

HIGHLIGHTS OF THE SESSION



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WTO: the WAY FORWARD

Annual Session of the Parliamentary Conference on the WTO

OMC : la VOIE à SUIVRE

Session Annuelle de la Conférence Parlementaire sur L'OMC

Geneva, 6 - 7 December 2018

Annual Session 2018



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2018 ANNUAL SESSION OF THE PARLIAMENTARY CONFERENCE ON THE WTO

Geneva, 6-7 December 2018

Organized jointly by the Inter-Parliamentary Union and the European Parliament

CONTENTS

PROGRAMME OF THE SESSION	2
OUTCOME DOCUMENT	4
INAUGURAL SESSION	
• Ms. Margaret Mensah-Williams, Chairperson of the National Council of Namibia, co-Chair of the Steering Committee of the Parliamentary Conference on the WTO	6
• Mr. Fabio Massimo Castaldo, Vice-President of the European Parliament	8
• Ambassador Junichi Ihara, Permanent Representative of Japan to the WTO, Chairperson of the WTO General Council	10
HEARING WITH THE WTO DEPUTY DIRECTOR-GENERAL, MR. XIAOZHUN YI	
• Introductory remarks	12
• Question-and-answer exchange	14
DIALOGUE WITH SENIOR WTO NEGOTIATORS AND OFFICIALS	
Challenges and opportunities facing the WTO	
• Mr. Bernd Lange, co-Chair of the Steering Committee of the Parliamentary Conference on the WTO, Member of the European Parliament	17
• Ambassador Dennis Shea, Permanent Representative of the United States of America to the WTO.	17
• Question-and-answer exchange	18
• Ambassador Sunanta Kangvalkulkij, Permanent Representative of Thailand to the WTO, Chairwoman of the Dispute Settlement Body	19
• Ambassador Eloi Laourou, Permanent Representative of Benin to the United Nations Office and other international Organizations in Geneva, Chairperson of Trade Policy Review Body at the WTO	19
• Mr. Jesse G. Kreier, Senior Counsellor, Rules Division of the World Trade Organization (WTO)	20
• Question-and-answer exchange	21
PRESENTATION OF REPORTS AND INTERACTIVE DEBATE ON THE SUBSTANTIVE THEME WTO 2030?	
• Discussion paper presented by Senator Jean Bizet (France).....	23
• Discussion paper presented by Mr. Paul Rübig, Member of the European Parliament	26
• Introductory remarks by Ms. Margaret Mensah-Williams, Moderator, Chairperson of the National Council of Namibia and co-Chair of the Steering Committee of the Parliamentary Conference on the WTO	28
• Introductory remarks by Mr. J. Bizet	28
• Introductory remarks by Mr. P. Rübig	30
• Question-and-answer exchange	30
PRESENTATION OF REPORTS AND INTERACTIVE DEBATE ON THE SUBSTANTIVE THEME How can technological development benefit the people?	
• Discussion paper presented by Ms. Dieh Mandiaye Ba, Member of Parliament (Senegal)	38
• Discussion paper presented by Mr. Helmut Scholz, Member of the European Parliament	41
• Introductory remarks by Mr. Dennis Dumisani Gamede, Moderator, MP (South Africa)	44
• Introductory remarks by Mr. H. Scholz	44
• Introductory remarks by Ms. Shamika N. Sirimanne, Director for the Division on Technology and Logistics, UNCTAD	46
• Introductory remarks by Mr. Robert Koopman, Chief Economist at WTO	47
• Question-and-answer exchange	48
ADOPTION OF THE OUTCOME DOCUMENT	
Introductory remarks by the Rapporteur, Ms. Inmaculada Rodrigues-Piñero, Member of the European Parliament	53
RULES OF PROCEDURE OF THE PARLIAMENTARY CONFERENCE ON THE WTO	55
PARTICIPATION	58
COMPOSITION OF THE STEERING COMMITTEE	59

PROGRAMME OF THE SESSION

THURSDAY 6 DECEMBER

- 9:00 – 12:30 43rd session of the Steering Committee (*in camera meeting*)
- 10:00 - 18:00 *Registration of participants*
- 14:30–15:00 Inaugural session
- Ms. Margaret Mensah-Williams, Chairperson of the National Council of Namibia, co-Chair of the Steering Committee of the Parliamentary Conference on the WTO
 - Mr. Fabio Massimo Castaldo, Vice-President of the European Parliament
 - Ambassador Junichi Ihara, Permanent Representative of Japan to the WTO, Chairperson of the WTO General Council
- 15:00 - 16:00 Hearing with the WTO Deputy Director-General, Mr. Xiaozhun Yi
- 16:00 – 18:30 Dialogue with senior WTO negotiators and officials
Challenges and opportunities facing the WTO
- Guest Speakers**
- Ambassador Dennis Shea, Permanent Representative of the United States of America to the WTO
 - Ambassador Eloi Laourou, Permanent Representative of Benin to the United Nations Office and other international Organizations in Geneva, Chairperson of Trade Policy Review Body at the WTO
 - Ambassador Sunanta Kangvalkulkij, Permanent Representative of Thailand to the WTO, Chairwoman of the Dispute Settlement Body
 - Mr. Jesse G. Kreier, Senior Counsellor, Rules Division of the World Trade Organization (WTO)
- Moderator**
- Mr. Bernd Lange, co-Chair of the Steering Committee of the Parliamentary Conference on the WTO, Member of the European Parliament
- 18:30 – 19:30 *Reception at the WTO*

FRIDAY 7 DECEMBER

- 9:30 – 12:30 Presentation of reports and interactive debate on the substantive theme
WTO 2030?
New and disquieting developments - including emerging trade wars, the growing trend towards unilateral measures and the looming paralysis of the WTO Dispute Settlement Body - are putting the multilateral rules-based system at risk. What WTO do we envisage for 2030? What are the solutions ahead? What can parliamentarians do to bolster free and fair trade generally and in the WTO in particular?
- Rapporteurs**
- Mr. Jean Bizet, Senator (France)
 - Mr. Paul Rübig, Member of the European Parliament
- Moderator**
- Ms. Margaret Mensah-Williams, Chairperson of the National Council of Namibia, co-Chair of the Steering Committee of the Parliamentary Conference on the WTO
- 12:30 – 14:30 *Lunch break*

14:30 – 17:30

Presentation of reports and interactive debate on the substantive theme

How can technological development benefit the people?

New technologies develop very rapidly. Digitalization, robots, artificial intelligence, the internet of things and 3D printing will revolutionize how we produce, work, move and consume. The world economy will need a trade policy framework that embraces change and responds to the many fast-paced transformation processes. Will the WTO and its members be able to deliver on the new challenges? How can we make sure that technological development benefits the people? How can parliamentarians contribute to achieving this?

Rapporteur

- Mr. Helmut Scholz, Member of the European Parliament

Discussants

- Mr. Robert Koopman, Chief Economist at WTO
- Ms. Shamika N. Sirimanne, Director for the Division on Technology and Logistics, UNCTAD

Moderator

- Mr. Dennis Dumisani Gamede, MP (South Africa)

17:30 – 18:00

Closing session: adoption of the outcome document

Rapporteur

- Ms. Inmaculada Rodriguez-Piñero, Member of the European Parliament



OUTCOME DOCUMENT

Adopted on 7 December 2018

1. The WTO has since its creation played a pivotal role in strengthening multilateralism, combating protectionism and unilateralism, establishing an inclusive world order and promoting an open, rules-based and non-discriminatory multilateral trading system. We remain convinced that the multilateral trading system, based on free and fair trade for the benefit of all, helps achieve sustainable economic growth and economic development, thus creating jobs and ensuring welfare. We need to make sure that globalization is for the benefit of all countries and citizens.

2. However, the rules-based multilateral trading system is facing its deepest crisis since the creation of the WTO, with its negotiating function almost stalled, trade tensions that may lead to trade wars and the appointment of new members of the Appellate Body being blocked. This threatens the basic functions of the Organization in setting essential rules and a structure for international trade and in delivering the most effective and developed dispute settlement mechanism of any multilateral organization.

3. We are concerned about the rise of nationalism, populism, and protectionism, which lead to unilateral actions. This tendency contradicts our collective efforts aimed at promoting inclusive economic growth and sustainable development. To disseminate multilateralism and promote international cooperation between nations, we, as parliamentarians, should educate people in our constituencies through forging international cooperation.

4. The crisis could deepen further in the coming months if more unilateral measures are threatened and imposed, and if the stalemate in the Appellate Body, which can only function in its current state until December 2019, remains. We therefore urge all Members to fully respect the rules of the WTO, while urgently seeking a solution for the dispute settlement body, for example through proposing transitional rules for outgoing members of the Appellate Body or maximum times allowed before the publication of a report, guaranteeing its independence while ensuring that rules remain within the rights and obligations of the Appellate Body. We call upon all Members of the WTO to urgently engage to address the impasse of the Dispute Settlement Body as this could fundamentally undermine the multilateral rule-based trading system.

5. We further believe that it is a matter of urgency to proceed with discussing the ways and means of improving the WTO in the light of the latest developments and to review several aspects of the functioning of the WTO with a view to increasing both its effectiveness, transparency, and authority through the upholding of its core values and fundamental principles, and legitimacy. These discussions should strive to find a way within the WTO umbrella to address the challenges facing the multilateral system. We welcome the recent G20 Leaders' Declaration that supports the necessary reform of the WTO in order to improve its functioning, recognizing the importance of the multilateral trading system.

6. Technological development provides for new opportunities for international trade and has the potential to substantially reduce the costs of transactions, but it will also fundamentally change the way we trade. We are still in the early phases of transformation where digitalization, robots, artificial intelligence, the Internet of Things and 3D printing will revolutionize how we produce, work, move and consume. While this transformation provides new opportunities, it also poses significant infrastructural, regulatory and other challenges, particularly for the developing countries and LDCs, which will not benefit from the opportunities due to the large digital divide. Thus, we need to make sure that the multilateral trading system responds to this reality and avoids asymmetries and disruption for the developing countries and LDCs.

7. In addressing the gender gap in the digital economy, the international community should guarantee women better and equal access to ICTs and improve their capacity to harness information and technology so that they can reap the benefits.

8. The lack of adequate infrastructure, technical and scientific capacity, investment and financing, are the main challenges faced by developing countries and LDCs in reaping the economic benefits of world trade. It is of utmost importance to ensure that all the developing countries and LDCs are equipped with adequate capacity building and policy space to actively participate in world trade and to be integrated into the global value chains, in line with their human development objectives.

9. We fully believe that trade has an important role to play in contributing to the achievement of the Sustainable Development Goals (SDGs), as well as the implementation of the Paris Agreement, which is crucial in the fight against climate change. We remind WTO Members that the successful conclusion of the Doha Development Round is an SDG in itself. Beyond the negotiations on fisheries subsidies, the WTO must now define more concrete actions to achieve higher standards globally through coordinated efforts to address the basic issues of poverty, hunger and malnutrition in the developing countries and LDCs.

10. As expressed in SDG5, there are established links between gender equality and inclusive development. Women's empowerment is key to the eradication of poverty and removing barriers to women's participation in trade is critical for economic development. Noting that official statistics show the reliability of micro-credit providers, governments should be encouraged to create an enabling regulatory environment so that lenders make micro credit instruments more accessible to women and young people. We note the work of the WTO to mainstream the gender perspective into its policies and call upon the signatories to the 2017 Buenos Aires Declaration on Trade and Women's Economic Empowerment to deliver on their commitments. However, we also stress the importance of ensuring that trade liberalization and rules positively impact the position of women and girls.

11. We recognize that entrepreneurship is a pathway to decent work and sustainable enterprises for women and young people. Therefore, we have to promote financial inclusion to help women and young people transform their creative ideas into successful business plans by removing barriers to entrepreneurship.

12. We call on WTO Members to ensure democratic legitimacy and transparency by strengthening the parliamentary dimension of the WTO and establishing a formal working relationship with the Parliamentary Conference on the WTO. In this regard, we stress the need to ensure that parliamentarians have better access to deliberations and are involved in the shaping and implementation of WTO decisions, and that trade policies are properly scrutinized in the interests of their citizens, by monitoring the implementation of the decisions and commitments undertaken by the Members.



INAUGURAL SESSION

ADDRESS BY MS. MARGARET MENSAH-WILLIAMS, CHAIRPERSON OF THE NATIONAL COUNCIL OF NAMIBIA, CO-CHAIR OF THE STEERING COMMITTEE OF THE PARLIAMENTARY CONFERENCE ON THE WTO

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

Welcome to the 2018 Session of the
Parliamentary Conference on the WTO.

It is my great pleasure to bring you greetings on behalf of the world organization of parliaments, the Inter-Parliamentary Union (IPU). Bringing together legislators from 178 countries, the IPU takes pride in embracing the full spectrum of geographical, political, cultural and ethnic diversity that makes up the richness of today's global parliamentary community.

Our presence here today is a testimony of our primary mission, namely defending the interests of the people we have the privilege of representing, making sure that their lives are free from want and free from fear, and that no one is left behind. We are keenly aware of the fact that the well-being we want for our citizens largely derives from the economy, growth and prosperity, to which multilateral trade makes a substantial contribution. Trade is indeed a powerful engine of development, and it brings people closer together through the exchanges that it creates.

The World Trade Organization (WTO), of course, is the pillar of our global rules-based trading system. Indeed, the WTO is vested with binding rule-making and adjudication powers and is equipped with an effective dispute settlement body. WTO rules and agreements extend far beyond the traditional domain of tariffs and trade in goods. They also reach deep into domestic and regional affairs. It is important to remember, however, that the main purpose of the WTO is to uphold the rule of law in international trade and thus help reduce poverty and create prosperity by lowering the barriers to trade worldwide.

We very much value our cooperation with the WTO, in particular in the context of this parliamentary process that was set up just over 15 years ago as a joint initiative of the IPU and the European Parliament. In this time of turbulence, when multilateralism and the very functioning of the WTO are at risk, I think we can all agree – parliamentarians, government representatives, WTO officials – that this partnership is of critical importance in raising political awareness, understanding and support for the WTO and its work. As parliaments and parliamentarians we have a responsibility to ensure accountability that brings about a more effective and efficient trading system that works for all.

I would like to avail myself of this opportunity to extend our appreciation to the Chairman of the WTO General Council, Ambassador Junichi Ihara of Japan, who will address our Conference in a few moments. Ambassador, we are very appreciative of your valuable contribution to the work of the WTO and we very much count on your support in fostering a meaningful and systematic engagement with parliamentarians through this Parliamentary Conference on the WTO. It is important that parliamentarians have access to the information they need in order to better understand and contribute to global trade processes, and to then be in a position to exercise their legislative, budgetary and oversight roles effectively on trade-related matters. Our sincere thanks also go to colleagues at the WTO Secretariat for their assistance and cooperation in the preparation of this event.



Dear colleagues,

The current global trade environment today is most worrying, to say the least. Challenges range from continuing sluggish international economic growth, which has translated into some of the slowest rates of trade growth in 70 years, to the ever-present danger of a return to protectionism. The latter threat is intensified by a growing backlash against globalization and free trade, which is often portrayed as being responsible for job losses and lingering economic hardship. Consequently, we are witnessing a withdrawal behind national borders through protectionist and populist policies that we feel are unsustainable. We all know that today's world is so interconnected and interdependent that protectionism no longer has any place there. Globalization is not a main cause of unemployment. Raising trade barriers will not bring back jobs where they have been lost; it will hurt consumers, especially the poorest of the poor.

Please, let us speak the language of truth with our people by contributing to a well-informed and honest debate to highlight the benefits of globalization, while lucidly addressing the very real challenges that persist, in particular, growing inequalities.

The past decade has witnessed a proliferation of plurilateral, regional and bilateral agreements. These agreements can open markets in areas only partially covered by the WTO and can promote liberalization at the multilateral level. But there must be coherence and convergence between such agreements and the multilateral trading system.

The challenges facing the WTO demonstrate the need for the continued involvement of parliamentarians. As elected representatives of the people, parliamentarians are well placed to listen to and convey the concerns and aspirations of citizens, businesses and non-governmental organizations, thus enhancing the transparency of the WTO and strengthening public support for open trade. In this regard, it is important to take note of the recent support of the G20 to improve the functioning of the WTO.

That said, I remain convinced that the multilateral trading system, along with the WTO, will emerge stronger than ever, with new prospects that will have a positive and significant impact on the lives of the people we represent. But that will not happen by magic. We must redouble our efforts, encourage imagination and innovation, and use our strong sense of responsibility to support global trade and ensure the achievement of our Sustainable Development Goals.

Indeed, the theme that we have chosen for this year's session reflects our hope that the WTO is not on the decline as rumour has it. We look forward to a frank and informative exchange with the distinguished Ambassadors present here today. We regret that the Director-General of the WTO could not be with us for this annual exchange with parliamentarians, and very much hope that we can plan better for our future sessions so that he can be present with us.

