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# HIGHLIGHTS OF THE SESSION

## Abu Dhabi Session of the Parliamentary Conference on the WTO

**Abu Dhabi, United Arab Emirates (UAE)  
25 February 2024**

*Organized jointly by the Inter-Parliamentary Union and the European Parliament,  
with the support of the Federal National Council of the UAE, in connection  
with the 13th WTO Ministerial Conference (MC13)*

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# PROGRAMME OF THE SESSION

## 24 February 2024

- 09:00 – 12:30 Pre-Conference session of the Steering Committee (*in camera*)
- 12:30 – 14:00 Lunch
- 14:00 – 18:00 Steering Committee (*in camera*): Finalization of the outcome document

## 25 February 2024

- 10:00 – 11:00 Inaugural session
- **Mr. Saqr Ghobash**, Speaker of the Federal National Council (FNC) of the United Arab Emirates (UAE)
  - **Mr. Thani bin Ahmed Al Zeyoudi**, Minister of State for Foreign Trade, UAE
  - **Mr. Martin Chungong**, Secretary General of the Inter-Parliamentary Union (IPU)
  - **Mr. Bernd Lange**, Chair of the Committee on International Trade, European Parliament, co-Chair of the Parliamentary Conference on the WTO
  - **Ms. Ngozi Okonjo-Iweala**, Director-General of the WTO
  - **Ms. Athaliah Lesiba Molokomme**, Chairperson of the WTO General Council
- 11:00 – 12:30 ***Abu Dhabi and beyond: Shaping and strengthening a multilateral trading system that delivers for all***
- Interactive dialogue with senior WTO negotiators and officials
- **Mr. João Aguiar Machado**, Ambassador and Permanent Representative of the EU to the WTO
  - **Mr. Djatmiko Wicaksono**, Director General, Ministry of Trade, Indonesia
  - **Mr. Juan Antonio Coloma Correa**, President of the Senate, Chile
- Moderator: **Mr. Bernd Lange**, Member of the European Parliament, co-Chair of the Steering Committee, PCWTO
- 12:30 – 14:00 Lunch
- 14:00 – 16:00 Presentation of reports and interactive debate on the substantive themes:  
**Trade and climate change: A win-win interaction**
- Rapporteurs:
- **Ms. Kathleen Van Brempt**, Member of the European Parliament
  - **Mr. Ziya Altunyaliz**, Member of Parliament, Grand National Assembly, Türkiye
- Moderator: **Mr. Helmut Scholz**, Member of the European Parliament

16:00 – 17:30

Discussion: **Digital trade in the era of resilient economies**

Rapporteurs:

- **Mr. Jörgen Warborn**, Member of the European Parliament
- **Mr. Cedric Frolick**, Member of Parliament, South Africa
- **Ms. Meera Al Suwaidi**, Member of the Federal National Council of the UAE

Moderator: **Mr. Koffi Kra Paulin Kouassi**, Member of the National Assembly, Côte d'Ivoire

17:30 – 18:15

**Adoption of the outcome document**

**Presentation of the outcome document to the President of MC13**

Rapporteur: **Mr. Marwan O. Al Muhairi**, Member of the Federal National Council of the UAE

**Closing remarks:** IPU, European Parliament, WTO and Federal National Council of the UAE

18:30

Cocktail reception

# OUTCOME DOCUMENT

*Adopted on 25 February 2024*

We, legislators meeting in Abu Dhabi on 25 February 2024 for our statutory Parliamentary Conference on the WTO, on the occasion of the 13th WTO Ministerial Conference,

1. *Restate* the importance of parliamentary engagement, and the inclusion of a parliamentary dimension, in the future of multilateral cooperation on trade issues, considering the determining contribution of trade to the global economy;
2. *Emphasize* the significance of the WTO as a key institution for improving peoples' lives, negotiating trade rules, overseeing agreements, settling disputes and maintaining rules-based, open and fair trade for the benefit of all, none of which can be achieved without parliamentary engagement;
3. *Assert* the need, in light of this critical role, to conduct necessary reform of the WTO to strengthen and improve all its functions, including having a fully and well-functioning dispute-settlement system with a binding, two-tier and independent process, so that the Organization can be better equipped to address the challenges of the 21st century and meet the growing expectations of the people, while taking into account development needs and environmental and social sustainability;
4. *Urge* all WTO members that have not yet done so to swiftly ratify all WTO agreements and in particular the WTO Agreement on Fisheries Subsidies, in order for it to enter into force as soon as possible, for which ratification by two-thirds of the membership is required; and *stress* the crucial importance of also reaching an agreement on disciplines on fisheries subsidies that contribute to overcapacity and overfishing, in order to avoid depleting marine biological resources and allow for their sustainable management, while respecting the need for special and differential treatment in line with SDG 14.6;
5. *Stress* the need to mainstream the development dimension of the WTO, including through the WTO reform process and through making the special and differential treatment principle better meet the needs of developing countries; *regret* that the WTO has not yet fully delivered on its Doha Development Agenda; and *welcome* the decision already taken on the extension of support measures to assist least-developed countries (LDCs) on the path to graduation from LDC status in order to provide a smooth and sustainable transitional period for the withdrawal of trade preferences;
6. *Reiterate* our shared sense of responsibility to establish mechanisms for parliamentary oversight and involvement in trade negotiations and agreements, both upstream and downstream of the process, ensuring transparency and democratic accountability through monitoring and evaluation of the impact of such agreements on our citizens, people and societies;
7. *Affirm* that "re-globalization" or increased trade cooperation is a source of security and peace, a driver of economic prosperity and poverty reduction, and a critical tool for addressing climate change;
8. *Highlight* the importance of multilateral and plurilateral rules on digital trade and the role of parliamentarians and the WTO in improving regulations to maintain free, inclusive, non-discriminatory, transparent, resilient, open and fair digital trade, while promoting interoperable digital systems that respect human rights and unleash the potential of digital trade; *strongly encourage* efforts to find an appropriate and sustainable solution for electronic transmissions in relation to the e-commerce moratorium; and *stress* the need to bridge the digital divide by sharing best practices and enhancing capacity-building;
9. *Also highlight* the importance, considering the constant change in our societies and the need to adapt to the times, of transitioning to stable, open, sustainable, eco-friendly and resilient global industrial and supply chains and production methods as part of future trade agreements and policies, through cooperation under the auspices of the WTO;

10. *Reiterate* the role of parliamentarians in creating legislation that encourages the adoption of green trade practices that will be consistent with multilateral agreements, while maximizing the benefit of trade on the environment and vulnerable communities and ensuring that environment-related trade measures do not constitute unjustifiable discrimination;
11. *Believe* that the outcome of MC13 should provide an action-based agenda for trade policy supporting the Sustainable Development Goals and the Paris Agreement; *strongly encourage* WTO members to consider all possible measures to contribute to limiting greenhouse gas emissions in line with the UN Framework Convention on Climate Change, progress made in the UAE Consensus and the conclusions of COP28, to reinforce alignment with the Paris Agreement and climate neutrality, and enhance cooperation in the WTO on measures adopted domestically; *welcome* the first ever “trade day” at COP28 and the historic agreement to transition away from fossil fuels; and *expect* the COP decisions to be reflected in the work of the WTO;
12. *Underline* the need to reinvigorate discussions on industrial subsidies within the WTO, including a potential update of the Agreement on Subsidies and Countervailing Measures, and *take the view* that MC13 should launch a discussion on industrial subsidies in order to provide recommendations in due time for future Ministerial Conferences;
13. *Emphasize* the role of parliamentarians in ratifying and overseeing bilateral and multilateral trade agreements that further facilitate global trade in all industries, through appropriate mechanisms;
14. *Stress* the role of parliamentary oversight of trade in modernizing the health-care sector for the 21st century, while ensuring equitable access to critical medicines, vaccines and medical technologies, as well as supporting innovation by protecting intellectual property rights that enable their creation;
15. *Acknowledge* that WTO members have agreed to discuss the scope of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) decision to cover COVID-19 diagnostics and therapeutics; *call on* WTO members to take a decision on this matter by MC13, while keeping the incentives to innovate in mind; and *call on* WTO members to review their national laws and policies to ensure full incorporation of all relevant intellectual property flexibilities protecting access to medical products;
16. *Emphasize* the importance of trade in regulating and finding a permanent solution for public food stockholding, while promoting a legislative framework to improve global food security by ensuring resilient and secure food supply chains, encouraging sustainable agricultural practices and reducing food waste;
17. *Underline* the need for an outcome on food security, including concrete actions to increase the resilience of LDCs and Net Food-Importing Developing Countries in their response to acute food instability;
18. *Acknowledge* the growing inequalities between countries; and *stress* the importance of inclusive trade agreements that support developing countries and LDCs and help them achieve the Sustainable Development Goals;
19. *Call on* parliaments and governments to ensure that trade and environment policies are mutually supportive and consistent with WTO and other multilateral environmental agreements;
20. *Call on* parliamentarians and governments to join hands in leveraging the positive use of technology and efficient and properly regulated artificial intelligence in trade negotiations, capacity-building and technology transfer to developing countries and LDCs;
21. *Call on* parliaments and governments to promote sustainable measures and inclusive approaches to engage in trade, support vulnerable communities, and ensure no one is left behind, and *call on* the Steering Committee of the PCWTO to regularly review the implementation of our shared commitments and report on progress made;

22. *Call on governments to more systematically include legislators, including women and youth, in their official Ministerial Conference delegations to ensure inclusivity and foster the contribution of all components of society;*
23. *Express our belief that the WTO needs a strong and effective parliamentary dimension and as such commit to equipping the Parliamentary Conference on the WTO with the tools it needs to deliver its mandate and ensure more robust parliamentary engagement with the WTO;*
24. *Extend our sincere gratitude to the United Arab Emirates and the Federal National Council for hosting this parliamentary meeting and express our commitment to continue this constructive dialogue to discuss critical trade challenges and be part of the solution through continuous engagement and effective support.*



# INAUGURAL CEREMONY

ADDRESS BY MR. SAQR GHOBASH

SPEAKER OF THE FEDERAL NATIONAL COUNCIL (FNC)  
OF THE UNITED ARAB EMIRATES (UAE)

H.E. Dr. Thani bin Ahmed Al Zeyoudi,  
Minister of State for Foreign Trade  
H.E. Martin Chungong – Secretary-  
General of the Inter-Parliamentary  
Union

Excellencies, Heads and members of  
the participating delegations, Ladies  
and Gentlemen,

It is our pleasure to welcome you to the  
land of coexistence, tolerance and  
peace, which hosts you today in an  
effort to strengthen the global trading  
system and confirm its support for the  
growth of humanity and meet its  
requirements for comprehensive and  
sustainable economic development.



On this occasion, I would like to express my sincere thanks and appreciation to all those in charge of organizing this conference, including the General Secretariat of the Federal National Council, the General Secretariat of the Inter-Parliamentary Union and the European Parliament, coupled with the warmest thanks and gratitude to the UAE team for the thirteenth ministerial meeting of the World Trade Organization, which spared no effort to facilitate the holding of this forum with all the feeling and sharing of responsibility that this reflects between our national executive and legislative institutions. In order to achieve the fruitful results that we are all determined to achieve.

Ladies and gentlemen,

We all know that anything we agree on today will make a difference in the lives of people around the world tomorrow, and that anything we agree on and act on will give hope to all the peoples of the earth that we will be able to cross geopolitical barriers and shorten the distances between the continents of the world to leave a clear imprint in enabling international trade to find practical solutions to the current changes, especially with regard to exchange of information and data, and facilitate the entry of goods to various global markets in the era of open trade.

His Highness Sheikh Mohamed bin Zayed Al Nahyan , the President of United Arab Emirates affirmed the UAE's serious desire to enhance the position of global trade in the service of all humanity: "The UAE is at the heart of the international trade map and represents a bridge between the corners of the world. We will continue to strengthen this position through sustainable partnerships. Together with 164 countries, we will usher in a new era of free trade for the good of humanity."

Ladies and Gentlemen,

About three months ago, the UAE hosted the COP28 climate change conference. Just as the outcomes of the COP28 conference were based on the outcomes of the Paris Climate Change Conference to achieve a global agreement in the service of humanity and the environment together, we are fully convinced that this conference will build heavily on the results and recommendations of what has become known as the "Geneva package" adopted by the twelfth conference of the World Trade Organization, the most important of which were pandemic preparedness, intellectual property rights, and the abolition of food export bans.

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This conviction reinforces the UAE's keenness, as well as yours, that this conference leave a clear imprint on the march of the World Trade Organization, especially with regard to promoting international trade, finding practical solutions to the current challenges represented in exchanging information, facilitating the entry of goods into various global markets, and taking joint action. To dispel concerns about business imbalances and corporate governance.

Excellencies, Ladies and Gentlemen,

We are required to work with our governments and national executive institutions to enact binding legislation that sets clear and ambitious targets within an appropriate time frame to achieve investment in sustainable development projects, deal with the protectionist requirements facing the products of developing countries and facilitate their access to global markets.

I welcome you back to your country, the UAE, and I wish our conference success and success.

