the African continent. We are trying to help countries to enhance productivity, diversify agricultural production, improve quality of their agricultural production, and are helping farmers adapt to climate change. I agree that more still needs to be done, and this is why I appeal to you to ensure that a larger part of your development aid is used to help build capacities for trade, beginning with the agricultural sector – a sector that employs 70 per cent of people in Africa.

### Mr. J. Leichtfried (Rapporteur)

It is estimated that each year in the European Union €1 trillion in tax revenue is lost because large companies are able to avoid paying tax. This is exacerbating the gap between rich and poor, because taxes are needed for infrastructure, education, health care, security and safety, which are essential elements in narrowing this gap.

I agree that trade policy is not entirely responsible for the gap between rich and poor; there are a number of other elements at play as well. Speculation on food products causes hunger and starvation and is absolutely not tolerable. National food security programmes are acceptable provided that they do not have a detrimental effect on the food security of other nations.

While the agreement reached in Bali is not perfect, we have to recognize that the alternative to a multilateral trade system is a plurilateral or bilateral trade system that will and exclude those countries that have most of the problems. We do not want this.

**Mr. P. Rübige (Rapporteur)**



Taxation is important, but so is employment, which helps to generate taxation revenue. We therefore need to focus on entrepreneurship, on creating start-ups and on the development of small and medium enterprises, which will have a multiplier effect. We need a balance between producers and consumers.

International trade is very important for stability, and a European Parliament a science committee on scientific technology options assessment has recently undertaken a valuable study on how to feed 10 billion people which clearly shows the benefit of world trade in the agricultural field.

**Mr. O. Al-Rowaie (Kuwait)**



I agree that cultural awareness and the development of good relationships are vital in order to facilitate progress in world trade. We also need to address

the issue of inequality in order to build better lives for all peoples of the world.

I would like to ask Mr. Leichtfried how we are to define terms, such as growth and better living conditions, and would respectfully suggested the papers produced by the panellists are referenced in a scientific manner.

**Mr. D. Van Der Maelen (Belgium)**

I would like to know if the United States Congress is willing to choose the multilateral track for trade negotiations?

**Mr. W. Pirkhuber (Austria)**



I agree that economic stability and employment are preconditions for peace, but I would add that food sovereignty and security are a basis for free trade. Those issues need more acceptance, including by WTO. What possibilities do we have at the level of WTO to take multilateral environmental agreements and social standards more into account in the debate? We also need to accept that the development of domestic markets, especially in the food sector in the least developed countries, has to be a priority, including at the WTO level.

**Ms. A. González (Discussant)**

I can't answer the question on the United States. I think it's fair to say that you should direct it to Washington D.C.

The fragmentation of production offers huge opportunities for many countries unable to manufacture an entire product or provide an entire service to integrate themselves into the world economy. I see this as an opportunity, but I agree that it requires interconnection and trade between countries.

On the issue of food security and sovereignty, I would like to point out that the WTO agreements provide WTO Members with quite a lot of flexibility in defining their agricultural trade policies provided that they do not consist of unfair trading practices. However, it is also fair to say that WTO Members do not see eye-to-eye on food sovereignty. The existing consensus dates back to 1985 and now needs improvement. The issue is whether or not Members can find a new consensus around which to converge, at a time when there are more actors around the table and when the world has experienced three consecutive food crises. If you, the parliamentarians, are able to find consensus at the parliamentary level, it would be much easier for your respective governments to negotiate in WTO.

#### **Mr. J. Leichtfried (Rapporteur)**

As I am not from the United States, I can't answer the question from the representative of Belgium. However, it would be helpful if colleagues from the Congress participated in our meetings. While the United States appears to have no problem with plurilateral and bilateral trade agreements, we have to fight for the inclusive, multilateral system. Participants might have to compromise more than they have done in the past in order to develop a grown-up, functioning multilateral system.

It is very difficult to define better living conditions. Trade is an enabler, but elements such as employment, a stable income, health, food safety, security, freedom, rule of law, human rights are also essential for better living conditions.

#### **Mr. P. Rübiger (Rapporteur)**

International trade can help to multiply the buying power of our peoples. We need to strike balance between imports and exports, which will benefit both sides: imports help to increase buying power and exports help to create new jobs.

I think that we need to do more to develop agricultural entrepreneurs, promote agricultural research and innovation, and develop new entrepreneurship patterns to ensure that the self-employed and small and medium enterprises are given an opportunity to engage in, and derive more benefits from, international trade.

#### **Mr. A. Singh Takur (Rapporteur)**



Some very interesting questions have been raised. Trade and commerce act as a facilitator in bridging the gaps between nations and regions. We must humanize trade and recognize the importance of cultural exchanges in this regard.

#### **Ms. M.-A. Rose (Seychelles)**



My country will shortly be the smallest economy to join WTO: we do not have a focused manufacturing industry, but we do have a services industry exporting tourism and financial services. Over the last 20 years, WTO has focused on the manufacturing industry and we would like to know what WTO is doing to enable an equitable environment for fair-trading in services. Is there a level playing field in the services sector? How does this impact on the development agenda and on trade capacity-building?

### Mr. T. Juwarno (Indonesia)



Despite an annual economic growth rate of six per cent, Indonesia continues to face a number of challenges in optimizing the use of trade for poverty eradication and development, including stiff competition from imports, non-tariff barriers and global value chains. As over 60 per cent of our population depends on the agricultural sector for its livelihood, improving the living conditions of our farmers is a paramount objective for us. However, the lack of progress and ambition in the WTO agricultural negotiations, especially with regard to special and differential treatment, continues to cost our agricultural sector dearly, and hinders our efforts to improve the living conditions of poor farmers. We are therefore seeking a permanent solution concerning public stockholding for food security purposes.

In order to obtain the full benefit of international trade, developing countries should be given flexibility and policy space to develop their production capacity. The existing WTO provisions do not provide for the necessary policy space to enable developing countries to improve their production capacity. Efforts to rectify this imbalance must remain the priority for the post-Bali work programme and we, as parliamentarians, must ensure that the outcomes meet the urgent needs of developing countries.

A sound, environmentally-friendly policy is important for sustainable development. However, if environmental goods are to become more accessible to help developing countries combat environmental challenges, we can start by waiving the most expensive element of production costs, namely the IPR, rather than lowering tariffs to gain more market space from the developing countries.

### Mr. C.O. Camera (Mali)

We welcome the recent development of the Trade Facilitation Agreement, and we now have an opportunity to learn about the agreement to expedite its adoption by our parliaments. The cotton industry in Mali has been weakened by trade distortions, including subsidies, and the livelihoods of over three million people who depend on this sector are endangered. Consideration might be given to the role of trade statistics in the development policies of States and of the role of the informal sector.

### Mr. C. Matznetter (Austria)



WTO has an obligation to make world trade fairer. Important elements for trade to enable peace and better living conditions, such as health and education systems and social and food security, can be provided only if there is enough money in the public purse. WTO agreements cover prohibited and actionable subsidies, and consideration should also be given to extending the mechanism to cover taxation subsidies.

### Mr. M.A. Razzaque (Bangladesh)

Trade is becoming an important tool for accelerating growth and achieving poverty alleviation, structural change and a higher standard of living. Bangladesh, a leading least developed country, has been able to take significant advantage of trade through greater openness and a high degree of integration. We hope WTO will be able to do much more to achieve the balanced global integration of the least developed countries to help us to trade out of poverty. The decision of the Hong Kong Ministerial Meeting which stipulates that developed members, and developing country members in a position to do so, should



provide duty-free and quota-free market access for products originating from least developed countries, should apply not in 97 per cent, but 100 per cent of cases.

#### Ms. O. Zrihen (Belgium)



Negotiation of the Transatlantic Trade and Investment Partnership is leading to the consideration of new rules, including those concerning dispute settlement. As we are seeking to improve the lives of our citizens through trade, how will the decisions taken at the bilateral level be realized and reflected at the WTO level?

