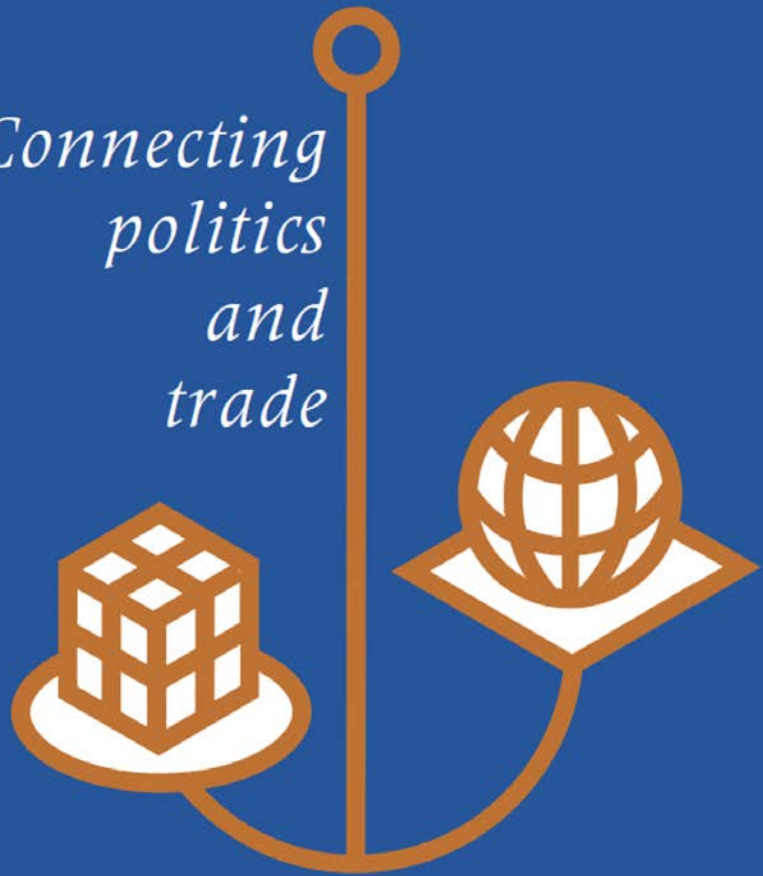


2012

HIGHLIGHTS OF THE SESSION

BACK TO BASICS

*Connecting
politics
and
trade*



ANNUAL SESSION OF THE PARLIAMENTARY
CONFERENCE ON THE WTO
GENEVA, 15-16 NOVEMBER 2012



ORGANIZED JOINTLY BY
THE INTER-PARLIAMENTARY UNION AND
THE EUROPEAN PARLIAMENT



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ANNOTATED AGENDA OF THE SESSION

1. ADOPTION OF THE AGENDA

2. DEBATE ON SUBSTANTIVE THEME

Trade as a tool of economic growth, job creation and poverty alleviation

To bear fruit, trade policies must be shaped to reflect broader development objectives and be complemented by appropriate macroeconomic measures. How can legislators contribute to the formulation of integrated and coherent national trade, industrial, labour market and social policies? In times of economic crisis, can trade be a driver for prosperity?

3. POLICY DIALOGUE WITH MEMBERS OF THE HIGH-LEVEL PANEL DESIGNATED BY THE WTO DIRECTOR-GENERAL TO DEFINE THE FUTURE OF TRADE

Analysing 21st century trade challenges

In April 2012, the WTO Director-General mandated a panel of 12 world-renowned experts to discuss the state of the multilateral trading system, analyse the drivers of today's and tomorrow's trade and examine the implications of open global trade in the 21st century. Although the panel's prognosis will only be available in 2013, some members of the panel have agreed to meet with legislators to test some of their ideas among a parliamentary audience.

4. HEARING WITH THE WTO DIRECTOR-GENERAL

It has become customary for the WTO Director-General to meet with parliamentarians specializing in international trade. During this interactive session, which is not unlike traditional parliamentary hearings, the Director-General will field questions and listen to brief comments from the delegates.

5. PANEL DISCUSSION

Trade in services: Time for political decisions

The services sector is not only important in its own right but can help improve efficiency and competitiveness in other sectors of the economy. Liberalization of trade in services is part and parcel of the Doha mandate, with a potential to yield gains for both developed and developing countries. This interactive panel will focus on the on-going discussion, the difficulties encountered in the negotiations on trade in services and on a possible role of parliaments in the efforts to accelerate the process.

