



CIVIL SOCIETY DIALOGUE

The EU's approach to the WTO

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Introduction

The Commission (COM) provided an overview of the situation in the WTO that is faced with particular difficulty in its dispute settlement arm, as well as a more fundamental crisis of the rules-based multilateral trading system. COM referred to the failure of the WTO to update its rulebook and the problem of finding the right balance of rights and obligations. COM stressed the importance of maintaining a proper binding dispute settlement system i.e. two-step third party adjudication as the only civilized way to handle trade disputes. COM provided an overview of the Appellate Body crisis and of the EU proposals to address US concerns discussed in the so-called “Walker process” in Geneva. COM explained that in the meantime, the EU has put in place a stopgap measure on the basis of Article 25 of the Dispute Settlement Understanding (DSU) with Canada and Norway to preserve our rights. COM also referred to the EU proposals to improve the WTO’s regular work as well as ongoing efforts in the rulemaking pillar. Looking ahead, COM referred to the need to pursue WTO reform in the long-term. This will include restoring the dispute settlement system, addressing the gaps in the rulebook, pursuing the joint statement initiatives and completing the fisheries subsidies negotiations, amongst others. COM will be active in the run-up to MC12 to identify with other Members what can be done regarding sustainability and will look at issues such as consensus based decision-making and special and differential treatment as part of the longer-term reform effort.

Discussion

EUROCHAMBRES expressed appreciation for the work done by the Commission and stressed the importance of the multilateral trading system. They asked whether there is need for a critical mass in the interim arrangements and asked the Commission to provide an update on the trilateral work on industrial subsidies and on reactions from the membership on the debate around the differentiation of developing countries. Also stressed the importance of driving the MSMEs joint statement forward.

The **European Economic and Social Committee** (EESC) asked about public procurement, how to address sustainability and the carbon border tax at the WTO, the Commission’s assessment of the e-commerce negotiations and the new WTO reform initiative referred to in Commissioner Hogan’s mission letter.

SOL – alternatives agroécologiques et solidaires referred to the non-paper submitted by SOL ahead of the meeting on agriculture.

COM clarified that the interim arrangement was not a “Plan B” and was not there to prefigure a new system of legal review but is rather a stopgap in cases where it is needed. On the trilateral work on industrial subsidies, COM explained that the EU would like to be in a position to engage with all key countries, including China, and referred to bilateral discussions in the context of the EU-China Working Group on WTO reform. On special and differential treatment (SDT), COM highlighted that positions of Members are evolving and referred to large members like China making clear that they will not avail themselves of SDT in some ongoing negotiations. On the carbon border tax, COM indicated that it was too early to engage others until there is clarity on the type of instrument developed. COM added that on the longer-term WTO reform proposals, the situation in the WTO by MC12 will need to be taken into consideration. On domestic support in agriculture, COM recalled that the WTO Green Box rules were carefully negotiated in the Uruguay Round and EU decoupled direct support is carefully designed to respect them and is non-trade distorting. COM referred to the EU proposals with Brazil, Colombia and others for a meaningful effort at compressing trade-distorting support in the WTO.

European Services Forum stressed the importance of the dispute settlement system and asked about the enforcement regulation and whether a member could block any of the ongoing plurilateral negotiations on joint statement initiatives that the European Services Forum supports.

Humane Society International/Europe enquired about the Commission’s analysis of the SDGs and possible areas of WTO work and commented that the co-legislators appear to be undermining the Commission’s position in the fisheries subsidies negotiations in the discussions on the EMFF.

European Chemical Industry Council asked whether there was any room for a mechanism allowing for voluntary commitments in the WTO and referred to a workshop having taken place in Geneva with the ITC on global chemicals cooperation.

EESC wondered whether the EU has a political and diplomatic strategy to save the WTO.

COM stressed the importance for stakeholders to be vocal on the need to preserve and reform the WTO and highlighted the systemic risk for members to misbehave in the absence of two-step dispute settlement. COM explained that it was pursuing its analysis on the SDGs, for which the fisheries subsidies negotiations will be an important test case, and indicated that discussions would continue on these issues between now and MC12. COM acknowledged the constraints it faces in the fisheries subsidies negotiations. On the question of voluntary commitments, COM wondered whether there was a comparative advantage of the WTO engaging in soft lawmaking and a possibility of developing softer types of commitments in other fora and translating them to the WTO. COM acknowledged the geopolitical and geo-economic aspects of the current situation.

Animal Health Europe asked about the risk that some WTO members take advantage of the Appellate Body crisis to design legislation that is WTO-incompatible.

Both ENDS commented that the EU should be self-critical in looking for the reasons of the current crisis and asked about the rumours about the US threat to block the WTO budget.

SEA Europe indicated that the multilateral trading system had proved ineffective in ensuring competitive conditions for the shipbuilding industry characterized by massive trade distorting support measures and asked about the status of the assessment of Action 8 of the China Communication.

COM reiterated the risk of erosion of the rules-based multilateral trading system is real and referred to the existing number of trade restrictive measures. COM reiterated its views on the issue of SDT and explained the state of play of discussions in the WTO budget committee. COM clarified that TRADE was not in the lead for Action 8.