#### Mr. M. Kagwe (Kenya)



We are keen to see parliaments participating in the Nairobi Ministerial Conference. However, if issues surrounding agriculture are not addressed, very little will be achieved at that Conference. How much progress has been made on tariff escalation and is there a real possibility of achieving an agreement in those areas? Also, is there any flexibility in terms of agricultural subsidies?

#### Mr. G. Castelen (Suriname)

My country is in favour of supporting small and medium enterprises to reduce poverty and promote a fair and more equitable distribution of wealth. We should make it easier for small entrepreneurs to start up and protect their private capital, and we welcome the notion of simplified joint stock companies already established in some jurisdictions such as Colombia and France. I believe parliamentarians have a role to play in enabling small entrepreneurship by cutting red tape and facilitating the establishment of limited liability companies. The steps we are taking in this regard in Suriname will help to enhance business opportunities and encourage wealth creation. How can we combine forces at the national and international levels to improve market access and inclusion for small and medium enterprises?

#### Mr. P. Rübiger (Rapporteur)

I agree that it is important to provide incentives for entrepreneurship, and it might be helpful to create one-stop shops expediting the creation of start-ups. WTO should strive to help those that are actually on the front line doing the work, and it would be useful for small and medium enterprises if the Organization established a dedicated webpage where all Members clearly set out conditions for export and import. We need transparency to ensure that money is actually going into the public purse.

While WTO heads the multilateral system, bilateral and plurilateral agreements and negotiations can also benefit us. We can learn from their best practices to identify how the greatest benefits can be derived. Hitherto, we have had a very top-down approach; we now need to develop a bottom-up approach that will help us to ensure that we, as parliamentarians, have the knowledge and wisdom to make the right decisions.

#### Mr. A. Singh Takur (Rapporteur)

One of the elements of the Hong Kong Ministerial Declaration was to extend duty free and quota free access to the least developed countries. In line with its commitments, India has set an example to others by becoming the first developing country to extend this facility to the least developed countries. It has granted duty free access on approximately 85 per cent of its tariff lines, and preferential access on approximately nine per cent. At present 31 out of 48 least developed countries have benefited from this scheme, including 21 countries from Africa.

### Mr. J. Djanogly (United Kingdom)



It is a relief to hear that there is a strong, shared desire to move on swiftly from Bali. If momentum is to be maintained, parliamentary representatives should be updated on a regular basis between IPU conferences. Governments and ministers do not always have WTO issues at the forefront of their communications with parliaments even if they are actively working on these issues. Well-briefed parliamentarians can therefore act as a well-based prompt to get action from the executive.

I also think that communication can be improved. Bali, which represented arguably the biggest trade deal for the world in 20 years, received very little

coverage in the UK media. The main WTO story was that the negotiations had stalled leading to unwarranted speculation regarding WTO's survival. WTO's message is too technical and bureaucratic; we need to simplify the issues for the media and use real life examples illustrating the benefits of multilateral trade deals.

### Mr. O. Al-Rowaie (Kuwait)

In recent times, many people have lost jobs, some economies have collapsed and many staple products have become more expensive and scarce. WTO has to convince us of its added value and that the rules that currently apply to international trade have helped to improve living standards. We can only convince others of WTO's value added if we have clear and precise information backed by research.

### Mr. P. Rübzig (Rapporteur)

I have learned that support for small and medium enterprises in countries like Saudi Arabia and Kuwait is quite high. Such enterprises need the world market, and the production and jobs created is therefore highly dependent on trade facilitation. The WTO provides this necessary multilateral framework.



# DIALOGUE

## WITH SENIOR WTO NEGOTIATORS AND OFFICIALS

Policy, politics and trade: keeping the WTO negotiations on the right track

### INTRODUCTORY REMARKS

#### *Ambassador Angelos Pangratis*

*Permanent Representative of the European Union to the WTO in Geneva*

I'll make only three points during my introductory statement. First, how do we keep the negotiations on track? We all know basically where we are. Bali was the first multilateral agreement in practically two decades. After Bali, we had a very important implementation challenge in July 2014, which was a dangerous moment for the Organization. We managed to find a solution in November 2014, and were able to return to the Bali track at the end of last year. The World Economic Forum in Davos took place in a very positive spirit; it delivered a very positive message and gave the negotiators in Geneva a clear and pertinent orientation.



We now need to be realistic and recalibrate accordingly. The clear objective is to produce a work programme by July; this work programme should be detailed enough to enable a rapid negotiation with the aim of finishing the Doha Development Agenda. The challenge lies in identifying what is realistic and doable and what the recalibration actually means. The world has changed since 2001; some parts of the work done several years ago are no longer acceptable to both developed and developing countries. The challenge is to find the elements of what we have on the table that are doable, ensure that we strike the right balance so that the development orientation of the mandate is fully respected and that we negotiate an outcome acceptable to all.

You can understand that this is not an easy task in a complex organization with more than 160 Members. However this challenge, although difficult, is not impossible.

Second, what is really at stake? I think it's very important here to see the specifics, and the more general. We all know that we live in a world where the political attention is dominated by bilateral and plurilateral negotiations outside the WTO. This is understandable because this Organization had been failing for almost two decades. Now, however, we should not underestimate the Organization. With the outcome of the Bali Ministerial Meeting, we have a chance to prove that WTO can deliver.

Two decades of failure have taken the focus of the trade negotiation agenda away from the WTO. There is now the hope that this perception can be reversed and that WTO can gain an increasing amount of credibility, particularly if the current effort is successful. It is also hoped that its image can be rebalanced. We need to lay a sufficient multilateral foundation, on which plurilateral and bilateral negotiations can build. What is at stake today is this multilateral foundation and the possibility of its consolidation and expansion. That said, we need to ensure a commercially meaningful outcome.

Third, what is the role of members of parliament? In the past, the involvement of members of parliament was confined to ratification of the agreements negotiated. Now, it is not enough to explain an agreement after its negotiation; there is an increasing need for broader consultation with wider society in parallel with the

negotiations. Parliamentarians themselves need to be involved in the political debate. Another aspect to be considered is the need to manage the contradiction between actions at the political and local levels and the realities of the global issues and views. International trade negotiations have to reconcile these different starting points; this cannot be done by different administrations. There is something very important about accompanying the evolution of the WTO in rebuilding its credibility and ability to deliver. It is extremely important for parliamentarians to accompany and support this process.

**Ambassador Remigi Winzap**  
*Permanent Representative of Switzerland to the WTO,  
Chairperson of the WTO Negotiating Group on  
Market Access for Non-Agricultural Products*

I very much appreciate the fact that you have come to Geneva to demonstrate that you care for the WTO. I will give you some personal views on the challenging situation we are facing in WTO; the way we are trying to advance the negotiating process; and why, in my opinion, it makes sense to invest political capital in the WTO negotiations. I hope that the last point will encourage you to continue following the work here in Geneva and to invest some political capital in these global trade negotiations.



First, with regard to the challenging situation concerning the negotiations in WTO, I would like to start by saying that the WTO negotiations are not taking place in a vacuum. They depend on the world surrounding WTO and on the world inside WTO. Turning to the world surrounding WTO, I am not sure that WTO work has strong support in parliaments and capitals. There is a multi-polarization of the world, and this is also true for trade issues. Increasingly, regional heavyweights are setting the rules for trade in regional contexts, rather than in multilateral forums like the WTO.

There is also a challenging situation inside WTO. The Organization has some 160 Members, whose domestic realities lead them to take quite different positions in the negotiations. Members include major trading blocks, such as the EU; large trading nations, such as the US and China; large countries that export relatively little, such as India; comparatively small nations that export a lot, such as Singapore; poor and least developed countries with very limited export capacities and interests. Some Members are highly competitive agricultural exporters and others that are net food importers. Some Members have offensive interests in non-agricultural products, industrial products and services, while other Members were defensive in those areas.