We will continue our discussion tomorrow with two interactive sessions, one focusing on the WTO that we would like to see for 2030, and a second one examining the impact of technological development on trade, economies and the lives of people.

At the concluding sitting, we will be expected to adopt an outcome document, to which our members have had the opportunity to provide their input and amendments. This morning, Conference Steering Committee examined the amendments received - a revised draft is currently being prepared and will be made available to all delegates tomorrow morning.

It is my hope that we will be able to adopt it by consensus and deliver it to the Chairperson of the WTO General Council and to the Director-General as a tangible contribution of the global parliamentary community to the work of the WTO. We also hope that it will be circulated accordingly to all WTO members.

We look forward to a rich and constructive debate, in the true parliamentary tradition.

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

Thank you for your kind attention.

INAUGURAL SESSION

ADDRESS BY MR. FABIO MASSIMO CASTALDO, VICE-PRESIDENT OF THE EUROPEAN PARLIAMENT

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

It is an honour and a great pleasure for me to welcome you at this year's Parliamentary Conference on the WTO on behalf of the President of the European Parliament, Antonio Tajani.

As this conference is a joint effort by the European Parliament and the Inter-Parliamentary Union, let me 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 on their premises. Today and tomorrow, we will be gathered here to discuss and reflect on the important role of WTO in this changing context. We will try to imagine its way forward and envisage how the WTO will look like in 2030.



We all know that the WTO, officially born in 1995, actually dates back to 1947, when 23 nations signed the General Agreement on Tariffs and Trade (GATT), whose main purpose was to “*substantially reduce tariffs, trade barriers and elimination of preferences on a reciprocal and mutually advantageous basis*”. Since then, a lot of things have changed, but not its unique nature.

The WTO was born as a place where member governments go to find out solutions to their trade problems. Indeed, we know that the first step to solve a problem is to talk, to have a dialogue. And, this is what the WTO is and was in the first place: a space to talk and to negotiate, a forum for discussion.

Over time, the WTO has become crucial in strengthening multilateralism, establishing a rules-based trading system and liberalizing trade policies. This is true and no one can deny it. However, on certain occasions it has also supported trade barriers in order to protect consumers and prevent the spread of diseases. It has played a diverse number of roles and functions and its importance has grown throughout the years.

However, now the roles of WTO are at risk. We cannot deny that today, the organization is at critical juncture. I think we are all aware of the stalemate at the appellate body, which is the cornerstone of international trade regulation. The blocking of the appointment of the judges on the WTO appellate body is the symptom of a real political crisis, which could blow up the dispute settlement system and paralyze the entire WTO. Therefore, it is of utmost importance that we ask all WTO members to urgently find a solution and unlock the dispute settlement mechanism, in order to ensure that rules can be enforced in the future.

In addition to this issue, in the last six months, we have seen a sharp rise in trade-restrictive measures from G20 economies, resorting to unilateral actions. In fact, WTO's monitoring report issued at the end of November, shows that G20 economies applied 40 new trade-restrictive measures during the review period (16 May–15 October 2018) including tariff increases, import bans and export duties. This equates to an average of eight restrictive measures per month. But what are the consequences of such actions?

We are all aware that these restrictive actions have created uncertainty, and that this uncertainty could place economic recovery in jeopardy. A further escalation could carry potentially huge risks for global trade, with indirect effects for economic growth, jobs and consumer prices around the world. In this extremely worrying context, the dispute settlement system of the WTO is even more important as an instrument to ensure dialogue, diffuse tensions and avoid 'trade wars'. This context has shown us once more, why this mechanism is important and why we need to save it. At the same time, if we want to save the two pillars of the WTO (negotiation and litigation) we need to tackle root causes of the current crisis by renovating the WTO and adapt it to a changing world.

As a first step, we need to put citizens and human rights at the heart of the organization, promote fair trade practices and enhance social and environmental standards, while paying particular attention to practices in developing countries. In this regard, I would like to stress the key role of the WTO in achieving the Sustainable Development Goals and the Paris Agreement commitments, which extend far beyond the negotiations on fisheries subsidies. As parliamentarians and advocates of democracy, we cannot allow trade agreements to be detrimental to certain countries or undermine the rights of certain populations. Therefore, we have a responsibility to ensure that the principle of policy coherence for development is respected, which means that trade policies take into account development objectives.

I believe that now more than ever the WTO should be ready to face the new challenges of the 21st century, and discuss the technological developments, which are fundamentally changing the way we trade today. It is time for concrete actions in order to facilitate e-commerce and turn digital opportunities, such as blockchain, into trade realities. We have to bridge the digital divide, so that nobody is left behind. Indeed, better connectivity offers business opportunities for small and medium enterprises, giving real benefits to the people in the developing world.

Last but not the least, as pointed out also by the European Commission concept paper on WTO modernization of 18 September 2018, which the European Parliament supported in a resolution adopted last week, we need to address current gaps in the rule book, including in the field of subsidies to State-owned enterprises by major trading nations, investment market access, and regulatory barriers to services and investment.

Let me finish my introductory remarks with one last important point. Today, I am very happy to see so many parliamentarians from all over the world gathered here. This clearly shows the importance of the parliamentary dimension in WTO affairs, a dimension which is even more crucial in the current international context. As parliamentarians, we do have a special role to fulfil. We are not here to duplicate what our executives do, but we have a responsibility to bridge the gap of our citizens' needs, hopes and expectations all around the world. As elected representatives, we act as a vital link between citizens and decision makers and we convey the views of our electorates to those who are in charge of negotiating multilateral trade deals. At the same time, we have the responsibility to hold our governments accountable and ensure that citizens' concerns are heard. Unfortunately, the Director-General of the WTO could not be with us today. However, we hope that he will attend future meetings. He has to listen to the voice of the people. I would like to thank Ambassador Ihara and the WTO Deputy Director-General for being here today and listening to us.

We are aware more than ever that the multilateral trading system is questioned like never before, and we need to strengthen the parliamentary dimension of the WTO and establish a formal working relationship between the Parliamentary Conference and the WTO itself. I am convinced that as parliamentarians from all continents we can and must send a strong message on all these points, as the tangible result of our two-day conference. So, let's work together to really renovate the WTO. Don't let political interests undermine our citizen's needs and rights. As my co-Chair has already said, no one must be left behind; we cannot and will not allow that to happen.

I thank you for your attention.

INAUGURAL SESSION

ADDRESS BY AMBASSADOR JUNICHI IHARA, PERMANENT REPRESENTATIVE OF JAPAN TO THE WTO, CHAIRPERSON OF THE WTO GENERAL COUNCIL

Honourable parliamentarians,
Distinguished delegates,
Excellencies,
Ladies and Gentlemen,

It is a great pleasure to address the Parliamentary Conference on the WTO in my capacity as Chair of the WTO General Council. I would like to thank Ms. Mensah-Williams and Mr. Massimo Castaldo for their remarks about the WTO and its agenda. I am particularly impressed by your strong commitment to the multilateral trading system.

The work of parliamentarians is of great importance to the multilateral trading system, particularly in these challenging times. You are involved in various stages of trade policymaking at the national level. At the same time, as representatives of your people, your support for the WTO provides the solid basis for each member's commitment to the multilateral trading system.



The challenges facing the WTO today are manifold. The unprecedented escalation of trade tensions is causing serious risks to the global economy. It is becoming increasingly difficult to produce tangible outcomes through the multilateral trade negotiations in the WTO. The dispute settlement system, in particular its appellate body, is at risk of ceasing to function unless its vacancies are filled. These are just some of the reasons why many, including the leaders of the G20 in Buenos Aires, have been calling for the reform of the WTO. WTO members have, in fact, already started various discussions on how to strengthen the WTO and improve its functions. We have seen some concrete efforts and proposals in several areas. Allow me now to briefly touch upon these developments according to the three pillars of the WTO: negotiation, implementation and dispute settlement.

With regard to the negotiating work, members have currently been actively engaging in negotiations on fisheries subsidies, which should conclude by the end of 2019 in line with the ministerial decision of the Eleventh Ministerial Conference of the WTO (MC11). Many members also want to see more progress on agricultural negotiations. In addition, likeminded members continue to discuss other issues, such as e-commerce, investment facilitation for development, and how to deal with micro, small and medium enterprises under the WTO system and in possible future WTO negotiations. Members have also engaged in the work programme on e-commerce, and an interesting discussion on the moratorium on the imposition of customs duties took place here last week.

With regard to the second pillar – the implementation of WTO agreements – regular bodies, namely the General Council, the Dispute Settlement Body, the Trade Policy Review Body, and the Councils for Trade in Goods, Trade in Services and Trade-Related Aspects of Intellectual Property Rights, as well as numerous other committees play an essential role. All these bodies operate on the basis of the same member-driven principle; an important part of their daily activities lies in monitoring members' trade policies and measures. In this regard, the importance of members complying fully with their obligations in the area of transparency and improving their notification track has been stressed repeatedly. A proposal has recently been put forward to the Council for

Trade in Goods, and the proponents are working to gain broader support in order to enhance transparency by strengthening the notification mechanism. In addition to transparency, there is room to improve the activities of the regular bodies in various ways. I expect more ideas and initiatives to be presented by members in the near future.

The third pillar of the WTO – the dispute settlement mechanism – has been widely used over the previous 25 years by both developed and developing members. It has contributed enormously to resolving difficult and sensitive issues in a rational and rules-based manner. In this general context, some questions have been raised concerning the practice and functioning of the appellate body. The replacement of its members has been blocked for over a year and a half. Some concrete proposals to address those questions were put forward recently, and will be discussed in the General Council next week. I hope that the discussions will be constructive and meaningful and that we are able find ways of resolving the current situation. I will not go into details on each of those issues as you will be discussing them further in your sessions this afternoon and tomorrow. I would simply like to emphasize that, in the context of WTO reform, WTO members have various issues with different priorities. I therefore believe that it is important to take up the issues, not as a package, but on their own merits and in the most appropriate manner.

In closing, I would like to stress that the work we do in the WTO is for all its members. Your continuous engagement with and interest in the work of the WTO help to strengthen the organization and enable it to better serve your interests and the interests of your people.

Thank you for listening and I wish you a fruitful conference.



HEARING WITH THE WTO DEPUTY DIRECTOR-GENERAL, MR. XIAOZHUN YI

Moderated by Mrs. J. Freedman

INTRODUCTORY REMARKS

I am very pleased to join you today on behalf of Director-General Azevêdo, who could not be here with you in person. The Director-General has asked me to convey his gratitude to you for holding the Parliamentary Conference on the WTO at WTO Headquarters. This has been a tradition for years now, whenever the conference is held in Geneva. The Director-General had the pleasure of speaking to you at the Parliamentary Conference on the WTO in 2017, which was held in Buenos Aires, in conjunction with the Eleventh WTO Ministerial Conference (MC11). Our partnership with the IPU and the European Parliament has been improving over the years, and the Parliamentary Conference on the WTO has become an important fixture on our calendar. I would like to take this opportunity to reiterate our firm commitment to working with parliamentarians; you are the key transmission belt between international institutions, negotiations and the public. At a time when trade tensions are on the rise, your role in contributing to a well-informed and objective debate on trade is crucial.



The current state of the global economy can be characterized by two words: uncertainty and tension. Trade tensions continue to escalate and we are now entering uncharted waters. The new tariffs announced this year cover hundreds of billions of dollars in trade. Further measures have been proposed and continued escalation, which could pose a serious threat to stability, jobs and growth, is a real possibility. While it will take time to witness the full impact, we are seeing early warning signs that we all need to take seriously. Indicators show that businesses are delaying job-creating investments and that export orders are declining. The WTO revised its trade forecasts downwards in September and we are now predicting a growth of 3.9 per cent for 2018, down from 4.4 per cent. This reflects the heightened tensions that we are witnessing between major trading partners, which show no signs of decreasing. The possibility of a worldwide trade war has become a recurring theme. It is therefore more critical than ever for WTO members to continue to work through their differences and be willing to find compromise. Although no solutions have yet been found, members are talking to each other and are continuing to seek peaceful resolution of disagreements on trade issues through the WTO dispute settlement mechanism.

Against a backdrop of escalating trade tensions, we must remain mindful that the establishment of the WTO in 1995 represented the biggest reform of the international trading system since World War 2. At its core, WTO provides a platform for countering protectionism, fostering economic security and easing international tensions. Members are encouraged to turn to the WTO to resolve their trade differences in a peaceful and efficient manner through the dispute settlement mechanism. The WTO has also delivered some tangible, negotiated outcomes to its members, notably the Trade Facilitation Agreement, which entered into force last year. We estimate that the full implementation of this Agreement could cut members' average trade costs by over 14 per cent through the simplification and acceleration of global customs procedures. The impact of this would be potentially greater than the elimination of all remaining global tariffs. The Information Technology Agreement and its expansion, which have increased worldwide access to high-tech goods by eliminating tariffs on a wide range of IT products, constituted another notable success.

The WTO has also been successful in attracting new members of all levels of economic development. It now has 164 members, covering 98 per cent of global commerce. For the first time, we have a truly universal and inclusive system, in which all members have a voice and a role to play. In a nutshell, the multilateral trading system is a worldwide public good. It continues to facilitate open trade, shared rules, effective trade resolution, and multilateral trade cooperation. Nevertheless, improvements can be made in many areas. Given the context of increased trade tensions, it is natural that discussion among all members about the so-called WTO reform and modernization has been gaining momentum. The Ottawa Ministerial on WTO Reform convened by the Canadian Government in October 2018 showed that there is a high level of interest in this debate. WTO reform is also on the agenda of the G20. The format of engagement among members has varied widely: some have raised concerns and identified priorities; others have gone as far as sharing draft proposals on different reform areas. Some of the issues that have already emerged include: ensuring faster and more effective trade dispute resolution; addressing a variety of trade distorting practices that are partially, or not at all, covered by existing disciplines; undermining protectionism and unilateral measures; ensuring progress in current work; and enhancing transparency and the use of notifications. Let me reiterate that this is not an exhaustive list, only a set of issues to have surfaced as part of the current exchanges concerning possible reform.

Conversely, some members have continued to reiterate their view that there is no need for reform. At this juncture, it is too early to ascertain how discussions might evolve. However, we should all remember that this is a shared system that belongs to all its members. For this reason, it is also our shared responsibility to safeguard the system and, where necessary, to strengthen it.

It is clear, however, that members continue to have different views on specific issues of substance and process in the negotiations. It is fair to say that deep divisions and frustrations among the WTO membership persist, in particular, on whether or not members can or should discuss other areas before completing work on the so-called Doha issues. Although the WTO membership continues to discuss longstanding issues, such as agriculture, services, fisheries subsidies and development, progress is proving very difficult to achieve, although momentum is building on fisheries subsidies as the 2019 deadline approaches. At the same time, a considerable number of members have also begun to consider other issues, such as e-commerce, investment facilitation and women's economic empowerment.

The Director-General has also highlighted the need to find ways of increasing the levels of flexibility that members show to each other. In terms of specific initiatives, flexibilities in substance and implementation are provided for in the Trade Facilitation Agreement. Flexibilities exist in terms of plurilateral initiatives such as the Government Procurement Agreement and the Information Technology Agreement. Exploratory, open-ended conversations on specific issues are taking place. In a system with 164 members of different sizes and stages of development and with different priorities, such flexibilities are essential.

As we seek to tackle the challenges before us, we should continue our work in all areas of negotiation in a constructive and open manner.

This brings me to another critical systemic issue: the crisis in the dispute settlement system. The appellate body now has only three members, the minimum number required to hear an appeal. More than 30 disputes have been initiated since the beginning of the year, which constitutes the highest number for many years, and suggests that members still believe in the effectiveness of the dispute settlement mechanism. However, it is likely to result in more appeals and this will put an additional burden on an already strained system. The impasse on the selection process for the appellate body must be resolved rapidly if we are to have a chance to preserve this essential part of our work.

Despite all the challenges it faces, the multilateral trading system, which operates on the basis of international cooperation, remains a key pillar of global governance and will continue to rely on the support of legislators. It needs you all to remain engaged and supportive.

QUESTION-AND-ANSWER EXCHANGE

Ms. J. Freedman (Moderator)



How can those members who see no need for WTO to reform be made part of the solution?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

Firstly, I think that all members should be open and candid with one another. They have to realize that the system is in crisis and that we have to resolve a number of difficult issues with a sense of urgency. Without WTO reform the system will probably become weaker and weaker. We believe that all members will discuss this matter and find a solution.

Ms. J. Freedman

How do you convince members of the need for reform when some do not realize that something has to be done even though the situation has been evolving for some time?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

It becomes more difficult for WTO to deliver any multilaterally agreed agreements. New trade models and trends are emerging and we have to ascertain whether the system is competent enough to address such issues and whether or not we need to deliver more agreements. Our members will have these discussions and reach their decision.

