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THE WTO IN 2030?

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

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

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

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

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

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

Make the WTO more relevant and adaptive to a changing world

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

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

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

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

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

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

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

Strengthen the WTO's effectiveness

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

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

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

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

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

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

WTO and multilateralism deliver

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

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

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