Not only are WTO Members and trade patterns different, they are also changing. In the 1950s, agriculture accounted for approximately 50 per cent of world merchandise and trade, today it represents approximately 10 per cent. Accordingly, the share of non-agricultural trade has risen to 90 per cent of world merchandise and trade. In addition, the relative importance of members in world trade is evolving. China's part in industrial product exports was approximately 6 per cent in 2001, and increased to over 17 per cent in 2013. In 2012, China overtook the EU as the largest exporter of non-agricultural products.

Second, on how we are trying to advance the negotiating process, we are working on instructions from capitals and I suppose parliaments are involved in shaping the mandates of the negotiators here in Geneva. We are negotiating on a three-track process. The first track consists of the Trade Negotiations Committee – an overarching structure that is led by the Director General. The second track consists of negotiating groups that are chaired by ambassadors. The Director General holds consultations with Members in different

configurations and on all issues under negotiation in a horizontal process. The chairs of the negotiating groups are also holding consultations in their areas of responsibility. They are in close contact with the Director General and exchange information. The third track consists of Members that discuss directly among themselves. This track is the most important one where the major trading partners have to talk to each other. No achievement can be reached in WTO without the major trading partners, namely Brazil, China, India, the EU and US.

We achieved success in Bali and further commitment was expressed at the World Economic Forum in Davos. However, more is required in order to achieve results. We need stronger engagement, which leads to traction; if there is traction, we will need political capital and political will in order to achieve results.

Members have to be clear on what they want to negotiate in the WTO and on what they want to negotiate outside in regional trade deals. One of the challenges lies in ascertaining what concessions to make in WTO, particularly if deeper concessions can be achieved through regional endeavours. A second challenge is that members are more afraid of what they have to pay rather than what they might receive. It is also very difficult to conduct a negotiation if all parties want to retain policy space. The major WTO Members want to ensure that they do not do more than comparable trade powerhouses, and small Members are keen to preserve as many exceptions as possible for themselves. A third challenge lies in the very different starting points and tariff profiles of the Members. Some Members have bound 100 per cent of their tariff lines while others have not. Some Members apply their bound tariffs while others do not. The fourth challenge lies in the fact that some Members are negotiating in the Doha negotiations on non-agricultural market access but are, in parallel, engaged in negotiations on plurilateral agreements.

Third, on why we political capital should be invested in the negotiations, I think it is important that parliamentarians who are representing their constituencies have contact and dialogue, and that you are aware of negotiations that may have an important influence on your countries and constituencies. There are at least three reasons to spend political capital on WTO: first, it is important to keep the negotiating function of WTO alive; second, outcomes in WTO have comparative advantages over regional trade agreements and can complement them; third, we need to keep WTO relevant for systemic reasons.

With regard to the need to keep WTO relevant for systemic reasons, the Organization and its multilateral trading system is not only the backbone for any regional and bilateral trade agreement, it is also of particular importance for small trading partners that engage heavily in regional trade initiatives; these countries constitute the majority of WTO Members.

In conclusion, WTO remains in a difficult situation. Recognizing the value of WTO means that we care about the multilateral trading system. It is important to assume leadership and invest the necessary political capital to conclude the Doha Round. This is not only the task of trade representatives in Geneva but also of governments and parliaments of WTO Member States.

***Ambassador Gabriel Duque***  
*Permanent Representative of Colombia to the WTO,*  
*Chairperson of the Special Session of the WTO Council for Trade in Services*

Our societies, governments and parliaments are becoming more aware of the importance of services. Services, including transport, telecommunications, education and health, account for two thirds of global GDP, two thirds of world employment and are central to the competitiveness of our economies, to the ability of our countries to grow and to the well-being of our peoples. Services account for approximately 20 per cent of all exports, and recent information from the OECD shows that export of services accounts for approximately 50 per cent of value added. Although the importance of services has been growing in developing countries, information is limited and more importance tends to be attached to the role of agriculture and industry in promoting growth.

Services can be exported in four ways: through the Internet; through the provision of a service to our peoples; through the establishment of a service provider from one country in a different country; and through the temporary deployment of people.

Turning to the negotiation process, the first multilateral negotiation took place in the Uruguay Round where guiding principles concerning services were established. The barriers that exist are different to those on goods, and take the form of legislation and regulation rather than tariffs. The Doha Round followed in 2000, and in 2005 initial proposals were made, but very little substantive progress has been achieved. The reasons for this include the nature of services themselves, the fact that they are intangible and the legislative and regulatory barriers imposed. Countries have very different, well-justified regimes for regulating services. The large number of different regulatory agencies in countries also makes it more difficult to reach agreements. Moreover, countries have made progress on services conditional upon progress in areas of high importance, namely agriculture.



Factors, such as the growing awareness of the importance of services for competitiveness and growth, can help to facilitate progress. Many countries have been undertaking unilateral reforms, and the regimes now in place are much more flexible, which should make it easier to achieve progress in the multilateral negotiations.

Progress in the multilateral negotiations in WTO is essential; there is no other forum where all countries of the world can participate in negotiations on a multilateral trade agreement. Furthermore, a single set of rules will avoid duplication and an agreement in WTO is more than the sum of the commitments it contains. It will help to strengthen the Organization. There is now a sense of urgency to move forward.

I agree that the role of parliaments is not simply to adopt agreements; it is important for parliamentarians to understand what WTO is trying to achieve and to have a greater awareness of the importance and relevance of the services sector. They should also help governments to identify the high priority sectors in order to move forward in the negotiations.

## EXCERPTS FROM THE DEBATE

### Mr. Y. Nakahara (Japan)

Since 2002, Japan has concluded economic partnership agreements with 14 countries and regions that aim to complement the WTO framework, achieving levels of trade liberalization that exceed those of the WTO.

Our efforts in the WTO this year have been aimed at creating a work programme to conclude the Doha Round. Numerous obstacles remain to be overcome to meet the July deadline. The experience gained from this Trade Facilitation Agreement can and should be used positively in promoting and advancing the Doha Round of negotiations. Progress in the area of agriculture — one of the eight negotiating areas — has proven to be particularly difficult and a viable solution to the impasse must be found.



Efforts must be made to ensure food security and recognize the coexistence of a wider variety of agriculture. The concerns of Member States must be

taken into account during this process, and due attention should be paid to the advances made by member countries in agricultural reform and trade in recent years. The adoption of bans and other restrictive measures on agricultural products is problematic for establishing a global system for food security. I believe that it is necessary to consider the introduction of enhanced discipline to prevent such measures. In formulating the post-Bali work programme, what path should be taken to achieve rapid progress in agricultural negotiations?

#### Mr. D. Van Rooyen (South Africa)



While we welcome the Trade Facilitation Agreement, we have some concerns about balance. Although issues of importance to most developing countries and LDCs remain, namely the elimination of agricultural export subsidies, duty-free and quota-free market access for LDCs, and the mechanism on special and differential treatment in favour of developing countries, the key demand of developed countries to conclude the Trade Facilitation Agreement has been met, thus facilitating their access to faster growing markets, including in Africa.

We are also concerned about the balance of the Agreement itself, since the burden of implementation will not be equitably shared. We understand that developed countries will have to do very little, while many developing countries, including Africa, will have to make significant investments and change their legislation and regulations in order to meet the requirements of the Agreement. Although promises of support have been made, no legal commitment has been undertaken. As parliamentarians, we advocate balance in the overall negotiation process. We support the call for technical and financial support in order for African countries to fulfill the legal obligations under the Agreement.