6. ADOPTION OF THE OUTCOME DOCUMENT

At the end of the session, the participants will be invited to adopt an outcome document, the draft of which will be prepared by the Conference Steering Committee.

PROGRAMME OF THE SESSION

THURSDAY, 15 NOVEMBER

- 09:00 - 12:30 Pre-Conference session of the Steering Committee (in camera meeting, IPU Headquarters)
- 10:00 - 18:00 Registration of participants
- 15:00 - 15:30 Inaugural session
- Senator Donald H. Oliver (Canada), Member of the IPU Executive Committee
 - Mr. Georgios Papastamkos, Vice-President of the European Parliament
 - Ambassador Shahid Bashir (Pakistan), Chairperson of the WTO Dispute Settlement Body
- 15:30 - 16:30 Presentation of reports and interactive debate on substantive theme
Trade as a tool of economic growth, job creation and poverty alleviation
- Rapporteurs**
- Mr. Panacheril C. Chacko, MP (India)
 - Mr. Paul Rübige, Member of the European Parliament
- Discussant**
- Ms. Marion Jansen, Counsellor, WTO Secretariat
- 16:30 - 18:00 Policy dialogue with members of the high-level panel designated by the WTO Director-General to define the future of trade
Analysing 21st century trade challenges
- Moderator**
- Mr. Jörg Leichtfried, Member of the European Parliament
- Panellists**
- Mr. Pradeep Singh Mehta, Secretary General, CUTS International
 - Ms. Sharan Burrow, Secretary-General of the International Trade Union Confederation
- 18:00 - 19:30 Reception at the WTO
- 20:00 - 22:00 Steering Committee (in camera meeting, IPU Headquarters)

FRIDAY, 16 NOVEMBER

- 10:00 - 11:00 Hearing with the WTO Director-General
- 11:00 - 13:00 Continuation of interactive debate on substantive theme
Trade as a tool of economic growth, job creation and poverty alleviation
- 13:00 - 15:00 Lunch break
- 15:00 - 16:30 Panel discussion
Trade in services: time for political decisions
- Panellists**
- Ambassador Fernando De Mateo y Venturini, Permanent Representative of Mexico to the WTO, Chairperson of the Special Session of the Council for Trade in Services
 - Ambassador Joakim Reiter, Permanent Representative of Sweden to the WTO, Chairperson of the WTO Council for Trade in Services
 - Mr. Niccolò Rinaldi, Member of the European Parliament
 - Mr. Pascal Kerneis, Managing Director, European Services Forum
- 16:30 - 17:30 Conclusion of interactive debate on substantive theme
Trade as a tool of economic growth, job creation and poverty alleviation
- 17:30 - 18:00 Closing session: adoption of the outcome document
- Rapporteur**
- Mr. Benoit Ouattara, MP (Burkina Faso)

OUTCOME DOCUMENT

Adopted by consensus* on 16 November 2012

1. We are firmly convinced of the enduring value of multilateralism. We reaffirm our commitment to a universal, rules-based, open, non-discriminatory and fair multilateral trading system that can effectively contribute to economic growth, sustainable development and employment generation. We remain deeply concerned at the lack of progress in the Doha Round of trade negotiations and insist on the need for a political response to the situation. We believe that a balanced, ambitious, comprehensive and development-oriented outcome of the Round is a goal that should be actively pursued for the benefit of all parties and emphasize the importance of achieving early outcomes in areas where progress can be made, especially with regard to development-related issues.

2. Since the first session of the Parliamentary Conference on the WTO nearly a decade ago, the international trade landscape has undergone considerable changes and become more complex, multi-polarized and regionalized. The vector of transformation points to increased fragmentation of production in the global supply chain, with a marked shift along the South-South axis. The existing multilateral trade architecture, with the WTO at its core, continues to play a crucial role, acting as a stabilizer of the global economy. The importance of a rules-based trading system as a contributor to economic growth was affirmed during the global financial and economic crisis, when protectionism was relatively contained and strict adherence to WTO rules and commitments was an important goal. Nevertheless, given the uncertain economic outlook, we remain concerned about the growing tendency towards protectionist measures.

3. While the crisis has dominated policymakers' attention as an imposing political challenge, economic thinking has swung, demonstrating the need for greater market regulation as well as more proactive intervention by State actors. Recognizing the signs that the world economy may be entering a new turbulent phase with significant downward risks, renewed upheavals in global financial and commodity markets, decelerating growth and mounting unemployment, we underscore the role played by the WTO in keeping global markets open, addressing trade finance shortage and mobilizing Aid for Trade support.

