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2016 ANNUAL SESSION OF THE  
PARLIAMENTARY CONFERENCE ON THE WTO

***What future for the WTO?***

Geneva, 13-14 June 2016

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

PC-WTO/2016/R.1  
31 May 2016

**MAKING TRADE WORK FOR DEVELOPMENT AFTER NAIROBI**

***Discussion paper presented by Mr. P. Rübiger (European Parliament)***

The successful outcome of the negotiations at the Ministerial Conference in Nairobi has reaffirmed the central role of the WTO in the international trade governance. The Nairobi package contains important provisions in the agricultural field, and once implemented, it will benefit all Members, developing countries in particular. The conclusion of the Information Technology Agreement in Nairobi has also shown the importance of advancing multilateral negotiations in different formats and the possibility for the organisation to deliver.

While the advancement of the multilateral agenda should ensure that all Members are involved, the World Trade Organization should also be a platform to negotiate plurilateral agreements. Aiming at further developing an international trade regime to the benefit of all, we should be open to start negotiations within the WTO-framework with all countries who are willing to agree upon certain advances on trade-related issues. However, if further WTO members decide to join such agreements at a later stage, they should have the right to do so at any time in the future, provided that they fulfill the required conditions.

In addition to these negotiations, different partners can conclude regional or bilateral agreements which should be seen as complimentary - not a substitute for - the multilateral negotiations.

While we have to advance negotiations on the Doha Development Agenda – started back in 2001 -, we also need to acknowledge that the world has changed since then. We now live in 2016. If the WTO is to remain a relevant organisation, it also needs to start discuss trade as it is carried out today. E-commerce and digital trade is a reality, and their share of global trade is growing very fast. The ways and formats for how to deal with these "new" issues might still need some reflection, but we cannot wait for too long. The fact that we also start to discuss other issues that go beyond what is listed in the Doha mandate, should not be seen as a threat towards developing countries, but more as a chance to share technological advances much faster and more equally across the globe. Developing countries also use new technologies, and in fact sometimes more innovatively than in the developed world. New technologies can help them get around the lack of infrastructure and connect them to the global market in a way that was not possible a decade or two ago.

The way we are doing trade has also changed in many other ways during the last decades. More and more of the world's economic activity is now organized through global value chains (GVCs) and strategic networks, rather than through sales between vertically integrated buyers and sellers in different countries. Intermediate goods now make up for nearly 60% of world imports. Services are playing a key role in the operation of these GVCs and international production networks, especially transport, communications and other business services, the fastest-growing component of world trade. Goods and services are now fully intertwined and inseparable in production, the radical distinction between goods and services is no longer available. Both our policies, but also trade negotiations, need to take this into consideration, including with regard to the rules on customs valuation.

This is a particularly important aspect also for how our rules of origin are drafted, as they do not always take into account the integrated and interdependent economies of today, and very often makes it difficult for least developed economies both to develop and to actually use the preferential treatment that has been granted them at all. The decision reached in Nairobi on preferential rules of origin for LDCs is a step in the right direction to make it easier and more transparent for the LDCs to comply, and I sincerely hope that all WTO Members will do their best to implement this swiftly. In fact, simplified rules of origin are among the specific targets for trade under the Sustainable Development Goal nr 17, as it was agreed to *"ensure that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access"* (target 17.12). Furthermore, complex and non-harmonised rules of origin represent a major barrier to trade for small and medium-sized companies who often lack the necessary resources to apply these rules.

Furthermore, we need new incentives and tools to improve the participation of especially developing countries in world trade, such as protections on IPRs in order to increase innovation and to boost competitiveness. Tariff reductions alone are not enough; they do not necessarily increase the capacity to compete on a global market. This is why the Trade Facilitation Agreement and the facility that is linked to it are so important. Combined with the assistance provided under the Aid for Trade programs, major progress can be achieved both when it comes to material conditions and cutting of red tape and bureaucracy, as well as capacity building and know-how.

We also need to look at the interlinkage with other policy areas. Free, fair and sustainable trade doesn't happen in a vacuum. Corruption is, among other things, heavily trade distorting. Good governance structures and legal certainty are absolutely necessary for a good investment climate, and this is of particular importance for our small and medium sized companies, SMEs. Big companies have the resources to fight their way through hostile environments; they can also take risks that smaller companies cannot afford. Overall, SMEs are the backbone of our economies and are responsible for the creation of the big majority of jobs in both developed and developing economies. They depend on a stable and reliable environment, as well as tailor-made support, in order to be able to participate in business abroad.

To sum up: the WTO has shown that it can deliver. Multilateral agreements will remain of crucial importance for world trade, but a more flexible approach to how and in what format they are negotiated is necessary. If trade is to work for development, we also need to take into account the changing reality under which global trade operates. WTO needs to be able to discuss issues such as e-commerce or the interlinkage between trade and other policy areas which have an impact on the trading environment. Only then can trade fulfill its potential as a tool to lift people out of poverty, as an instrument for growth and jobs - and real development.