#### Mr. X. Wang (China)



Although the multilateral trading mechanism has created a stable, transparent and predictable international legal environment for the development of global trade and the economy, it has faced many challenges in recent years. The long delay in completion of the Doha Round has seriously damaged the reputation of the WTO and we are pleased that the round has got back on the right track following the Bali Ministerial Conference. The Chinese delegation wishes to call on all parliaments of WTO Members to support fully the Doha Round with a view to implementing the Bali package agreement. How do panellists expect to facilitate process of negotiation and try to reach an early, permanent solution concerning the food security issue?

#### Mr. B. Mahtab (India)

WTO is the premier global forum for negotiating trade agreements and is playing an important role in the field of international economic relations. However, WTO's strength, namely the unique consensual decision-making process, is sometimes perceived as its weakness.



The origin of the ongoing divide between developed and developing countries can be traced back to the Uruguay Round, where the highly imbalanced outcome was to the disadvantage of the developing countries. This is the right time to address the development concerns of the developing countries in a more effective manner and to restore some balance in the trade rules, particularly in agriculture and related sectors. The need for special and differential treatment to overcome the handicap of underdevelopment can never be overemphasized and I request Members not to undermine the special needs of the developing world by questioning the development mandate of the Doha Development Agenda. We need to work together to implement the Bali work programme and conclude the Doha Round at the earliest opportunity.

#### **Mr. S. Pillay (Seychelles)**



My country, which will become a Member of the WTO in the first half of 2015, considers it important for WTO to look at the impact of its actions and trade protection not only on the large landlocked developing countries, but also on small, vulnerable economies and small island developing States. I refer in particular to fisheries subsidies and their potential impact on local economies.

#### **Mr. S. Ali Baloch (Pakistan)**

Parliamentarians have vital role to play, particularly with regard to legislation. Developing countries face very different problems. Given the link between world trade and world peace, WTO has a responsibility to support morally and financially countries, like my own, which are fighting the scourge of terrorism.

#### **Mr. H. Nejabat (Islamic Republic of Iran)**



My country applied in 1996 to join the WTO. A working party has not yet been held regarding Iran's application. Since WTO is an international, inclusive and universal organization that claims not to be discriminatory, why is it then that the working party has not yet been held? Countries that are in charge of the negotiations should expedite the holding of the working party for Iran to facilitate my country's accession, thus helping peace, development and job creation in the region.

#### **Mr. T. Juwarno (Indonesia)**



One of the crucial issues discussed in the negotiations on services is Mode 4, namely the movement of natural persons, which is very important for workers in developing countries to gain access to developed countries. In your view, what are the main challenges in the Mode 4 negotiations?



**Ms. I. Rodríguez-Piñero Fernández  
(European Parliament)**



We are here as representatives of many Members of the WTO and we have the important role of defending the interests of our citizens. We also have a responsibility to provide information and teach them about what we do. To this end, we should do everything we can to promote the establishment of a system based on information and transparency. On a different note, I would be pleased to see more female panellists at the next session of the Parliamentary Conference on the WTO.

**Ambassador Pangratis**



Agriculture is recognized as a core element of the whole discussion and a central issue that will fix the level of ambition of the entire negotiation. The export restriction issue is high on the agenda. I do not share the view of the representative of South Africa that the Trade Facilitation Agreement is unbalanced; studies show that the developing countries will be the main beneficiaries of the Agreement when it is implemented. The concept in the Agreement to link capacity to implementation is a great breakthrough for the Organization. The European Union is to

committed to providing €400 million over the next five years to for capacity-building in developing countries. The situation regarding small vulnerable economies is reviewed regularly and further discussion will be held on fisheries subsidies. The European Union is extremely positive about all aspects of the development agenda. Food security is recognized as a hugely important issue.

It is worth pointing out, however, that when some of us proposed an in-depth discussion on food security, this was not accepted by a number of countries including some that are promoting discussion on a permanent solution for public stockholding. The European Union is in favour of accession to the WTO as a matter of principle provided that the requirements of the Organization are met; politics should remain outside the WTO as much as possible.

**Ambassador Duque**

We all recognize that agriculture is central to our work. Most Members do not agree that the Trade Facilitation Agreement is unbalanced, and consider it to be a good agreement, including with regard to the arrangement it offers concerning special and differential treatment. While it has to be implemented in full, it allows sufficient flexibility for the developing countries to make progress.

We all agree that food security is a priority issue that must be resolved, but no new proposals have yet been forthcoming.

Small, vulnerable economies and landlocked countries often have common interests. To some extent, the special and differential treatment enables those countries to address their specific issues and challenges.

Progress in the area of fisheries subsidies is desirable, and we all need to be pragmatic to achieve a result of benefit to all. The objectives of the Doha Round are development oriented, but we have to deliver a package of interest to all countries.

WTO takes decision on the basis of consensus, and that is why we are still facing challenges with regard to Iran's application.

On the point raised by the representative of Indonesia, Mode 4 is estimated to account for less than 10 per cent of trade in services. One of the greatest problems is the difference in expectations of different countries, and the provision of concessions concerning visa requirements, duration

of stay and qualifications. In some countries, restrictions are entrenched in legislation and regulation.

I agree that we do try to inform our citizens, but perhaps we need to be more proactive in this regard

#### Ambassador Winzap

The issues of agriculture and food security raised by the representatives of Japan and China are part of the ongoing work but are challenging. Although food security per se is not part of the work programme it is one of the issues that has a great influence on what we can agree in the other negotiating areas.

On the point raised by South Africa, the Trade Facilitation Agreement has two parts: technical measures and special provisions for developing and

least developed countries that give those countries greater flexibility. In the negotiations we are looking at the impact of WTO agreements on small, vulnerable economies. Most WTO Members, if not all, attach great significance to the development aspect of the negotiations, but it is not yet clear what different treatment would be given to different groups of developing countries.

With regard to the Islamic Republic of Iran, universality of the WTO is an objective shared by most countries; however, decisions in the WTO are taken on the basis of consensus, which we have not yet managed to reach with regard to Iran's application.

I agree that we all have a duty to inform our peoples of our work.



# PANEL DISCUSSION

## CONVEYING THE BENEFITS OF THE WTO TO THE WIDER PUBLIC: THE CASE OF CONSUMERS AND YOUNG PEOPLE

### INTRODUCTORY REMARKS

*Ms. Emma McClarkin, Panellist  
Member of the European Parliament*

When the WTO was founded in 1995, the young consumer lived in a very different world to that of today. Many industries have changed beyond recognition for consumers and young people over the last 20 years. Today's young person is an international trader in his or her own right. Young people can order virtually anything from virtually anywhere and have it delivered to their door within a matter of days. They can also sell anything they want to a global audience from the comfort of their own home. They are also no longer confined to national borders when it comes to sharing a joint passion for a particular project. The modern young consumer can communicate with millions of like-minded people across the world in seconds and can exchange goods, services and ideas with a global community. This has created a market for niche products that previously struggled to find a place on shop shelves.

Together, the Internet and global trade have together transformed the landscape for young people and consumers in a way that few would have thought likely 20 years ago. The consumer now has virtually unlimited freedom and choice, and limitless new opportunities. Producers, entrepreneurs and inventors also have potentially limitless opportunities to sell their products to billions around the globe.

Despite the fact that the world has never been more globalized and connected, most people are completely disconnected from international trade and understand little about its intricacies or the fact that it is international trade that makes this new reality possible. In the past few years, we have seen an increasingly vociferous opposition to free trade; trade has been made a scapegoat and protectionism has been perceived to be on the move. However, this perception is often based on an information gap and a lack of understanding of trade liberalization.

Very few people tend to counter these arguments and advocate the benefits of trade, particularly for young generations. The argument for international trade is often made behind the scenes in a technocratic way that resonates little with young people. However, young people are generally positive to free trade, with a recent European Union poll showing that those in the 15–24 age range are more positive than any other age group about trade.

Despite the fact that trade liberalization can provide huge benefits, particularly in terms of poverty reduction and job creation for all countries, it is often portrayed negatively in the developed world and as a threat to certain industries or to our current wealth.