4. We draw attention to the fact that the Doha Round was launched as a "development round" which gives priority to the needs and interests of developing countries, especially the least developed ones, to ensure that all peoples and countries get an equitable share of the opportunities and benefits of trade liberalization and enhanced interdependence among economies. Achievement of these aims requires a fair and balanced deal that reinforces a rules-based multilateral system and enhances the necessary support mechanisms that provide appropriate trade-related technical assistance and capacity-building to the least developed countries.

5. The new realities of international trade have had a transformative impact on the scope of trade policies at the national, regional and international levels. Sustainable trade liberalization, free movement of capital, advancements in transport infrastructure and progress in information and communication technologies – all facilitate the complex web of trade flows, including components such as the movement of intermediate goods through global value chains. As a result, the focus of trade policies has shifted from the narrow field of import and export controls to the promotion of competitiveness and export diversification, in tune with the changes in the global economy.

6. International trade policy is not only about making laws and ratifying international agreements, but above all about creating a trade environment that generates revenue, provides employment and stimulates all stakeholders, including the private sector - especially micro, small and medium-sized enterprises - to be

* The delegation of India expressed a reservation on the word "fulfilment" in the last but one sentence of paragraph 10.

proactive and innovative. We recognize that the benefits of trade are not automatic and that trade itself is a necessary but insufficient condition for triggering and sustaining growth and development. Trade policy can also contribute significantly to poverty reduction, especially in developing countries. To bear fruit, trade policies must be discussed also in the context of further development objectives, such as employment generation, enhanced productive capacity, sustained and inclusive economic growth, food and energy security, improved public health, access to essential medicines and services, efforts to combat corruption, etc. Trade policies should be complemented by appropriate macroeconomic measures, including effective fiscal and monetary policies that are specifically aimed at a more equitable sharing of wealth and opportunities within and across countries.

7. Political credibility lies in the capacity to produce results, not statements. Failure to address the jobs crisis, to stimulate domestic demand and to stabilize the financial sector risks sending the global economy into another recession. We insist on the need for integrated and coherent national trade, industrial, labour market and social policies that focus on promoting productive employment, decent jobs, strengthening productive capacities and better coping with external shocks. The trade-employment nexus needs to be critically accounted for within the entire multilateral trading system, aiming at full implementation of the ILO core labour standards and facilitation of labour mobility.

8. The task of transforming potential trade efficiency gains into employment gains is more challenging for the least developed countries with a lesser comparative advantage in manufacturing. This is why we believe that special and differential treatment measures and recognition of policy space within the WTO is important and that the implementation of trade liberalization policies in least developed countries should provide for gradual approaches and smoother labour-market adjustment. We concur on the need to enhance all forms of cooperation and partnership for trade and development and welcome the decisions of the 8th WTO Ministerial Conference concerning accession rules and services waiver for the least developed countries. We value the adoption by the WTO General Council in July 2012 of the recommendation to further strengthen, streamline and operationalize the 2002 LDC accession Guidelines and warmly welcome the accession of Vanuatu and Laos.

9. Protest movements in many parts of the world reflect popular discontent over insufficient participatory and inclusive policy approaches. For policymakers, this is an opportune moment to renew the social contract between the State and citizens and to reconsider the nature and magnitude of the role of the financial sector in globalization. Rebalancing the global finance and trading systems to make them work for the poor is part of the challenge. The Doha Development Agenda, which has development as its central principle, is a key part of the solution.

10. For trade to contribute effectively to more inclusive development paths, greater coherence needs to be built throughout the different layers and components of the international trading system – multilateral, regional and bilateral. To preserve the relevance of the WTO to changing economic realities, there is a need for the WTO to explore approaches to address new issues which are trade-related, such as in the areas of global supply chains, food and energy security and monetary problems. Given the actual impact of climate change, we call for greater coherence between the objectives and rules of the WTO and the fulfilment of international environmental obligations. To this end, we appeal for much closer cooperation between the WTO and the respective UN specialized institutions.

11. We reiterate our view that the WTO stands to benefit from a strong and effective parliamentary dimension. Parliaments are duty-bound to provide oversight of international trade negotiations, ensuring their transparency and fairness. They are also called on to oversee the implementation of international agreements. Driven by the desire to make the multilateral trading system work for the people and to achieve greater coherence in international economic governance, we restate our readiness to use all political means at our disposal to forge a multilateral consensus that will lead to the successful conclusion of the Doha Round.