Peace, mercy and blessings of Allah

# INAUGURAL CEREMONY

ADDRESS BY MR. THANI BIN AHMED AL ZEYOUDI

MINISTER OF STATE FOR FOREIGN TRADE, UNITED ARAB EMIRATES

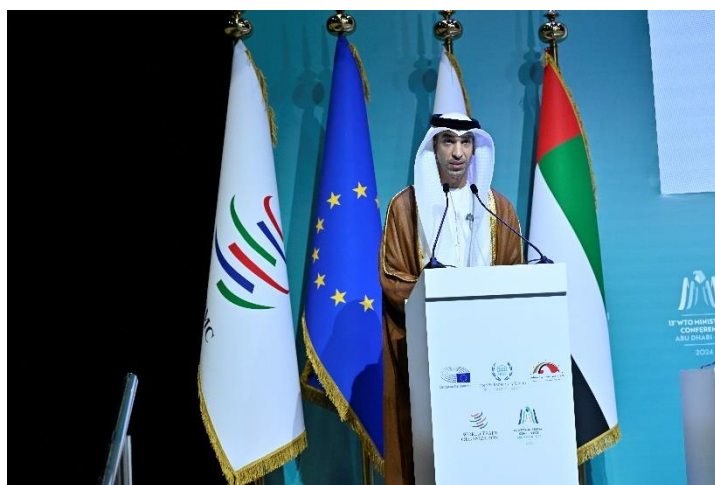
Your excellencies, honourable members, ladies and gentlemen,

It is my pleasure to address you all today and may I begin by welcoming you to the United Arab Emirates.

The Parliamentary Conference on the World Trade Organization has long been a vital forum for advancing the effectiveness and impact of global trade.

Today's meeting in Abu Dhabi will underline this role.

Taking place on the eve of the 13th Ministerial Conference of the World Trade Organization, the conversations and deliberations will help inform the negotiations taking place over the next three days and make an invaluable contribution to delivering a modern, agile and resilient trading system.



This will be apparent in today's three core sessions:

- The first will explore how we can ensure the multilateral trading system can continue to work for all nations – not just this week but through ongoing domestic policies and international alliances.
- The second will examine how the battle against climate change can drive a new era of sustainability and opportunity for global trade.
- The third will discuss the role of digital trade in the new economic landscape.

Each of these reflect just how important trade is to the key questions confronting the global economy and the contribution trade can make to developing more inclusive, more sustainable and more equitable growth.

The sessions also mirror the priorities in front of us at MC13.

Although we are aware that finding consensus among 164 members is not straightforward, however our shared desire to expand, upgrade and modernize global trade will motivate us all to reach consensus.

There is already agreement building on the broad objectives:

The first is increasing the participation of the Global South in international trade.

- Opening memberships to the WTO to more nations from the developing world will amplify voices that have been marginalised in debates that impact them directly.

The second is to protect the interests of developing and least-developed nations.

- In particular, it's important to address market-distorting obstacles and create a fairer and more equitable trading landscape.

The third is to advance progress on adopting and integrating new technologies into global supply chains – and to begin to deliver a trading system fit for the 21st century for commerce. Not every issue will be resolved but, as Chairman, it is essential we are able to move the discussions forward.

And as we have seen at other Ministerial Conferences, especially MC12, we know that agreements can be struck at the 11th hour.

Indeed, as COP28 in Dubai in December demonstrated, even a tense geopolitical backdrop doesn't prevent convergence on areas of shared interest.

Ladies and gentlemen,

Historically the UAE's development has been directly linked with trade and as such an integral player in its national economy, the UAE aims to prepare for the future of trade today, as such The United Arab Emirates is a fitting host for conversations on the future of trade. We have set a new economic course based on the power and possibilities of cross-border commerce – and on the potential of connecting new centers of growth. Our Comprehensive Economic Partnership Agreement Program is creating new market opportunities for our exporters, industrialists and entrepreneurs. Deals that eliminate tariffs, enhance market access and promote private-sector collaboration have now been signed with:

- India
- Indonesia
- Israel
- Türkiye
- Cambodia
- Georgia

Last year, this expanded trading network helped propel our non-oil foreign trade beyond 700 billion dollars for the first time ever – a 12.6 percent increase on 2022. Our exports, re-exports and imports have all increased. These results not only support our belief in trade as an economic catalyst, but demonstrate how trade is flourishing around the world – even in difficult geopolitical circumstances. And we are not only committed to increasing the number of trading partners – but to enhancing the means by which we trade with them.

Last year, the UAE launched the TradeTech Initiative in partnership with the World Economic Forum. It is a multi-level program that will research, test, incubate and promote the latest innovations in supply-chain and logistics technology.

We should all be able to envision:

- customs procedures improved by blockchain
- freight-movements informed by AI, and
- inventory management governed by data analytics.

Alongside MC13, the first ever TradeTech Forum will showcase these applications – and exchange ideas on their deployment. And it's clear we have to kick-start the process.

Today, the UAE's Ministry of Economy is pleased to announce the launch of a new report: "Trade 2050: An Initial Perspective from the Private Sector". It underlines the forces shaping the trading landscape over the next 25 years – and the agility, adaptability and foresight required to keep pace with them.

It deals with three themes:

- The certainties of new economic powers and the acceleration of automation.
- The challenges of data-sharing, trade wars and the costs of re-industrialisation.
- And the opportunities of trade expansion, sustainability and the space economy.

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Ladies and gentlemen,

The history of the UAE has been shaped by trade and we are keen to help shape its future.

As host, we are ready to provide whatever is needed to facilitate dialogue among the national delegations – and to help deliver tangible outcomes. Ultimately, MC13 is a platform that can remind us all of the benefits of global trade. It isn't simply an engine of economic growth – or a driver of industrial output. It is perhaps the principal means of international engagement – the exchange of information and ideas as much as products and produce. And it rests on multinational frameworks, global policies and universal standards. At its core, trade is cross-border collaboration – a world of opportunity delivered by every nation working together. And as we survey the current crises and conflicts, it is a timely reminder that success is borne of harmony not discord. So, just as important as the substance of today's sessions, the Parliamentary Conference is a moment to stand firmly behind the principles of open, rules-based trade.

Thank you.

# INAUGURAL CEREMONY

## ADDRESS BY MR. MARTIN CHUNGONG, SECRETARY GENERAL OF THE INTER-PARLIAMENTARY UNION (IPU)

Dear Mr. Speaker,  
Dear Mr. President of the 13th WTO  
Ministerial Conference,  
Dear Mr. Lange, Representative of  
the President of the European  
Parliament,  
Dear Madam Director-General of the  
WTO,  
Dear parliamentarians,  
Ladies and gentlemen,

I am pleased to welcome you all to  
this important Conference, which has  
become an integral part of our  
valuable collaboration with the  
European Parliament and the WTO,  
as we work to promote effective  
global trade, from which all countries  
and people can benefit.



Dear Mr. Speaker Ghobash, I wish to extend to you my thanks for the warm hospitality all the delegates are enjoying here in Abu Dhabi, and also for the excellent arrangements you have put in place for the success of this Conference. I would also like to recognize the professionalism and commitment of your team, led by Mr. Al Muhairi, Member of the Federal National Council and Rapporteur of the Parliamentary Conference on the WTO.

I wish to take this opportunity to thank H.E. Minister Al Zeyoudi, President of the 13th WTO Ministerial Conference, for his support to the organization of this Parliamentary Conference, in particular for kindly accepting to consider parliamentarians as his guests so as to facilitate their participation in the MC13. I wish to pay tribute to this spirit of inclusiveness, which we strongly support, in the interests of leaving no one behind.

Dear Madam Director-General, the results speak for themselves. The new momentum you have brought to the WTO is already paying off. Your unwavering efforts to bring all parties together and your perseverance to see every initiative through to its concrete results, have made a great difference. Thank you for setting an example for women around the world, encouraging their participation and leadership in the decision-making process, a cause that is close to the heart of the IPU's work.

Last but not least, let me recall our longstanding partnership with the European Parliament, which contributes substantively to our fruitful global parliamentary work on trade-related issues, which we very much value. Thank you, Bernd.

Ladies and gentlemen,

Your participation in this Conference today is a clear recognition of your interest in and support for global trade as the engine of the resilient economy we wish to see.

I wish to place on record our renewed appreciation for the substantive outcomes of MC12 including the Agreement on Fisheries Subsidies, the Decision on the Agreement on the Trade-Related Aspect of Intellectual Property Rights (TRIPS), the Decision on the Work Programme on small economies, and the Ministerial Declaration on the Emergency Response to Food Security, to name just a few. We share the belief that these outcomes will pave the way for a promising new era in global trade.

In conformity with our commitment to support the work of the WTO and to promote global trade, the IPU has undertaken several actions as a contribution to the implementation of these outcomes.

The Director-General and I sent you a joint letter in July 2023, inviting you as representatives of the people to encourage your governments to ratify the Agreement on Fisheries Subsidies. I wish to thank you for the feedback received from several of our Members to this invitation, informing us of the actions you are taking or considering taking for the ratification of this Agreement. We do hope that our joint efforts will pay off in the near future.

In the same vein, the IPU, in collaboration with the WTO, and with the support of the National Congress of Argentina, organized a workshop in Buenos Aires for parliamentarians from Latin America and the Caribbean in 2022. Participants were able to explore the recommendations stemming from MC12 and identify avenues to step up their implementation so as to pave the way for a more decisive MC13, which is expected to conclude the unfinished business of the previous Conference and to give fresh momentum to the global trade process.

Building on the successful Buenos Aires workshop last year, a follow-up regional workshop for the Caribbean parliamentarians is scheduled to take place this year in Guyana, alongside a national capacity-building programme for parliamentarians in Côte d'Ivoire.

We have already planned to organize online briefing for the parliamentary community on the outcome of your current conference as well as those of MC13. It is expected that this briefing will help parliamentarians to devise targeted implementation strategy in anticipation of MC14.

In all of these endeavours, coordination, harmonization and synergy are the name of the game.

Ladies and gentlemen,

I am pleased to note that the agenda of your Conference includes several important and topical issues, namely an interactive dialogue on the way forward to MC13 with high-level WTO negotiators; and discussions on climate change and trade, and digital trade in the era of resilient economies.

I am confident that you will be providing substantive inputs to those discussions.

You will also be adopting an outcome document, which I trust will provide a roadmap for robust parliamentary action going forward.

I remind you that the PCWTO can only be effective through your steadfast support. As you know, the real action of the PCWTO only starts when the Conference is over and the implementation of its recommendations and those of the WTO Ministerial Conference can begin.

Upon the recommendation of the Steering Committee, a network of parliamentarians engaged with and interested in trade is being set up, with a view to supporting the work of the PCWTO and the WTO both at the level of their parliaments and in their different constituencies. I encourage you to join that network.

I would also like to highlight the following as part of the perspectives you may wish to consider further as inputs to MC13, which will start tomorrow.

#### *Multilateralism*

We all know that imposing trade barriers will hurt consumers, especially the poorest. We have witnessed how many economies collapsed following border shutdowns during the COVID-19 pandemic, which impacted both people and goods.

This is vivid proof that nobody can live in isolation. We are all engaged in an interlinked dynamic, and we therefore need to provide an appropriate environment in which to discuss and find lasting solutions through an inclusive approach. Multilateralism remains the best option to find targeted solutions and to build a resilient global trade regime. There is evidence that the multilateral trading system has managed to increasingly integrate countries' economies over time and tempered unilateral approaches to international trade. In that light, we should commit further to promoting a rules-based global order, with multilateralism as its key principle. Let us step up our efforts to that end.

## *Reform of the WTO*

Let me first of all duly acknowledge the Marrakech Agreement, the founding act of the WTO, which I believe is not, and does not intend to be, a one-size-fits-all rule.

The reform of the WTO, like any human endeavour, is part of a natural process of constructive evaluation to make it more dynamic.

The reform should provide the WTO with a coordinated global response strategy to face up to emergencies and protect trade – the robust engine of the economy – from destabilizing shocks such as those we have sadly witnessed in recent years.

As a pillar of our rules-based global trading system, the WTO has binding rule-making and adjudication powers, with essential functions such as *transparency and monitoring, negotiation and dispute settlement*. But over time, most of its functions have become less effective, notably those of the Dispute Settlement Body (DSB).

The reform should strengthen the WTO's rule-making procedures while making sustainable the core functions I have mentioned: ensuring respect of non-discriminatory rules, and keeping the free, fair, open and predictable system applicable to all WTO members, no matter their size.

Global trade should be beneficial to all. The new era, starting with MC12, provides us with an appropriate context in which to scale up global trade.

To sum up, the reform of the WTO should increase our ability and agility to adapt to our evolving and challenging environment, while strengthening the governance of global trade and providing new opportunities to listen to and meet the real needs of the entire population.

I do believe that the WTO is at a crossroads, especially following the shock of the COVID-19 pandemic. We will gain much by revitalizing our common organization, if only for the noble cause it defends: *global trade that puts people back at the centre of its actions*. Let us make it happen.

Dear parliamentarians,

I wish to invite you to consider appropriate parliamentary actions, including in-depth discussion with your government so as to be kept informed on the progress of the reform initiative at the WTO and, more specifically, to provide input from your own perspective. As you are aware, your approval will be sought for the ratification of the agreement on this reform once it has been reached.

I wish you every success in this Conference and assure you that the IPU stands ready to support the implementation of its outcomes.

I thank you for your attention.

# INAUGURAL CEREMONY

ADDRESS BY MR. BERND LANGE

CHAIR OF THE COMMITTEE ON INTERNATIONAL TRADE, EUROPEAN PARLIAMENT, CO-CHAIR OF THE PARLIAMENTARY CONFERENCE ON THE WTO

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 to this Parliamentary Conference on the WTO on behalf of the President of the European Parliament, Roberta METSOLA.

As this conference is a joint effort by the European Parliament, the Inter-Parliamentary Union and the Federal National Council, allow me to express a special word of gratitude to our partner, the IPU, as well as to Speaker Ghobash and the FNC for hosting us.



It is very inspiring to see so many parliamentarians from all over the world gathered here today. It has been a long time since we last met in person! The pandemic has kept us apart, but we are now back together again. This shows the importance of the parliamentary dimension in WTO affairs.

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 to needs, hopes and expectations of citizens all around the world. As parliamentarians, we act as a vital link between citizens and decision makers, holding our governments to account, while ensuring that our concerns - and our citizens' concerns - are heard.