Mr. G. Hucheng (China)

The 164 WTO members base their trade and economic activities on the same rules-based system that has substantially enhanced the welfare of peoples around the world, and we should all endeavour to preserve this laudable achievement. As parliamentarians, we should recognize that economic globalization is irreversible and we should attach importance to the role of trade in enhancing global welfare. China, which has been an active participant in

and a significant contributor to the multilateral trading system since its accession to the WTO in 2001, calls on WTO members to firmly support the organization and help it to overcome the unprecedented challenges it faces.

Mr. D.D. Gamede (South Africa)



What reforms do you foresee for the WTO?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

I think this question should be directed to our members since it is they who will decide what is to be reformed. I believe that, as a result of their discussions, WTO and the multilateral trading system will become stronger.

Mr. P. Rübig (European Parliament)

What are the next steps to focus on capacity-building and foster greater cooperation between the IPU, the European Parliament and the WTO? How can the WTO work to enforce the wishes of its members, which are as diverse as the imposition of tariffs for security reasons to the use of the Swiss Formula for tariff reduction?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

I believe that we need to strengthen the partnership and cooperation between WTO and parliaments. As parliamentarians, you represent your peoples and should make your voices heard in such an important trade debate. There will be no winner in any trade or tariff war. We therefore encourage our members to resolve their trade tensions peacefully and bring their cases to the WTO dispute settlement mechanism. I believe that the multilateral trading system will remain the foundation for global trade in the future and trust that we can find a way to resolve the existing tensions.

Mr. V. Voronetsky (Belarus)

How will the reform of WTO affect the terms of accession of new members?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

Belarus is in the process of negotiating its accession, which shows that countries still have confidence in the WTO. Any new rules and standards will have an impact on the terms of accession and countries should follow the debate closely.

Mr. N. Evans (United Kingdom)

How bad does the crisis in the rules-based trading system have to become for countries to take it seriously and work together to find a solution to ensure that it works properly for all its signatories?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

Leaders of the G20 countries have already endorsed WTO reform. The WTO continues to count on the strong support of its members for trade liberalization and multilateralism, and as more members gradually realize the value of the system, I think that they will enhance their efforts to safeguard and strengthen it.

Ms. R. Kavakci Kan (Turkey)



Turkey is a supporter of the WTO and multilateralism in general, which has been under pressure for some time. Are there concrete proposals on how to move forward with the reform? Will the reform be conducted as a single undertaking and include development, or will a piecemeal approach be taken? How can we engage countries in specific concerns about the reform agenda?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

All members confirm their commitment to development, which is key to future discussions. It is up to our members to determine what should be reformed and how progress will be determined. The WTO has a number of tools and instruments at its disposal and built-in flexibilities do exist.

Mr. S. Ouragui (Algeria)

What is being done by the WTO to associate those countries planning on joining the organization more closely with the dialogue on the future of the multilateral trading system?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

More than 30 new members have acceded to the WTO since it was established. To do so, they have had to implement reforms in their domestic regulations and rules, requiring the support of parliaments. The WTO secretariat stands ready to provide any technical assistance in this regard.

Mr. S. Fowdar (Mauritius)



What is your personal view of those countries that are not members of the WTO and how are you tackling new trade patterns?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

I am not able to give you my personal view. However, the secretariat will facilitate the accession efforts of non-members. Many new trade patterns have emerged over the previous two or three decades, and we need to find a way to facilitate continuous economic integration.

Ms. F. Hosseini (Islamic Republic of Iran)



It is crucial that the multilateral trading system, which has a positive and important role in establishing peace, is strengthened through reform. Accession of new members to the WTO is currently based on the principle of consensus, which can be blocked by countries for political reasons. Are any new mechanisms, such as a voting system, envisaged to facilitate the accession of new members? What is the procedure for parliaments to propose their ideas on the reform?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

We welcome the efforts of the Islamic Republic of Iran to accede to the WTO but recognize that the accession process can sometimes be long and difficult. As a trade organization, the WTO is not competent to deal with political issues. We do, however, encourage our members to cooperate with each other. The question of accession might be addressed as part of the discussion of WTO trade reform, but it is up to the members to decide on the procedures to be followed.

Mr. B. Tan (France)

How are the WTO rules going to be enforced when the appellate body may no longer be able to sit?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

This is a serious question and one of the reasons why our members are so positively engaged with each other in the debate on WTO reform. They agree that the issue has to be addressed as a matter of urgency; without an effective and efficient appellate body and dispute settlement mechanism, the whole system will be paralyzed. Again, it is up to our members to reach a solution.

Mr. S. Hasan (Indonesia)

What can be done to settle the dispute concerning the European ban on the import of palm oil?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

I am afraid that I am not competent to comment on any specific case. We have to rely on the experts and panellists on the appellate body, and we need to strengthen their role and function. I am sure that your case will be properly handled.

Mr. S. Dasgupta (India)

What is the thinking around the use of flexibilities given the new frontiers and significant differences in perception that exist?

**Mr. Xiaozhun Yi
(WTO Deputy Director-General)**

There are some flexibilities in WTO rules, and it is up to our members to decide to use them. They have to consult and negotiate with each other.



DIALOGUE WITH SENIOR WTO NEGOTIATORS AND OFFICIALS

Challenges and opportunities facing the WTO

Mr. Bernd Lange, Moderator

Co-Chair of the Steering Committee of the Parliamentary Conference on the WTO, Member of the European Parliament

This is the first time that an ambassador from the United States has presented at the Parliamentary Conference on the WTO. Last week, the leaders of the G20 countries signed a declaration supporting reform of the WTO, which shows a clear commitment to the WTO and its development. At the same time, there are some concerns about the functioning of the appellate body and nomination of its members. What is your assessment of the current challenge and the way forward for the WTO?



INTRODUCTORY REMARKS

Ambassador Dennis Shea

Permanent Representative of the United States of America to the WTO

Before I answer the question, let me briefly address United States engagement in the WTO. The United States is very active and involved in the WTO and we do much under the radar. We are seeking a highly ambitious multilateral outcome in the fisheries subsidies negotiations, which is very important for the WTO and will show that the negotiating function at the WTO can actually work. We are also very involved in the discussion around agriculture and consider that the negotiations should be reset, based on current realities. We have submitted several papers to the Committee on Agriculture in special session on market access, cotton and other issues.



We also believe in the plurilateral process and we support the plurilateral negotiations on digital trade, which we hope will culminate in a highly ambitious, commercially meaningful outcome disciplining data localization requirements and restrictions on cross-border data flow. The United States has been actively involved in ensuring that the Trade Facilitation Agreement is implemented effectively and we have submitted numerous proposals for the recently completed triennial review of the Technical Barriers to Trade Agreement. In addition, the United States is one of the few members to be participating substantively in other committees, such as the Committee on Regional Trade Agreements and the Committee on Import Licensing. We are also involved in several accession working parties as we take the accession process very seriously and care about the system.

We have been pushing a number of elements of a reform agenda, including challenges of non-market economies. We submitted a paper on the trade disruptive impact of China's non-market economic model to the General Council in July, and we have initiated a discussion on these issues. The United States is working with the EU and Japan to create rules around industrial subsidies, State-owned enterprises, forced technology transfer, and to identify the common elements of a market economy.

Greater transparency is another element of reform and critical for negotiations. Members are failing to fulfil their notification obligations: fewer than half have provided their subsidy notifications for 2017. Together with the EU, Japan, Australia, Argentina, Costa Rica and Chinese Taipei, we have submitted a proposal to the Council for Trade in Goods to encourage members to fulfil their

transparency and notification obligations. It provides for technical assistance to developing countries and sets out sanctions for those members that repeatedly flout their notification obligations. We will be submitting a revised proposal based on comments received. There is also need for greater differentiation among developing countries. Many advanced economies (10 of the G20 countries) designate themselves as developing countries at the WTO, entitling them to certain exemptions and to more time for implementing the rules.

The United States has been raising concerns about the appellate body for around 16 years. We have a number of concerns: it appoints its own members, although that role should fall to the Dispute Settlement Body; it is exceeding the 90-day deadline for issuing appeals (163 days has been the average time taken to issue an appeal since mid-2014); it has been issuing advisory opinions and has been engaged in fact-finding; it insists that its rulings should be considered precedent absent cogent reasons although that is not stipulated in any WTO agreement; and it has been adding rights and obligations to the membership in violation of the dispute settlement understanding. Over the previous year and a half, the United States has clearly outlined its concerns about the appellate body and will be submitting its responses to proposals made by other members, including the EU, at the December meeting of the General Council. It will not support proposals that would make the appellate body less accountable, such as a single longer term for its members.

QUESTION- AND-ANSWER EXCHANGE

Mr. C. Fuli (China)

What is your view of the future of the appellate body, particularly as this body will have only one member by the end of 2019 unless a solution is found?

Ambassador Shea

The United States considers that the appellate body has deviated from its role as originally envisaged and should abide by the rules to which all parties agreed in 1995. The United States position has been clear for some time and I am surprised that more proposals have not already been submitted.

Mr. D. Macpherson (South Africa)

Does the United States consider that there is a continued need for the WTO either in its current form or in a slightly modified form?

Ambassador Shea

The United States believes that the WTO is falling short of its objectives and, as President Trump has said, 'has to shape up'. We are actively engaged in efforts to modernize and improve the organization and we have a vision of a reformed WTO.

Ms. M. Saliha (Algeria)

What is the WTO's vision on raising awareness of the problems of counterfeiting?

Ambassador Shea

I cannot speak on behalf of the WTO but would like to point out that the United States takes the issues of counterfeiting, intellectual property theft and trademark infringement extremely seriously.

Ms. N. Ali Assegaf (Indonesia)

How optimistic are you about the WTO reform process?

Ambassador Shea

Although I am an optimist, I think that it is going to be extremely difficult, as proposals submitted meet with resistance and misunderstanding. The United States will endeavour to move forward by incorporating reasonable concerns into its proposals.

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

What model does the United States see for the appellate body? What should its competencies and modalities of operation be? Do the rules under which it was established over 20 years ago remain relevant given the extensive changes that have taken place in international trade?

Ambassador Shea

The United States views the appellate body as a mechanism to help members resolve their disputes. The function of the appellate body is relatively narrow since the panels should undertake fact finding. We do not support proposals aimed at making the appellate body a world court of trade, such as extending the terms of its members. Neither do we agree that the appellate body's rulings should be considered precedent, absent cogent reasons. We want to return to the original vision of the appellate body provided for in the Dispute Settlement Understanding. There is a need for new rules, for example concerning digital trade.

Ambassador Sunanta Kangvalkulkij
*Permanent Representative of Thailand to the WTO,
Chairwoman of the Dispute Settlement Body*

I took over the chairmanship of the Dispute Settlement Body (DSB) in March 2018 and you are all aware that we are in deep crisis. In recent months, more cases than ever have been brought to the DSB. Over the previous two months alone, we have established 17 panels including with regard to the high profile United States steel and aluminum case. This is likely to lead to more cases being brought before the appellate body, which, as you know, currently has only three members. I hope that at the forthcoming meeting of the General Council in December we will have constructive discussions on the proposals put forward. Political engagement, flexibility and compromise are also required from all members in tackling an issue of such importance for the WTO. I fervently hope that the matter is resolved expeditiously; if not, the appellate body will consist of only one member by the end of 2019 and will be paralysed. As the Chairperson of the DSB, I very much encourage all members to engage in discussion and suggest options to break the impasse.



Mr. B. Lange (Moderator)

What is your role in this process?

Ambassador Kangvalkulkij

I am the Chairperson of the DSB, but I am also the facilitator of the formal and informal discussions among members aimed at resolving the issue.

Ambassador Eloi Laourou
*Permanent Representative of Benin to the United Nations Office
and other international Organizations in Geneva,
Chairperson of Trade Policy Review Body at the WTO*

I think that the WTO provides an appropriate framework for negotiation, and follow-up through monitoring and dispute settlement. Information sharing, transparency and notification are highly important activities that enable us to assess the trade situation in general and in various sectors of activity. The Trade Policy Review Body provides the institutional framework for countries to describe their situation with regard to the trade environment and sectoral policies. It assesses the commitments undertaken and their implementation through an open-ended structured framework and with the participation of all members. The Chairperson of the Trade Policy Review Body acts as a facilitator.



You, as parliamentarians, have a noble mission to fulfil in ratifying the results of our negotiations. We should therefore continue building a strong partnership between the WTO, which is entrusted with the tasks of regulation, surveillance and dispute settlement, and parliaments, which have the task of ensuring that the interests of the people are respected.

Mr. B. Lange (Moderator)

What are the reasons why the notification commitments are not fulfilled?

Ambassador Laourou

This is a very important question. There are several reasons for the delay. Sometimes it is involuntary, particularly in the case of developing countries that lack the capacity to compile information and submit it in the correct format. Staff rotation can also make follow-up difficult. There can, however, also be a disguised will to be obstructionist. This is what members have continued to mention, and this needs to be examined carefully to ensure that members respect the obligations they have undertaken.

Mr. Jesse G. Kreier

Senior Counsellor, Rules Division of the World Trade Organization (WTO)

Fisheries subsidies constitute a very complex issue that was launched in 2001 as part of the broad-based negotiations under the Doha Development Round. The negotiations are somewhat unusual since the focus is on sustainability rather than on trade in order to preserve a critical resource for future generations. Over the previous three years, there has been renewed enthusiasm on the issue since a very broad-based constituency of developing countries, including some least developed countries, have become strong proponents of the need for outcomes on fisheries subsidies. While it was not possible to achieve an outcome at MC11, there is almost a consensus in principle on the need for new disciplines on fisheries subsidies. However, there are a number of questions to be addressed: What rules are needed? How can we accommodate diverse interests among the members in order to achieve this common objective? What is the likelihood that we will achieve the desired outcomes before MC12?



Although there is broad agreement on the need to prohibit subsidies relating to illegal, unreported and unregulated fishing activity, there are a number of difficult issues to be resolved before an outcome will be achieved. Who determines whether fishing is illegal? Will there be requirements of due process before people are found to be fishing illegally? How do you deal with unregulated and unreported fishing given the differing capacities of countries of various levels of development and the absence of a management regime for some areas of the high seas? How do you address the complex area of fishing in disputed waters?

The question of prohibiting subsidies that relate to overcapacity and overfishing is more complicated and potentially more ambitious. Some members suggest that the solution lies in stopping subsidies for the construction of new boats or for capital investments in fishing capacity. Others consider such steps not to be appropriate, as not all stocks are overfished and there may be a need for more fishing boats in some areas. This could also give rise to a perceived problem in equity between developed countries with large fleets that they are seeking to reduce, and developing countries that are seeking to exploit the high seas. While subsidies could be prohibited only where overcapacity exists, how is overcapacity defined and what types of subsidies will contribute to overcapacity?

One issue that permeates all the discussions is the issue of special and differential treatment. Developing countries are the dominant producers in the fishing area; however, for disciplines to be meaningful they must affect both developed and developing countries. That said, however, there are serious questions of equity raised by developing countries. Furthermore because levels of fishing activities vary widely among developing countries, those countries have very different interests in the negotiations.

We are striving to achieve outcomes by MC12 and are holding numerous meetings in a variety of different formats. I would like to think that, as an organization and a global community, we will be successful.

QUESTION- AND-ANSWER EXCHANGE

Ms L.O. Akweley Ocloo (Ghana)

How will WTO address the high export subsidies on agriculture products from developed members?

Mr. J.G. Kreier

It is my understanding that countries should, in principle, be eliminating agriculture export subsidies in accordance with the Agreement on Agriculture. This is one area where substantial progress has been made in recent years, including at MC10 in Nairobi.

Ambassador Laourou

Although we committed after Nairobi to work on modalities to reduce and ultimately eliminate domestic support for production, it was not possible to reach further agreement, notably on agriculture and international trade in cotton, at MC11 in Buenos Aires. The special sessions of the Committee on Agriculture have been evaluating the level of domestic support, and the situation will become clearer at the beginning of 2019. We hope that all members will mobilize and engage in discussion of proposals to manage this third pillar.

Mr. Z.S. Al Zekri (Yemen)

We are in favour of transparency in the reform of the WTO so that we can lay the foundations for an organization, in which all countries, including the least developed countries, can participate. To that end, it is essential to take account of the varying levels of development of members with respect to implementation and the particular needs of the least developed countries.

Mr. E.A. Yousif Abdella (Sudan)



Sudan has been working for many years to accede to the WTO. Like other countries wishing to join the organization, we have

encountered difficulties in our bilateral negotiations. How can we accelerate the procedure for acceding to the WTO? Could this Parliamentary Conference make a recommendation on facilitating the accession procedure?

Ambassador Laourou

The WTO membership has discussed how to expedite and facilitate the accession process for least developed countries. We have to take into account the specificities of countries that face particular limitations and structural weaknesses in terms of economic infrastructure, and ensure that the commitments they undertake are commensurate with their level of development and capacity. Efforts are being made to ensure that WTO guidelines take due account of such matters.

Mr. K. Paradza (Zimbabwe)

Reforms will limit the scope of application of special and differential treatment, which will adversely affect the efforts of developing countries to industrialize. Non-mandated new rules will also diminish the space to industrialize and governments' right to regulate. How do we ensure that developing countries are not disadvantaged further and maintain their own sovereignty?