We take this opportunity to call on the WTO to provide parliamentarians with information more systematically on current and emerging trends in international trade and on the welfare effect of multilateral trade agreements. In the same vein, we urge national governments to provide easy and timely access to information on trade initiatives and negotiations to national parliaments, to develop dialogue channels on those issues, and to include parliamentarians in official national delegations to international trade events on a regular basis.

12. We welcome the decision of the WTO to hold its 9th Ministerial Conference in Bali, Indonesia, at the end of 2013, and see it as a new chance to inject the stalled negotiations with the necessary political momentum. We take this opportunity to reiterate our call to the WTO Members to recognize the role and responsibility of parliamentarians by adding the following words to the outcome document of the forthcoming Ministerial Conference: "The transparency of the WTO should be enhanced through closer cooperation with parliaments in its activities."



INAUGURAL CEREMONY

ADDRESS BY SENATOR DONALD H. OLIVER,
SPEAKER PRO TEMPORE OF THE CANADIAN SENATE,
MEMBER OF THE IPU EXECUTIVE COMMITTEE, COORDINATOR OF
THE IPU DELEGATION TO THE CONFERENCE STEERING COMMITTEE

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

Welcome to the annual session of the Parliamentary
Conference on the WTO.

It is my great pleasure to greet you on behalf of the world
organization of parliaments, the Inter-Parliamentary Union.
Bringing together legislators from over 160 countries, the IPU
takes pride in embracing the full spectrum of geographical,
political, cultural and ethnic diversity that makes up the
richness of today's global parliamentary community.

For nearly a century now, our organization has been
headquartered in Geneva. This city plays host to a multitude
of other international organizations, starting with the United
Nations. They serve noble purposes and do useful work.
However, not all of them attract as much attention from the
media, parliamentarians and civil society as the World Trade
Organization. Why is that?

As we see it, the WTO is unlike most other international organizations. Vested with binding rule-making and adjudication powers, it is equipped with an effective dispute settlement mechanism that serves to resolve trade quarrels and enforce agreements. The WTO has a unique combination of powers and functions. Its rules extend beyond the traditional domain of tariffs and trade in goods and reach deep into domestic affairs. WTO rulings have direct economic consequences for entire nations, as well as the private sector.

It is for that reason that, ten years ago, IPU Members decided that the WTO required an effective mechanism of parliamentary oversight.

Trade between nations, they argued, is one of the cornerstones of the edifice of international peace and cooperation. In an increasingly interdependent world, they said, questions of international trade have become so important that they can no longer be left to governments and international bureaucracies alone.

At the time, the IPU and the European Parliament ventured to bring their synergies together in order to build a meaningful parliamentary dimension of the WTO. Our common undertaking is now known as the Parliamentary Conference on the WTO.

For the second year in a row, the annual session of the Conference is taking place at the Centre William Rappard, dubbed in Geneva as the "House of Trade". A bridge has thus been erected between the House of Parliaments – the name commonly used for IPU Headquarters - and the House of Trade.



The political symbolism of this link is hard to overlook. Following years of doubts and hesitation, the WTO has finally opened itself up to elected representatives of the people. External transparency of the WTO is a reality. This is a step in the right direction.

I avail myself of this opportunity to express our appreciation to the WTO General Council for its understanding of the political importance of this opening. I also address words of gratitude to the WTO Director-General, Pascal Lamy, who has always been supportive of this initiative. In his own words, “the entire WTO stands to benefit from the unique perspective that the world’s parliamentarians are able to bring”. Our sincere thanks also go to the colleagues at the WTO Secretariat for their assistance and exemplary cooperation.

The WTO has offered to host our session in spite of its own heavily packed schedule of meetings held at its Headquarters. On average they organize over 8,000 meetings per year. Just imagine that! What better proof is there of the incredible complexity of the Doha Round?

Unfortunately, the news reaching us from the WTO negotiation rooms is not very heartening. The talks have been stalled for a few years now. Nonetheless, the WTO Director-General has recently suggested that work in the Doha Development Agenda had seen “signs of momentum” and that the main players were demonstrating a “collective desire to re-engage”. We certainly hope so.

Tomorrow, we will have an opportunity to ask Mr. Lamy about it first-hand. The Director-General will join us for a hearing, whose format will be not unlike those we regularly hold with Ministers in our own parliaments.

