The WTO after Nairobi - Your views on the way ahead

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Civil Society Dialogue meeting

Ladies and gentlemen,

Thank you very much for coming here today.

I'm always very happy to participate in the Civil Society Dialogue.

Your views are vital to the Commission's understanding – and my own of course – of where EU trade policy should go.

But this forum is also vital in that it's one of the few places where people representing diverse European perspectives on trade policy get to hear each other.

And that, I believe, contributes not only to our understanding of each other's point of view, but also to our own. You don't truly grasp the implications of your own argument until you have to defend it!

So this is definitely the right place to begin the European conversation on what's next for the World Trade Organization. Because we all need a clear understanding of it, if we are to move ahead.

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The WTO is at a turning point.

The last Ministerial Conference in Nairobi, Kenya in December 2015 was a threefold success. It showed that the WTO can really deliver for trade.

- We reached agreement to remove agricultural export subsidies and discipline other forms of export support, alongside a package of measures to support developing countries.
- Members agreed to expand the Information Technology Agreement to new products.
- But perhaps most importantly, the Conference outcome has given us the first chance in many years to adapt the WTO's agenda of negotiations.

As you all know, and many of you will have experienced personally, the Doha Round of WTO negotiations were blocked for many years. Hopes were raised on multiple occasions only to see disappointment return.

Now, with the Nairobi Declarations and the somewhat ambivalent statement on the future of the WTO, the way is open for a true consideration of where the organisation needs to go from now.
And for Europe to contribute to that discussion, your input is vital. So I very much look forward to hearing your different perspectives, and concrete suggestions about EU priorities. You are also welcome to comment on WTO work methods and engagement with the civil society actors in the multilateral context.

But let me first give you something to react to, by setting out where our thinking is in the Commission after a few months of internal deliberations.

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We have started our reasoning with five basic principles. I believe many of you will share them:

**First**, we **don't need to get bogged down in the question of whether Doha is dead or alive.** What matters is that many of the issues within the Doha Development Agenda are just as relevant today as they were in 2001, if not more so. And within that category are many issues that cannot be addressed in bilateral or regional trade agreements and can only be tackled in the WTO.

**Second**, the world economy has changed since the Doha Development Agenda was formulated in 2001.

- We now have a much deeper understanding of the network of value chains that underpins the world economy.
- Technology has moved on. Services like Google, Alibaba and Amazon had few users in 2001. And Skype, Facebook, and Twitter didn’t exist at all.
- And the economic rise of countries like China and India has not only changed the balance of power in the WTO, it has changed the interests of some key developing country players.

When compared to this new landscape, **the WTO’s rulebook has major gaps.**

**Third**, our **strong first preference will be for multilateral solutions** to any of these issues, old or new. After all, the reason the WTO is such an important forum is because it gathers over 160 countries who represent the vast majority of the world economy. We should seek to take advantage of that.

**However, we must also be realistic.** If it’s a choice between making progress with a smaller number of partners or no progress at all, then we will choose to move forward - plurilaterally.

But we will still prefer plurilateral solutions that work on a most favoured nation basis. Solutions that are open to others to join in the future and can use WTO dispute settlement. Only after that would we consider any closed plurilateral solution.

**Fourth**, the WTO’s rules apply to its vast membership and are some of the most enforceable in all of international law. Therefore, **the best contribution the WTO can make to global trade is working to set new rules.** The best proof of that comes with a closer look at the cases those rules have allowed to be taken against protectionist policies in countries like China and Russia for instance.

This does not mean we are not interested in discussing market access if justified. On the contrary, we do. But we should focus our immediate attention on where the WTO can provide the biggest value. And that is rulemaking, especially in the new areas where no global rules exist yet.

**Finally**, the EU's approach to the WTO, as to any other area of our trade and investment policy, is **covered by the principles set out in the Trade for All communication.** Our approach in the WTO must therefore be driven by our values as well, in addition to our interests.
Multilateralism itself is one of those values. It's about bringing law to the international system, making relationships fairer between strong and weak international actors for the benefit of all.

So is global sustainable development, which is why, for example, we are working so hard towards an ambitious Environmental Goods Agreement that will help tackle climate change among other challenges.

And it is also in this context that we continue our faithful support for the development of poorer countries. This needs to, and will remain, at the core of any future WTO discussions. The Trade Facilitation Agreement has shown new, promising ways to address development concerns in trade agreements. All parties have the same commitments, but developing countries have longer to reach them. The developing countries can also benefit from the capacity building assistance provided to them by those who are richer, to meet the targets when and where needed. We should keep this approach in mind as we look ahead.