Youth unemployment is virtually unacceptably high in all corners of the globe. One of the biggest drivers of job creation and growth is an increase in trade; we need to make this argument in a more robust way and ensure that the WTO is reaching out in a way that the United Nations has successfully done over the previous



decade. We need young advocates for trade and to put a human face to the technocratic arguments about job creation and GDP increases. We should be looking at creating more high profile trade ambassadors who can spread the message that trade creates prosperity and opportunity.

In addition, the WTO also needs to look at its means of communication. It cannot rely on outdated methods when well-conceived social media campaigns can reach billions for virtually no financial outlay. Social media platforms need to be used to disseminate the benefits of trade.

The WTO also has to meet the challenges of the modern world. It needs a global deal that will turn some of the more challenging elements of the global trading system into opportunities for young people and consumers. Trade rules are still outdated and, increasingly, are a source of frustration for young people. For example, opportunities to work abroad are often limited simply because qualifications are not recognized in the other country. Such restrictions on the portability of qualifications may well be necessary in some cases, but they often make little sense and serve only to reduce the opportunities available globally to a young person.

The process of ordering from another country needs to be made simpler for consumers. If consumers try and order something that costs more than €170, they may well be contacted unexpectedly by their tax authorities and forced to pay an extra tariff. This will make their purchase more expensive and bureaucratic and may lead them to believe that ordering from abroad is more problematic than it is worth.

Trade is an enabler, but a wider information campaign that explains current trade rules more simply is required. WTO can't do this alone. The Organization needs the help of national governments and their parliaments. Networks of young parliamentarians should be set up around the world to advance this and many other issues affecting young people. Also, if we are to ensure that international trade is better understood, we need to improve the way it is taught to our young people.

In conclusion, we need to communicate, educate, facilitate and inspire our young generation. WTO is in the same position as many of the world's young entrepreneurs. It has an idea that it needs to sell to a global marketplace where it is challenged by competing ideas. It has the unique opportunity of taking advantage of those technologies and mediums that its rules have helped to create. It should be confident in its message and have faith that it has the right ideas to change the world for the better. Trade aids the realization of young peoples' aspirations, be they to innovate, create, educate, eradicate poverty, tackle climate change, break down cultural barriers or become entrepreneurs. Let us rise to this challenge.

### ***Mr. Faisal Al-Tenaiji, Panellist, Member of Parliament (United Arab Emirates) President of the Forum of Young Parliamentarians of the IPU***

Young people today are not aware of the possible advantages of trade. Limited information is available on free trade and on international trade negotiations. Unemployment is a huge challenge for the youth of today and is hindering the achievement of the sustainable development goals.

The International Labour Organization estimates that approximately 300 million young people between 15 and 24 years of age are unemployed. In the Middle East and North Africa rates of unemployment are higher among young women than men. According to United Nations reports, an extra 10 million jobs are required each year globally to address the issue.

The Internet has revolutionized the way people trade. However, many young people face challenges as regards e-commerce. No clear mechanism exists for customs duties imposed.



Further efforts need to be made in raising awareness of young people and in ensuring that they are involved in the decisions taken relating to international trade. Despite WTO's efforts to promote the participation of young people in the Youth Ambassador Programme, young people are not as well informed as they should be about the role of WTO and the benefits of free trade. We need programmes raising the awareness of young people about free trade rules.

We therefore suggest: promulgating national practices and legislation providing for the fair application of international trade rules and enabling young people to play a greater role in international trade; strengthening the link between young people and parliaments through the organization of study visits and programmes providing information on the role of the WTO and disseminating the benefits of free trade; using the Forum of Young Parliamentarians of the IPU as a platform to ensure the involvement of young people in discussions about free trade; and reaffirming the need to establish a WTO parliamentary assembly to give a parliamentary dimension to the work of the WTO.

**Ms. Amanda Long, Panellist**  
*Director General, Consumers International*

When we talk about the benefits of trade, we have to include consumers for two obvious reasons: first, the ultimate point of trade is consumption; and second, consumers are the largest group in the economy and are essential for trade.

International trade and investment contribute greatly to improving choice and value for consumers. However, the benefits of international trade are passed onto consumers only if there is competition in the domestic market and no corruption. We



therefore need to keep on promoting market access and tackle corruption and any lack of competition.

Consumers have legitimate interests and concerns that are central to consumption, including safety, information and redress. From a consumer perspective, trade is about more than simply choice and value – it is really about trust. We therefore need to understand the role of trust when we are building a solid trade system, and finding ways of promoting trade while respecting consumer concerns. Only if we do that do we have any chance of conveying the benefits of WTO to the wider public.

Consumers tend to think that trade negotiations are about regulatory measures and non-tariff barriers. This inevitably raises concerns about trade agreements being used to reduce protection or to harmonize by levelling down. One way of achieving a balance between free trade and consumer protection is to harmonize upwards rather than down, for example by ensuring a single best practice global warranty for products, which would create predictability across different markets while improving consumer protection. Such action would help to remove perceptions about international trade, but if this challenging undertaking is to be achieved, consumers must be given a voice in international trade negotiations.

Consideration must also be given to how new technology is changing trade and consumption. Market places shift quickly whereas trade negotiations do not. Immediacy and relevance matter to young people, and we need to think about the role of digital technology in order to make trade relevant to young people. New technology drives the expansion of trade and extends the benefits of trade to new groups. The Internet and e-commerce have the potential to be some of the most democratic forms of trade, with consumers themselves driving business. However, they come with challenges, and we need to address obvious gaps in regulations.

Businesses that have consumer satisfaction as a key goal are those that sustain growth over the medium and long term. Successful companies put consumers, young and old, at the centre of their thinking. We need to engage consumers and harness their trust. This means listening to them and acknowledging them as a key interested party in negotiations, including by proactively seeking their views. This is particularly important in the context of negotiations concerning non-tariff barriers. It is not enough to simply respect the concerns of consumers in relation to safety, public health and the environment. We need to really engage with consumers and their concerns to build vital consumer trust. We also need to continue to tackle corruption and lack of competition, and make trade negotiations relevant, perhaps by first addressing the use digital technology.

We need to think about a positive agenda for consumers and making consumers central to trade so that we start with the end in mind, namely trust and engagement of consumers. I have every confidence that, at the age of 20, WTO is mature enough to take on this challenge of putting consumers, young and old, at the heart of its thinking.

**Mr. Shinkun Haku, Panellist**  
*Member of Parliament (Japan)*

Last year, when the iPhone 5 was launched in Japan, large numbers of people from other countries travelled to Japan to buy it, despite the high travel costs of coming to an island nation. This shows that, in today's globalized society, it is very difficult to restrict the influx of products and services.



With the development of ICT, e-commerce has expanded and goods can now be bought from anywhere in the world and at the most competitive price. However, it is important to ensure the quality and safety of goods purchased on a virtual platform, and specific standards and rules should be established in line with the advancement of global online business in order to protect consumers' interests. Businesses may have to incur higher manufacturing costs in order to secure the quality and safety of their goods and services. However, this will bring benefits in the long run in terms of greater consumer trust and profitability.

On the other hand, excessive standards and uniform rules may hamper manufacturing, distribution and international trade, which could result in economic loss and be disadvantageous for consumers. In Japan, the customer is king, and the exacting standards of the Japanese consumer are what have enabled Japan to market high-quality products today. Any set of rules can be reasonable or unreasonable depending on your perspective; however, international standards often do not take account of consumer needs. Our challenge is to ensure fair trade while maximizing benefits to the consumer.

160 years ago, Japan abandoned its national isolation policy and has grown to be on par with Western powers in only a few decades. Its remarkable reconstruction and economic growth in the post-World War 2 period cannot be explained without referring to trade. Although a wide range of goods and services have become available through trade, and global exchanges are becoming increasingly possible as a result of information technology, the Japanese people are questioning their level of happiness. We are seeing increasing youth unemployment and social gaps are widening.