Let’s make good use of this chance to ask questions and make comments. I suppose we should be interested first of all in the state of play in the Doha Round and in what they call “early deliverables” of the negotiations. At the same time, it would be interesting to hear Mr. Lamy’s views, for example, on the challenges to multilateralism and on lessons to be learned from the enduring economic and financial crisis.

We should not hesitate to also pose these questions to Ambassadors representing our respective countries at the WTO. I see quite a few of them in this room. Let me thank them for being attentive to our Conference.

It is Ambassadors who chair various WTO councils, committees and working parties. They are therefore responsible for moving the process forward or – let’s be frank – for making consensus a little harder to achieve. As a member-driven organization, the WTO is largely dependent on the work of the diplomatic corps in Geneva.

One of the Ambassadors, His Excellency Mr. Shahid Bashir of Pakistan, is seated at this table together with me. I take this opportunity to thank him for having accepted our invitation to address the Conference in his capacity as the current Chairman of the WTO Dispute Settlement Body. Two other Ambassadors, from Mexico and Sweden, will take part in our panel on trade in services tomorrow.

As organizers of the Parliamentary Conference on the WTO, we are convinced of the usefulness of this platform for direct dialogue between parliamentarians and government negotiators involved in WTO talks.

It is not by chance that no fewer than five parliamentarians, former members of the Steering Committee of the Parliamentary Conference on the WTO, subsequently received ministerial portfolios in their countries and were given the responsibility for WTO negotiations by the executive. On the other side of the same coin, the Rapporteur of our Conference, Mr. Benoît Ouattara of Burkina Faso, is himself a former minister of trade.

All of this gives me good reason to hope that our discussions will be interesting and productive. To enhance the impact of our debate by focusing on issues of particular importance for parliamentarians, the Conference

Steering Committee has decided to give the session an overarching theme: "Back to basics: Connecting politics and trade".

Indeed, the situation with the Doha Round requires a political response. As parliamentarians, we are convinced that a balanced, ambitious, comprehensive and development-oriented outcome of the Round is still possible.

The main substantive theme of our session is equally political and focuses on trade as a tool of economic growth, job creation and poverty alleviation. For us, trade policies must reflect broader development objectives and be used as a driver of prosperity. While discussing this subject, let's not forget to look at our own role as legislators in the formulation of integrated and coherent national trade, industrial, labour market and social policies.

Debate on the main theme will start today and continue tomorrow. We will listen to the views of parliamentary delegates from both developed and developing countries. We will also benefit from the expertise of internationally renowned experts. Some of them are part of the recently established high-level WTO Panel on Defining the Future of Trade. Their views are of great interest.

At the concluding sitting, we are expected to adopt an outcome document. Its initial draft was prepared by the Rapporteur, Mr. Ouattara, and placed on the IPU website. Parliaments had until 5 November to submit their amendments – and many of them did so. Tonight, the Steering Committee will conclude its consideration of all the amendments thus received and elaborate a revised draft, which will be made available to all delegates tomorrow morning. It is my hope that we will be able to adopt it by consensus.

The co-organizers have invested much time and energy in the preparation of the session. I wish to express my sincere thanks to the leadership and staff of the European Parliament - our partner in this exercise - for everything they have done to facilitate the process. We hope that the session will be crowned with success and look forward to a rich and constructive debate, in the true parliamentary tradition.

With these words, let me officially declare the annual 2012 Session of the Parliamentary Conference on the WTO open.

I now pass the floor to the Vice-President of the European Parliament, Mr. Georgios Papastamkos.



INAUGURAL CEREMONY

ADDRESS BY MR. GEORGIOS PAPASTAMKOS,
VICE-PRESIDENT OF THE EUROPEAN PARLIAMENT

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

It is an honour for me to welcome you to the Eighth Parliamentary Conference on the WTO on behalf of the President of the European Parliament, Martin Schulz. As this conference is a joint effort by the European Parliament and the Inter-Parliamentary Union, allow me to express a special word of gratitude to our partner, the IPU, and to the World Trade Organization for allowing this to take place for the second time on its premises.

Allow me to warmly thank and express our gratitude in particular for his longstanding help and contribution to the organization and success of these Parliamentary Conferences, an inspired and reliable counterpart, to Mr. Pascal Lamy.