Ambassador Kangvulkijij

WTO reform is in the early stages and proposals have to be discussed by members. Favourable consideration is likely to be given to developing and least developed country members. This issue of differentiation will require serious discussion.

Mr. K. Asemanyi (Ghana)

Is the African Union one of the trading bodies to have already submitted proposals on the reform?

Ambassador Laourou

The African Group has met to examine aspects concerning improvement of WTO rules, including engagement, commitment, time frames and possible exemptions. It has also highlighted the need to ensure that the reform process is inclusive and transparent, and that the development dimension is fully taken into account. Issues of particular importance to developing and African countries, such as the appellate body and agriculture, have been identified. It is

following work on all issues to ensure that developing and least developed countries derive benefit from the reform and that it is recognized that such countries cannot undertake the same commitments as developed countries. It is looking into the possibility of making a written contribution.

Mr. C. Fuli (China)

Could you please share your personal views of the challenges currently facing WTO?

Mr. H. Elahi (Pakistan)

One of the causes of the crisis facing the WTO is the failure of the organization to fulfil the Doha Development Agenda to the benefit of developing countries. How can we, as developing members, be reassured that the reform will address this fundamental cause of the current crisis?

Mr. J. Kreier

Implementation of the Doha Development Agenda is really in the hands of the membership. Some progress has been made over the years, including with respect to agriculture export subsidies and trade facilitation, and efforts are still being made on achieving outcomes in other mandated areas, such as fisheries subsidies.

Ambassador Laourou

We have to continue to work on the liberalization of trade, since trade is beneficial to all countries. The development dimension does have to be integrated into

the rules, principles and mechanisms governing international trade. The reform will help us to make progress and enable us to discuss important topics, including on agriculture, trade in services, intellectual property and fisheries subsidies. We must also seize the potential to discuss new issues, while recognizing existing limitations and the importance of giving the necessary flexibilities to developing countries, notably least developed countries. We also have to resolve the impasse with respect to the appellate body that is paralysing the activities of the Dispute Settlement Body.

Ambassador Kangvalkulkij

Unless we rise to the challenge of making this rules-based organization relevant to the new international trade environment, WTO will be marginalized. Although a free and fair trading system is a shared aspiration of the membership of WTO, agreements can be difficult to reach among 164 members, as the failure to achieve outcomes in certain areas of the Doha Development Agenda has shown. I remain positive about the Doha Development Agenda. However, all sides will have to demonstrate flexibility and compromise if further progress is to be made.

Mr. B. Lange (Moderator)

There is no doubt that compromises will have to be made in the near future to steer the WTO out of troubled waters. All stakeholders must bear in mind the principle that cooperation is better than confrontation.



SUBSTANTIVE THEME

WTO 2030?

*Discussion paper presented by **Senator Jean Bizet (France)**, Rapporteur*

Attacked by the United States, bypassed by China, torn by the conflicting interests of emerging and developing countries, blocked in its role as arbitrator, overtaken by ongoing trade wars, held hostage by the United States–China trade war, bogged down by the cycle of negotiations opened in Doha, the World Trade Organization's (WTO) credibility and future are dogged by uncertainty.

Yet it is the WTO, and the WTO alone that can engender universal trade rules needed not only to regulate trade but also to ensure that trade becomes part and parcel of the issues that are fundamental to sustainable development, regulated competition, social progress and the environment.



Lessons learned from the failure of the 11th Ministerial Conference

The last WTO Ministerial Conference, held in Buenos Aires from 10 to 13 December 2017, ended in a triple failure.

Failure in agriculture: there was no agreement either on the reform of State subsidies that distort competition or on a public stockholding programme to ensure food security in developing countries. The United States and Europe have always taken different approaches—the US calculates subsidies by producers or farmers—whereas Europe calculates them as a whole. As for India, it sometimes plays its own game, including, in the context of food stockpiling, to the detriment of the least developed countries, by capitalizing on the global dumping trend.

Failure on the new economy: there was no headway on proposals to have the WTO set up an agenda on e-commerce, investments and small and medium-sized enterprises, in particular due to the India's blockage as it seeks to catch up with China.

And lastly, failure on sustainable development: it was not possible to adopt an agreement on the elimination of subsidies on illegal fishing or on overfishing disciplines. Also, several important members consider it wrong to introduce an environmental dimension, in accordance with the 2105 Paris Agreement on climate change, in trade agreements.

Underlying this conclusion is an even deeper reality—how the role of multilateral trade rules has divided States. On this issue, three large groups are pitted against each other.

First, there are those who believe that multilateral rules are not good because they hamper their development strategies: India and South Africa are at the forefront of this battle. They reject practically all discussions on new areas. They are followed by the group of developing countries—the G90—in particular the African and “Bolivarian” countries, who insist on very broad exceptions under the special and differential treatment provisions.

Next come those who believe that multilateral rules are good, but for others primarily: such is the case of the United States and China. The US wants to avoid those rules when they could be detrimental to them such as, for example, in matters of delocalization. China, while claiming to be committed to the letter of the rules, does not respect them in spirit. When it joined the WTO in 2001, China initially respected the letter of the rules and then gradually dispensed with them. It uses its classification as a developing country, which allows for special and differential treatment, to buy time—time which amounts to decades. While calling for a more democratic WTO, China does not issue notifications about its State aids, which are assessed based on Internet searches.

Finally, there are those members who believe that the rules in themselves are good and that more are needed; either because, according to them, rules are a good thing—which is the case of the European Union—or because they would provide a binding framework for the policies of the major industrialized countries, in keeping with the aspirations of the Cairns Group and the Latin American countries.

Reasons to be optimistic after the failure of Buenos Aires

The failure of the 11th Ministerial Conference does not sound the death knell for the WTO. This failure did not result from any intention to destroy or abandon the multilateral system. On the contrary, Buenos Aires laid the foundations of political consensus on the need to keep the institution alive.

The United States itself reaffirmed the importance it attributes to the Organization, while clearly stating the need for reform without giving any specifics. The US Administration and its representatives in Geneva at the WTO are resilient and less protectionist than President Donald Trump's tweets would suggest. The rest of the world has unanimously asserted its commitment to the system as the generator of a public good thanks to the stability created by its rules and its dispute settlement body.

It has to be acknowledged that, aside from its threatening stance, some of the questions the United States has raised about the WTO are valid, such as: the absence of effective implementation of transparency disciplines such as subsidy notifications; reassessing the differential approach to development, the closing of the Doha agenda or simplifying the working of negotiating bodies. The same goes for the appellate body of the dispute settlement body which—it has to be said—often takes the liberty of over interpreting texts in its decisions. US criticism of these issues should not be taken lightly: Dispute Settlement Body judges often overstep the mission they have been tasked with, thus dragging out disputes, which the United States finds annoying. The US solution, which challenges the appellate body, is to block the renewal of judges whose four-year terms can be renewed once. Out of the seven judges there will only be three left at the end of 2019. No decisions can be taken below this quorum, meaning the WTO could be paralyzed.

Could we be moving towards plurilateralism in the absence of unanimity in the WTO?

The WTO brings together 164 Members and its decisions are taken by consensus. Yet there is almost never unanimity as far as the ongoing negotiations are concerned. The Americans are opening the door to reform proposals without actually making any themselves. Only the Europeans and Canadians are putting forward proposals to break the deadlock.

In the absence of agreement on major international accords, multilateralism is giving way to bilateral or plurilateral agreements, some of which are innovative and can serve as an inspiration for the WTO. To cite two examples, the environmental provisions of the CETA; the provision in the new North American Free Trade Agreement (NAFTA) allowing taxation of merely 40 per cent of the value of a vehicle coming from production centres where employees are paid at least \$16 an hour. In the same vein, it is high time the WTO started incorporating the standards on social policy set by the International Labour Organization (ILO).

This situation is leading to a subtle renewal of plurilateralism, with the formation of coalitions of developed, developing and emerging countries. This could well signal the beginning of an organization that shape shifts according to the circumstances, patterned after the European model of strengthened cooperation. This is one option for reforming the WTO: resort to plurilateralism for specific topics, such as e-commerce, while leaving the agreement open to other topics.

Can sustainable development become a topic of consensus? The WTO's current efforts to take on board environmental considerations are in some ways an attempt to go back to the basics. In actual fact, sustainable development appears in the agreement establishing the WTO as a central objective while free trade does not. This is also a matter of legitimacy vis-à-vis public opinion and an important future negotiation agenda, as is the French-sponsored initiative on the elimination of fossil fuels.

Immediate challenges needed for WTO reform

Among the issues to be resolved immediately with a view to reforming the WTO is first and foremost the dispute settlement body, which the US is effectively attacking and stifling by not renewing the members of the appellate body.

The second challenge will be to normalize the Chinese economy. This process is already underway, with the United States and Europe singing from the same hymn sheet. This process of normalization will be three-pronged. Regarding the conflict resolution aspect, a dispute was submitted in 2017 by China against the European Union about the new method of calculating the “normal value” for applying antidumping duties. The work of the European Commission and the French MEP Franck Proust, both working towards finding a balance that is acceptable to all, must be commended.

Next comes the political aspect: the alliance between Japan, the United States and the European Union to compel China to honour its subsidy notification obligations, although a notification was eventually given in 2018, and to discuss industrial overcapacity, must be translated into action at the WTO. On this matter, the Americans are right to condemn the lack of subsidy notifications by the Chinese and the technical solution they propose is a good one.

And finally, the regulation component : the United States and the European Union have proposed that the WTO establish incentives or sanction mechanisms in order to compel members to fulfil their transparency obligations as they relate to State subsidies.

The debate should also include the status of developing countries and the stakes involved at the WTO in view of their status, which tends to be outdated. The United States is making this distinction among developing countries a priority, and rightly so. However, the difficulty lies in the fact that some of the countries that joined the WTO with this status 15 or more years ago have become powerful, even dominant trading countries.

Lastly, the environment should be a central area of discussion for the WTO. Fishing subsidies are a pilot project to demonstrate the Organization's ability to help achieve the objectives of the global community. The possible reactivation of the environmental goods agreement could feed into this in the future. The commitment made in Buenos Aires in December 2017 to give consideration to fossil fuel subsidies is a positive sign.

Conclusion

A closer look reveals that the most serious problems facing the WTO today are linked to the trade war between China and the United States. The latter's main focus is complete reform of the appellate body, which the US still refuses to consider as a tribunal. The European Union must act tactfully, both vis-à-vis the United States and the developing countries, the majority of whom do not wish to make any substantial changes to the WTO as it exists today. The proposals made by the European Commission on 18 September are thus constructive.

Multilateralism through the WTO is the only possible avenue for avoiding a widespread trade war that would undermine values and destroy jobs. It is nevertheless crucial for the WTO to emerge from the state of paralysis that has overcome it once a decision is taken by consensus. Conversely, any decision to reform or update the rules of the WTO must apply to all the trade rules in force.

Calls for WTO reform or transformation have been made, notably by French President Emmanuel Macron at the annual OECD meeting held in May 2018 and by the European Commissioner Cecilia Malmström last November in Paris (followed by innovative supporting proposals on 18 September 2018). This issue is on the agenda of the G20 Summit in Buenos Aires. The fierce criticisms of the United States should be understood as a call to change.

If the status quo remains unchanged, the major blocs – the United States, China and the European Union – will set their own international trade rules. Even the European Union has jumped on the bandwagon by initiating 70 bilateral free trade agreements out of the hundred or so it intends to conclude. The European Union is hoping that these new-generation agreements will include standards that can subsequently be adopted globally.

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

Multilateralism has been at the core of global trade governance since the end of World War II. The multilateral trading system, first under the General Agreement on Tariffs and Trade (GATT) and later in the World Trade Organization (WTO), has managed to increasingly integrate economies over time and limited unilateral approaches to international trade.

Overall, **the WTO makes global trade governance predictable, transparent, enforceable and uniform.** It is also a fair system, in that all member states' voices, including small developing countries, carry the same weight, as WTO decisions are taken by consensus.

But the rules-based multilateral trading system is facing its deepest crisis ever, with both its negotiating function and dispute settlement mechanism being threatened.

The crisis could deepen further in the coming months, if the threat of unilateral measures increases and if such measures are imposed, while at the same time appointments of new members on the Appellate Body are being blocked, which could put the whole dispute settlement at risk.

In the current circumstances, the WTO needs to be modernized to address the challenges faced by the global trading system and to ensure that it remains vital, relevant and effective. This means revisiting both the **rules** and the **processes** of the WTO, to ensure that it addresses the challenges of 21st century trade realities. We need a WTO ready to face 2030.

Currently, several interesting proposals in this regard have been put forward, by Canada, the European Union and others.

Make the WTO more relevant and adaptive to a changing world

With the exception of the Agreement on Trade Facilitation and agricultural export subsidies, it has not been possible to advance negotiations in the WTO for a number of years. This has in part been a function of the **lack of flexibility** within the system, which can frustrate like-minded Members that wish to go ahead with rule-making within the WTO as a group.

The initiatives launched in Buenos Aires with joint statements by large groups of Members committing to explore negotiations in some specific areas, such as the statements on e-commerce, domestic regulation in services as well as investment facilitation are a good step in the direction of increased flexibility in negotiations.

These plurilateral processes should be encouraged, but the process must be open to all WTO Members.

We also believe that it is high time that the WTO gets more actively involved in how trade can help achieve the **Sustainable Development Goals**, beyond the negotiations on fisheries subsidies, which is an important contribution. We welcome the positive steps that have been taken regarding trade and gender, and want to make sure that these efforts continue.

The fight against **climate change** is essential for our own survival. Almost all countries have signed up to the Paris Agreement, and we now need to turn those commitments into reality. Trade has an important role to play. In this context we regret that the negotiations for an Environmental Goods Agreement were blocked in 2016, as it would have had a great potential to provide greater access to green technologies and help meet the above-mentioned commitments.



Another factor for the impasse in the WTO's negotiating function is the question of **development and special and differential treatment**. Since the creation of the WTO, the rapid economic growth among developing countries has led to the emergence of significant differences in economic development. While the EU acknowledges that special rules may be necessary to address specific development needs, a re-examination of the way development flexibilities operate and who can benefit from them is warranted, in order to ensure appropriate, targeted assistance and ambitious disciplines.

At the same time, the root causes of the current crisis are also to be found in **gaps in the rulebook leading to distortions**, many of which are associated with non-market policies and practices in major trading nations, that the WTO does not seem able to address adequately.

Strengthen the WTO's effectiveness

The **dispute settlement function of the WTO** is at grave danger, and swift action is needed to preserve it. We now have a comprehensive proposal, supported by key actors in the WTO, to address the concerns raised by the WTO Member blocking the Appellate Body appointments to the extent that they have merit, while preserving and further strengthening the main features and principles of the WTO dispute settlement system.

Transparency is a key element in ensuring a stable and predictable trading and investment environment, but also to enforcing the rules. However, there is often poor compliance with notification requirements, while the monitoring work of the WTO regular committees is sub-optimal. The WTO should work to:

- Enhance transparency by increasing incentives for Members to comply with notification requirements and by challenging wilful non-compliance; and
- Use regular committees better to address trade issues by empowering the WTO secretariat.

I would like to stress this last part. The WTO Secretariat is very efficient, but we believe that it needs to be reinforced in order to be able to play a more active role.

Finally, I also believe that the **time has come to strengthen the parliamentary dimension of the WTO**. This aspect should not be forgotten in the discussion on modernization of the organization. In fact, I believe it is an intrinsic part of making the WTO both more efficient and adaptive to a changing world.

I certainly hope that by 2030 we will have a parliamentary assembly as part of the official institutional framework of the WTO!

WTO and multilateralism deliver

In a longer perspective, we know that trade openness, underpinned by the expansion of the multilateral trading system, has brought about higher productivity, greater competition, lower prices, and has improved living standards. Trade-related shifts in the allocation of resources across sectors and firms and the adoption of new technologies have generated productivity gains.

On the consumption side—and this is too often forgotten—open trade has led to wider choices and lower prices of many goods and services, benefitting especially lower-income households who consume a disproportionately higher share of tradeable goods and services. Trade is estimated to have reduced by two-thirds the price of the household consumption basket of a typical advanced economy low-income household.

Let us put in all our efforts to make sure that this will still be the case, and to make sure we have a WTO ready to face the challenges of 2030!

*Introductory remarks by **Ms. Margaret Mensah-Williams**, Moderator
Chairperson of the National Council of Namibia,
Co-Chair of the Steering Committee of the
Parliamentary Conference on the WTO*

We are living in times of considerable trade tension and the future of the WTO is under serious discussion. What WTO do we envisage for 2030? What solutions lie ahead? What can parliamentarians do to bolster free and fair trade generally and in the WTO in particular?



*Introductory remarks by **Mr. J. Bizet**, Rapporteur
(Senator, France)*

Although the WTO's credibility and future are dogged by uncertainty, it is the WTO alone that can engender universal trade rules needed not only to regulate trade but also to ensure that trade becomes part of the issues that are fundamental to sustainable development, and regulate competition, social progress and the environment.