Today we enjoy enormous benefits from international trade. However, because of the ease with which young people can access such benefits, they are not fully aware of the social and economic impacts of trade and its significance. It is doubtful that they recognize that downloading music and similar actions constitute a trading activity.

In order to make trade inclusive, we need the understanding of young people. Young people themselves need to recognize the connection between trade and their daily lives, and understand the importance of the WTO rules-based system and the objectives of the multilateral free trade system. Young people are becoming increasingly introverted; they need to be encouraged to take part in cross-cultural and social exchanges and workshops. To deepen understanding of trade among young people, WTO should, in cooperation with research and other institutions, engage proactively in the development and promotion of education programmes concerning international trade and the relevance and purpose of the WTO system.

**Mr. Desmond Van Rooyen, Panellist  
Member of Parliament (South Africa)**

The topic under discussion is not an easy one, mainly because WTO processes are complex and operate at levels that are far removed from the wider public, particularly in Africa. WTO operates in a multilateral context that takes into account bilateral relations between countries and considers international operating frameworks, such as binding conventions and international law. It is quite a delicate exercise to bring national interests into this scenario. Some of the compromises and trade-offs that countries make at the negotiating table are sometimes influenced by complex technicalities and a skewed power balance that result in the less powerful countries giving away more than they can justify back home.



A recent publication on the reality of trade, WTO and the developing countries has shown that some adjustment is necessary if the benefits of WTO processes are to be realized in developing and least developed countries. New technologies have the potential to benefit young consumers and, if accompanied by effective education, trade liberalization in the information, communication and technology sector, could open up employment opportunities and lead to the creation of innovative businesses in developing and least developed countries. The WTO Youth Ambassador Programme can help young people to understand trade, including as an enabler of human prosperity.

If trade agreements are not properly adjusted to country conditions, they can lead to unfortunate results. South Africa implemented tariff reductions in line with the Uruguay Round agreements; however the opening-up of the economy led to deindustrialization, resulting in job losses, particularly among young people.

It is a concern that the outstanding issues delaying conclusion of the Doha Round are to be found in those sectors where developing and least developed countries have some space to compete fairly and create jobs for young people. Parliamentarians in South Africa are calling for a review of the Swiss Formula. Although my country has been offered some flexibility as an acknowledgement of its special situation, these flexibilities are too restrictive and consequently inhibit growth, particularly in our industrial sector. This is not consistent with the development principle that should underpin the Doha Round process.

In order to create the necessary conditions to enable consumers, in particular young people, to benefit from WTO processes, efforts should be made to improve the education programmes and increase literacy levels. Steps should also be taken to realize articulated benefits, for example programmes providing for value addition.

The Doha Development Round is central to the ambition of improving the lives of the poor, and we call for its completion with a view to advancing the development agenda.

## EXCERPTS FROM THE DEBATE

### Mr. C.T. Arias Schreiber (Peru)



I wish to illustrate the benefits of free trade for my country. Since Peru changed its Constitution to develop an economy based on free trade in 1993, its growth has increased 14-fold. It has signed 18 free trade agreements, including with the United States, the European Union and China. Poverty has decreased by 30 per cent.

### Mr. J.J. Londt (South Africa)



It is interesting that few young people are represented here. Africa is a very young continent in terms of average age, and its full power and potential are not being realized because of its socio-economic circumstances. I think we all acknowledge that the greatest potential for future growth lies in Africa, which has massive untapped resources. What are developed countries doing to develop this untapped potential in Africa, not just for short-term profit, but to genuinely improve the situation of the people of Africa for the benefit of all?

### Mr. S. Dor (Morocco)

It is very important to raise awareness of WTO processes among young people, particularly in the light of the high levels of youth unemployment. We need to take into account the suggestions made in that connection, including by the Director General.

### Ms. S. Ros (Spain)



Young people are the innovators and entrepreneurs of the future and we need to highlight the importance and positive impact of trade and services to them in order to develop prosperity. The technological revolution of the 21<sup>st</sup> century opens up a huge window of opportunity to give young people access to trade and new markets, but entails new responsibilities for WTO and parliaments. We welcome the 2015 WTO Essay Award for Young Economists.

Employment is a great concern for the youth of today and I and would like to know how can we ensure that young innovators and entrepreneurs view WTO as an ally for their future.

### Mr. M. Kagwe (Kenya)

There is work to be done regarding the image of WTO in Africa since young people there are likely to view the Organization as an oppressive regime that punishes those in Africa who want to sell goods to Europe.

Is there a possibility that the WTO negotiations will be a reaction to changing environments, particularly in the services sector, that have been brought about technological change?



To what extent do you think that countries that are unlikely to sell anything are classified as least developed countries and that, when countries are able to sell something, they are classified as a developing countries and then are able to sell very little?

**Mr. H. Scholz (European Parliament)**



Young people are likely to focus on their reality and interests. How much do they consider the conditions under which the goods they consume are produced? If we want them to do this, we have to educate them more. We also need to ask whether WTO is able to take up the challenges of young people while defining the rules of international trade?

**Mr. J.-W. Kil (Republic of Korea)**



I would like to know if anyone is aware of an analytical review of the textbooks used by our students, and whether those books highlight the benefits of WTO or the multilateral trading system.

**Ms. E. McClarkin (Panellist)**

I would like to thank the representative of Peru for highlighting the success of free trade and how it can change opportunities for young people. We need to

draw attention to successes and where negotiations have delivered. I believe that we can simplify the rules, make more information available and deliver a result. The Trade Facilitation Agreement will be a great first step in moving forward.

I agree that we need to open markets to help Africa and that aid is not the only solution. ICTs are also important, but we need to recognize that the inherent challenges associated with their use, including the lack of governance of the global digital market place.

WTO needs to keep up with day-to-day challenges on the ground and change the perception that it is unable to respond quickly enough. That said, we have to accept the limitations facing WTO and recognize that we all have responsibilities.

The aspirations of our young people are universal. Young people account for the largest proportion of consumers, particularly on the Internet, and we need to teach them how to use that resource properly. The sharing of knowledge and skills will help to bring Africa up to date and offer new opportunities to the young people.

**Mr. F. Al-Tenaiji (Panellist)**

If we hadn't intended to improve the image of WTO, I don't think we would have chosen a panel discussion on the subject of young people. We need to involve young people and I think that the Forum of Young Parliamentarians of the IPU provides an important platform for discussion of the role of young people in trade. I believe that legislation should be amended to take into account young people's needs and to strengthen links between young people and parliaments.

**Ms. A. Long (Panellist)**

There are many success stories of how free trade has improved the lives of our peoples. The challenge is about connection and engagement not only at the individual level, but also at the national and global levels. Our engagement needs to be based on a positive consumer agenda; we need to listen to consumers and young people and focus on the key issues of importance to them.

**Mr. S. Haku (Panellist)**

Japan is providing official development assistance to developing countries to build infrastructure. We are also providing technical cooperation and technology transfer to promote the development of Africa.

I agree that education at school is important. However, we need to ensure that teachers have a correct understanding about trade so that they can inform children of the issues.

**Mr. D. Van Rooyen (Panellist)**

Most young people do not know about WTO's structure and the benefits that the Organization brings. In order to interact more with young people, WTO might consider participating in discussions taking place in various institutions across the world.

On the classification issue raised by Kenya, I would like to say that under the Swiss Formula, South Africa has been classified as a developed country. My country's members of parliament view this as an historic injustice: South Africa is new to democracy and its challenges are still evident for all to see. This classification might prevent us from benefiting from some of the agreements reached within WTO. This is why we are calling for a review of the Swiss Formula as we feel that it is disadvantageous to our country and undermining our development objectives.