The very high attendance of almost 300 participants from more than 70 countries underscores the global interest of parliamentarians in the World Trade Organization and their growing influence over matters discussed in Geneva. This dimension is of vital importance if we intend to increase the democratic legitimacy and transparency of the WTO. The multilateral trade system of the WTO, as an organized projection of globalization, contributes to the strengthening of security and stability in international trade, and causes a spill-over effect of increasing economic interdependence with international political cooperation.

As parliamentarians, we must exercise a constant scrutiny of what is negotiated on the citizens' behalf by governments in order to influence the negotiating process and make it accountable to our citizens. At such a conference in Geneva, our voices come together to amplify our message and have a global impact on the multilateral trading arena, where negotiations often take place very far from our capitals.

We last met in March 2011. The atmosphere then was rather optimistic. We saw a glimpse of hope that it was possible to take the Doha Development Agenda forward. Since then, some progress has been made. However, the 8th Ministerial Conference in December 2011 was not exactly a breakthrough. Some claim that the Doha Round is dead, but the EU and the European Parliament in particular still believe the Round is very much alive, and a conclusion is needed more than ever.

All WTO members have a shared responsibility to achieve this, be they developed, emerging, developing countries or even LDCs. We live in a changing world. This is also reflected in the WTO. The WTO serves as a guarantor of the world trade system, based on rules and principles. We very much welcome Russia's membership of the WTO, and its presence among us here today, and see this as a new opportunity for

developing a real multilateral, rules-based system. I hope we will all be ready to face this challenge. What is at risk, if the DDA negotiations fail, is the lost opportunity for further progressive trade liberalization and stronger multilateral rules, which would trigger global growth and development. No deal would mean losing the opportunity to integrate developing countries more effectively into the global economy. A collapse could seriously undermine the credibility of the WTO at a time of global geo-economic uncertainty.

This session of the Parliamentary Conference should therefore prompt governments to achieve real results at the 9th Ministerial Conference, which will take place in Bali (Indonesia) late next year. The EU will continue to play a leading and constructive role in ensuring the success of the negotiations. Our message as parliamentarians at this Conference has to be one that conveys the significance of trade for growth, employment and poverty reduction, all the more so in times of crisis. I welcome this choice of topic for the substantive theme of this Conference. Connecting our markets gives us more opportunities for development and jobs.

It is no secret that the European Union is facing one of its most difficult economic times ever. Being the largest economy in the world, this of course has a direct impact on other economies, and on the daily life of our citizens, where so many have lost their jobs. More than 11 per cent of the workforce, or 26 million Europeans, are unemployed today. This is 10 million more than just four years ago. For young people under 25, the rate is twice as high as for the whole population, with 23 per cent being without a job. In my own country, Greece, the unemployment rate has climbed in less than two years to 25 per cent, while for young people this rate stands at more than 50 per cent. Behind these figures one can find everyday people suffering and struggling to make ends meet. As politicians we need of course to respond to this situation!

Trade is part of the answer. Trade is an integral part of our so called EU2020 Strategy, with the triple objectives of smart, inclusive and sustainable growth. As the EU is globally one of the most open markets, more than 30 million European jobs depend on our exports to the rest of the world. This is an increase of 50 per cent compared to 20 years ago. And the contribution will only increase in the future, as 90 per cent of global economic growth by 2015 is expected to be generated outside Europe, a third in China alone.

Trade generates growth by fostering efficiency and innovation. It increases our competitiveness. It gives consumers a wider choice at lower prices. Nevertheless, globalization can also lead to production moving elsewhere, very often from regions where there are few other options or job opportunities. Lifting the growth potential of our economies is a major challenge, but time is of the essence.

Now, I wish to return to what can be achieved in Geneva in the coming months. In the current stalemate, each path of multilateral negotiations must be pursued. Negotiators should seize opportunities to finalize sectoral agreements whenever this is possible. I consider that the outcome of the 8th Ministerial Conference, such as the waiver on services for LDCs and the extension of the (plurilateral) Agreement on Public Procurement (GPA), is further evidence that pieces of the puzzle for a global deal can be found in a pragmatic manner. Trade facilitation and services are also specific areas where progress has been possible and for which deliverables by the WTO membership can be produced by the end of next year. Services will precisely be one topic of discussion by the panel tomorrow, so your input is timely to influence ongoing negotiations.

Each negotiation must remain as much as possible within the DDA and the multilateral trading system. They should all contribute to building a context and outlook that are conducive to a global agreement. It should be possible to "multilateralize" unilateral, bilateral or plurilateral commitments.