The last WTO Ministerial Conference (MC11), held in Buenos Aires in December 2017, ended in a triple failure. A failure in agriculture, with no agreement either on the reform of State subsidies or on a public stockholding programme. A failure on the new economy, with no progress on proposals for the WTO set up an agenda on e-commerce, investments and small and medium-sized enterprises. A failure on sustainable development, with no agreement on the elimination of subsidies on illegal fishing or on overfishing disciplines. Furthermore, multilateral trade rules have divided States into those who believe that multilateral rules hamper their development strategies, those who consider that multilateral rules are good, primarily for others, and those members who believe that the rules in themselves are good and that more are needed.

The failure of MC11 did not result from any intention to destroy or abandon the multilateral system. On the contrary, Buenos Aires laid the foundations for political consensus on the need to keep the institution alive. The United States reaffirmed the importance it attributes to the WTO, without giving any specifics on how the organization could be maintained, while the rest of the world unanimously asserted its commitment to the WTO as the generator of a public good thanks to the stability created by its rules and its Dispute Settlement Body.

It must be acknowledged that some of the questions the United States has raised about the WTO are valid, such as: the absence of effective implementation of transparency disciplines including subsidy notifications; and the need to reassess the differential approach to development, close the Doha agenda, or simplify the working of negotiating bodies. This is also true of the appellate body, which—it has to be said—often takes the liberty of over-interpreting texts in its decisions. The US solution is to block the renewal of judges on the appellate body whose four-year terms can be renewed once. This means that there will only be three judges left at the end of 2019 and, as no decisions can be taken below this quorum, the WTO could be paralyzed. We cannot allow this situation to continue.

The WTO brings together 164 members and its decisions are taken by consensus. Yet there is almost never unanimity as far as the ongoing negotiations are concerned. In the absence of agreement on major international accords, multilateralism is giving way to bilateral or plurilateral agreements, some of which are innovative and can serve as an inspiration for the WTO, such as the environmental provisions of the Comprehensive Economic and Trade Agreement and the new North American Free Trade Agreement. We should consider such bilateral or plurilateral agreements with interest as they could well provide inspiration to the WTO.

The WTO's current efforts to take into account environmental considerations are in some ways an attempt to go back to the basics. In actual fact, sustainable development appears as a central objective in the agreement establishing the WTO while free trade does not. This is also a matter of legitimacy vis-à-vis public opinion and an important future negotiation agenda, as is the French-sponsored initiative on the elimination of fossil fuels.

With regard to WTO reform, there is a need to consider the Dispute Settlement Body. The second challenge will be to normalize the Chinese economy, and I welcome the work of the European Commission and the French MEP Franck Proust, on finding a balance concerning antidumping duties that is acceptable to all. China must also be made to recognize the need to honour its subsidy notification obligations in the interests of transparency. The United States and the European Union have proposed that the WTO establish incentives or sanction mechanisms in order to compel members to fulfil their transparency obligations as they relate to State subsidies. The debate should also include the status of developing countries, which is often outdated. The United States rightly considers it a priority to draw distinctions among developing countries. However, the difficulty lies in the fact that some of the countries that joined the WTO with this status 15 or more years ago have become powerful, even dominant, trading countries. Lastly, the environment should be a central area of discussion for the WTO.

In conclusion, we must acknowledge that the most serious problems facing the WTO today are linked to the trade war between China and the United States. The latter's main focus is complete reform of the appellate body. Multilateralism through the WTO is the only possible avenue for avoiding a widespread trade war. I hope that the calls for WTO reform will be heard. If the status quo remains unchanged, the major blocs – the United States, China and the European Union – will set their own international trade rules. The European Union has already initiated around 70 bilateral free trade agreements and it hopes that they will include standards that can subsequently be adopted globally. Although plurilateralism may provide a temporary solution, all countries should be working towards multilateralism.



Introductory remarks by Mr. P. Rübig, Rapporteur (Member of the European Parliament)

It is gratifying that cooperation between the IPU and the European Parliament has developed well in the sixteen years since the Parliamentary Conference on the WTO was established. Over that time, the world has changed. However, we still need international trade. Exports generate employment, taxation revenue and encourage competitiveness, which in turn lead to better infrastructure, education and research. Imports can encourage lower prices, making products more accessible for certain groups of the population. We also still need the WTO, which makes global trade governance predictable, transparent, enforceable and uniform. As its decisions are taken by consensus, the voices of all 164 members, including small developing countries, carry the same weight.

However, the rules-based multilateral trading system is facing its deepest crisis ever, with both its negotiating function and dispute settlement mechanism under pressure. We need to ensure that the WTO remains vital, relevant and effective, and the rules and processes of the WTO may have to be revised to ensure that the organization is able to address the challenges of the twenty-first century. The Sustainable Development Goals will provide a useful framework for enhancing the activities of the WTO.

Although the WTO has shown that it can deliver with respect to trade facilitation and the removal of agricultural export subsidies, a lack of flexibility in the system remains, which can frustrate like-minded members that wish to go ahead with rule-making within the WTO as a group. Joint statements by large groups of members committing to explore negotiations in some specific areas, such as e-commerce, domestic regulation in services as well as investment facilitation, are a good step in the direction of increased flexibility in negotiations. Such plurilateral processes must be open to all WTO members.

WTO should be more active in the areas of trade and gender and the fight against climate change. The question of development and special and differential treatment should be further debated, as should gaps in the rulebook leading to distortions. Further action should be taken to preserve the dispute settlement function of the WTO and put an end to the blocking of appellate body appointments.

In order to foster a stable and predictable trading and investment environment, and enforce rules, the WTO should work to: enhance transparency by increasing incentives for members to comply with notification requirements and by challenging willful non-compliance; and use regular committees better to address trade issues by empowering the WTO secretariat. In order to make the WTO more efficient, efforts should also be made to strengthen the parliamentary dimension of the WTO, including by considering the establishment of a parliamentary assembly within the organization.

QUESTION-AND-ANSWER EXCHANGE

Mr. C. Fuli (China)

The EU maintains more than 70 billion euros of trade distorting agricultural subsidies. However, most developing country members, including China and India, enjoy no rights to provide such subsidies. How do you think this imbalance should be addressed?

Doubts have been expressed about China's status as a developing country. I would like to remind participants of some key facts: China's per capita GDP remains below US\$ 9,000 (72nd in world) and its rate of urbanization stands at 56 per cent (109th in the world). There is a significant gap between the social security systems in China and in developing countries. What basis exists for questioning the developing country status of China?

Ms. N. Ali Assegaf (Indonesia)



The WTO has a large number of members and it is not always possible to achieve consensus. As part of the reform, it might therefore be advisable to consider changing the method of decision-making in the Dispute

Settlement Body. Given the importance of women in trade, should trade and gender be formalized in the WTO?

Mr. C. Buchmann (Austria)



What can we, as parliamentarians, and the WTO do to achieve an environmental goods agreement that has been blocked since 2016?

Mr. R.T. Dascal (Philippines)



Could you provide more information on your proposal to establish a parliamentary assembly in the WTO by 2030? Are you in favour of creating a permanent secretariat in the WTO to coordinate activities with parliamentarians or national assemblies? In order to assist SMEs, should the WTO establish a model on simplification of tariff and customs procedures?

Ms. A. Eriksson (Sweden)



What purpose should the WTO have in 2030? Should it be a body where tariffs and quotas are negotiated and where

negotiations can last for decades but ultimately lead nowhere? Do we want the WTO to be a progressive policy-making body that is modern and effective and enhances global trade to increase the distribution of growth and sustainable development for all? Do we simply want to continue in the same vein and obtain the best deals for our own countries in the short term?

Mr. H. Scholz (European Parliament)



We should not start to characterize the economic policies of members as a source of problems in the multilateral trading system. How do you view the current policy of the United States? As part of WTO reform, should benchmarks for achieving the SDGs be incorporated into trade rules and agreements?

Ms. C. Kafantari (Greece)



International trade has to play an important role in the achievement of the SDGs and the commitments set out in the Paris Agreement. How can the WTO work with others to cut global emissions in the maritime and aviation sectors?

Mr. M. Al Hasan (Syrian Arab Republic)



How can parliaments and the WTO help to strengthen trade and deal with the arbitrary measures that are not consistent with international law imposed by countries for political reasons?

Ms. K. McCarthy (Parliamentary Assembly of the Council of Europe)

What progress, if any, has been made in discussions on a parliamentary dimension to the WTO? How would it actually work?

Mr. A. Farrugia (Commonwealth Parliamentary Association)



Given the importance of SMEs, what are your views on legislation concerning family business succession? Do you think that parliamentarians from WTO member countries should have a stronger voice in the reform of the WTO?

Mr. D. Macpherson (South Africa)

I believe that the real power for WTO reform therefore lies with parliamentarians, who ratify trade treaties in some countries, including my own. How are parliamentarians going to take ownership of driving the reforms required in the WTO?

Mr. S. Dasgupta (India)



I would like to thank the rapporteurs for their robust presentations, but feel that a particular European perspective was presented as the only way forward for the WTO. It is perfectly reasonable for citizens to seek to raise their living standards. Policies and the negotiating positions of a country are a consequence of the pressure mounted by national parliaments. Agricultural subsidies constitute a contentious area, but huge differentials exist between the levels of such subsidies in the United States, the European Union and India. An approach targeting agricultural subsidies and methods of assessment in India immediately raises a red flag in my country as far as the WTO is concerned. Is it prudent of some countries to continuously raise the question of agricultural subsidies and therefore create an institutional obstacle to the development of the global trading system? Should the WTO, which exists as a body for achieving global consensus, be involved in the other approaches to multilateralism that are already being taken by countries?

Mr. J. Bizet (Rapporteur)

The WTO has reached a crisis point. The basic rules date back to 1994 and some at least need to be revised. With 164 members, it is very difficult to reach consensus, and the principle that "nothing has been agreed until everything has been agreed" has been overtaken by events. This failure to reach consensus has led to the gradual emergence of bilateral and plurilateral agreements and to plurilateralism. There is a need to reach agreement on certain policies and approaches and to move forward, not as 164 members, but as a smaller number of States.

The environment is one issue requiring immediate action that should also be addressed through trade agreements, which should systematically provide for reciprocity in the area of sustainability. Personal data protection is another important issue that also has to be tackled. In terms of decision-making, a more cross-cutting and horizontal approach is preferable to a vertical one, and we need to acknowledge the important role of national parliaments in that regard.

It is clear that in a country with such a large population as China, per capita GDP is going to be lower than the level in a number of developed countries. However, it in terms of overall GDP, China is ranked second only to the United States. Furthermore, China is expected to overtake the European Union as the largest global market. Given such statistics, should China still be considered as a developing country?

With regard to agriculture, I think that the European Union has acknowledged its responsibilities with respect to the international community, and is careful to ensure that any aid provided is not trade distorting and contains an environmental component. Each member has the sovereign right to formulate its own policies. However, while some level of public stockholding is advisable in the interests of food security in countries like India, it is not appropriate to take advantage of public stockholding in order to engage in dumping practices. We have to bear this in mind while looking at the domestic reasons for public stockholding.

Over time, as tariff barriers have been reduced, non-tariff barriers have increased to account for around 15 per cent of the cost of a transaction. The third generation free trade agreements seek to address non-tariff barriers in order to facilitate world trade, and this is an area on which we should continue to focus.

The policy of the United States reflects the position of its head of State and former businessman. I hope that the United States, or any other member, does not become caught up in long-term protectionism, which would be detrimental to all of us.

Mr. P. Rübig (Rapporteur)

It is clear that mutual respect, political tolerance and reciprocity are important elements. All members have the sovereign right to determine their own policies, but have to work together to ensure a collective

framework for the benefit of all. The sharing and mapping of legislation could be useful in ascertaining how other members have addressed certain issues. This would be more beneficial than a return to previous behaviours, such as a tariff war.

A permanent secretariat within the WTO for parliamentarians would be beneficial and would help parliamentarians to promote matters of interest to them. Consideration might be given to the model followed by the European Parliament of a research service that employs scientists to provide reports on any issues of political relevance. A trade media hub and social media could also be used at the grass roots level to explain the importance of trade and the main issues of relevance.

I think it is an excellent idea to have benchmarks for all the SDGs. In order to promote transparency, consideration might be given to establishing a notification requirement under which all members have to report every year on their performance in various areas under the SDGs. Incentives to encourage people to deliver on their commitments are very important. Artificial intelligence could be a useful means of generating global data on the environment and global warming.

With respect to agricultural subsidies, direct subsidies for products and services should decrease while social aid should be financed out of taxation. Efforts should be made to eliminate double taxation, and to promote a market economy rather than protectionism. With the expected growth in population, agriculture will remain an area of importance. Consideration will have to be given to increasing productivity, producing affordable, high-quality foods, and ensuring the infrastructure and workforce for the value chain.

Mr. H. Elahi (Pakistan)

The real reason why the WTO is in crisis lies in the unequal distribution of the gains from trade and the failure of the organization to address the development concerns of developing countries. Isolating developing countries and moving forward on issues not in their interest will result in the same mistakes. The impasse might be resolved by strengthening the multilateral system in favour of developing countries instead of creating an organization only for the sake of advancing negotiations. What are your views on how to proceed?

Ms. F. Hosseini (Islamic Republic of Iran)



The principle of consensus continues to delay my country's accession to the WTO and is leading to difficulties in important WTO bodies. How will the reform of WTO rules and processes be implemented if consensus has to be sought on the measures taken? What can the IPU and the European Parliament do to ensure that WTO reform promotes a development-based approach to international trade and limits unilateral actions, such as United States withdrawal from the Joint Comprehensive Plan of Action, the imposition on Iran of economic sanctions that are unjust and against international law, and the ban on countries from trading with Iran?

Mr. M.A. Abdoel (Suriname)



How can countries with small economies continue to benefit from the WTO if the Dispute Settlement Body is not functioning properly, and disputes between China, the European Union, India and the United States, which are the most important trading partners for many countries, cannot be resolved? During this challenging time, will the WTO provide technical assistance for small economies?

Mr. E.A. Yousif Abdella (Sudan)

Trade creates a competitive environment, and disputes and conflicts are to be expected. They should, however, not inhibit the work of the WTO and must be resolved through dialogue. We therefore remain convinced of the importance of the Dispute Settlement Body.

What can we do to promote the establishment of a body for cooperation that would enable countries requiring technology to benefit from cooperation from more developed countries? As parliamentarians, we should have an oversight role with respect to the WTO and be able to exert influence and effect change in the organization. I would therefore welcome the establishment of a parliamentary dimension in the general secretariat of the WTO.

Mr. A.A. Andican (Turkey)



The rules-based trade system, which has been under pressure, is being put at risk by unilateral and protectionist measures and the impasse concerning the appellate body. The most rational way to address this urgent crisis is for the member that has been blocking the appointment process to submit its proposals.

Do you think that the time is right for discussion of broader reform proposals pertaining to fundamental principles of the WTO, including development status and the principle of consensus, which could potentially open a Pandora's box?

Mr. S. Chanjavanakul (Thailand)



The trade dispute between China and the United States will have an adverse effect on the economy of Thailand and of many other developing countries. WTO should take a leading role in settling the dispute, which would also help to rebuild confidence in the organization.

Mr. K. Alaboud (Syrian Arab Republic)



The WTO has been created on the basis of an outdated geographical map, and a new vision is required taking into account the different geopolitical and economic realities. For example, is China going to be viewed as a growing economic power?

Mr. J.S. Kim (Republic of Korea)

Will the revival in plurilateralism and the formation of a coalition of developed, developing and emerging economies lead to a more polarized global economy and trading system? Would it be preferable to retain multilateralism and try harder to keep the WTO intact?

Mr. A.I. Ali Ahmed (Sudan)

All countries should behave responsibly and ethically and the major powers should take into account the interests of developing and small economies when formulating their policies. There is a need to reform the WTO to safeguard the interests of developing and small economies, and more needs to be done to facilitate the accession of developing countries to the WTO.

Ms. M. Saliha (Algeria)

How can we, as parliamentarians, ensure that trade fosters development, employment and poverty reduction? What action would you propose to reduce the gap between the two shores of the Mediterranean?

Mr. K. Paradza (Zimbabwe)

WTO may be perceived as a “rich boys’ club” in which developing countries are sometimes not considered to be equal to other members. WTO should be reformed to ensure that developing countries are able to derive benefit from the organization. Zimbabwe, which is subject to sanctions that are preventing free trade, is focused on development and attracting foreign direct investment, rather than on formulating regulations.

Mr. V. Voronetsky (Belarus)

What new rules can be adopted within the framework of the WTO to support e-commerce, the digital economy and SMEs? What prospects do you foresee for bilateral free trade agreements? I would also like to request the support of all delegations for the accession of Belarus to the WTO.