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These are the basic principles that we have begun with.

But what are the issues to be tackled? For that, we will need your help. And I look forward to hearing your views today, and in my future outreaches on this topic.

But let me give you a sense of the kinds of issues we are hearing about from WTO members which could potentially move forward.

First, there is a group of three big issues, of strong importance to the system, that also appear to have some support among the WTO membership. These are:

1. **Domestic support to agriculture.** This is one of the most important and challenging unresolved issues, which many members care about. Therefore, advancing on domestic support will be crucial for progress to be achieved on other issues.

2. **Digital trade.** This is an area where we actually have a WTO work programme - on e-commerce - but where progress has been slow and economic reality has moved on. It's also interesting because 23 WTO members are already in talks on the issue in the Trade in Services Agreement. Other countries appear interested too. For instance, China has raised the issue in the context of its G20 presidency.

3. **Investment.** This was part of the Doha Round until Members dropped it in 2003. We have all seen the impact of the bilateral approaches on investment protection that countries have taken to the issue since. It's become one of the most sensitive issues in the public debate and different approaches are proliferating. There does appear to be interest among some WTO members now to come back to it, including again from China.

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A second group of eight issues also appear to have some support, but are smaller in terms of impact than the first group. They are smaller, but are very important as well.

Here we have a number of outstanding Doha issues:

1. **Fisheries subsidies.** Many countries are interested in developing WTO rules on this, particularly our partners from the African, Pacific and Caribbean (ACP) countries. It might not have the commercial profile that other issues have, but it clearly has a values dimension and the WTO can make a difference in this area.

2. **Food security and public stockholdings.** This has been a priority for India in particular for many years. At Nairobi, we clarified a temporary agreement not to challenge existing measures, which would on the face of it violate WTO rules. India's goal now will be a permanent legal solution.
3. There appears to be some interests in deepening the Doha Round work on services, which is a fundamental part of our EU economy. WTO Members seem to be able to re-start discussions on **domestic regulation for services**.

4. Similarly, on the goods side, members could be interested to do more on **good regulatory practices and transparency for technical barriers to trade**. This is the kind of issue that would help small and medium sized enterprises benefit from trade, which is one of the objectives we want to prioritise in *Trade for All*.

5. Another area of work could be rules on **subsidies for manufactured goods**. This is also coming up frequently possibly because it's topical in the context of the steel crisis. Like that issue, however, this would not be without controversy, as subsidising countries could be expected to resist it.

This second group also includes new issues:

6. **Export restrictions on energy and raw materials.** This is an issue of interest to many WTO members since no economy is completely self-sufficient. There are currently no multilateral rules, though several recent accession protocols - including China's - do cover it, as do our bilateral trade agreements.

7. **Local content requirements.** These are perhaps the classic example of the new type of obscure protectionist measures that have been adopted by many countries since the financial crisis. That means many disadvantaged countries have an interest in improving existing WTO rules. However, it also means that others will resist further restrictions.

8. **State-owned enterprises.** This is clearly one of the most challenging level-playing field issues that have come with the rise of state capitalism, practiced most notably in China and Russia. Here again the importance of the issue is obvious; the scope for consensus maybe less so.

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The **final group** has just two issues. These are clear cases where only a plurilateral approach would work since there appears to be no consensus among WTO members.

The first is the idea of **sectoral market access agreements for goods.** We have seen that progress is possible with the Information Technology Agreement. Could other sectors work? In the Doha Round the EU had pursued a sectoral agreement on chemicals, to give you an example.

The second issue is to do more on **trade facilitation.** The 2013 agreement showed the potential of this. It's good for developing countries. It's good for SMEs. It helps fight corruption and increases transparency. A subset of WTO members would likely be interested to develop it further.

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That's a long list of potential issues, and more may come up. Clearly we in the EU and other WTO members will need to prioritise if we are to find a way forward.

That’s what today’s discussion is designed to do, and we also need to debate this with Member States.

I want to hear your views on where you see benefits and where you see threats...
... where you would be hopeful of moving ahead and where you would be more sceptical.

So without further ado I’ll hand the floor back to Denis to moderate our discussion. I’m interested to hear what your input is.

Thank you for your attention.

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