In conclusion, I can assure you that the European Parliament is deeply and firmly committed both to the parliamentary dimension of the WTO and to the multilateral trading system embodied in our host institution.

I wish you all a successful session and hope that the Conference will further contribute to mutual understanding, and will send a clear message to all the ambassadors and governments of the need to continue their efforts and engage on every track of negotiations. Lastly, I hope it will contribute to greater involvement of parliamentarians and the general public in trade policy. I thank you for your attention.



INAUGURAL CEREMONY

ADDRESS BY AMBASSADOR SHAHID BASHIR (PAKISTAN), CHAIRPERSON OF THE WTO DISPUTE SETTLEMENT BODY

Vice President of the European Parliament,
Member of the IPU Executive Committee,
Excellencies,
Distinguished parliamentarians,
Ladies and gentlemen,

I am both pleased and honoured to be here with you today at the Inaugural Ceremony of the annual session of the Parliamentary Conference. I wish to thank the IPU Secretary General for extending an invitation to me to address this august gathering of over 300 parliamentarians and government representatives from all over the world.

The previous Conference was hosted by the WTO in March 2011. I intend to initially talk about the developments since then. As you are aware, at that time, Members of the WTO were fully engaged on all issues of the Doha mandate in a Chair-led process to develop clarity about the perception gaps among the Members in finding a way forward. About a month later, before Easter 2011, all the Chairs had tabled their reports, which were compiled into one set of documents for the first time since the launch of the Round. It was felt that in many areas, especially in the area of market access, the gaps were unbridgeable at that time. The consensus was that business as usual was not an option. Since the 8th WTO Ministerial was just around the corner, the option was to make efforts to define and deliver a small package at the Ministerial. Considerable emphasis was placed on the development dimension of the Round as an early harvest. There were differences among the Members on the contours of the package and no consensus could be found. It was decided that instead of a formal communiqué after the Ministerial, the Chairman would issue a statement in two parts. The first part was based on the consensus of the Members and the second was developed under his own responsibility.

During the Ministerial, Members fully recognized the importance of the multilateral trading system and reaffirmed that development was a core element of the WTO's work. Simultaneously, the impasse in negotiations to complete the Doha Agenda was also recognized and the Ministers directed the delegations to fully explore different negotiating approaches while respecting the principles of transparency and inclusiveness. The Ministers also stressed the need to intensify efforts and look into ways that might allow the WTO to overcome the most critical and fundamental stalemates in the areas where multilateral convergence had proven to be more challenging. The Ministerial approved an LDC services waiver i.e. any Member giving more market access to LDCs would not be considered to be in violation of the MFN principle. In addition, the accession packages of Russia, Samoa and Vanuatu were also approved.

This year, so far, the primary focus of negotiations has been on non-Doha issues, which included convergence on a flexible process for LDC accession to the WTO. Allow me to also mention that three new Members have formally submitted their ratification instruments, and the General Council has approved the accession package of Lao People's Democratic Republic. After its formal accession, the number of WTO Members would stand at 158.



The next WTO Ministerial is scheduled for the end of 2013. Members are currently engaged in defining initiatives, which are doable to move forward. This is a critical moment and the multilateral rules-based system cannot afford a failed ministerial. We need to identify possible steps this year and decide the work programme to be undertaken after the 9th Ministerial. This is where we currently stand.

Against this backdrop, the theme of this Conference, Connecting politics and trade and the specific topics for deliberation: Trade as a tool of economic growth, job creation and poverty alleviation and Analysing 21st century trade challenges are appropriate and will generate ideas to help negotiations in Geneva.

Since 2008, due to the global recession, there was a fear that countries might resort to protectionist policies, which could result in deepening the recession not unlike the experience of the 1930s. It was due to the multilateral rules-based system and monitoring of trade policies by the WTO that these results were avoided to a great extent. Without going into the details of the causes of negotiation difficulties, we should also recognize that there has been a paradigm shift in the global economy since the beginning of this millennium. On the one hand, China has grown to become the world's second largest economy and is now the biggest exporter of goods; on the other hand, US and Japanese debt have arisen to unprecedented levels and the euro zone crisis, which is yet to be contained, has resulted in a loss of jobs and low economic growth. We also witnessed this year a slowdown in the growth of international trade in China, India and other emerging countries. This year the global economy will grow slightly over 3 per cent and is predicted to grow by about 3.5 per cent next year.