Some say that the WTO is yesterday's business. Why should we care about something that is already outdated? But 75% of world trade is governed by WTO rules. It plays a fundamental role for our well-being, as our societies and economies are dependent on both imports and exports in an interlinked world.

However, it is necessary for the WTO to adapt to a changing world. We need a WTO ready to face the new challenges of the 21st century. When the reform of the WTO is discussed intensively, the time has also come to strengthen the parliamentary dimension of the WTO. This should also be part of the discussions and decisions that will be taken here in Abu Dhabi.

Ladies and Gentlemen,

We are here to discuss the future and the way forward for the WTO. We cannot do this without addressing the issue of trade and climate. Only two months ago, COP28 took place next door, in Dubai. Trade has to be part of that discussion. We need to support the Sustainable Development Goals and the Paris Agreement through trade policy.

It is also time for concrete actions in order to facilitate e-commerce and turn digital opportunities into trade realities. We have to bridge the digital divide, so nobody is left behind, because better connectivity offers more business opportunities, also for small companies in the developing world.

I am convinced that as Parliamentarians from all continents, we can send a strong message on all these points, as a tangible result of our Conference.

I wish us all a successful session and I hope that the conference will further enhance our mutual understanding, while sending a clear message to all ambassadors and governments on the future of the WTO. I thank you for your attention.

# INAUGURAL CEREMONY

## ADDRESS BY MS. NGOZI OKONJO-IWEALA

### DIRECTOR-GENERAL OF THE WTO

Your Excellency, Mr. Saqr Ghobash,  
Speaker of the Federal National  
Council of the UAE,

Your Excellency, Mr. Thani Bin  
Ahmed Al Zeyoudi, Minister of State  
for Foreign Trade, our wonderful and  
tireless Chair of the 13th Ministerial  
Conference,

Honourable Speakers of various  
parliaments who are here,

My brother the Secretary General of  
the Inter-Parliamentary Union (IPU),  
Martin Chungong,

My wonderful sister, the General Council Chair, Doctor Athaliah Molokomme,

Honourable Members of Parliament,

Excellencies, Ladies and Gentlemen,

Thank you for holding this Parliamentary Conference on the WTO here in Abu Dhabi alongside MC13. I must say that I'm really touched when I listen to the speeches to see the amount of care that you have for the success of MC13, and for the well-being of the WTO. Thank you. I'm grateful to each of you for being here and for your support and engagement. I don't know if there are parliamentarians from my country, Nigeria, I want to give them a special shout out. Are there any in the room, no? OK, I thought there were supposed to be some.

The partnership among the WTO, the Inter-Parliamentary Union and the European Parliament goes back two decades now. And our involvement with the Parliamentary Conference on WTO goes to the heart of the WTO's *raison d'être*. The WTO is, I always say, fundamentally about people as set out in the objectives in the preamble to our founding Marrakesh Agreement about using trade to raise living standards, create jobs and promote sustainable development. In other words, about using trade to improve people's lives and livelihoods. And you, Ladies and Gentlemen, are the people's representatives. I urge you to think of trade and the WTO as tools to spur economic growth and address the kind of issues that I'm sure are at the top of your constituents' minds: cost of living, poverty alleviation and unemployment. Trade is also part of the solution to some of the biggest global challenges we confront. And Mr. Bernd Lange spoke about this. From climate change to pandemic preparedness, as members of parliament to essentially be interlocutors between international institutions such as the WTO and the general public.

It is through parliament that agreements negotiated at the WTO become national legislation. And it is through parliaments that domestic concerns are conveyed to the international community. On the subject of agreements reached at WTO, many of you have, within your respective parliaments, already shown your support to the WTO by facilitating the formal acceptance of the WTO Fisheries Subsidies Agreement reached at MC12. And you've already heard it referred to a few times in the speeches. In order to enter into force and start contributing to the long-term implementation of the marine fisheries agreement as well as the livelihoods of 260 million people who depend on it, that agreement needs to be formally accepted by 2/3 of the WTO's members. So far 70 members have done so. This leaves us with about 40 left. So, when you return home, please ask your Minister of Trade or Commerce, your Minister of Foreign Affairs, your Minister of Agriculture and Fisheries, has the country ratified the WTO fisheries subsidies agreement? And if they say no, please ask them to bring it before parliament for ratification as soon as possible.



The Trade Facilitation agreement reached at the Bali Ministerial in late 2013 did not enter into force until nearly three and half years later. But with your help and advocacy, we can get this agreement done in less than two years. After all, it's about sustainability of our oceans. It's about stopping harmful fisheries subsidies that support illegal unreported and unregulated fishing. That's why we need to get it done.

Here, I do want to thank the IPU Secretary General and all of you who took the initiative to respond to the letter that was circulated to Speakers of Parliament requesting their support to ratify the Agreement. Curbing the estimated 22 billion in public support for harmful fisheries subsidies would free up resources for helping people domestically or in the rest of the world. At a moment of enormous political and economic uncertainty, MC13 offers WTO Members an opportunity to deliver tangible benefits for people everywhere and for the planet.

Let me point to a few areas that will be keeping ministers from your countries busy this week. Alongside the push for entry into force of the fisheries agreement, they can conclude talks on some outstanding issues related to subsidies contributing to overcapacity and overfishing. This is the second part of the fisheries subsidies agreement.

They have the opportunity to agree on a basis for delivering long overdue reforms to the WTO Agreement on Agriculture. In addition, ministers can signal to developing and least developed countries that their concerns are being heard by finding ways to make some special and differential treatment provisions in WTO rules more effective. They can also take additional steps to smooth the transition for graduating LDC's. And on this latter, I'm pleased to tell you that Ambassadors in Geneva have made considerable progress.

The digital economy is an important driver of growth, trade and job creation just about everywhere. Many members, together with the business community, would like the e-commerce moratorium extended seeing it as crucial for predictability in the global digital trade. On the other hand, some members have genuine concerns, for example, about its fiscal impact. I'm hopeful ministers will be able to find a compromise that supports this fast-growing segment of global trade.

Finally, ministers can give an important boost to the WTO's ongoing reform efforts. This ranges from detailed reforms that will make the WTO committees operate more effectively regarding the ongoing push to meet the MC 12 mandate to have a fully and well-functioning dispute settlement system accessible to all members by this year 2024.

Talks in Geneva have made considerable progress including on accessibility for developing members. But we still have more to do on the question of the second-tier review mechanism. But I want to stress here that members are still using the system, especially on the panel level, to resolve disputes and they're also using alternative dispute resolution mechanisms. Something new here at MC13 will be a series of deliberative sessions in which ministers will discuss global challenges and opportunities and the role of the multilateral trading system and the WTO in problem solving – for instance, issues of trade and sustainability, trade and climate change, trade and environment, trade and inclusion, and industrial policy and policy space.

As parliamentarians you know that discussion and debate matter. But at the WTO this is a new experiment to encourage ministerial discussion and engagement on each forward-looking issue, separate from formal negotiations. We also have very interesting negotiations that are being concluded through the plurilateral instrument. There's the Services Domestic Regulation Agreement and an excellent Investment Facilitation Agreement supported by 122 members of which 85 are developing countries.

Excellencies, Ladies and Gentlemen,

Let me now conclude. I want to share some good news, but also to strike a more sombre note. Ministers this week will celebrate their accession to the WTO of the Comoros and Timor-Leste, first new members since 2016, both of them being least developed countries. Their commitment to joining the WTO and the reforms they undertook at home are proof of the value they see in the WTO membership to drive growth and development. Twenty more governments are waiting to join.

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At the same time, I want to stress that what is at stake here this week at MC13 goes well beyond the specific deliverables on the table, important as they are. So much of the multilateral architecture built over the past 75 years seems to be at a crossroads today. The global trading system may truly be in danger of reaching an inflexion point where we move away from a system based on rules to one based on power. By demonstrating that the WTO is capable of adapting and reforming to changing economic realities that can better support your own efforts to create jobs for young people and women, to booster livelihoods in coastal communities, we can strengthen the WTO to better withstand whatever storms lie ahead. And This is why your support, your wisdom and your advocacy will be important.

Excellencies, Ladies and Gentlemen,

At the WTO, we want very much to continue our two-way conversation with you so that all of us can better connect trade rules and policy choices to citizens' priorities.

We look forward to deepening our relationship with parliaments and MPs across the globe to help strengthen the multilateral trading system and ensure that the WTO keeps delivering for the people all of us are here to serve. Thank you and I wish you a successful conference.

# INAUGURAL CEREMONY

## ADDRESS BY MS. ATHALIAH LESIBA MOLOKOMME CHAIRPERSON OF THE WTO GENERAL COUNCIL

Your Excellency, Honourable Speaker of the United Arab Emirates Federal National Council, as I would say in my country, Mr. Speaker, Sir,

Our distinguished host and as the DG said, tireless MC13 Chairperson, Your Excellency Dr. Tani Bin Ahmed al Zeyoudi, Minister of State for Foreign Trade of the UAE,

The Director-General of the WTO, equally tireless, Dear sister Dr. Ngozi Okonjo-Iweala,

The Secretary General of the IPU, Dear brother Martin Chungong,

Honourable Speakers, Members of Parliament from various countries,

Distinguished Excellencies, Ladies and Gentlemen,

Let me begin by thanking our hosts for their wonderful hospitality, warm reception and the excellent facilities that they have placed at our disposal here in Abu Dhabi since our arrival here in the beautiful city and country of the UAE.

I am pleased to address the Parliamentary Conference on the WTO in my capacity as Chairperson of the WTO General Council on the margins of the 13th session of the WTO Ministerial Conference. I must hasten to add that I'm privileged to also serve as the Ambassador of Botswana to the WTO in Geneva and other international organizations, including, most importantly, the IPU. This is why I'm delighted to be here and to join this gathering to emphasize the importance not only of parliamentarians and the IPU, but also of this event. So, thank you very much, brother Martin, for honouring me with this invitation. He's also Chair of the International Gender Champions Board, which I remember is a global board. And I want to congratulate Martin for the sterling work you do to ensure that gender equality becomes the rule rather than the exception. And I'm pleased to see some women Speakers, Deputy Speakers and MPs in the room as well.

I need not say, Excellencies, that parliamentarians are valuable stakeholders of the multilateral trading system. My sister Dr. Ngozi, the DG, has said this very eloquently and I will not repeat it. Your involvement and oversight directly contribute at the national, regional and international level to the legitimacy and accountability of decisions taken multilaterally by governments. Your support for the work of the WTO is of crucial importance. I think the fisheries subsidies agreement ratification that had been mentioned by speakers before me, in particular the DG, is a very important piece of homework when you go home. I know that she never hesitates to do this. I support her in this regard, and I know that parliamentarians will come to the party because this is about the welfare of our people globally.

This session of the Ministerial Conference of the WTO that is set to open tomorrow here in Abu Dhabi happens in the light of growing economic uncertainties and geopolitical tensions. And I do believe that the work of ministers over the coming days are of particular relevance to ensure that the WTO is fit to respond to the challenges of the day. As the Director-General has already shared, since MC12 members have worked tirelessly to fulfil ministers' commitments to work towards the necessary reforms of the WTO in all its functions. As part of these efforts, my predecessor in the role of GC Chairperson and I convened a series of informal meetings on WTO reform, focusing on development, its deliberative function and institutional matters, and the trade industrial policy.



At the WTO Senior Officials Meeting in October 2023, members also focussed on trade and environmental sustainability. In addition, once again, as the DG already informed you, WTO bodies review reform related proposals tabled by members.

Excellencies, Honourable Members of Parliament, Ladies and Gentlemen,

In short, Geneva has been hard at work, which is why our countries sent us there as their representatives. And I want to assure you that we will continue to do this work on your behalf and on behalf of our governments. I do believe that another case in point are the members tireless efforts in Geneva to draft the Abu Dhabi package which was circulated by the Director-General to members last week. This package is before the ministers for their consideration. The package contains a draft ministerial declaration, a process which I had the honour and privilege to chair in Geneva, and which we hope will be translated into the Abu Dhabi Ministerial Declaration if adopted at the end of this conference under the able stewardship of our Chair, Minister Al Zeyoudi.

Many other documents are before the conference; you've heard from the DG which ones these are. She's also referred to two completed accessions where we will move one step closer to achieving the Organization's aim of universal membership and integration of the multilateral trading system. I believe this will send a very positive signal, as it shows that countries have confidence in the system and its ability to support the economic development objectives.

It's therefore of paramount importance, Excellencies, that the work and results of this MC demonstrate a stronger, renewed commitment by the members to the WTO. This, I believe, is an opportunity we cannot miss.

In this regard, as I conclude, Excellencies, Ladies and Gentlemen, I hope that your deliberations here today, deliberations between legislators and government negotiators, will provide useful, timely and the necessary important impetus to this conference and the work of the WTO as a whole. In doing so, we're all working towards the same shared objective of improving this WTO so that it can deliver for all. I thank you very much for your attention.

# INTERACTIVE DIALOGUE WITH SENIOR WTO NEGOTIATORS AND OFFICIALS

## *Abu Dhabi and beyond: Shaping and strengthening a multilateral trading system that delivers for all*

### INTRODUCTORY REMARKS

**Mr. Bernd Lange, Moderator**

*(Member of the European Parliament, co-Chair of the Steering Committee, PCWTO)*



In considering the reform of an organization that is nearly 30 years old, we will ask ourselves: why do we need the WTO today? Which reforms are essential? What is the agenda, what are the concrete proposals, and how can parliaments play a role in these reforms?

**Mr. João Aguiar Machado**

*(Ambassador and Permanent Representative of the EU to the WTO)*



With global economic fragmentation on the rise, the guardrails of the WTO's rules-based system provide the certainty and stability that businesses need to invest and develop. As the majority of world trade is conducted on the basis of WTO rules, the WTO must reform to keep pace with changes in trade, investment and technology. Those reforms should include: following up on the MC12 Fisheries Subsidies Agreement and delivering the second part of the Agreement so as to secure sustainable fish-stock management; finalizing plurilateral

agreements on services, and investment facilitation for development; extending the moratorium on digital transmissions customs duties; and fully restoring the WTO dispute settlement mechanism. Outside formal negotiations, wider discussions must also begin on the impact of industrial policy and state subsidies on global trade.