# BRIEFING SESSION

## ENACTING THE TRADE FACILITATION AGREEMENT

### *Ms. Sheri Rosenow (WTO Secretariat)*

The Trade Facilitation agreement is the first new agreement since the WTO was established twenty years ago and has taken WTO Members 10 years to negotiate. The remaining hurdle is to ensure its entry into force, and we appreciate your support in achieving that goal.

Trade has changed a great deal over the years and some governments are struggling to keep up. This can sometimes stem from a fear that facilitating trade means relinquishing control over health, safety and revenue collection. However, trade facilitation is about finding a balance and about the use of procedures and processes to help trade flow smoothly while still effectively enforcing laws.



The Trade Facilitation Agreement contains approximately 35 technical trade facilitation measures that are set out in 12 articles in the Section I of the Agreement. Section II of the Agreement contains special provisions that allow developing and least developed countries to implement the measures according to their capacity. Section III provides for the establishment of a committee composed of WTO members to oversee implementation of the new Agreement. The Agreement also requires each WTO Member to establish a national committee to oversee implementation of the Agreement in their own country. In most countries, some type of committee has been supporting the negotiations, and a number of countries have experienced difficulties in keeping the committee functioning due to a lack of the necessary political support and budgetary resources.

The technical measures set out in Section I of the Agreement fall under three categories, namely transparency and right of appeal; fees and formalities pertaining to import, export and transit; and freedom of transit. An article on customs cooperation enhances the exchange of information between customs authorities in order to help combat fraud.

None of the trade facilitation measures in the Agreement are new; they have all been used with success in various countries of the world. Almost half of the measures apply only to customs administrations and the other half apply to all border agencies that deal with trade in goods, including customs. Many of the measures build on standards and guidelines developed by customs officials through their participation in the World Customs Organization. Such customs measures include: risk management through a focus on high-risk goods and traders; establishment of a category of authorized operators that receive simplified and expedited treatment; and separation of release from clearance where a bond is issued covering the duties owed enabling the immediate release of the goods in the event of a disagreement concerning the rate of duty declared by the importer.

The Trade Facilitation Agreement contains many measures that will help overcome common barriers to trade. For example, it sets out a requirement for publication of information on import, export and transit, and publication on the Internet of step-by-step descriptions of procedures for import, export and transit, as well as relevant documentation. The measures in the Agreement benefit small and medium enterprises, but they will also benefit government agencies since they will lead to more compliant traders.

During the negotiation, Members recognized that trade facilitation was win-win for all countries. However, Members also recognized that developing and least developed countries would require implementation support, and that countries were at different starting points. Accordingly, Section II of the Agreement provides special and differential treatment provisions that are bigger than ever before. The Trade Facilitation Agreement allows each developing and least developed country to specify when it will implement each of the technical measures, and which of the measures it can implement only with technical assistance and support for capacity-building. This is more than has ever been offered in other WTO agreements.

In order to benefit from the special and differential treatment, a country must place each of the technical measures into one of three categories, and parliamentary approval may be sought. Category A comprises provisions a country can implement by the time the Agreement comes into force; category B contains provisions a country will implement after a transitional period following entry into force; and category C consists of provisions a country can implement only with technical assistance and capacity-building support. While the category notifications are due when the agreement enters into force, least developed countries will be given a year longer to make their selections. As soon as a country has identified its category C measures, it can immediately begin to look for donors. Much support already exists: the World Bank has a \$30 million facility to support implementation of this Agreement. The WTO has also launched a new facility to support implementation of the Trade Facilitation Agreement. This facility offers WTO technical assistance and capacity-building programmes, including expanded workshops for parliamentarians; the provision of information on assistance programmes and implementation support in the form of case studies and training materials; and the provision of grants of up to \$30 000 for project preparation and of up to \$200 000 for project implementation for those countries that have not been able to secure the donor support they require. Such grants will be available after the Agreement enters into force and for countries that have already notified their category C measures. We are in the process of developing a new website dedicated to this facility.

With regard to the entry into force of the Agreement, a protocol amending the WTO Marrakesh Agreement was opened for acceptance on 27 November 2014.

The process of ratification is a national one and is dependent upon the constitutional requirements of each Member. While there is no deadline for acceptance, many Members are hopeful that the Agreement can enter into force by the time of the WTO Ministerial Conference in Nairobi in December 2015. Instruments of acceptance must be deposited with the WTO Legal Affairs Division. The Trade Facilitation Agreement will enter into force once instruments of acceptance have been received from two thirds of the members. So far, instruments of acceptance have been deposited by Hong Kong, China as well as by Singapore and the United States of America.

To encourage the participation of developing and least developed countries in the negotiations, technical assistance was provided to facilitate the participation of experts from capitals in key meetings, and two needs assessment programmes were conducted to determine the special and differential treatment needs of developing and least developed countries. Because of such measures, I am confident that all countries were involved in the negotiation of the Trade Facilitation Agreement and participated on an equal footing.

# CLOSING SESSION

## ADOPTION OF THE OUTCOME DOCUMENT

### *Mr. Kil Jeong-woo, Rapporteur, Member of Parliament (Republic of Korea)*

In summary, the outcome document touches on elements such as frustrations concerning the Doha Round; the breakthrough achieved in the Bali Ministerial Conference; the need to pay further attention to the issues affecting the least developed countries when discussing the inclusive and sustainable growth of the multilateral trading system; new challenges to that system, such as climate change and environmental issues; and institutional challenges facing the WTO, such as plurilateral, bilateral and regional trade agreements. We also recall the role and responsibility of parliamentarians with respect to WTO's work

The initial version of the draft outcome document was circulated at the end of last year and a deadline of 31 January 2015 was set for the submission of amendments. Fourteen amendments were submitted from India, Japan, the United Arab Emirates and the European Parliament; all were considered by the Steering Committee at its meeting the previous day, and a number had been accepted.

The United Arab Emirates had submitted an amendment calling for the creation of a WTO Parliamentary Association. A similar suggestion had been made in the past, and the Steering Committee had felt at the time then that it would be unwise to create an additional entity with its own structure and an additional financial burden on parliaments. It had instead decided to establish the Parliamentary Conference on the WTO. The logic of that choice still applied and for that reason, the amendment put forward by the United Arab Emirates has not been supported.

The rapporteur wished to draw attention to two editorial amendments to be made to the text. In paragraph 3 “wholesale rising” should be replaced with “widespread adoption” and the penultimate sentence of end of paragraph 13 should be amended to begin “Accordingly, given the holding of the 10th WTO Ministerial Conference in Nairobi as well as key United Nations Summits...”

The draft outcome document, as amended, was thereafter adopted by consensus.



# RULES OF PROCEDURE OF THE PARLIAMENTARY CONFERENCE ON THE WTO

*Adopted on 26 November 2004, amended on 12 September 2008*

The days when foreign policy, and more specifically trade policy was the exclusive domain of the executive branch are over. The WTO is rapidly becoming more than a trade organisation, having an ever growing impact on domestic policies and the daily life of citizens.

The Inter-Parliamentary Union and the European Parliament are therefore jointly organising a Parliamentary Conference on the WTO (hereinafter the Conference) that will meet at least once a year and on the occasion of WTO Ministerial Conferences. The Conference is an official parliamentary event that is open to the public.

## ARTICLE 1 - Objectives

1.1 The Conference is a forum for the exchange of opinions, information and experience, as well as for the promotion of common action on topics related to the role of parliaments and the organisation of parliamentary functions in the area of international trade issues.

1.2 The Conference seeks to promote free and fair trade that benefits people everywhere, enhances development and reduces poverty.

1.3 The Conference will provide a parliamentary dimension to the WTO by:

- (a) overseeing WTO activities and promoting their effectiveness and fairness – keeping in mind the original objectives of the WTO set in Marrakech;
- (b) promoting the transparency of WTO procedures and improving the dialogue between governments, parliaments and civil society; *and*
- (c) building capacity in parliaments in matters of international trade and exerting influence on the direction of discussions within the WTO.