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

I propose that we establish a working group to consider the reforms that might have to be made to the rules of our parliamentary conference to enable us to put forward suggestions and monitor developments in the WTO more closely. We should also convey more clearly to our constituents the agreements we reach here and the working modalities of the WTO, including the fact that it is the only organization to take decisions by consensus. Permanent parliamentary representation at the WTO would be beneficial; the practice followed in Spain, whereby parliamentary representatives to international bodies are elected to serve for the duration of the legislature could provide a useful model.

Mr. J. Bizet (Rapporteur)

I have been very impressed by your contributions to this debate. Our approach to these important issues must be taken with due respect for national sovereignty. We should respect each other's differences; globalization should not be understood to be uniformization, which will lead to tension. National parliaments do have a role to play in the area of international trade, where vertical decision-making can have a disruptive effect on our peoples.

We need our American friends alongside us, and I hope they will change the current position of "America first".

We have to take into consideration what is happening in smaller States that can suffer the most from the uncertainties that we are seeking to address. The WTO, multilateralism and technical assistance have an important role to play in assisting such countries and I eagerly await proposals on WTO reform.

The emergence of artificial intelligence will significantly alter a number of parameters. Companies will not just be producers of consumer goods, but will have social and environmental roles to play. The European Union has taken the initiative of establishing a European approach to social rights, and such approaches will help to prevent major tensions and inequalities with devastating effects.

I agree that world trade has to reflect the new geopolitical map and we have to try and work with States that have what some would perceive as aggressive policies. Great sensitivity and caution will have to be exercised if the status of "developing country" at the WTO is to be reviewed. It is true that some countries classified as developing under rules formulated 25 years ago may well have become dominant and major players in today's world.

On bridging the gap between the two shores of the Mediterranean, the President of the European Commission has said that the mobilization of private sector funds underpinned by public sector funding has to enable States to invest in Maghreb countries. We have to invest in Africa to ensure the implementation of a real policy for African development. If we fail to recognize the role of other States and continents, we will encounter difficulties.

On the point raised by Belarus in connection with SMEs, I believe that the approach taken by the European Union, which includes a data protection as well as an economic component, is very useful. The WTO is open to new applications, but certain criteria have to be met.

I would be very interested in the views of the United States on the future of the WTO.

Mr. P. Rübig (Rapporteur)

I think that if we can come together and negotiate, we can learn from one another and achieve more than by exerting pressure. Ministers often serve short terms and an administrative body to support the political dimension of the WTO would be useful. Holding the Parliamentary Conference on the WTO in a continent other than Europe could be beneficial to enhance knowledge, as would the establishment of working groups on certain issues to advance the negotiations. The involvement of young people would help to dispel the notion of the WTO as a "rich boys' club". We might wish to invite students studying trade and the WTO to put forward their questions at our Parliamentary Conference on the WTO. Parliamentarians might also wish to discuss how WTO rules should be reformed in their national parliaments.

Although we need to be mindful as to whether ethics in trade is a matter for the WTO, a discussion on that issue could be beneficial, as could a discussion on incentives to promote transparency and on flexibility. Our foresight policy will look at the impact on different regulations for our citizens.

Data protection is an area of importance to us all that will continue to grow as the virtual world expands.

Roaming is another area of importance, and the WTO should rethink its strategy on roaming to ensure that people can use the data from their own appliances anywhere in the world.



SUBSTANTIVE THEME

HOW CAN TECHNOLOGICAL DEVELOPMENT BENEFIT THE PEOPLE?

*Discussion paper presented by Ms. Dieh Mandiaye Ba, Rapporteur,
(Member of Parliament, Senegal)*

The digital economy is now a vehicle for growth, productivity and competitiveness for businesses and countries. Its cross-cutting nature affects every sector of the economy and is the driving force behind new innovative sectors.

Despite a vast array of literature on the subject, there is, however, no precise definition of the digital economy.

It is not limited to a particular industry and comprises very different concepts. Although the digital economy derives from the widespread use of new, general-purpose technologies, primarily in the field of information and communication technology (ICT), it has now turned into a universal technology that has had implications that go far beyond ICT. It has affected all economic areas, the growth and productivity of States, the business environment, private individuals, households and their behaviour.

Internet use, for example, has brought people and resources together by removing physical distances so they can create, cultivate and share their ideas that lead to new concepts, new content, and as a result, the emergence of a new generation of entrepreneurs and markets.

The digital economy is the global network of economic and social activities that are enabled by platforms, such as the Internet, mobile and sensor networks, including e-commerce. These activities are also driven by efforts to achieve efficiency and productivity in the processes of production, and inventory and knowledge management.

Despite the difficulty in defining and the complexity in quantifying the digital economy, it is possible to identify three main economic sectors:

- An **ICT-producing sector** that brings together those businesses that provide goods and services that support the process of digitising the economy, or in other words, transforming used or provided information into digital information. This includes businesses operating in the field of information technology, such as hardware and equipment manufacturers, software designers and computing services; telecommunications; and electronics, such as hardware and components.
- The second sector can be regarded as an **ICT-using sector**, which mostly comprises businesses that operate in more traditional sectors, such as the primary, secondary and tertiary sectors.

These businesses use ICT as a driver of growth and improved productivity, for example, businesses operating in the fields of agriculture, health, automotive or banking.

- The third sector comprises businesses whose very **existence** is due to the **emergence of digital technology**. These **business offer an extensive range of digital content**, such as e-commerce, video games, online services etc., and could not exist without the infrastructure needed for the digital economy.

1. What trade policy framework is needed to respond to the changing global economy and its many quick transformation processes?

Amid economic changes brought about by the emergence and growth of ICT and a rapidly evolving digital ecosystem, States, together with public and private organisations, should adapt and develop harmonised, flexible, innovative and non-restrictive regulatory and legal frameworks. As such, decision makers, legislators and other regulators should embrace the digital world in all its forms.

To this end, commercial and regulatory research should be undertaken. It is essential for data on the evolution of the digital ecosystem to be analysed to ascertain the impact of ICT on the domestic and global economies.

In this regard, a global framework could be set up at the international level to provide for regulatory measures for the new digital ecosystem.

Possible regulatory measures could comprise structural solutions, such as amendments to or the adoption of legislation, by creating the conditions for ICT to play a significant role in the growth and resilience of the global economy.

The great transformative potential of the digital economy is within our reach. The digital world offers a multitude of opportunities in various sectors, such as agriculture, health, education, financial services, artificial intelligence and public governance. Digital services may enable economic growth and social development at all levels. Regulation has a crucial role to play in helping today's rapidly evolving markets grow, while preparing future markets for innovative, balanced and inclusive digital services. More inclusive, rewarding and collaborative regulation will not only benefit consumers and businesses, but will also be the driver of the digital future for billions of people who are still not yet connected.

At present, regulators have acknowledged that there is no single and comprehensive blueprint of best practice, but they have agreed that the experiences of countries could be instructive and provide guidance towards high-quality regulation. In an ever-increasingly complex and dynamic digital ecosystem, it is essential to adopt common guidelines and introduce clear and simple rules that safeguard product quality and consumer safety by protecting transactions. Competition and regulatory authorities will have to ensure that any economies of scale achieved are not unlawful.

2. Will the WTO and its member States be able to address the new challenges?

At present, it appears that the WTO is ideally suited to address the challenge of ensuring that ICT is beneficial to all. However, this will depend largely on the ability of the WTO to develop **interoperability** between the different member States so that information technologies are not an instrument for developed countries to exercise a degree of power over developing countries in their trade relations.

On the contrary, this branch of the economy should serve as a lever to foster fair trade by promoting the sharing of knowledge and the transfer of technologies among States. Agreements could therefore be negotiated to reduce barriers to international trade, to ensure a level playing field for all and to contribute to economic growth and sustainable development.

In this context, the WTO could play a significant role in strengthening the capacity of officials in developing countries on these key issues, while supporting and advising them in implementing suitable regulatory and legal frameworks. This is in addition to the important issue of stakeholder awareness.

Similarly, member States may have a crucial role to play nationally in conducting research on the impact of ICT, while implementing policies to foster the emergence of the sector, such as a national growth strategy for the sector, subsidies for equipment, investment in digital training, online training.

3. How can we ensure that technological advancement will benefit everyone?

In order to ensure that technological advancement benefits all, especially in developing countries, it is essential for the State, local and regional authorities, public institutions and private individuals responsible for a public service to ensure that access to and use of new information technologies allow their representatives to exercise their duties by making full use of the possibilities that dematerialisation and the digitisation of information offer.

This will only be possible through a robust policy of investment in hardware and software infrastructure, which are a prerequisite for a digital economy, as demonstrated by countries that are implementing robust structures to guide the digital policy of States, such as the *Agence de l'Informatique de l'Etat* (ADIE, information technology agency) and the *Autorité de Régulation des Télécommunications et des Postes* (ARTP, telecommunications and postal regulatory authority) in Senegal.

It is also important that the prerequisites for widespread use of ICT are reinforced, such as training, access to electricity and improved connectivity. States should also implement progressive legal frameworks that takes data security into account.

It is also essential to emphasise the importance of the role of the Internet in this democratisation process of technological advancement, as it is the cornerstone of e-commerce and to have access to the knowledge gained from digital information. Together with access providers, States should focus on charging policies that are aimed at promoting access to the Internet for the population as a whole.

4. How can members of parliament contribute to achieving this aim?

Members of parliament have a crucial role to play in the democratisation of information technology, as parliaments are a forum for setting out the general framework that covers several legislative aspects that promote the digital transformation of the economy.

By way of illustration, it should be noted that since 2011, the Parliament of Senegal has authorised the transposition of supplementary acts into Senegalese law, such as Supplementary Act A/SA.1/01/07 of 19 January 2007 on the harmonisation of policies and of the regulatory framework for the ICT sector, and directives, such as Directive No. 02/2006/CM/WAEMU on the harmonisation of the regimes applicable to network operators and service providers, adopted by the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU).

At a plenary session held on Wednesday 28 November 2018, Senegalese members of parliament adopted the bill on the *Code des communications électroniques* (Electronic communications code).

The bill addressed the concerns of the willingness of public authorities to transform the digital economy into an engine of growth for Senegal.

The purpose of this bill was to:

- Strengthen the central role of telecommunications/ICT and the digital economy in the Senegalese development strategy;
- Contribute to the implementation of the digital Senegal strategy;
- Enable the seamless expansion of ecosystem actors by ensuring high-quality electronic communications services are provided.

Several aspects that fall under the scope of the Code include:

- Subjecting Internet service providers to authorisation as opposed to licensing, as was the case previously, to make the process more flexible, to facilitate access to and use of high-speed Internet services and to promote the growth of a competitive and inclusive digital economy;
- Strengthening the existing regulatory framework to continue promoting healthier and more effective competition in the sector, to further increase access to ICT for Senegalese citizens and businesses and to encourage the provision of better-quality services at reasonable prices;
- Strengthening the protection of the rights of users of these services, including both consumers and professionals, to guarantee their right to access these services and their security;
- Replacing the economic growth contribution (ECG) for an operators' contribution to the electronic communications universal service development fund;
- Reforming the governance procedures of the regulatory authority according to best practice internationally, with a view to greater efficiency;
- Strengthening the security and integrity of networks and combating fraud in international trafficking;
- Implementing specific measures to protect the personal data of users of telecommunications services according to security and public order needs.

*Discussion paper presented by Mr. Helmut Scholz, Rapporteur,
(Member of the European Parliament)*

New technologies develop very fast. Digitalization, blockchain, robots, artificial intelligence, the Internet of Things and 3D printing will revolutionize how we produce, work, move and consume. The world economy will need a trade policy framework that will embrace change and respond to the multiple, speedy, transformation processes. Will the WTO and its members be able to deliver on the new challenges? How can we ensure that technological development benefits the people?



We find ourselves at the beginning of a new technological era. It depends on what we do and on what we do not do, whether the digital divide will be overcome and new economic and social development opportunities can emerge, or whether the divide will widen rapidly, and thus perpetuate economic misery for the masses. In November 2018 the European Parliament adopted a report on digitalization for development. We see here an opportunity to reduce poverty through technology.

Digital technology and services have an enormous potential in the achievement of the United Nations Sustainable Development Goals—the SDGs. If we look at SDG 4 on quality education, SDG 5 on achieving gender equality and empowering all women and girls, SDG 8 on decent work and economic growth, and SDG 9 on industry, innovation and infrastructure, I cannot imagine how these goals can be achieved without harvesting the potential of modern technologies. SDG 17 on partnerships also mentions this explicitly. The development of a digital economy could be a driver of decent jobs and inclusive growth, export volumes and export diversification.

Digital technology can play a central role in the management of health services, emergency response to epidemics, dissemination of public health campaigns, public access to health services, as well as in the training of health workers, the support and promotion of basic research, and the development of health and e-health information services.

Simultaneously, we must be aware of the disruptive effects of new technologies as well. The use of computers, robotics, and the automation of jobs has an impact on the kind of skills that will be demanded on the labour market. Do we have the education and training schemes for that in place? Digital literacy and skills are key enablers for social and personal improvement and progress, as well as for promoting entrepreneurship and building strong digital economies.

We have to cope with issues of digital exclusion and inequality. Half of the world's population is still offline, and progress has been slow towards achieving the SDG 9 target of significantly increasing access to ICTs and providing universal and affordable access to the Internet in LDCs by 2020. Despite the increase in Internet penetration, many developing countries and emerging economies lag behind when it comes to benefiting from digitalization, many people still have no access to ICTs, and major disparities continue existing both between countries and between urban and rural areas. Digital divides persist within each country in terms of gender, geography, age, income, ethnicity, and health condition or disability.

But let us see also the potential of digitalization for reducing disparities in social inclusion, for access to information and for reducing economic marginalization in peripheral areas. Spreading out technology is possible. Look at the huge increase in mobile services occurring across the planet. The number of mobile users today surpasses the number of people with access to electricity, sanitation or clean water. Having said this I need to stress that our topic today should not let us forget how hard we should strive to provide our planet's population with all their basic human needs. Still, I count access to the digital world also as a basic need.

The European Parliament has recently called for further joint actions in digital infrastructure cooperation, as this should become one of the key activities in the EU's partnerships with regional organizations, particularly the African Union. Governments and public sectors that are fully brought into the digital age can lead by example: e-government and the deployment of new technologies, accessibility, one-stop government and the once-only principle, and a digitalized public sector are key to transforming our societies. There is great potential in digital technology in promoting democracy and citizens' participation in decision-making.

Given the speed at which the digital economy is unfolding, we should be aware of the significant gaps that exist in developing countries with regard to the digital economy in terms of data privacy and security issues and the respective national policy. Less than half of all developing countries have data protection legislation. Certain other governments have chosen to consider personal data as a good that can be freely traded. Being a Member of the Parliament of the European Union, I dare to take this opportunity to say with some pride that this year we have agreed on a new and very strong data protection regulation. I would like to promote our European approach to data privacy. We found ourselves "a little bit alone" with our views in the Trade in Services Agreement (TiSA) negotiations. I warmly welcome everybody to have a look at our approach, and I am sure that technical assistance to the relevant authorities in drafting such legislation could be provided to develop a similar legislative approach.

The digital world requires trust, and trust can only be achieved if we ensure more proactive security by design in all digital policies, provide adequate security certification of products and services, and guarantee a high level of data privacy. A strengthened global, national, regional and local partnership is needed between governmental, scientific, economic and civil society actors.

In the digital world, we are also exposed to new forms of crime. Developing countries are far from being immune to cyberattacks. Let me underline the risks of disruption of economic, political and democratic stability if digital security is not guaranteed. We need to increase globally our capacity to prevent, deter, detect and respond to cyberattacks. To that end, the cybersecurity proposals should be developed in a multilateral UN framework and in a holistic way, delivered timely and examined immediately in the participating Member States, and then implemented based on an action plan.

We are facing serious regulatory issues on the national, the regional, and very importantly also, on the WTO level. And let me express clearly that I am not at all satisfied with the slow speed of deliberations, and the lack of deliverables produced by our working groups in the WTO. We need to speed up our efforts on common regulations and consumer protection. The WTO needs to respond to the urgent need to upscale capacity-building and technical assistance to developing countries, and especially to LDCs. According to UNCTAD, digitization is increasingly giving rise to monopolies and poses new challenges for anti-trust and competition policies of both developing and developed countries. We have reason for concern regarding technological dependence on a small number of operators, and especially on Google, Apple, Facebook, Alibaba and Amazon. To promote competition, Europe, India, and Africa and others could become partners in developing alternatives, and could take the lead in discussing anti-trust measures in the WTO.

It is high time for the WTO to deliver a regulatory framework. Our populations require access to Internet connectivity and digital payment methods that are reliable and compliant with international standards. The digital economy requires legislation protecting consumers of online goods and services, intellectual property rights, rules protecting personal data and tax and customs legislation appropriate to electronic commerce. These are pivotal to enabling digital trade, sustainable development and inclusive growth. Can we mobilize the potential of the Trade Facilitation Agreement to support digital initiatives in developing countries to facilitate cross-border trade?