**Mr. Djatmiko Wicaksono**

*(Director General, Ministry of Trade, Indonesia)*



Parliaments should harness their potential to unblock various WTO negotiation processes, by using parliamentary tools, such as issuing guidance, conducting consultations between parliaments in the same region, building capacity, and developing and implementing the rules agreed at the WTO, including through domestic legislation. All WTO members should support the Organization's reform work, which is to focus on: final agreements on food security, which have been outstanding for more than a decade; exceptions on fisheries subsidies for small-scale fishing businesses; resolving dispute

resolution mechanism impasses; and reducing the digital divide by addressing customs duties on digital transmissions. The WTO should also address what are sometimes significant trade agreement inequalities between developed and developing members, including through special measures to level the playing field for least developed countries (LDCs) and developing countries.

**Mr. Juan Antonio Coloma Correa**  
*(President of the Senate, Chile)*



Chile's decision to prioritize free trade since the WTO's foundation has significantly contributed to the country's economic development and its fight against poverty. But now, we must ask different questions about future challenges. Might a body akin to a supreme court help to unblock dispute settlement mechanisms? How can we better coordinate agricultural trade policies to acknowledge that problems such as extreme weather and its impact on food security now make nations and regions ever more interdependent? Should we continue with the e-commerce customs duties moratorium?

We must also look at how best to: develop new international customs partnerships to avoid cross-border tax fraud and other economic damage, as large-scale global logistics models give way to an explosion of cross-border small package deliveries; balance intellectual property rights against the need to counter global threats, such as pandemics; and establish a Fisheries Subsidies Agreement that meets the needs of both marine conservation and the economic well-being of fishing communities.

Although governments make the decisions, parliaments, with their more direct ways of understanding public opinion, should make use of their power to inspire positive change and so help deliver on the issues mentioned above.

## QUESTION-AND-ANSWER EXCHANGE

### Mr. Simanga Mbuyane (South Africa)



Despite its advantages, the search for consensus is hampering the WTO in making decisions on e-commerce, dispute settlement and LDC development to such an extent that the WTO's legitimacy could be at risk. A time limit on decisions (or similar mechanism) should be imposed to ensure progress.

### Mr. Youyong Zhou (China)



Parliaments should demonstrate and verbalize their firm support for the success of MC13. We welcome these successes, such as the accession of new countries to the WTO and the preferential terms agreed for graduated LDCs. We look forward to reaching a final agreement on fisheries subsidies, and call for further progress on investment facilitation for development, so that members can incorporate the appropriate changes into the WTO rulebook soon.

The WTO dispute settlement system provides all members with legal channels of great value, upholding the rules-based order and ensuring equal treatment. Its absence undermines many members' interests, and the system should be swiftly restored to full functionality.

### Mr. Olve Grotle (Norway)



We should not hold out for a perfect Fisheries Subsidies Agreement. The longer there is no agreement, the longer fish stocks will be unrestrictedly depleted, and the longer we will endanger both marine sustainability and all communities who depend on the sea for their livelihoods and nourishment. What future ambitions does the WTO have in terms of fisheries subsidies?

### Mr. Koffi Kra Paulin Kouassi (Côte d'Ivoire)



There is strong agreement that the WTO needs qualitative reform. This has been highlighted and stressed by the document on which all parliamentarians at this meeting have worked hard. When will that reform result in a WTO that represents the peoples we represent as parliamentarians? What will the future hold once we sign and submit our outcome document?

### Mr. Redha Faraj (Bahrain)



Does the WTO have a specific plan, with target dates and agreed working methods, to address its shortcomings? They include: slow decision-making and paralysed dispute resolution mechanisms that damage the interests of businesspeople who need timely decisions to be made; unequal treatment of members; and slow progress in tackling modern challenges, such as digital trade and intellectual property.

### Mr. Christoph Matznetter (Austria)



The conflicts that we are living through – including the effects of sanctions, and economies on a war footing – are all the enemies of free trade, welfare, growth and people’s future opportunities. The WTO and parliamentarians have a responsibility to help end violence and war, and bring about a more peaceful world, so as to ensure prosperity throughout value chains, economic development, and a happy life for our citizens.

### Mr. Mandla Rayi (South Africa)



It is disappointing that problems around the WTO dispute settlement mechanism will not be resolved at MC13. In the absence of such a mechanism, countries and regions are regrettably developing unilateral systems that might contradict WTO rules. South Africa has been unfortunate enough to be subjected to one such system, and has no recourse until the WTO dispute settlement mechanism starts to function again. Resolving the mechanism should be prioritized to a much greater extent.

### Mr. João Aguiar Machado



I agree that the absence of a functioning dispute resolution mechanism is an invitation for others to act with impunity. The majority of members want a rules-based system rather than one based on power. However, further progress will be difficult without agreement from the USA, which is unlikely in an election year.

When the WTO was founded, decisions could be made efficiently because of the consensus among members that trade helped to support development, sustain peace and prevent conflict. Such efficient decision-making is not possible today, because members no longer share that consensus. The European Union (EU) believes that the solution is a more flexible system. Where consensus among all members proves impossible, a group of

countries representing a certain proportion of world trade should be allowed to move ahead with the issues on which they agree. Without this flexibility, the current system will become increasingly irrelevant, as citizens and politicians conclude that the WTO is incapable of addressing issues that matter today.

### **Mr. Djatmiko Wicaksono**

Many members, including Indonesia, have cases stuck in the dispute resolution mechanism with little prospect of any successful conclusion. To avoid the complete absence of a resolution mechanism, a twin-track approach could be taken. Renewed efforts could be made to unblock the current system (for example, by appointing new panel members), while negotiations for an entirely modernized dispute resolution mechanism could also continue in parallel. Finding a way to arrive at decisions more quickly is crucial if the WTO wants to continue making a difference.

The WTO should not only be a forum for ensuring fair and transparent global trade practices. In recognition of the world's major concerns today, such as security and energy, the WTO should also recommit to its development mandate with the support of parliamentarians that some speakers advocated in their interventions. Recommitting to the development mandate could involve the

WTO contributing to the Sustainable Development Goals, and harnessing its abilities to support peace and prosperity. This would also ensure that all members could look forward to balanced, transparent and inclusive outcomes when trading globally.

### **Mr. Juan Antonio Coloma Correa**

I hope that, in future, parliamentarians will be able to play a larger role in shaping the policies under discussion today, and that such policies will no longer be the preserve of States' executives alone.

With regard to deciding by consensus, we must acknowledge that the absence of a decision is a decision in itself, and can often be worse than actively taking the wrong decision. And because few things last forever, consensus is now waning for matters on which there was widespread agreement for decades. To unblock current decision-making processes, we must be more flexible. Pre-agreed actions should occur if no agreement can be reached within a certain deadline, as it is important to deliver tangible outcomes. The alternative is institutional failure, which could prove dangerous. We must continue our efforts to reform, so that we can continue delivering the important benefits of free trade, including the capacity to combat poverty.

## SUBSTANTIVE THEMES

### TRADE AND CLIMATE CHANGE: A WIN-WIN INTERACTION

*Discussion paper presented by Ms. K. Van Brempt  
Member of the European Parliament*



Climate change is today's number one global challenge. Recent COP meetings have made the state of crisis crystal clear and have stipulated the path ahead. We have taken steps forward, but are still falling short in reaching our climate goals. Latest forecasts state that the world will breach the 1.5°C limit this decade. We need urgent and decisive action on all levels. It is high time that the world of trade also takes its responsibility, and makes fighting climate change its number one priority. This will only work if we are all on the same page. Multilateralism is essential to achieve that. We need a powerful WTO that is the main

international deliberative body for global trade governance. It should provide a rules-based framework that offers predictability and security for all, and has the full power to settle disputes if they arise. In order for the WTO to enable global sustainable trade and investments fostering the just transition, alignment with other multilateral organizations, such as the United Nations (specifically the UN Framework Convention on Climate Change), the International Monetary Fund and the World Bank, are indispensable.

The WTO must regain strength. There have been serious setbacks in recent decades, with continuous structural and administrative hurdles. MC12 delivered some results, with the adoption of the WTO agreement on fisheries subsidies, and progress on food security, responses to the pandemic, and e-commerce. However, MC13 should surpass this. Reinforced structural cooperation based on open communication must lead to an action-based agenda for trade policy, with concrete proposals in line with climate agreements, the Sustainable Development Goals and the social agenda. Moreover, the WTO secretariat needs to be strengthened to be able to tackle all the challenges and tasks ahead.

The Trade Day at COP28 in Dubai was a true milestone. For the first time, trade was an official topic of a COP meeting. In her speech, WTO Director General Dr. Ngozi Okonjo-Iweala warned that the international community was still well short of reaching the objectives of the Paris Agreement, but added that trade could help to further reduce emissions. The WTO also published a highly relevant paper on trade and climate for that occasion.

Trade can indeed instigate the fight against climate change and social inequality. However, this can only be achieved by making the right strategic choices.

#### **The right to regulate**

WTO members worldwide are increasingly fighting climate change through trade-related policies. From 2009 to 2021, members notified the WTO of more than 5,000 measures with climate-related objectives. At the same time, State intervention on climate policy has increased – for example via subsidies – which, in its turn, affects trade. The nexus between trade and climate is complex.

The EU conceives of trade policy as an important tool designed to contribute to the green transition and achieve the European Green Deal. Recent legislation on deforestation is a milestone initiative in this regard. The USA is supporting the American green transition and sustainable industries with its far-reaching fiscal and subsidies policy mix set out in the Inflation Reduction Act. China is applying a more expansive approach with its Belt and Road initiative, state-owned companies, and generous state aid regime.

The right to regulate is a fundamental governance tool for members that needs safeguarding. In climate policy, this right is as timely as it is indispensable. However, governments must choose their approach with caution. Assuring WTO compliance, and applying an inclusive approach when developing new policies, are of crucial importance.

Discrimination, disturbance of the level playing field, obstructions to international trade, and perceived or actual protectionism are lurking around every corner. The pandemic, leading to supply chain disruptions, apparent over-dependencies, geopolitical tensions, and wars with the weaponization of resources, has led to conservative, nationalistic reflexes by many members. Geopolitical tensions are high, leading to countermeasures and an increase in the number of climate-related disputes brought to the WTO.

### Dispute settlement

The WTO is currently unable to resolve these issues and mitigate negative effects. Due to its eroded dispute settlement system, the WTO is paralysed when dealing with conflicts. This needs urgent remediation. If not, tensions will continue to rise, further weakening the rules-based order. A fully-functioning dispute settlement system is the EU's main reform priority for MC13.

All countries will have to step up their climate and environmental efforts to meet global goals. The question is thus not if, but how, these will be designed. Climate policy should not become a new hurdle for international cooperation, and lead to more geopolitical tensions and conflicts. This is why a well-functioning dispute settlement system is indispensable. Simultaneously, we need more alignment and cooperation. The only way to avoid more unilateral measures is to develop global policy. If designed in an inclusive, deliberative way, this is without doubt the most effective and least conflictual way forward. We need continuous multilateral, plurilateral and bilateral dialogue and engagement to address all concerns, align policies and, over time, converge on a global framework.

### The Committee on Trade and Environment

A mediating, rules-based and well-functioning WTO is essential to maintain open dialogue. Members should discuss and share best practices in a transparent way, leading to new, better-aligned measures. This will minimize negative effects and trade tensions. We need to reinforce and expand platforms to exchange information and interact. The Committee on Trade and Environment is essential in this regard. The Committee should become the main global forum to debate, coordinate and design trade-related environmental policy. All issues regarding trade and environmental policy, including measures to implement multilateral environmental agreements, can be discussed here. The Committee on Trade and Environment can also promote sustainable development and climate action through trade. Important plurilateral initiatives that can feed into this are the Fossil Fuel Subsidy Reform, the Dialogue on Plastics Pollution, and the Trade and Environmental Sustainability Structured Discussions. We also need to stir up discussions again on the Environmental Goods Agreement so as to reach actual results.

Certain policy domains have the potential both to be effective and serve as a testing ground for more global alignment. For instance, with circular economy, we can look at global standards on eco-design, product passports, repairability and recyclability parameters. Technical measuring and reporting on environmental and health parameters, such as toxic components or embedded emissions, are other starting points. However, the most urgent and impactful topic is, without doubt, global carbon pricing.

### Carbon pricing

Domestic carbon pricing schemes are prevalent, but also extremely diverse. According to the World Bank, over 70 carbon pricing systems exist globally, with varying coverage and prices, ranging from less than US\$ 1 to more than US\$ 130 per tonne of CO<sub>2</sub>-equivalent. Canada has gradually augmented its carbon price under its Greenhouse Gas Pollution Pricing Act, reaching US\$ 50/tonne CO<sub>2</sub> in 2021. The EU has its Emissions Trading System (ETS), an effort-sharing mechanism, and a recent policy, the Carbon Border Adjustment Mechanism. The EU's ETS carbon price is around €80/tonne CO<sub>2</sub>, and peaked at €100/tonne CO<sub>2</sub> in February 2023. The USA does not have a federal carbon price or tax, but many states implement measures such as direct pricing, fiscal policies or cap-and-trade systems. The California Air Resources Board, which focuses on California's air policy and managing the cap-and-trade system, sets strict emissions standards for a range of state-wide pollution sources, such as vehicles. California has a permit price of around US\$ 28. China started its ETS in July 2021. It covers the power sector, and is designed to contribute to China's policy goals of

peaking emissions before 2030 and reaching climate neutrality in 2060. The carbon price is around 60 Yuan (US\$ 8). Japan has a carbon tax – the Global Warming Countermeasures Tax, currently at 289 Yen/tonne CO<sub>2</sub> (US\$ 2) – and an ETS.