## ARTICLE 2 - Composition

2.1 Participants in the Conference are

- delegations designated by parliaments of sovereign States that are members of the WTO;
- delegations designated by IPU Member Parliaments from countries that are not represented in the WTO; *and*
- delegations designated by the European Parliament, the Parliamentary Assembly of the Council of Europe, the Commonwealth Parliamentary Association and the Assemblée parlementaire de la Francophonie.

2.2 Observers to the Conference will be

- Representatives of international organisations and others who are concerned by issues of international trade and specifically invited by the Steering Committee on the basis of a list that has been approved jointly by the co-organisers; *and*
- representatives of governments of sovereign States that are members of the WTO.

2.3 The event will also be open to other persons with a specific interest in international trade questions. These persons may follow the work of the Conference without intervening in its proceedings and will have no speaking rights. They will be issued a security badge bearing their name only. They will not receive an official invitation or be accredited to the event.

### **ARTICLE 3 - Presidency**

3.1 The Conference is presided over jointly by the President of the Inter-Parliamentary Union and the President of the European Parliament, or their substitutes.

3.2 The Presidents shall open, suspend and close the sittings, direct the work of the Conference, see that the Rules are observed, call upon speakers, put questions for decision, make known the results of decisions and declare the Conference closed. The decisions of the Presidents on these matters shall be final and shall be accepted without debate.

3.3 The Presidents shall decide on all matters not covered by these Rules, if necessary after having taken the advice of the Steering Committee.

### **ARTICLE 4 - Steering Committee and Secretariat**

4.1 The Steering Committee is jointly established by the Inter-Parliamentary Union and the European Parliament and is composed of representatives of parliaments of sovereign States, of the IPU and the European Parliament as the Conference co-organizers, of selected other regional and international parliamentary assemblies and structures, and of the WTO Secretariat.

4.2 The Steering Committee is responsible for all matters relating to the organisation of the Conference and shall take decisions on the basis of consensus. All decisions taken by the Steering Committee shall, as appropriate, be circulated in writing and approved before the end of each meeting.

4.3 Membership in the Steering Committee shall be institutional, with every parliament or organization having the right to choose its representative(s). In the interest of consistency in the work of the Steering Committee, parliaments and organizations shall endeavour to ensure that, as far as possible, the person(s) who represented them in previous sessions of the Committee continue to take part in subsequent sessions.

4.4 When more than one representative of a national parliament takes part in a session of the Steering Committee, only one member of parliament per delegation shall be part of the decision-making process.

4.5 Changes in the composition of the Steering Committee shall be proposed jointly by the IPU and the European Parliament, as the Conference co-organizers, subject to approval by the Steering Committee as a whole. Where possible, equitable geographical distribution shall be taken into consideration.

4.6 National parliaments shall hold a seat on the Steering Committee for a period of four years. However, the Steering Committee may invite a given parliament to hold its seat on the Steering Committee for another term. The rotation shall be scheduled in such a way that no more than half of the parliaments representing a given geographical region shall be replaced at any one time.

4.7 The definition of geographical regions for the purpose of rotation shall be established by the Steering Committee.

4.8 The Conference and the Steering Committee are assisted in their activities by the secretariats of the Inter-Parliamentary Union and the European Parliament.

## ARTICLE 5 - Agenda

5.1 The Conference decides on its agenda on the basis of a proposal from the Steering Committee, which shall be communicated to the participants at least one month before the opening of each plenary session.

## ARTICLE 6 - Speaking rights and decisions

6.1 Participants and observers have the same speaking rights.

6.2 Priority to speak shall be given to participants wishing to make a procedural motion which shall have priority over the substantive questions.

6.3 The Conference shall take all decisions by consensus of the delegations of participants. Conference decisions shall be taken after due notice has been given by the President.

## ARTICLE 7 - Outcome of the Conference

7.1 The draft outcome document of the Conference shall be prepared by the Steering Committee with the assistance of one or more rapporteurs and communicated to the participants sufficiently in advance.

7.2 Amendments to the draft outcome document shall be presented by the delegations as defined in Article 2.1 or by rapporteurs in English or in French with the amended parts clearly marked. Amendments shall relate directly to the text which they seek to amend. They may only call for an addition, a deletion or an alteration with regard to the initial draft, without having the effect of changing its scope or nature. Amendments shall be submitted before the deadline set by the Steering Committee. The Steering Committee shall decide on the admissibility of amendments.

## ARTICLE 8 – Adoption and amendment to the Rules

8.1 The Conference shall adopt and amend the Rules.

8.2 Any proposal to amend the Rules of the Conference shall be formulated in writing and sent to the Secretariat of the Conference at least three months before the next meeting of the Conference. The Secretariat shall immediately communicate such proposals to the members of the Steering Committee as well as to the delegations of the Conference. It shall also communicate any proposal for sub-amendments at least one month before the next meeting of the Conference.

8.3 The Conference shall decide on any proposal to amend the Rules after hearing the opinion of the Steering Committee, including on their admissibility.





# PARTICIPATION

## PARTICIPANTS

### Parliamentary delegations

Afghanistan, Algeria, Austria, Bahrain, Bangladesh, Belgium, Benin, Bosnia and Herzegovina, Botswana, Brazil, Cameroon, China, Colombia, Côte d'Ivoire, Cyprus, Czech republic, Democratic Republic of the Congo, Denmark, Djibouti, Ethiopia, France, Gabon, Germany, Ghana, Guinea Bissau, Hungary, India, Indonesia, Iran (Islamic Republic of), Japan, Jordan, Kazakhstan, Kenya, Kuwait, Lesotho, Malawi, Mali, Mauritius, Mexico, Monaco, Morocco, Pakistan, Panama, Peru, Poland, Portugal, Republic of Korea, Romania, Russian federation, Rwanda, Saudi Arabia, Seychelles, Sierra Leone, Slovakia, Slovenia, South Africa, Spain, Suriname, Sweden, Switzerland, Ukraine, United Arab Emirates, United Kingdom, Zambia and Zimbabwe.

European Parliament, Assemblée parlementaire de la Francophonie, Commonwealth Parliamentary Association, Parliamentary Assembly of the Council of Europe.

## OBSERVERS

### Parliamentary Associations and Assemblies

EFTA Parliamentary Committee, Inter-Parliamentary Committee of the West African Economic and Monetary Union (WAEMU).

### Government Representatives

Afghanistan, Albania, Belgium, Benin, Bulgaria, China, Croatia, Colombia, Côte d'Ivoire, Cyprus, Czech Republic, European Union, France, Ghana, Greece, Haiti, India, Ireland, Italy, Jamaica, Japan, Latvia, Lesotho, Libya, Mali, Mauritania, Mexico, Morocco, Namibia, Netherlands, Niger, Oman, Portugal, Romania, Russian Federation, Sierra Leone, Slovakia, Slovenia, Spain, Sri Lanka, Sweden, Trinidad and Tobago, Turkey, Ukraine and Venezuela.

### Intergovernmental Organizations

Food and Agriculture Organization of the United Nations (FAO), International Labour Organization (ILO), United Nations Conference on Trade and Development (UNCTAD), World Trade Organization (WTO).

### Other Organizations

Consumers International.



## COMPOSITION OF THE STEERING COMMITTEE

The Steering Committee of the Conference is currently composed of representatives of the following parliaments and international organizations:

Benin, Botswana, Brazil, Burkina Faso, Cameroon, China, Colombia, France, India, Indonesia, Japan, Jordan, Panama, Poland, Portugal, Republic of Korea, Russian Federation, Saudi Arabia, South Africa, Sweden, Uganda, United Kingdom, Commonwealth Parliamentary Association, European Parliament, Inter-Parliamentary Union, Parliamentary Assembly of the Council of Europe and World Trade Organization.



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