In the WTO, we need agreement on pressing issues like an electronic communications code, flow of non-personal data and mode 5 services, geo-blocking, protection of audio-visual media services and parcel delivery. We need to develop the rules that govern cross-border 3D printing. We need a strong link with WIPO and move forward on copyright and digital content, including platforms and streaming services, while continuing to deliver protection for audio-visual services of our cultures. We need the WTO to deliver on the elimination of roaming charges.

We need to give the WTO also a visible service character with a view to using the new opportunities. The WTO could play a central role in making blockchain technology usable in global trade. In the International Trade Committee of the European Parliament, we just adopted a report

on blockchain drafted by my fellow MEP Emma McClarkin, with a lot of useful suggestions. The WTO could do a lot more to facilitate trade across different customs borders. Global trade is based on an estimated EUR 16 trillion supply chain sector in which the high transactional costs and burdensome paperwork lead to a complexity of processes and systems susceptible to error.

In the future, exporters could upload all their documents to a WTO application underpinned by blockchain, and instantly prove their compliance with preferential treatment granted by WTO commitments or a respective trade agreement. Let us recall that Micro, Small, and Medium Enterprises (MSMEs) in developing countries make up the majority of businesses and employ the majority of manufacturing and service sector workers on this planet. Dealing with bureaucracy can prevent them from making use of trading opportunities, even in neighbouring countries. Facilitating well-regulated cross-border e-commerce can have a direct impact on improving livelihoods, fostering higher living standards and boosting employment and economic development, as well as contributing to gender equality, since a great number of these companies are owned and run by women.

Blockchain technology could allow for peer-to-peer communication, collaboration tools and payments. It would be easier to do business. It can reduce the risk of non-payment and the legal and procedural costs of contract fulfilment with the use of self-executing contracts. Blockchain can improve transparency throughout the supply chain, streamline customs checks and regulatory compliance, reduce transaction costs, and strengthen the immutability and security of data.

As with all the new technologies, there are also risks and tasks related to their application. Blockchain, for instance, appears to be incompatible with the right to be forgotten, and can thus pose serious threat to the privacy of citizens. I would hence urge governments and the WTO to involve privacy experts and chief strategy officers (CSOs) in research of the possible applications of blockchain, outlining the consequences of blockchain in the context of privacy protection and rights. Regulatory oversight must be safeguarded. And maybe most importantly: energy consumption needs to be reduced. The servers currently operated in Bitcoin mining consume more energy than the entire country of Bangladesh.

Having mentioned energy, I would like to stress that there is an enormous potential for African states and regions to become energy rich. The amount of solar energy that could be harvested in the Sahel seems to be infinite. For rural areas, business potential for decentralized energy supply technologies is enormous. Renewables can make energy available as of tomorrow, and energy is the precondition for participation in the digital age.

Digital technologies offer a potential for ensuring sustainability and environmental protection. Traffic can be optimized and reduced. Think of the current chaos in many of our cities. 3D printing might soon reduce significantly the volume of transport. Video conferences can replace air travel, and I guess we all know how time consuming all such travel is.

However, the production of digital equipment involves certain rare materials with low recyclability and limited accessible reserves. Already today, electronic and electric waste represents an environmental and health challenge. Waste Electrical and Electronic Equipment (WEEE) is a priority area of environmental criminality. It is important to build a sustainable ecosystem for the digital economy in order to reduce the ecological impact linked to digitalization by developing an efficient use of resources in both the digital and energy sector, notably by prioritizing the circular economy. We need support for SMEs, which develop reuse, repair and refurbishment activities and incorporate take-back schemes into their business activities with the aim of removing the hazardous components used in the equipment.

We also need to stem trade in minerals whose exploitation finances armed conflicts or involves forced labour. Coltan is the basic raw material for many electronic devices (e.g. smartphones). The civil war that has engulfed the Great Lakes region of Africa, particularly in the Democratic Republic of the Congo, due to the exploitation and extraction and illegal trade in coltan has resulted in more than eight million deaths. The exploitation of children in coltan mines must end now. The WTO must stop being just a bystander. Due diligence schemes for supply chains must become a binding component of the set of rules governing world trade.

Let me finally address an issue, where my own region, Europe, lacks way behind China and the United States: Artificial Intelligence (AI). The EU Member States have stressed the need to ensure an appropriate ethical and legal framework. As with any transformative technology, artificial

intelligence may raise new ethical and legal questions, related to liability or potentially biased decision-making. How will this particular new technology relate to our values? How long will it take until we see machines fighting in our conflicts and wars?

The EU Commission has been given the task to present ethical guidelines by the end of 2018 on AI development, based on the EU's Charter of Fundamental Rights, taking into account also principles such as data protection and transparency. AI will bring socio-economic changes. With the dawn of artificial intelligence, many jobs will be created, but others will disappear and most will be transformed. It becomes an imperative to modernize our education and training systems and support our labour force during the market transitions, building on the United Nations' defined pillar of social rights. How can the WTO—and maybe in enhanced cooperation with ILO and UNCTAD—promote education and capability-building for entrepreneurship in developing countries, while also helping create a favourable environment for start-ups and innovative companies?

We need to develop support structures in the WTO, which go beyond facilitating trade. We need to facilitate change. The United Nations Sustainable Development Goals shall be our guide in the upcoming era of disruptive technological and socio-economic change.

Introductory remarks by Mr. Dennis Dumisani Gamede, Moderator (Member of Parliament, South Africa)

New technologies develop very rapidly: digitalization, blockchain, robots, artificial intelligence, the Internet of Things and 3D printing will revolutionize how we produce, work, move and consume. The world economy will need a trade policy framework that will embrace change and respond to fast-paced transformation processes. Will the WTO and its members be able to deliver on the new challenges? How can we ensure that technological development benefits the people? How can parliamentarians contribute to achieving this?



Introductory remarks by Mr. H. Scholz, Rapporteur (Member of the European Parliament)

We find ourselves at the beginning of a new technological era. Our actions will determine whether or not the digital divide will be overcome and new economic and social development opportunities can emerge, or whether the divide will widen rapidly, and thus perpetuate economic misery for the masses. Digital technology and services have an enormous potential to contribute to the achievement of the United Nations Sustainable Development Goals, notably SDGs 4, 5, 8, 9 and 17, and in November 2018 the European Parliament adopted a report on digitalization for development. Although technology may provide an opportunity to reduce poverty, we must also be aware of the disruptive effects of new technologies. The use of computers, robotics, and the automation of jobs will have an impact on the kind of skills that will be demanded on the labour market. Do we have the education and training schemes to deal with this?

We also have to cope with issues of digital exclusion and inequality. Half of the world's population is still offline, and progress has been slow towards achieving the SDG 9 target of significantly increasing access to ICTs and providing universal and affordable access to the Internet in least developed countries by 2020. Despite the increase in Internet penetration, many developing countries and emerging economies lag behind in benefiting from digitalization, many people still have no access to ICTs, and major disparities continue existing both between countries and between urban and rural areas. Digital divides persist within each country in terms of gender, geography, age, income, ethnicity, and health condition or disability.

Digitalization does have potential for reducing disparities in social inclusion and economic marginalization in peripheral areas, and for promoting access to information. The number of mobile users today surpasses the number of people with access to electricity, sanitation or clean water. We should not forget how hard we have to strive to provide our planet's population with basic human needs. The European Parliament has called for further joint actions in digital infrastructure cooperation, as this should become one of the key activities in the EU's partnerships with regional organizations, particularly the African Union. Governments and public sectors that are fully brought into the digital age can lead by example. There is great potential for digital technology in promoting democracy and citizens' participation in decision-making.

We should also be aware of the significant gaps that exist in developing countries with regard to the digital economy in terms of data privacy and security issues. Less than half of all developing countries have data protection legislation. Certain governments have chosen to consider personal data as a good that can be freely traded. The European Parliament has recently agreed on new and very strong data protection regulation. I would like to promote the European approach to data privacy and encourage everybody to consider our perspective. I am sure that technical assistance could be provided to the relevant authorities in developing a similar legislative approach. The digital world requires trust, which can only be achieved if we ensure more proactive security in all digital policies, provide adequate security certification of products and services, and guarantee a high level of data protection.

We are facing serious regulatory issues at the national, the regional, and very importantly also, at the WTO level. I am not at all satisfied with the slow speed of deliberations, and with the lack of deliverables produced by our working groups in the WTO. We need to speed up our efforts on common regulations and consumer protection. The WTO needs to respond to the urgent need to scale up capacity-building and technical assistance to developing countries, especially to least developed countries. According to UNCTAD, digitization is increasingly giving rise to monopolies and poses new challenges for anti-trust and competition policies of both developing and developed countries. We have reason for concern regarding technological dependence on a small number of operators. To promote competition, Europe, India, Africa, Latin American countries and others could and should become partners in developing alternatives, and could take the lead in discussing anti-trust measures within the framework of the WTO.

It is high time for the WTO to deliver a regulatory framework. Our populations require access to Internet connectivity and digital payment methods that are reliable and compliant with international standards and national legislation. The digital economy requires legislation protecting consumers of online goods and services, intellectual property rights, rules protecting personal data and tax and customs legislation appropriate to electronic commerce. These are pivotal to enabling digital trade, sustainable development and inclusive growth. Can we mobilize the potential of the Trade Facilitation Agreement to support digital initiatives in developing countries to facilitate cross-border trade?

In the WTO, we need agreement on pressing issues like an electronic communications code, flow of non-personal data and mode 5 services, geo-blocking, protection of audio-visual media services and parcel delivery. We need to develop the rules that govern cross-border 3D printing. We need a strong link with WIPO and to move forward on copyright and digital content, including platforms and streaming services, while continuing to deliver protection for audio-visual services. We need the WTO to deliver on the elimination of roaming charges.

The WTO also has to become a visible actor in connection with the new opportunities. It could play a central role in making blockchain technology usable in global trade. It could also do a lot more to facilitate trade across different customs borders. Global trade is based on an estimated 16 trillion euros supply chain sector in which the high transactional costs and burdensome paperwork lead to a complexity of processes and systems susceptible to error.

There is an enormous potential for African States and regions to become energy rich. The amount of solar energy that could be harvested in the Sahel seems to be infinite. For rural areas, business potential for decentralized energy supply technologies is enormous. Renewables can make energy available as of tomorrow, and energy is the precondition for participation in the digital age. We also need to stem trade in minerals whose exploitation finances armed conflicts or involves forced labour. The civil war that has engulfed the Great Lakes region of Africa, particularly in the Democratic Republic of the Congo, due to the exploitation and extraction and illegal trade in coltan (the basic raw material for many electronic devices) has resulted in more than eight million deaths.

The exploitation of children in coltan mines must end now. The WTO must stop being just a bystander. Due diligence schemes for supply chains must become a binding component of the set of rules governing world trade. We need to be very precise; we need binding contracts, agreements and principles within the framework of the WTO.

We need to develop support structures in the WTO, which go beyond facilitating trade. We need to facilitate change. The SDGs shall be our guide in the upcoming era of disruptive technological and socio-economic change. This also applies to the challenges we will face on artificial intelligence in the future.

*Introductory remarks by Ms. Shamika N. Sirimanne, Discussant
(Director for the Division on Technology and Logistics, UNCTAD)*

This topic is at the forefront of the policy agenda for governments, leaders, the private sector and the international community. Much has been said about how new technologies and their utilization will revolutionize how we produce, work, move and consume. This is not something for the future; it is happening already. The digital economy is already transforming the way we live and work. Almost one third of the global population is connected to Facebook and, according to UNCTAD research, 1.3 billion people shop online. Our estimates show that global e-commerce already exceeds US\$ 26 trillion. By the end of the next decade economic growth, trade, productivity gains and human development will increasingly be determined by the levels and nature of integration into the digital economy.



The real question for all of us is how to ensure that people in developing countries are adequately prepared to engage in, and benefit from, the digital economy. How can we ensure that yet another technological revolution will not bypass continents and their peoples? In most developed and several developing countries, online shopping has become the new normal, and may be perceived as the natural evolution of commerce. However, in reality, the growth of e-commerce is not automatic, and the benefits are not guaranteed. UNCTAD's research shows that, for developing countries, particularly least developed countries, the path towards e-commerce is full of obstacles. They may not have functioning post offices, or even street names, which would make delivery challenging. Billions of people lack bank accounts and credit cards. Furthermore, in many developing countries consumer protection laws do not extend to online purchases, and only 43 per cent of African countries have data protection laws.

E-commerce is only one facet of the rapidly evolving digital economy. The number of devices connected to the Internet of Things is expected to increase from 27 billion at present to 125 billion by 2030. The dichotomy between the high levels of digitalization in some countries and regions, and the millions of people who are not even on the digital ladder risks widening inequalities and leading to a world that is even more divided than the one we live in today. This is a huge challenge for the international community. We need to do much more to support developing countries and vulnerable people as they seek to integrate into the digital economy. The net impact of digital transformation is hard to predict. Levels of digitalization will have a great influence, not only on trade, but also on whether countries are able to tackle challenges such as hunger, disease and climate change, and also on the attainment of the SDGs.

Advanced economies are recognizing the wide-ranging and cross-sectoral implications of digitalization. In 2017, the OECD launched the Going Digital project, which considers the need for new and adapted policies due to digital transformation in variety of diverse areas. However, digitalization also needs to be better reflected in strategies for development cooperation. Currently only one per cent of all aid-for-trade funding is devoted to ICTs. Similarly, multilateral development banks are investing just one per cent of their total spending on ICT projects, and only four per cent of this allocation is being spent on policy development, which is a critical area if digital economies are to be well regulated.

What support is needed and what can we do? At UNCTAD we believe that the top priority should be to assist developing countries to enhance their readiness to participate in the digital economy. This will involve human resources capacity-building; the establishment of payment systems, legal and regulatory structures; strategies to deal with bottlenecks and customs formalities. Access to capital is also a constraint for many promising start-ups in developing countries. Clearly, developing countries have to overcome a number of obstacles to be able to benefit from this amazing technology.

Let me highlight some of the work we do at UNCTAD. We are undertaking a series of rapid e-trade readiness assessment for least developed countries. These make concrete policy recommendations that countries could undertake to benefit from digital technologies. We have completed 15 such assessments and 10 more are in the pipeline. We also work with countries in preparing e-commerce strategies. Furthermore, two years ago we launched an e-trade for all initiative to make it easier for developing countries to find the necessary financial and technical assistance. There are now 31 partners that support developing countries in their digital transitions. UNCTAD is also active in tracking the existence of data protection and privacy laws in countries. Almost 60 per cent of developing countries have no data protection legislation, and the situation has to be urgently improved, not only to protect Internet users, but also to ensure that enterprises in these countries are able to trade effectively with partners that may have stringent requirements in this area.

I would like to underscore the urgency of these issues. As we go through the fourth industrial revolution, much more has to be done to support developing countries in integrating into an increasingly digital global economy, particularly as the pace of change will only accelerate. I should also like to mention that many of these very issues will be discussed next week at the first Africa e-commerce week in Nairobi, which will bring together more than 1000 stakeholders from governments, the private sector, civil society and international organizations. We are very pleased to collaborate on this regional dialogue with the European Commission and the African Union. I would like to encourage you, as parliamentarians, to help draw attention to the role of digital technologies in forming national development strategies or development assistance programmes. We welcome the European Union's 'Digital4Development strategy', and look forward to its implementation. The future of trade is digital; let us ensure that people and small businesses in developing countries will not be left behind yet again.

Introductory remarks by Mr. Robert Koopman, Discussant (Chief Economist at WTO)

There is a perception that data is the new oil, however, this is incorrect. Oil is a rival good that can be used only once; data is non-rival and does not get consumed. Capability is required to use data, extract value and make the most of the digital world, but it is hard to measure.

Digital divides do not exist only between developed and developing countries, but also within developed countries, within sectors of countries and among people in a country. Research has shown that the firms that successfully incorporate a digital strategy into their business processes tend to have higher levels of productivity than those that do not. Ensuring that digital capabilities are more broadly spread across a country instead of being concentrated in urban areas presents a significant economic challenge. The challenges are real; there are big challenges in both developing and developed countries.



The benefits from technology are not always reflected in GDP and productivity statistics. This is because intangible goods are hard to measure, and also because the value derived from the digital world does not always translate into goods. There are competition concerns that large digital firms will dominate. However, in order to put things into perspective, royalties from digital trade represent 1.5 per cent of world trade. This figure might have been influenced by the lack of coherence in tax policy across the globe; more coherence in taxation policies would facilitate measurement.

The WTO is about the development of rules, transparency and exchange of knowledge on trade and services. It has not yet developed a lot of rules on the digital world. This is because it is a member-driven organization, and its members can't agree on what the rules should be. There is an increasing focus on this issue and your representatives here at the WTO need to be more aware of technology developments, and the agreed standards that have already been set for certain aspects of the digital economy. Such knowledge could help inform the discussions on potential rules at the WTO.

