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The EU's Position on the WTO Reform and what's ongoing

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Structure

1. General WTO reform

2. Link with trade frictions

1. General WTO reform

All three of the WTO's functions are under pressure and in need of reform;

- Administering multilateral trade rules,
- Serving as a forum for trade negotiations,
- Providing a mechanism to settle trade disputes.

-> General council and dispute settlement body negotiations on general WTO reform

1. General WTO reform

- 1) WTO reform initially suggested by the U.S. on the General Council of WTO in Jul. 2017
- 2) It is promoted by the U.S., EU and Japan at the eleventh ministerial conference at Buenos Aires in Dec. 2017.
- 3) On 31 May 2018 there is a trilateral ministerial statement (US, EU, China) clarifying and criticising major issues with regard to China's economic system
- 4) In July 2018 the US-EU leaders' communique announced plans to push forward with reform ASAP
- 5) EU and Canada published conceptual documents on WTO reform in September 2018.
- 6) The 2 + 3 countries put forward the reform proposal on notification and transparency in September 2018
- 7) The 12 + 1 countries held their first conference on WTO reform in October at Ottawa
- 8) China announced the WTO reform document on 23 November 2018 and put forward with the EU, India and others two proposals for reform in November 2019
- 9) On 1 December 2018 G20 leaders endorsed WTO reform in Argentina
- 10) 9 April 2019, the EU and China agreed in a joint statement to work together on WTO reform
- 11) 28 June 2019 G20 leaders agreed to accelerate the existing plans to reform the WTO

1. General WTO reform

Examples of topics for reform:

- Dispute settlement
- Subsidies
- Forced transfer of technologies
- Working practices
- Institutional learning practices
- Thematic sessions
- Open plurilaterals

1. General WTO reform

EU reform Proposals on WTO appellate body:

The textual proposals submitted by the EU in September 2018 to reform the appellate body can be briefly summarised as covering the following points;

- Putting in place new rules for outgoing Appellate Body members which make clear in which cases they can stay on to complete the appeal proceedings they are working on
- Ensuring that appeal proceedings are finished on time in line with the 90-day timeframe set out in the WTO rules, unless the parties in the dispute agree otherwise
- Clarifying that the legal issues that are subject to appeal by the Appellate Body do not include the meaning of domestic legislation
- Indicating that the Appellate Body should only address issues necessary to resolve the dispute
- Introducing annual meetings between WTO members and the Appellate Body to discuss in an open way systemic issues or trends in jurisprudence
- Making proposals to reinforce the Appellate Body's independence and impartiality and to improve its efficiency;
- These include having a single, longer term for Appellate Body members of 6 to 8 years, as well as increasing the number of members from 7 to 9 working full-time

1. General WTO reform

Other key areas of concern for the EU:

- Intellectual property
- Forced technology transfers
- Employing widespread subsidisation by state-owned enterprises

1. General WTO reform

Mission letter from EU Commission President-elect Ursula Von der Leyen to Trade Commissioner-nominee Phil Hogan (10th September 2019):

“I want you to look at how we can strengthen our trade toolbox. This should include upgrading the EU’s Enforcement Regulation to allow us to use sanctions when others adopt illegal measures and simultaneously block the WTO dispute settlement process.”



1. General WTO reform

Mission letter from EU Commission President-elect Ursula Von der Leyen to Trade Commissioner-nominee Phil Hogan (10th September 2019):

„A top priority will be to lead the reform of the World Trade Organization, notably on the issues of subsidies, forced transfer of technologies and dispute settlement. You should aim to launch a broad initiative by the end of 2020, following the next WTO Ministerial Conference, with a view to reaching a comprehensive agreement by 2022.”



2. Link with trade frictions

- Importance of trade frictions (US-EU, US-China, US-WTO)
- US-WTO frictions:
 - Threats to withdraw from the organisation altogether
 - Raising tariffs in the name of US national security
 - Blocking the appointments of members to the WTO's Appellate Body.
 - Indeed, come December the Appellate Body will not have enough members to hear cases, when the terms of two members end, thereby causing the WTO's dispute settlement system to become effectively useless.
 - Self-designation as developing

2. Link with trade frictions

- China is not an outsider in the WTO
- China, US and EU should work together

- What should be China's strategy towards EU?
 - Reach out to organise help build a tripartite effort, a trilateral group between the US, the EU and China
 - This tripartite effort could address key issues of trade friction such as forced technology transfer in joint ventures, intellectual property rights, state finance, industrial subsidies, etc.

2. Link with trade frictions

WTO reform:

- Issue of time
- Address underlying trade frictions
- US, EU and China need to work together to achieve compromise

2. Link with trade frictions

Thank you for your time!