It is clear that better alignment between these different schemes can boost their effectiveness, and reduce misunderstandings, counterproductive effects and administrative burdens. In the absence of global systems or better alignment, unilateral policy will unavoidably arise in the coming years. An example of this is the decision of the EU to extend its ETS to the maritime sector. It is a necessary policy measure to include a sector that has dodged its responsibilities for far too long, leading to ever-rising emissions. However, for this policy decision to truly have an effect and uphold fair competition, the maritime sector needs emission pricing on a global scale.

One global system or a single global carbon price in the short term is a naive aspiration. However, this is the ultimate goal. On the way towards it, we need to align existing systems and make them converge as much as possible, so as to lower global emissions and enhance the level playing field for our industries.

### Phasing out fossil fuels

Indispensable elements of lowering global emissions include phasing out harmful practices immediately, and replacing them with measures to enhance the sustainable transition. Why do we continue to subsidize large-scale industrial farming over short-chain sustainable agriculture? Why do airlines still pay zero duty on their fuel? How is it possible that we still spend US\$ 7 trillion a year on fossil fuel subsidies? This constitutes a rise of US\$ 2 trillion over two years, even though governments across the world pledged two years ago at COP26 in Glasgow to phase out inefficient fossil fuel subsidies.

We can only spend the same money once. Let us spend it right.

The historic result of COP28 is a huge stepping-stone towards the fossil fuels goal. The agreement on moving away from fossil fuels is an important step. The only way forward is a way without fossil fuels.

One of the first steps is to stop fossil fuel subsidies, and redirect this money towards investments in the sustainable transition. According to a 2023 World Bank study, governments spend US\$ 1.2 trillion a year on potentially environmentally harmful subsidies. Redirecting even a third of these subsidies towards renewable energy and energy efficiency could already lead to an additional 9% of emissions reductions by 2030 (International Institute for Sustainable Development, 2022).

### Clean financing

Some 60% – 80% of world trade relies on trade finance, such as trade credit and insurance, and guarantees. The financial sector thus plays a key role. However, it continues to dodge its responsibility. This is unacceptable. An ambitious just transition policy framework needs a financial sector that supports the same goal. If the financial sector chooses the path of sustainable transition in a resolute, ambitious and transparent way, this creates security for investors. Investments and industry will then automatically follow. A sustainable financial sector can boost transition in a way that nothing else can. It is essential that all financial stakeholders work towards the same goal, avoiding harmful loopholes.

There is a leading role here for public finances and government institutions at all levels. Green and social government procurements are highly important, and can have a huge leveraging effect. They are currently underdeveloped. The IMF, World Bank, European Investment Bank (EIB) and national public banks should further green their investment policies. Semi-public stakeholders such as export credit agencies cover US\$ 2.5 trillion a year, and should stop financing or backing environmentally and socially harmful projects straightaway. They should redirect their means to projects in line with the just sustainable transition. Private actors need to follow suit. High degrees of transparency, and clear legislative and administrative frameworks, are imperative to avoid greenwashing and counterproductive investments.

### Import tariffs

More sustainable trade and the lowering of global emissions can also be supported by reviewing the counterproductive systems of import tariffs. These tariffs can support the sustainable transition, but only if they are applied with that transition in mind, which is currently not the case. Import tariffs are

lower for carbon-intensive industries than for clean ones. While coal and crude oil have average tariffs of 1.6% and 0.8% in the top ten importing markets, renewable energy equipment have average tariffs of 3.2%.

This is both absurd and bad policy. It leads to stranded assets and obstructing the green energy landscape. Huge and direct changes are possible on the ground by reversing current policy, making the business case for renewable energy, and discouraging fossil fuel investments. Better bilateral, plurilateral and multilateral coordination among trade partners will only amplify this effect. We urgently need coordinated proposals in that regard.

### Supporting Least Developed Countries (LDCs) to leapfrog

LDCs suffer the triple inequality of the global climate change equation. They are least responsible for causing climate change, hardest hit by its consequences and least equipped to mitigate and adapt. It is the responsibility of developed countries to support LDCs and allow them to leapfrog environmentally harmful technologies. Transparency, data exchange and sharing best practices are the first steps. It is crucial for developing countries to participate in this process from the start, so they can co-shape policy. It is also crucial, so that measured and tailored support can flow their way, not only via financing trade in sustainable goods and services, or direct investments in green projects and infrastructure, but also via technology transfers, technical assistance, and administrative and legislative support.

Most of the green transition's technologies are patent protected, and originate in developed countries. Developing countries are often unable to finance and import green technology, hindering their transition to a low-carbon economy. The WTO can contribute here by removing the barriers to technology transfer caused by TRIPs<sup>1</sup> rules, which prohibit the free flow of renewable energy and energy efficiency technologies. Another interesting instrument to consider is the *debt-for-climate swap*. These allow a debtor developing country to get a debt pardon and use the money owed to finance climate change, adaptation and mitigation projects. A long-term swap mechanism could be made operational within the framework of the G20 Debt Service Suspension Initiative, combined with rechanneling the IMF Special Drawing Rights.

To reduce misconceptions about sustainability legislation and make sure it reaches its goals, initiating countries should ensure that all global partners can manage the systems and understand that they are intended to lower global emissions. It is critical that the guiding principles should always be to retain mutual benefits and interact with LDCs, while applying a case-by-case approach.

Opinions vary widely about the effects of the Carbon Border Adjustment Mechanism (CBAM) on LDCs. While the EU Commission claims that CBAM effects on LDCs will be limited, LDCs themselves fear the Mechanism. The EU needs to raise awareness and provide support. All international revenues collected via CBAM should preferably flow directly back to the international community. This would reduce negative consequences, debunk protectionism allegations, and lower global emissions. LDCs should receive the highest and most targeted contributions via direct investments, technical assistance, technological transfers, and administrative support.

### Democratic oversight

This parliamentary conference is of key importance with regard to transparency, communication and democratic legitimacy. The joint European Parliament and IPU Parliamentary Conference on the WTO is an essential platform. The parliamentary dimension should be reinforced further, and parliamentarians should be more involved in WTO decisions. Let this paper and the associated discussions be another plea to WTO members to acknowledge these facts and act upon them.

There is clearly momentum for a deeper connection between trade policy and the climate agenda. We ought to grasp the opportunity to make sure that sustainable trade fulfils the role it can and should in reaching a cleaner, healthier and socially just planet for all.

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<sup>1</sup> TRIPs: Trade-Related Aspects of Intellectual Property Rights

*Discussion paper presented by Mr. Ziya Altunyaldiz  
Member of the Grand National Assembly of Türkiye*



Today we stand at a critical juncture in the global economy, where the discourse on sustainable trade is taking centre stage. In our increasingly interconnected world, the once-dismissed notion of sustainable trade has evolved from a mere buzzword into an imperative of paramount importance.

Sustainable trade encapsulates the generation of economic value, the reduction of poverty and inequality, and the responsible utilization of environmental resources. Let us embark on a comprehensive journey through its pillars.

**a. Economic value creation**

The first pillar of sustainable trade revolves around creating economic value. It is not merely about growth but also about fostering stable and inclusive economic development. This entails

prioritizing the well-being of communities and emphasizing long-term prosperity over short-term gains. Moreover, sustainable economic value creation champions ethical business practices, ensuring fair wages, safe working conditions, and adherence to international labour standards, thereby contributing to a socially responsible approach to economic development.

At its core, sustainable trade is built upon the creation of economic value that transcends mere financial gains. It seeks stability and inclusivity. Sustainable economic value creation involves fostering development that benefits all layers of society. Countries implementing policies that lead to inclusive growth can showcase the potential of sustainable economic value creation.

**b. Poverty and inequality reduction**

Beyond its economic impact, sustainable trade is emerging as a catalyst for poverty reduction, presenting a substantial opportunity to narrow economic disparities. Sustainable trade also offers diverse pathways for reducing poverty and alleviating economic inequalities. By providing essential financial tools, sustainable trade is becoming a catalyst for economic self-sufficiency. Moreover, inclusivity is at the core of sustainable trade, with business models that actively involve marginalized communities, ensure their participation, and enable them to benefit from trade activities, thereby demonstrating a commitment to reducing economic inequalities.

**c. Preservation and reuse of environmental resources**

The third – and nowadays the most crucial – pillar emphasizes the responsible use of environmental resources. Sustainable trade advocates for eco-friendly production methods and resource management practices. Examples of this are companies that embrace circular economy principles, minimizing waste, and promoting resource reuse to achieve both economic and environmental sustainability.

The circular economy serves as the foundation for preserving and reusing environmental resources in sustainable trade. Examining successful cases of businesses that implement circular economy practices can provide insights into sustainable resource management. Today, the majority of international corporations and firms are adopting circular economy principles, designing products with reuse and recycling in mind, and showcasing a commitment to environmental sustainability within the realm of trade. To achieve this, the world has introduced a new term: green supply chains. The concept emphasizes sustainable sourcing, transportation and manufacturing practices. Examining how companies integrate green supply chain principles can demonstrate the potential for reducing the environmental impact of trade. Businesses prioritizing green supply chains, and incorporating sustainable sourcing and transportation methods, contribute to preserving environmental resources and reducing the carbon footprint of trade activities.

## Transformation from traditional to sustainable models

Beyond our comprehensive understanding of sustainable trade and its sub-pillars, we can pinpoint tangible ways in which trade is becoming a force for positive change, addressing economic, social and environmental challenges. Moreover, the transformative impact of the COVID-19 pandemic, and ongoing green and digital transition processes, make it essential to explore how trade is evolving from traditional to inclusive models. Real-world examples vividly demonstrate the feasibility and impact of sustainable trade strategies.

In practice, global companies are actively adopting new trade strategies that prioritize environmental and social considerations. Paradigmatic approaches of firms integrating sustainability into their entire value chain are setting ambitious goals related to responsible sourcing, reducing environmental impact, and improving livelihoods. These approaches showcase how a multinational corporation can be a driver of positive change through sustainable trade strategies. International collaboration is pivotal for trade transformation, with agreements often including provisions on labour rights, environmental protection, and adherence to international standards, emphasizing the integration of sustainability into trade policies.

Moreover, the digital era is further catalysing this transformation, with the integration of blockchain technology in supply chains reshaping how we trace and verify products. Firms' new technologies empower consumers to trace the journey of food products from farm to table, ensuring transparency and accountability. All these advances underscore the urgent need for a trade landscape that is not only resilient but that also actively contributes to a more sustainable and inclusive global economy.

## The environment in trade

The intricate relationship between trade and the environment cannot be overlooked. Our trade activities significantly impact our planet. Whether it is the carbon footprint of transportation or the exploitation of natural resources, trade has both direct and indirect consequences on the environment. Integrating environmental considerations into our trade policies is not a choice but a necessity to mitigate these challenges.

The environmental dimension of trade has become increasingly significant as the world grapples with the challenges of climate change and resource depletion. Understanding and addressing the environmental impact of trade is essential for ensuring a sustainable and resilient global economy.

### **a. Ecological facts and impacts – the carbon footprint of transportation**

Trade inherently involves the movement of goods across borders, often requiring extensive transportation. Its carbon footprint contributes significantly to greenhouse gas emissions. Initiatives such as the International Maritime Organization's efforts to reduce shipping emissions highlight the need for sustainable transportation practices in global trade.

### **b. Resource depletion and overexploitation**

Unsustainable trade practices can lead to the overexploitation of natural resources, threatening biodiversity and ecosystem health. For instance, illegal logging in the Amazon rainforest to produce timber and agricultural products has raised environmental concerns globally. Addressing such issues requires international cooperation and the integration of environmental considerations into trade policies.

## The two-way relationship: the impact and results of trade on environmental issues, and the environment's effect on trade

Trade activities, if not conducted responsibly, can contribute to environmental degradation. For instance, the expansion of industrial production without proper environmental regulations can lead to pollution and habitat destruction. Examining cases where trade negatively impacts the environment will highlight the urgency of adopting sustainable practices. For example, the electronics industry's heavy reliance on rare earth metals, often extracted through environmentally detrimental methods, serves as a stark illustration of how trade can contribute to the exploitation of resources, and degradation of the environment.

Conversely, environmental issues can have profound effects on trade. Extreme weather events, exacerbated by climate change, can disrupt supply chains and transportation networks. Instances such as disruption caused by hurricanes to the shipping industry underscore the vulnerability of trade to environmental factors.

In this regard, countries and businesses are increasingly recognizing the need to integrate environmental standards and certifications into trade policies. The Forest Stewardship Council certification for sustainably sourced wood products and the Marine Stewardship Council certification for sustainable fisheries are examples of how environmental considerations are being incorporated into trade regulations. The shift towards sustainable trade is also reflected in the realm of finance. Green finance initiatives, such as sustainable bonds and investment funds, are directing capital towards environmentally responsible projects. This not only supports sustainable trade practices but also encourages businesses to align with environmental objectives.

## Conclusion

In conclusion, the urgency of adapting our trade structures to the changing dynamics of green and digital transitions cannot be overstated. As we navigate the complexities of the modern global economy, it is crucial to prioritize sustainable trade practices. In doing so, we not only ensure the well-being of our planet but also pave the way for a resilient and inclusive future. At this point, the environment's role in trade cannot be underestimated. As we witness the increasing interconnection of economies, addressing the environmental impact of trade is becoming an imperative for long-term global sustainability. By acknowledging the two-way relationship between trade and the environment, and actively integrating environmental considerations into trade policies, we can work towards a future where economic growth harmonizes with environmental preservation.