QUESTION-AND-ANSWER EXCHANGE

Sir. M. Hendrick (United Kingdom)

What can an international institution such as the WTO do to ensure that the new technologies, such as artificial intelligence, the Internet of Things, and 3D printing benefit the developing countries, when so many people around the world are still without food, water, electricity and sanitation?

Mr. D. Macpherson (South Africa)



Connectivity is essential for progress in the important area of e-commerce. How do you see the role of the WTO and parliamentarians in promoting deregulation to foster greater connectivity to enable more people, including in Africa, to participate in the e-commerce global chain?

Ms. R. Kavakci Kan (Turkey)

Although usage of the Internet is increasing in Turkey, concerns about payment security are preventing some from engaging in e-commerce. What can the WTO offer to ensure that SMEs are able to obtain a greater share of the digital market? Are the existing digital trade disciplines sufficient to redress disparities and tackle the digital divide? To what extent do developing countries have the flexibility to develop strategies to protect their domestic policy space, especially in the area of data protection?

Mr. S. Suliman Abdalla (Sudan)

A lack of infrastructure is preventing many African countries from benefiting from the digital revolution, and is exacerbating the development divide. How can all countries gain access to the infrastructure necessary to benefit from the digital revolution? Would strategic alliances and partnerships provide a means of ensuring that large enterprises can help SMEs build the necessary capacity and resources to fully benefit from such technology? What is the role of the WTO in technology transfer, notably in connection with the digital revolution? What financial and technical support could be provided by the WTO to enable all countries to benefit from the technical revolution?

Mr. S. Dasgupta (India)

Do you agree that e-commerce and technology development are separate issues? Large corporations are trying to use the WTO as a platform by creating confusion. We are discussing new challenges in the name of technology, but what about the old challenges, such as agriculture? We should address the old issues before tackling new ones. Priorities of countries are different depending on their development status. Local systems of taxation and regulation must not be bypassed.

Mr. J.S. Kim (Republic of Korea)

How can we ensure that technological development benefits people and how can we provide equal opportunity for the poor and middle classes and countries? Does the WTO have any ideas on how to address this issue?

Mr. H. Scholz (Rapporteur)

I cannot speak on behalf of the WTO, but as a parliamentarian. The WTO is a member-driven organization, and members must raise the issues on which they wish it to act. If they do not and the WTO does nothing, regulatory responsibility for international trade will fall to corporations. In the next decade, 3D printing will totally change trading behaviour, obviating the need for shipment in many cases. However, who will be liable for the tax on the product? Those in the country of production, or those where the product was invented? The regulation of this matter has to be addressed by the WTO. We have to establish a very strong linkage between the traditional understanding of trading and taxation policy at the global, regional and national levels. We also have to consider whether we need to set binding frameworks for the activities of large technological firms. Borders no longer exist in this globalized economy and all citizens should have access to the information they need and the opportunity to produce certain goods and services. This, I believe, is the responsibility of international structures, particularly in a multilateral rules-based system. I do not want a few large corporations to be setting rules for everybody. We, as parliamentarians, have to decide how our governments are to formulate laws, within which we develop benchmarks for the economy. We are democratizing access to blockchain technology, which is increasing transparency and enabling more people to access such technological developments for economic reasons.

We also have to remember the importance of education, which is essential for citizens to understand how the future economy can and should be developed. This is also relevant with

respect to agriculture, since agriculture production units often use the most modern technology. Data is therefore of relevance to this scientific-based production. We need to give those working in the rural environment the same access to such data.

Ms. S. N. Sirimanne (Discussant)

Our business at UNCTAD is to look at the development dimension of these technologies. Whether we like it or not, we are living through a fast-paced technological revolution. Many of the technologies are converging and almost all are becoming digital. Some are even coming down in price, making them more accessible. However, we are concerned that, if the digital divide persists, it will become a development divide. Connectivity is essential, as are affordable Internet services. Wide-ranging digital skills, including in logistics, legal matters and payment systems, are also necessary to ensure that benefits can be derived from digital technologies. I would also just like to reiterate our concern that international development partners are not doing enough. Only one per cent of aid-for-trade is now devoted to ICT areas whereas the figure stood at around three per cent 10 years ago. Furthermore, only one per cent of the projects of the multilateral development banks are in the area of ICTs. We need to address the huge needs in developing countries for connectivity and the creation of an enabling environment. We are all in this together, and we need to accelerate our efforts to ensure that the developing countries are not left behind in this technological revolution.

Mr. R. Koopman (Discussant)

I would like to review the role of the WTO. The WTO does not buy goods and equipment and engage in technology transfer; that is the role of UNCTAD, the regional development banks and the World Bank. The WTO works hard to partner, coordinate and cooperate with those organizations. The WTO is essentially about a set of principles: trade without discrimination; most-favoured nation treatment; freer trade through negotiation; increased predictability through bindings and transparency; promoting fair competition; and encouraging development and economic reform. It provides much technical assistance, often in regard to the functioning of WTO agreements and rules. The WTO does not impinge on sovereignty. There is not a single decision from the WTO that a country must follow, and this is often misunderstood. If there is an adverse finding in a dispute panel, a country may have to provide some form of compensation but does not have to change its laws.

Although the focus of the WTO is on rules and principles, we are also working on the technology front. We are currently implementing a project funded by a member country that is aimed at bringing capabilities to a number of African and least developed countries, to enable them to take advantage of better customs technology and procedures for improved border management.

There is not enough government or institutional funding for the SDGs and their achievement will rely on private sector investment. If large firms are assisting other countries to close the capability gap (even if they see a profit motive behind it) we economists would see this as acceptable, provided that the profits are not excessive, and this is matter for politicians to balance.

Mr. A. El Fassi (Morocco)

I think that the WTO is experiencing an identity crisis, particularly in respect of e-commerce, and fisheries. It appears to have had some difficulty in acquiring a human dimension. There is a need to ensure that everybody is helped, including those in rural areas and in developing countries. Not everyone has benefited from international trade since the establishment of the WTO; the role of SMEs has not been recognized, and no solidarity has been shown to such enterprises in the context of WTO activities. The WTO may have to change its ways so that e-commerce does not result in yet another divide between developed and developing countries.

Mr. C. Fuli (China)

How do you perceive the link between rapid technological development and job creation, as well as the link between the transfer of technology to developing countries in general and to the least developed countries in particular, and the protection of intellectual property rights?

Mr. C. Anastasi (Italy)

Inclusivity is essential in the WTO, which has a clear, universal vocation, and new members must be embraced. The process of accession should be accelerated for those countries working hard to fulfil the requirements for WTO membership.

How can the WTO help those countries that are new to digital technologies to become competitive, and how will it provide an adequate, sustainable, inclusive and neutral trade policy framework for all new technological advances?

Mr. S. Suliman Abdalla (Sudan)

Companies that develop technology relating to commerce should provide assistance to help countries acquire the know-how they need and improve their educational systems. In some countries only 50 per cent of children attend school, and such action would make those countries more likely to be able to benefit from technological training. I think that the WTO can play a role with respect to technology transfer, which could help to meet the needs of all countries and enable us all to move forward together. A programme in that regard should be developed and might also involve the companies producing relevant technology. International organizations should also play a role to ensure that the technology is transferred to countries in need.

Mr. K. Paradza (Zimbabwe)



How do we expect developing countries to benefit from digital development when they have a lack of infrastructure, poor connectivity, a shortage of skills and an absence of regulation? What is the role of the WTO, as a rule-making body, in ensuring that developing countries are not left behind? I think that WTO rules in the area of e-commerce would be somewhat premature in view of the digital divide and challenges that exist. How can the WTO help us to bridge the digital divide? What can the WTO do to ensure that an increase in online sales does not have a negative impact on the collection of customs duties and diminish the revenue base?

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

We need statistics to measure the impact of international trade on the empowerment of women, particularly in the fight against poverty. To what extent is the WTO involved in this?

We need to reach out more directly to countries with fewer possibilities. It is clear that those countries that do not have sufficient resources

to invest in the ICT infrastructure and training are not on an equal footing, and the sharing of good practices in ensuring access to the benefits of the digital economy would be useful. Successful initiatives should serve as impetus for the launch of similar projects in other countries. What can be done within the framework of multilateral rules to level the playing field and ensure that those with the least resources are not further disadvantaged?

Mr. D.D. Gamede (Moderator)

Since I joined the Steering Committee of the Parliamentary Conference on the WTO in 2005, we have consistently argued that a difference exists between equality and equity. If you live in Africa, you don't hear about poverty; you see it. The priority for many families in Africa would be to fight poverty, rather than to become digitalized. How do we assist these poor countries and create an enabling environment for the introduction of this technology? Despite its abundance of minerals and resources, Africa remains poor. We should prioritize the fight against poverty to create equity and then we can trade. This is what we should strive for in the WTO.

Mr. R. Koopman (Discussant)

The World Bank, the WTO and the Netherlands have recently launched a programme on trade and gender. WTO is working with the World Bank to obtain and analyse the data. Technological change has always been challenging, and is disruptive domestically and across borders. The role of the WTO is to set rules and to try and level the playing field. Good domestic policies are required to close the technological divide, and this is a challenge for developed and developing countries alike. There are many lessons to learn from those countries that do it well. Some large corporations are working in developing countries to share their technology and capability, and trying to bring the benefits of digital capability to those countries. I agree that there are lots of considerable challenges to be overcome and there are no easy answers.

Ms. S.N. Sirimanne (Discussant)

The jury is still out on the question of value and job creation. In UNCTAD we are looking at the implications of frontier technologies on jobs. We see that new types of jobs will emerge in IT-related sectors, including through the unbundling of services. E-commerce will cut out the middlemen and capture value for the producer. On the other hand, jobs will be lost because of automation and re-shoring, which is a particular concern for developing countries.

Although job opportunities will be created through gig work, such work does not offer labour rights, a minimum wage or social protection, and we are working with the ILO to see what can be done to protect gig workers. It would not be good if international e-commerce platforms are used to dump a large quantity of products in developing countries and eradicate the industrial base of those countries. We will be producing a report on the digital economy in June to see how to capture value in international platforms.

Digital technology is well suited to women entrepreneurs. The digital space does not distinguish between male and female and work can be performed at home. However, we have seen in our own work that digital technology has in fact created an additional barrier in the form of an absence of skills to access such technology. Evidence-based, disaggregated data is extremely useful to raise awareness of this issue. Despite all these constraints, digital technology is being used in developing countries. However, because of a lack of infrastructure and of an enabling environment, an enormous number of possibilities cannot be explored.

UNCTAD offers a safe space for States to raise awareness and learn from one another before issues are discussed at the WTO. We are there to build trust before these very difficult issues, including those pertaining to e-commerce, are discussed at the WTO.

International cooperation is critical, and I would like to ask the development partners to pitch in more.

Mr. H. Scholz (Rapporteur)

It is very difficult to determine how we can make the world economy and WTO better. I will start by asking to whom do the new technologies belong? Do they belong to a certain company, or to a certain State, or does the access to these technologies belong to everybody? The issue is one of democratization: democratization of economies, democratization of the joint efforts to set rules giving equality as well as equity to all the citizens of the all members of the WTO.

I agree that countries need a good domestic policy. It is our responsibility to encourage our countries to develop better rules at the domestic level, which will serve the development of the multilateral trading system, including in the area of digitization. Citizens have to trust their governments, parliamentarians, and rule-setting structures at the domestic level.

Thirty years ago during discussions in UNCTAD on the new economic order, there was much debate on development and under development, and on identifying structures that could help the developing world to catch up. Unfortunately, things have not radically changed for the least developed countries. I would encourage us all to look back to see what has already been discussed and the efforts already made to find answers. It is our responsibility to consider whether the rules, guidelines and structures put in place when the WTO was established are still suitable for today's challenges, including whether the WTO, as a rule-setting structure, can contribute to overcoming the digital divide.

With regard to job creation and development of the labour market, I think that the brain drain remains a challenge. The rules we are developing with regard to the labour market must promote dignified labour and be consistent with all the ILO core labour standards. If we fail to ensure linkages in the work of the different international organizations, we will not rise to the challenge of giving all the opportunity for equal access to modern technologies and for involvement in shaping the new economies. It is not only about trade, it is a question of production, consumption and how we live today. However, I am optimistic that we will be able to ask the right questions in the right forums and begin a constructive discussion.



CLOSING SESSION

ADOPTION OF THE OUTCOME DOCUMENT

Ms. Inmaculada Rodríguez-Piñero, Rapporteur
Member of the European Parliament

At our last conference, we recognized the need for a clearer outcome document that focused on the message we wish to convey. The revised draft outcome document before you gives a clear sense of our message with regard to our inter-parliamentary role in connection with the multilateral trading system. The document takes into account the amendments submitted by parliaments before the deadline and considered by the Steering Committee at its meeting on 6 December 2018. Our aim is to promote fair and inclusive multilateralism that works for all countries and ensures globalization for all.

The document alludes to the current crisis facing the multilateral trading system and to the difficulties concerning the appointment of new members of the WTO appellate body. It also expresses concern about the unilateral measures being taken, addresses the need for the necessary reform of the WTO, and appeals to WTO members to abide by the rules and help find a solution to the current crisis. The outcome document also highlights the role of trade in contributing to the achievement of the SDGs and to the implementation of the Paris Agreement. It notes the importance of women's participation in trade access to ICTs, and of actions by the WTO to combat poverty, hunger and malnutrition. Finally, the document calls for efforts to strengthen the parliamentary dimension of the WTO.

The outcome document was adopted by consensus.



Ms. I. Rodríguez-Piñero Fernández
(Rapporteur)

In response to comments from Mr. Paradza (Zimbabwe), I would like to point out that paragraph 3 seeks to encourage parliamentarians to promote an inclusive approach to foster multilateralism and international cooperation, including through education. In the draft outcome document we express our concerns about unilateral actions and a possible trade war. We have referred to the G20 Leaders' Declaration since the Presidents of the United States and China agreed to halt new trade tariffs for 90 days to allow for talks, and that important development should be reflected. We have said that the successful conclusion of the Doha Development Round is an SDG in itself because we want to emphasize just how important this is.

Mr. S. Suliman Abdalla (Sudan)

While we are pleased with the outcome document, we would have welcomed a reference to facilitating the accession of developing countries to the WTO and to removing obstacles to trade for those countries.

Ms. I. Rodríguez-Piñero Fernández
(Rapporteur)

We certainly want countries wishing to accede to the WTO to become members of the organization. Should countries wish to see a particular issue addressed in the outcome document, they should submit an amendment to that effect.

Ms. M. Mensah-Williams
(Co-Chair of the Steering Committee)



I would like to take this opportunity to thank our moderators, the Secretary General of the IPU, my co-chair, the rapporteurs and all delegates for giving up their time and engaging in such high-quality interactive discussions. The outcome document was adopted for a reason. When we return to our parliaments, we have a responsibility to implement the undertakings set out in the outcome document that we have just adopted, and ensure that the WTO acts in the interests of all our peoples.

Mr. M. Chungong (Secretary General of the Inter-Parliamentary Union)



I would like to thank you all for coming here. It is clear that you are all supportive of a trading system that is inclusive, accountable and delivers for all. You are all unanimous in backing a stronger WTO that will serve the overall purpose that you embody as representatives of your peoples.

Ms. I. Rodríguez-Piñero Fernández
(Rapporteur)

I am replacing the co-chair who has had to leave to attend another meeting in Lisbon. When we return to our countries and sit in our parliaments, we should raise our voices in support of fair, inclusive trade for all since this really will enable us to live in a better world.



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, Argentina, Austria, Belarus, Bolivia (Plurinational State of), Bosnia and Herzegovina, Botswana, Brazil, Central African Republic, China, Denmark, Equatorial Guinea, France, Germany, Ghana, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Jordan, Kenya, Malawi, Maldives, Mauritius, Montenegro, Morocco, Namibia, Netherlands, Niger, Pakistan, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Seychelles, South Africa, Sudan, Suriname, Sweden, Syrian Arab Republic, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, Yemen, Zimbabwe.

European Parliament; Parliamentary Assembly of la Francophonie; Commonwealth Parliamentary Association (CPA); Parliamentary Assembly of the Council of Europe (PACE).

OBSERVERS

Government Representatives

Benin, India, Japan, Pakistan, Thailand, United States of America

Intergovernmental Organizations

Food and Agriculture Organization of the United Nations (FAO), United Nations Conference on Trade and Development (UNCTAD), World Bank, World Trade Organization (WTO)

Other Organization

International Trade Union Confederation (ITUC)



COMPOSITION OF THE STEERING COMMITTEE

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

Argentina, Bahrain, Benin, Botswana, Brazil, Cameroon, China, Colombia, France, India, Indonesia, Japan, Luxembourg, Poland, Portugal, Russian Federation, Saudi Arabia, Senegal, Singapore, South Africa, Switzerland, United Republic of Tanzania, Commonwealth Parliamentary Association, European Parliament, Inter-Parliamentary Union, Parliamentary Assembly of the Council of Europe and World Trade Organization.



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