Lastly, here are a few suggestions to enhance sustainable trade:

- **Implement transparent and ethical supply chains.** Policies that promote transparency and ethical practices in supply chains should be developed and enforced. Companies should disclose information about the origin, production and distribution of their products, allowing consumers to make informed choices.
- **Encourage the development and adoption of green technologies, and innovations that minimize the environmental impact of trade.** Governments can provide incentives, such as tax breaks or subsidies, for businesses investing in sustainable practices. This includes promoting eco-friendly transportation, energy-efficient manufacturing processes, and sustainable packaging solutions.
- **Integrate environmental impact assessments into trade agreements.** Such assessments can ensure that environmental considerations are integral to trade agreements. This can help identify and mitigate negative environmental impacts, ensuring that trade practices align with sustainability goals.
- **Foster international collaboration on environmental standards.** Promoting international collaboration to establish and harmonize environmental standards can encourage countries to work together to set common environmental benchmarks. This can be achieved through forums like the World Trade Organization, where nations can collaborate on establishing and enforcing sustainable trade standards.
- **Support green finance and investment.** Mechanisms should be created that support green finance and investment in sustainable projects. Governments can establish financial incentives, such as preferential interest rates or grants, for businesses engaging in sustainable practices. Financial institutions can also play a role by prioritizing investments in environmentally responsible initiatives, thereby contributing to the growth of a green economy.

By implementing these suggestions, stakeholders at various levels – from businesses to governments – can contribute to the enhancement of sustainable trade. The key is fostering a holistic approach that integrates economic, social and environmental considerations into trade practices, ensuring a balance between prosperity and planet stewardship.

## INTRODUCTORY REMARKS

**Mr. Helmut Scholz, Moderator**  
(Member of the European Parliament)

One proposal I have read, which deals with how to link trade to climate change action, aims to remove barriers that hamper low-income economies by reforming the way carbon emissions are accounted for in trade agreements. This could include distinguishing differently between production and consumption of services.

Continued dialogue and cooperation are imperative if trade and climate policies are to be mutually reinforcing. Moreover, a just transition to a low-carbon and resilient global economy is a prerequisite for contributing to people around the world enjoying better lives and livelihoods. That is not always easy or without friction, especially recently, with war, hunger and poverty all on the rise, and the SDG delivery timetable lagging.

**Ms. Kathleen Van Brempt, Rapporteur**  
(Member of the European Parliament)

Against the backdrop of multiple crises from the pandemic to various wars, we cannot lower our climate ambition. Encouragingly, a whole day of discussion at COP28 was dedicated to climate and trade for the first time, shifting perceptions from trade being a climate change enabler to the potential for trade to offer climate solutions. Politicians everywhere find it difficult to tackle the topic due to its deep complexity, especially alongside the challenges currently being made to the principles of multilateralism.

We need a balance between the right of parliamentarians to regulate (including as a way to reflect the concerns of the citizens they represent) and the need for countries to follow international rules as members of a global community, committed to a level playing field in cross-border trade. Green legislation has often been criticized as protectionist, whether it be the EU's *Green Deal* system of taxing goods entering the bloc based on their carbon emissions or its ban on the import of products that cause deforestation, the US Inflation Reduction Act, or state subsidies operating in China. Any such regional or national-level regulations must be transparent and aligned with WTO rules, so that international trade remains equitable. The keys to continuing that international equality alongside the national right of parliaments to regulate are to be found in discussion, transparency, and taking the time to learn from each other's regulatory systems and experiences. The EU has started, but still has more work ahead, to explain to international partners the regulations that parliamentarians have adopted, to demonstrate the compatibility of the regulations with international trade rules, and to advocate them to others. Similarly, with over 70 carbon pricing schemes in operation worldwide, a huge amount of discussion lies ahead to understand the different systems, learn from others' experiences, and ensure that whatever national parliaments and governments implement individually is aligned as closely as possible to systems used by others.

No less important, is the need for parliaments and governments to work together to cut subsidies that harm climate action, such as for fossil fuels or industrial-scale farming. This sort of change is complex. It must be sensitive to the social change that it implies for communities working in the sectors undergoing reform. But that complexity must not deter either legislators or executives from delivering lower subsidies.

Just as we began trade and climate discussions at COP28 this year, so we must begin similar debates in the WTO. We must also focus on LDCs and bring them more actively into our discussions. After all, they suffer the triple injustice of being least responsible for carbon emissions, most vulnerable to the effects of climate change, and least equipped to mitigate those effects. More developed regions must support LDCs with their policymaking, including through funds to allow LDCs to leapfrog straight to carbon neutral technologies, and initiatives to share more climate technology-related intellectual property. It makes no sense to keep that property within developed regions in the context of such a global problem.

Many agree that we need to reform the WTO to ensure a global trading system based on clear rules and with a functioning dispute resolution mechanism. I believe the same is needed in terms of climate action.

**Mr. Ziya Altunyaldiz, Rapporteur**  
(Member of Parliament, Grand National Assembly, Türkiye)

Climate change clearly has a negative impact on global trade, and vice versa. So how might sustainable trade policy both drive economic growth and tackle climate change? Meetings such as this one are a good start, as they help to foster dialogue and cooperation on a hitherto little discussed topic.

Since its foundation, the WTO has proved how much is possible when nations come together in the pursuit of common goals. But new challenges face us in an era of unprecedented interconnectedness, including environmental degradation and social inequality, both of which damage collective prosperity.

The fundamental elements of sustainable trade include an ability to reduce poverty and inequality, as well as to preserve human life through environmental stewardship. These elements should now be developed more holistically to encompass concepts of fair trade and green supply chains.

A balance must be found between economic growth and climate action. On the one hand, as trade both shapes and is shaped by environmental factors, countries and businesses must recognize the need to integrate environmental standards and certification into trade policies. But on the other hand, trade-related measures to combat climate change must comply with WTO rules and must not erect trade barriers for developing countries. The unilateral trade policies that the developed world has more recently been adopting (to say nothing of their incompatibility with the principles of multilateralism) can also undermine developing countries' efforts to combat climate change.

Ways in which parliamentarians (in concert with executives and others) can start to relate to each other to solve these issues and resume closer working relationships in the international community might include: promoting transparency and accountability in global supply chains to ensure products are sourced and produced ethically from a human and environmental standpoint; investing in clean technologies to reduce the environmental impact of trade while promoting economic growth and competitiveness; including environmental impact assessments in trade negotiations; establishing common international standards to promote environmental protection and a level playing field for business; promoting local value chains to reduce carbon emissions; and investing in green finance initiatives that support sustainable trade practices and projects so as to ensure a brighter future for the next generation.

Parliamentarians must also discuss (with the executive branch and other interested parties) how the burdens of climate action should be divided up fairly, taking account of factors such as the levels of emissions that developed, developing and least developed countries are responsible for, and the impact that climate change has on these three groups.

As parliamentarians, we are responsible for shaping international trade so that it benefits everyone and preserves our planet.

## QUESTION-AND-ANSWER EXCHANGE

### Mr. Helmut Scholz, Moderator

As the World Climate Council has said that we have 20 years left to tackle climate change, how far should timing be incorporated into MC13 deliberations on climate action? What would you propose as an objective to be achieved here in Abu Dhabi?

### Ms. Kathleen Van Brempt, Rapporteur

In the EU's experience, success is most often achieved when parliamentarians and those they work with set clear goals, intermediate milestones and final deadlines that can all be enforced, as was the case when European Parliament lawmakers were passing EU climate change legislation. WTO and EU mechanisms are of course different, but the MC13 declaration should nevertheless include a timeline, as well as commitments on sustainability, LDC access to technology, and the nexus between trade and subsidies. MC13 should also commit to agreeing a roadmap and specific actions in time for MC14.

### Mr. Ziya Altunyaldiz, Rapporteur

The main subjects for discussion at MC13 and MC14 must be trade and the climate, in addition to more detailed work on the relationships between trade on the one hand and subsidies, carbon trading, fighting poverty and fostering prosperity on the other. We need to decide how far producers and consumers should pay carbon-related costs, taking account of how much the relevant parties have been responsible for carbon emissions over time.

### Mr. Naser. Albdulnabi (Bahrain)

Developing countries rarely have the resources to deal with the climate issues being discussed here. How far can binding measures be placed on the countries most responsible for carbon emissions that would require them to support developing countries tackle climate change?

### Ms. Kathleen Van Brempt, Rapporteur

I agree that the international community should fully support LDCs in their climate adaptation and mitigation work. The EU believes that, on the one hand, the WTO should reduce barriers that hinder access to technology; but on the other, the WTO should also recognize both the investment needed for research and development, and the intellectual property

rights of technology developers. Similarly, European credit agencies should be more transparent, to ensure the guarantees they issue are linked to clean financing.

### Mr. Ziya Altunyaldiz, Rapporteur

As carbon emissions do not stop at national borders, policies to remediate the environmental damage of those emissions should not be dealt with unilaterally within individual countries, but rather multilaterally. Any attempt to protect domestic markets or block foreign imports would only work in the short term. As a result, the WTO is clearly the correct forum to develop a global carbon trading mechanism, and its members should work hard to achieve this, as well as an international agreement linking climate change and trade.

Equally, if developing countries do not have the capacity and resources to deploy the sort of climate change mitigation technology available in developed countries, then the borderless nature of the problem makes technology transfer the logical conclusion.

While the EU has acted unilaterally on carbon levies and taxes, it also appears to be taking a very close interest in the impact of its policies on countries responsible for lower carbon emissions, such as LDCs.

### Mr. Mandla Rayi (South Africa)



Unilateral measures should be discouraged. When passing unilateral trade and climate measures, EU parliamentarians and their partners should have first imposed internal levies on carbon-emitting products, before establishing measures at the external border that effectively block those outside the EU from accessing European markets. Environmental protection measures should not be used as a pretext to protect certain products from external competition, as appears to be the case with the EU's selective

identification of carbon-intensive industries. Such protection measures should also minimize the negative impact of trade on the environment and vulnerable communities.

South African parliamentarians have adopted climate legislation, as well as a plan identifying the investment needed to meet the country's ambitious climate goals. In deciding on their levels of responsibility to tackle climate change, countries, including legislators from those countries, must consider the amount of carbon emissions they are responsible for, in line with the UNFCCC principle of common but differentiated responsibility and capability.

#### **Ms. Kathleen Van Brempt, Rapporteur**

I believe that the EU's external carbon taxes (carbon border adjustment mechanism) are compliant with WTO rules, and welcome further scrutiny to confirm this. European Parliament MPs have contributed to legislating for an internal carbon levy (emissions trading scheme) on its domestic industries. If parliamentarians had not passed the external tax regulations, European industries would have been disadvantaged (or might even have gone out of business) by paying the internal levy, while non-European businesses would not have had to pay any equivalent tax. There is no intention to block non-European products, but rather to establish a level playing field and fair competition between European and non-European businesses. The external taxes apply to some products and not others because they are being phased in gradually. The adjustment mechanism will also be evaluated, a crucial factor of which will be an assessment of the mechanism's impact on LDCs.

#### **Mr. Youyong Zhou (China)**



China's climate goals are to reach carbon peak by 2030 and carbon neutrality by 2060. We encourage work in the WTO to develop stronger links between trade and climate action, which will benefit both those policy areas, and support development.

China has shared its experiences and participated actively in WTO trade and climate discussions. However, unilateral measures adopted by some have erected barriers, damaged the non-discriminatory nature of the international trading system, and failed to leverage the power of trade to tackle climate change.

#### **Mr. Supadma Putu Rudana (Indonesia)**

Indonesia's extensive delivery of its enhanced nationally determined contributions demonstrates its commitment to climate action.

What is the ideal balance between the priorities of economic growth, people's well-being, and the health of the planet – and should any of them take precedence? And should Indonesia trade in raw or finished products?

#### **Ms. Kathleen Van Brempt, Rapporteur**

It would be hypocritical to encourage others to do anything other than to create the added value of finished products within one's own country, so that one's own citizens can benefit from that additional prosperity. However, EU parliamentarians have legislated to require their domestic industries to manufacture products with minimal damage to the climate. They are also set to legislate similarly on biodiversity and forced labour. Therefore, to ensure a level playing field between the EU and the rest of the world, the same requirements are made of finished products imported from outside the EU as are made of such products when manufactured within the EU.

#### **Mr. Ziya Altunyaldiz, Rapporteur**

Exporting finished products is clearly more lucrative and gives the producer great price-shaping power. However, the financing, human capacity and technology involved, as well as the need for sustainable growth, often hinder developing countries from being able to choose the finished product route.

Countries wanting to export finished products to the EU should reform their industrial practices so that the carbon emissions of their exporting industries are in line with targets set out at COP20. The international community should support the investment needed for such reform. That said, although COP20 decided on

the need for such support, few countries have committed to providing it since then. The WTO and World Bank should therefore provide the financing required to green industries in developing countries, and so facilitate access to developed country markets.

#### **Mr. Aladdine El Bahraoui (Morocco)**

Suppliers in developing countries are often required to certify their products on social, environmental and other grounds – a laudable aim. However, certification should be harmonized, as currently, there are many different certification and audit procedures, all of which have their own cost. It is still unclear whether consumers are willing to accept the higher prices that this additional certification implies.

What can the WTO and the European Parliament do to ensure that mutually beneficial commercial relationships develop further between companies in developed and developing countries?

#### **Mr. Ziya Altunyaliz, Rapporteur**

Certification can indeed be costly, heterogeneous and slow to materialize. It could also be used by the unscrupulous as a method of preventing products from entering a market. The WTO could work towards an agreement to standardize and therefore simplify certification processes.

#### **Mr. Marco Campomenosi (European Parliament)**

Proposals are being developed to extend the EU emissions trading scheme to the domain of transport, including the maritime sector. This may create competitive imbalances between European and non-European ports, for which more short term and ad hoc corrections can no doubt be found. In the longer term, do you think that there is an appetite for global organizations, such as the WTO or the International Maritime Organization, to develop a set of common rules that would allow those in the shipping industry to compete on a level playing field across the world?

#### **Mr. Ziya Altunyaliz, Rapporteur**

As transport is the second-most polluting sector after energy, WTO-led work would be invaluable to transition not only maritime transport but the whole transport sector to a low-carbon footing.

#### **Ms. Kathleen Van Brempt, Rapporteur**

The inherently global nature of the maritime sector means that a carbon levy or pricing system would logically need to be global too. But as the international community has not yet acted, the extension of the internal EU emissions trading scheme to shipping is another instance of the bloc setting an example for others to follow. As ever, where the EU acts first, it would need to take corrective action if it appeared that its rules were being circumvented, or that non-European shipping was gaining an unfair competitive advantage over its EU counterparts.

#### **Ms. Saadia Abbasi (Pakistan)**



Pakistan ranks among the 10 countries most affected by climate change and natural disasters across the world, with unprecedented damage wrought over the last decade. I urge the WTO and IPU to work towards reducing carbon emissions caused by ever-expanding industrial growth and trade. Global trade must be sustainable. To counter climate threats, all kinds of knowledge must be exchanged. New technologies should also be adopted and transferred to developing countries. I would like to see Europe commit to such transfers.

#### **Mr. Mevlut Karakaya (Türkiye)**

Türkiye is a candidate EU country, a member of the EU customs union, and an EU trade partner. In view of the Paris Agreement and our commitment to carbon neutrality by 2053, Türkiye has drafted a plan to adopt the EU Green Deal. This will help to reinforce Türkiye's position in global value chains, increase its competitiveness, and enhance its international economic integration. The Green Deal's success will depend on equitable access to appropriate financing and technology.

#### **Mr. Mimoune Amiri (Morocco)**

Does the WTO have a strategy to bring an end to environmentally harmful investments? Should developing-country WTO members be able to monitor WTO policies that might

negatively impact their economies, in parallel to simply implementing those policies, ratifying agreements, and relying on WTO assistance?

**Ms. Kathleen Van Brempt, Rapporteur**

It is crucial for LDCs to engage and be engaged as much as possible in all WTO discussions on trade and climate change, including on climate finance.

**Mr. Helmut Scholz, Moderator**

Although parliamentarians do not negotiate directly, we have an important role to oversee and democratize WTO processes, especially in light of the member-driven nature of WTO working methods. Can we really accept the

length of some current trade negotiations (at least one has lasted more than 20 years) or the continued chasm between developing and developed members? If not, what is hindering us as parliamentarians from taking more of a leading role in the search for solutions to the complex problems we have identified here?

Ensuring appropriate regulations, finance mechanisms, technology transfer, and equal treatment among members constitute part of the answer, in parallel to the overarching imperative of protecting the WTO's existing structures and practices. The topic of trade and climate change reminds us that time is short, and we must continue to work hard.

## SUBSTANTIVE THEME

### DIGITAL TRADE IN THE ERA OF RESILIENT ECONOMIES

*Discussion paper presented by Mr. J. Warborn  
Member of the European Parliament*



Technological innovations have continually revolutionised international trade, as advancements in transportation and communication make the process of exchanging goods and services easier. The digitalisation of the global economy has continued this trend, with the share of digitally-enabled trade perpetually growing, representing 25% of global trade in 2020<sup>2</sup>. Cross-border data flows underpin not only the export of digital services but increasingly participate in the production of sophisticated electronic products across global value chains and

facilitate trade between digitally connected businesses and consumers across the world through online e-commerce platforms. Digitalisation of procedures like certification through e-signatures also simplifies administrative burdens, allowing trade to be both more efficient and transparent.

The reduction of barriers to market access provides particular opportunities for Small and Medium Enterprises (SMEs) to internationalise their activities and find customers abroad, allowing them to participate in world trade without needing the resources of large firms and multinational corporations.

The importance of digital services to the resilience of global economy faced with shocks such as supply chain disruptions was most recently illustrated by the COVID19 pandemic, during which firms relied on remote work software and video conference applications to mitigate the impact of physical distancing restrictions on operations.

However, while the digitalisation of trade presents key opportunities, these come with important challenges related to the divide in access to digital infrastructure and the need to build an adequate international regulatory framework. As such, it is imperative to develop clear strategies for states to tackle these issues and reduce unnecessary barriers to digital trade in order to unlock the full potential of these services for the global economy.

Accordingly, in January 2019, 76 WTO members committed to initiating plurilateral negotiations on e-commerce in a joint statement that agreed to “seek to achieve a high standard outcome that builds on existing WTO agreements and frameworks with the participation of as many WTO members as possible”. Following the final negotiating round of 2023, participants in the Joint Statement Initiative on Electronic Commerce (JSI) announced a ‘substantial conclusion’ in negotiations relating to the three broad areas of digital trade facilitation, open digital environment and business and consumer trust, with co-conveners pointing to the conclusion of articles on various issues ranging from paperless trade, online consumer protection, cybersecurity, and e-signatures.

Nevertheless, the current package still lacks agreement on several key areas, most notably a deal between participants on the status of the moratorium on electronic transmissions, as well as proposals related to regulations on data flows and localisation, as countries such as the US have expressed the need to maintain regulatory policy space as domestic debates persist. Pushing for

<sup>2</sup> OECD (2023) “Key issues in Digital Trade - OECD Global Forum on Trade 2023: Making Digital Trade Work for All” <https://www.oecd.org/trade/OECD-key-issues-in-digital-trade.pdf> p.1

agreement on the outstanding issues of extension of the e-commerce moratorium and the limiting of data flow restrictions should thus count among the main priorities both within negotiations over the e-commerce JSI and among the broader multilateral discussions with WTO members.

In the meantime, there should also be a solution as regards the “legal architecture” of the agreement. Regardless of the final form of the agreement, this will require consensus between all contracting parties. Indeed, the conclusion of ‘open’ plurilateral agreements (whose benefits are spread to all contracting parties) is only possible when a ‘critical mass’ of members’ share of international trade is reached, while ‘closed’ plurilaterals (whose benefits are reserved to participants in the agreement) need the consent of all WTO members to be approved. Plans to ultimately integrate this agreement into the broader multilateral framework of WTO rules will also naturally require the consensus of all members.

## I. Extending the moratorium on custom duties for electronic transmissions

In 1998, WTO members agreed to continue the practice of not imposing custom duties on electronic transmissions, broadly defined as the delivery of ‘digitizable products’ like films, video games, e-books, music and software. Since then this moratorium has been extended every two years at the WTO Ministerial Conference and has promoted the growth of digital trade. Nevertheless, certain countries have started to express concerns about the potential costs associated with the extension of the moratorium on their economies. As net importers of digitalised products, these developing countries point to estimations of foregone customs revenue. The last Ministerial Conference saw members commit to intensifying discussion on the scope, definition and impact of the Moratorium while also seeking a permanent solution. Unless a new agreement is reached to extend it, the moratorium is set to expire on the 31 March 2024.

However, the renewal of the e-commerce moratorium should be an essential priority for MC13, as should advancing negotiations to make the measure permanent. Indeed, the OECD’s own estimate of foregone customs revenue place it on average at only 0.68% of total customs revenue and 0.1% of total government revenue, when calculations account for the other commitments made by countries that restrict their ability to levy tariffs on electronic transmissions.<sup>3</sup> Such revenues could thus easily be compensated by revenue from VAT and other internal taxes, including on digital services. Meanwhile, the imposition of such tariffs would risk undermining the free flow of digital services, potentially reducing digital imports and exports in low and middle income countries in particular. Yet raising the costs of digital imports would only lower the competitiveness of domestic firms while making it more difficult for SMEs to access digital tools key to their international growth. Accordingly, pushing for the extension of the e-commerce moratorium at the upcoming 13th Ministerial Conference is of major importance to protect the efficiency gains and development potential of digital trade.

## II. Striking a balance between limiting data flow restrictions and data protection and consumer privacy

In all its forms, digital trade relies on the cross-border flow of data, which continues to grow at an unprecedented rate. However, the last decade has seen a strong trend towards further restrictions on the free flow of data by national governments<sup>4</sup>. These restrictions are motivated by a variety of policy objectives, such as concerns over the treatment of citizens’ personal information by companies based in foreign jurisdictions, protectionist attempts at channelling data to the development of domestic digital industries and their competitiveness, a desire to limit the spread of data deemed sensitive for national security, or making data more easily accessible for auditing and regulatory purposes. Particularly in the case of concerns over privacy, the level of restrictiveness of countries on the export of data depends on the level of adequacy or equivalence of the third country’s data protection regulations, usually established by public bodies such as data protection authorities.

<sup>3</sup> OECD (2023) “Understanding The Potential Scope, Definition And Impact Of The WTO E-Commerce Moratorium” OECD Trade Policy Paper <https://www.oecd-ilibrary.org/docserver/59ceace9-en.pdf?expires=1704707239&id=id&acname=ocid194994&checksum=31DF44F15C07EE97952BAD353E422B8B> p.25

<sup>4</sup> Ferracane, M.F (2017) “Restrictions on Cross-Border data flows: a taxonomy” European Centre for International Political Economy Working Paper <https://ecipe.org/wp-content/uploads/2017/11/Restrictions-on-cross-border-data-flows-a-taxonomy-final1.pdf> p.2

As in other areas, regulatory divergence thus constitutes a risk of posing non tariff barriers to the data flows necessary for digital trade. In addition, local storage and processing requirements are a major impediment to the liberalisation of cross border data flows and harm the efficiency gains achieved by the structuring of global value chains. Such data localisation requirements are only growing in number as well as becoming more restrictive, with nearly a hundred of these measures across 40 countries by early 2023<sup>5</sup>, and two thirds imposing a local storage and processing requirements combined with a restriction of the possibility of any data export at all<sup>6</sup>. Considering the importance of cross border data flows not only to a range of high value exporting industries such as IT, media and manufacturing, but also sectors like healthcare that rely on international research and development cooperation and digital technology intensive products, the continued imposition of such restrictions should be avoided. Indeed, according to estimates from a 2021 Frontier Economics report commissioned by Digital Europe, the difference between a moderately liberalising path and a moderately restrictive path would amount to €2 trillion over a ten year period to 2030<sup>7</sup>.

Yet, it is important to strike the right balance between the promotion of free data flows and addressing threats towards consumer privacy and data protection arising from digital trade, notably to the fundamental rights and protections afforded to citizens, for example under the 2016 General Data Protection Regulation (GDPR). Consequently, the EU has embraced an approach to data flows that stresses that high standards of data protection and the liberalisation of digital trade should come hand in hand, for example in bilateral agreements with countries such as Japan. In order to promote this balanced approach internationally, these actions should be accompanied with efforts at the WTO level, pushing for global rules on tackling data flow restrictions while preserving legitimate policy space for digital regulation in plurilateral agreements such as the Joint Statement Initiative on E-Commerce.

### III. Increasing connectivity and overcoming the digital divide

E-commerce and trade in digital services relies on access to the internet and digital infrastructure. Yet while digitalisation continues to grow, there remains a significant divide in internet access across the world, with 2.7 billion people remaining unconnected and more than half of the global population not having access to high-speed broadband<sup>8</sup>. This reflects inequalities in digital infrastructure between levels of development, but also across gender, age, socio-economic class and rural vs urban populations. Indeed, 264 million fewer women had internet access than men in 2022, while the number of internet users in urban areas is double that in rural ones<sup>9</sup>. These disparities are also present within the European Union, with data from Eurostat indicating that 2.4% of the 450 million people in the EU do not possess the financial means to afford an internet connection<sup>10</sup>, limiting their access to job opportunities and essential public services. Digital inclusion among poorer segments of the population also varies considerably across member states with countries such as Bulgaria and Romania presenting large shares of unconnected citizens among the population while these proportions are much lower in places like Denmark and Finland<sup>11</sup>.

In order to make the availability of open digital trade's benefits more inclusive, the EU should strive to spread access to the internet and ICT networks evenly within its single market as well as in developing countries. At home, the EU has established clear connectivity targets as part of its 'Digital Decade' framework, which aims to empower people and businesses for a successful digital transformation of the economy by 2030. Nonetheless, according to the first state of the Digital Decade

<sup>5</sup> OECD (2023) "The Nature, Evolution And Potential Implications Of Data Localisation Measures" OECD Trade Policy Paper <https://www.oecd-ilibrary.org/docserver/179f718a-en.pdf?expires=1704823209&id=id&accname=ocid194994&checksum=1DA9FB430BB232770507189CACA-CC1D5> p.3

<sup>6</sup> ibid

<sup>7</sup> Frontier Economics (2021) "The Value Of Cross-Border Data Flows To Europe: Risks And Opportunities" <https://www.digitaleurope.org/resources/the-value-of-cross-border-data-flows-to-europe-risks-and-opportunities/> p.6

<sup>8</sup> International Telecommunication Union (2022) "Internet surge slows, leaving 2.7 billion people offline in 2022" <https://www.itu.int/en/mediacentre/Pages/PR-2022-09-16-Internet-surge-slows.aspx>

<sup>9</sup> Signé, L. (2023) "Fixing the global digital divide and digital access gap" Brookings Institutur <https://www.brookings.edu/articles/fixing-the-global-digital-divide-and-digital-access-gap/>

<sup>10</sup> Bhatia, V. (2023) "Bridging the digital divide in the European Union" <https://www.weforum.org/agenda/2023/08/how-to-bridge-the-digital-divide-in-the-eu/>

<sup>11</sup> ibid

report released in 2023, the EU is thus far falling short of its objectives with goals like expanding 5G coverage and the digitalisation of companies remaining below targeted levels<sup>12</sup>. A renewed push for investment is therefore needed, not only in the deployment of a digital infrastructure network but also policies aimed at developing the digital skills of businesses and citizens in training and education in order to benefit from such access.

Meanwhile, the EU is also supporting infrastructure development and capacity building with trading partners. Through its 'Digital4Development' approach, the EU has mainstreamed digital technologies into its development policy by working with the private sector on promoting access to affordable and secure broadband connectivity, developing digital literacy and skills, fostering digital entrepreneurship and job creation, and supporting the use of digital technologies as an enabler for sustainable development<sup>13</sup>. Along with financial support, the EU also works closely with partners to offer policy recommendations on harnessing the sustainable development and job creation potential of digital trade in partnerships such as the EU-African Union Digital Economy Task Force<sup>14</sup>. Bridging the discrepancies in access to digital services between countries and within societies remains a necessary prerequisite to building an inclusive and sustainable international digital economy.

#### IV. Promoting Paperless Trade

Another major efficiency gain that lies in digital trade is the digitalisation of cross-border exchange in trade related documents such as purchase orders and regulatory certificates between companies, buyers, supply and logistic providers and custom and regulatory agencies. According to the International Chamber of Commerce, 4 billion documents move across the international trade ecosystem at any given time, with a typical transaction involving up to 27 documents, and taking up to 2-3 months to process<sup>15</sup>. The transition from paper-based to an electronic-based system for the handling of these documents would present significant efficiency gains for traders, allowing them to save both time and money in handling administrative barriers and avoiding unnecessary bottlenecks in supply chains. This is especially relevant for small and medium enterprises for whom trade documentation costs may come into consideration in deciding over the export of products of lower value. The advantages of paperless trade also lie in traceability, as online-based documentation systems allow the provision of real-time information on the movement of goods and services which can be used by government agencies for national security considerations or to monitor respect for regulatory standards. Digital technologies like the blockchain may additionally enable a more secure form of data collection than the prevailing paper-based documentation of current international trade transactions.

The WTO's Trade Facilitation Agreement already contains multiple provisions encouraging the electronic exchange of transaction data, while more than half of preferential trade agreements since 2005 address the need for custom administrations and traders to adopt paperless trade<sup>16</sup>. However, these provisions generally represent soft commitments which do not necessarily translate to action by governments. A significant step forwards was nevertheless taken with the UK's recent Electronic Trade Documents Act, which allows for trade documents such as bills of lading and exchange in electronic form to receive the "same legal treatment, effects and functionality" as those in paper form. The WTO should start to discuss the legal recognition of electronic trade administration documents similar to that implemented by the UK and supporting the development of countries' electronic single window interfaces for the submissions of regulatory and administrative documents.

<sup>12</sup> European Commission (2023) "2030 Digital Decade" <https://digital-strategy.ec.europa.eu/en/library/2023-report-state-digital-decade>

<sup>13</sup> European Commission (2017) "Digital4Development: mainstreaming digital technologies and services into EU Development Policy" Commission Staff Working Document [https://international-partnerships.ec.europa.eu/system/files/2019-09/swd-digital4development-part1-v3\\_en.pdf](https://international-partnerships.ec.europa.eu/system/files/2019-09/swd-digital4development-part1-v3_en.pdf) p.4

<sup>14</sup> European Commission - Shaping Europe's digital future <https://digital-strategy.ec.europa.eu/en/policies/africa>

<sup>15</sup> International Chamber of Commerce (2021) "United Kingdom | Creating A Modern Digital Trade Ecosystem - Cutting The Cost And Complexity Of Trade - Reforming laws and harmonising legal frameworks" [https://www.dsi.iccwbo.org/files/ugd/0b6be5\\_9a983b7c954d49389dd25a54033bcf78.pdf?index=true](https://www.dsi.iccwbo.org/files/ugd/0b6be5_9a983b7c954d49389dd25a54033bcf78.pdf?index=true)

<sup>16</sup> UNECE (2018) "White Paper: Paperless Trade" [https://unece.org/fileadmin/DAM/cefact/GuidanceMaterials/WhitePapers/WP-PaperlessTrade\\_Eng.pdf](https://unece.org/fileadmin/DAM/cefact/GuidanceMaterials/WhitePapers/WP-PaperlessTrade_Eng.pdf)

## INTRODUCTORY REMARKS

**Mr. Jörgen Warborn, Rapporteur**  
(Member of the European Parliament)

Digital trade enhances supply-chain and other business-related resilience, as demonstrated during the COVID-19 pandemic. The more digitalized organizations were before the pandemic, the less affected they were by the need to conduct their business remotely.

We must strike the right balance between leveraging the economic growth opportunities of digital trade and safeguarding the rights of businesses and citizens online. As a result, the main challenges of digital trade are: bridging the often-significant differences in access to digital infrastructure between developed and developing countries; establishing adequate regulatory frameworks; and countering online threats to national security and personal privacy.

We will consider two major topics today. The first is digital data flows and the moratorium on collecting customs duties on e-commerce transmissions. The moratorium has been renewed every two years since 1998. The unrestricted use of e-commerce platforms has removed trade barriers and opened up new markets to businesses, enabling them to participate in world trade without needing the resources of multinational corporations. Recently, WTO members that are net importers of digital products have argued the moratorium represents a significant loss of tax income. Although this is a valid concern, studies show that potential revenue is minimal, while the imposition of customs duties on e-commerce transmissions risks major disruption to growth potential in international trade, particularly among SMEs and women-led companies in developing countries. I hope that members will agree to renew the moratorium at this year's ministerial conference.

Concerns over national and personal data protection are being addressed, including by localized data storage and ensuring third-country equivalence of data handling regulations. The WTO is the right forum in which to look for a global agreement on this subject. This is evidenced by the Statement Initiative on e-Commerce, which balances the free flow of data with appropriate regulation.

The second major topic for today is paperless trade. It has the potential to reduce administrative burdens, particularly for SMEs, and enhance both traceability and supply chain transparency. While the WTO Trade Facilitation Agreement encourages paperless trade, the governments of WTO members do not always act on that encouragement. The WTO should therefore go further by intensifying discussions on how e-documents can enjoy equivalent legal status to paper documentation, and by supporting the single window interface for developing countries.

Neither data-flow facilitation and regulation nor paperless trade are possible without internet connectivity. This means the digital divide must be bridged with appropriately accessible and affordable connectivity, capacity-building, and exchange of good practices. The multilateral and rules-based nature of the WTO can help achieve these aims.

**Ms. Meera Al Suwaidi, Rapporteur**  
(Member of the Federal National Council, United Arab Emirates)



I want to focus on how parliamentarians can contribute to efficient digital trade in parallel with regulation that protects data and privacy. The national legislation we all develop and adopt should increase the scale, scope and speed of digital trade, and facilitate bridging between LDCs and developed countries. To future-proof such legislation against the fast pace of digital change, our legislation must be flexible and adaptable.

Protecting data is just as important as ensuring its free flow. Parliamentarians must be able to understand today's digital world, share knowledge, and build capacity, so as to enact

legislation that regulates e-commerce, protects data and guarantees appropriate intellectual property rights. We should work together to ensure that appropriate resources are budgeted to deliver our aims, including resilient data infrastructure and cyber security. Parliamentarians must cooperate regionally and internationally on these issues and remain well-informed of their governments' current trade negotiations.

The UAE is highly ranked in international digital competitiveness indices. Good practices contributing to our success include: founding three digital banks since 2021 to enable smoother cross-border payments, more innovative trade finance, better security and transparency, and firm support to SMEs; adopting a law on technologically enabled commerce, which supports the UAE's attractiveness to global investment, improves alignment with international trade standards, and keeps the UAE abreast of best business practice; setting up sandboxes to evaluate digital regulation (including on artificial intelligence), which we hope will inform legislation internationally; including e-commerce protections in our comprehensive economic trade agreements.

**Mr. Cedric Frolick, Rapporteur**  
(Member of Parliament, South Africa)



Digital trade clearly increases trade flows and prosperity, and strengthens resilience against disasters, particularly for developing economies, micro, small and medium-sized enterprises (MSMEs), and women-led businesses. With its overwhelmingly young population, Africa's economic backbone of youth-led companies also benefits greatly from digital trade, especially given young people's propensity to experiment more technologically.

Current work in Africa on digital trade includes the African Union's exploration of e-commerce policy challenges, and discussions in the African Continental Free Trade Area on an e-commerce protocol. However, some African economies are falling behind due to low-quality and expensive internet access. We must bridge this divide by improving digital infrastructure and skills in the region.

Cybercrime is hindering progress by posing threats to personal data, and even to democratic structures such as elections, all of which must be safeguarded through new regulation. The South African Parliament has recently legislated on this subject.

To prevent unfair advantages accruing and ensure equality of access to people from all types of economy across the world, we should create a fund to support LDCs and developing countries acquire the technology and establish the regulation they need to reap the rewards of digital trade. We should also revive the WTO Work Programme on e-Commerce and end the customs duties moratorium on digital transmissions. The moratorium gives global technology firms an unfair tax advantage and deprives developing countries of tax revenue that could be used to press ahead with digital industrialization.

## QUESTION-AND-ANSWER EXCHANGE

### Mr. Redha Faraj (Bahrain)



The advantages of digital trade have included better quality services and products, as well as enhanced job opportunities, including for people with special needs. Equally, governments and legislators should foster trust for digital trade among citizens by fighting cybercrime.

How can the WTO help LDCs and developing countries struggling with debt to keep pace with digital innovation in developed countries?

### Mr. Jörgen Warborn, Rapporteur

Digitalization and artificial intelligence will help us tackle many complex issues, such as climate change and fighting crime.

### Mr. Youyong Zhou (China)



I welcome members' efforts over the Work Programme on e-Commerce. But the WTO should do more to help developing countries tackle the digital divide and improve their development. How can we enhance the efficiency and resilience of our economies?

### Mr. Jörgen Warborn, Rapporteur

I believe that the EU policy of providing accessible, affordable and secure broadband in partnership with the private sector should be mainstreamed into development policy. Digital

literacy and entrepreneurship should also be included in such policies as a path to employment and prosperity.

### Mr. Khan Tangi Bahramand (Pakistan)

How can developing countries balance the promotion of digital trade with the protection of national sovereignty and cultural identity? Are there any plans for a digital trade code of conduct in relation to dispute settlement?

### Mr. Jörgen Warborn, Rapporteur

I agree that we need to work hard to establish a fully functioning two-tier independent dispute resolution mechanism. I would also favour a multilateral code of conduct on digital issues and artificial intelligence, especially given the huge number of threats and opportunities that local, national and regional parliaments will need to address in the future.

### Ms. Meera Al Suwaidi, Rapporteur



Several things can be done to balance trade with sovereignty and identity. The elements of success in digital trade are a strong digital infrastructure, including good internet connectivity, and training local businesspeople so they can enhance digital skills and trade more effectively online. Legislators can promote digital trade while protecting sovereignty by adopting statutes on data protection, cybersecurity and fair competition. Internationally, we should consider how to promote local innovation and customize trade agreements, not only to recognize the specific challenges LDCs face, but also to protect their sovereignty and promote inclusive growth. Digital literacy programmes should also be balanced: on the one hand, citizens should have the skills they need to integrate into the global digital economy, but on the other, countries should be able to maintain control of areas such as data governance and digital assets.

Clear regulation is an important starting point for dispute resolution, including the possibility of including specific dispute resolution clauses in trade agreements, establishing international arbitration panels, and adopting international agreements on this subject.

#### Mr. Mandla Rayi (South Africa)



We should end the customs duties moratorium on digital transmissions, provide funding to close the digital divide, and continue to develop digital trade regulations. If the moratorium ends, no country will be required to impose duties, but the option will at least exist for those who wish to do so. Ending the moratorium would also be unlikely to harm MSMEs, as a large majority of digital transmissions come from a handful of platforms, such as YouTube and Facebook.

#### Mr. Sakamta Mantamiharja (Indonesia)



The customs duties moratorium on digital transmissions should not be extended indefinitely. Any decision to extend should be based on a multilateral and mutually agreed scope and definitions. Ending the moratorium would help establish a level playing field between developed and developing countries and generate income to fund work on bridging the digital divide, thereby ensuring trade data authenticity, enhancing MSME competitiveness, and protecting against criminal activity. UNCTAD estimated that the moratorium results in significant tax revenue losses for developing countries, with much more modest losses for developed countries. Flexibility is needed in this policy space.

Although digital trade has certain unique characteristics, taxing rights should continue to be granted to the country of origin, where economic activity occurs, and where value is generated.

#### Mr. Rafael Espino de la Pena (Mexico)



Many positive aspects of digital trade have rightly been highlighted. However, I believe that digital platforms (most of which come from developed countries) must pay taxes, in line with global taxation frameworks, in the countries from which they derive their income. Do you agree?

#### Mr. Jörgen Warborn, Rapporteur

I believe that many of the challenges raised in relation to climate change and cybercrime will be able to be mitigated by the use of artificial intelligence as it develops.

I am in favour of free trade as much as possible, including so that we can avoid consumers having to pay tariffs. The nature of cross-border digital services makes them extremely complex to tax, and I believe that SMEs would lose out if the e-commerce moratorium ended. But in any case, for those who wish to collect duties, levying a value added tax would be more straightforward. Ultimately, I would like to see the moratorium become a permanent decision not to tax cross-border digital services.

#### Mr. Cedric Frolick, Rapporteur

A moratorium that lasts for 14 sessions represents a decision-making failure. The decision should not be delayed indefinitely. The voices calling for an end to the moratorium should be heard in this multilateral forum. The moratorium does more harm than good in developing countries and perpetuates inequality. Similarly, the G7 Hiroshima AI Process also embeds inequity by failing to engage with other regional groupings. Advancing alone in this way ensures speed but ignores the principles of leaving no one behind and will ultimately prevent sustained progress.

# 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.