Negotiators in Geneva are technically equipped but require your political guidance to develop convergence at the multilateral level. Your valued contribution during this Conference can help the negotiators find a way out of the impasse as well as address the new challenges faced by global trade. While keeping the Doha mandate intact, we perhaps need some creative thinking to keep the WTO relevant to current realities.

Before concluding, I should mention that in some quarters the WTO is considered to be synonymous to the DDA and multilateral negotiations to further liberalize trade. This is not exactly true. The normal functioning of this Organization is to keep a constant watch, through regular committees on the implementation of the multilaterally committed regimes, over all areas and monitor trade policies through peer reviews by the Members. Moreover, to address disputes between Members a rules-based and highly respected dispute resolution process is delivering to keep the integrity of multilateral trade intact. In this way, the work being done here is transparent, valuable and protects the system for the benefit of global trade. The crucial question is how to move forward in updating the rules and to achieve the objective of sustainable growth while further liberalizing trade. These are questions to which there are no simple answers. But your deliberations may well provide some useful leads.

I am sure that your deliberations will be fruitful and wish the visiting parliamentarians a pleasant stay in Geneva.



HEARING WITH THE WTO DIRECTOR-GENERAL, MR. PASCAL LAMY

INTRODUCTORY REMARKS

Let me briefly introduce what I hope will be an interactive exchange with you, starting with a word of welcome to WTO premises and a word of gratitude for what both the Inter-Parliamentary Union and the European Parliament have been doing to convene this meeting, once more under the WTO's roof. I won't expand too much on why I believe your presence here is important to us. As Senator Oliver said yesterday, you are in many ways the "House of Parliaments" and we are the "House of Trade". This bridge between the two houses is extremely important to us, for one simple reason: we believe that we are accountable to parliamentarians. Of course, WTO remains an organization between governments but these governments are accountable to you. This accountability and your own engagement and involvement in our trade issues is conducive to strengthening the multilateral trading system and provides legitimacy for what we do.



Let me also thank you for the initiative you took this year, as usual, to participate actively in our public forum. Many of you were present this year at the Steering Committee. The Parliamentary Conference of the WTO took the initiative to meet on the sidelines of the forum. During this public forum we also had a special workshop on fair trade organized by the Assemblée Parlementaire de la Francophonie. I am mentioning this to indicate that our cooperation is based on concrete engagement and interaction.

Let me give you a summary of the state of play and where things stand in the WTO. As you know, we have different activities in the WTO. First, we make rules: a WTO rulebook exists; our members believe that a few chapters should be amended and this is part of our activity. Some parts of this negotiating activity concern the Doha Agenda; other parts are outside this Agenda but are nevertheless active. The second business we are in is monitoring and surveillance to ensure that the rules for world trade are enforced and implemented by our members. This sometimes leads onto our third activity, which is disputes and litigation. If one of our members believes that another member is not complying with its commitments, WTO has a proper litigation process for adjudication. Finally, we have a whole range of activities around Aid-for-Trade and technical assistance to ensure that the less developed members of the WTO benefit from support to build their trade capacity to a degree that enables them to benefit from the rules of open trade.

I will focus on the areas that I think you are most interested in, namely monitoring and surveillance and rules-making legislation negotiations. I am putting monitoring and surveillance first, which I haven't always done, because we are still struggling against extremely strong headwinds as far as the macroeconomic world outlook is concerned. I think that it is pretty clear that we have not yet exited the crisis despite macroeconomic and financial endeavours by countries. The reality is that the low-growth crisis worldwide is likely to persist for some years to come – how many remains to be seen. This creates a context that raises serious issues as far as trade is concerned. As the crisis bites into economic and social systems, protectionist pressures inevitably are flaring in a number of countries, most of which are WTO members. This creates a danger for world trade, and this is why the first front on which we are operating today is a defensive one. We have to keep pushing

back protectionist pressures to ensure that the level of trade opening we have constructed over the last 50 years is not damaged and does not regress. This is not small beer. As you know, we have developed a specific monitoring process; we regularly track all trade policy developments worldwide, irrespective of whether they are trade restrictive or trade opening. We regularly publish our findings and regularly discuss the situation with our members in open sessions and also with the G20, which, together with other international organizations such as UNCTAD and the OECD, have tasked us with keeping a very strong eye on developments. The findings thus far show that there hasn't been any serious outbreak of protectionism although there have been worrying spots in some of our members. The priority today is stability.

WTO's core business lies in opening trade for populations. If this is to be achieved trade must be kept open, and this is what mobilizes many of our forces for the moment. We all know that efforts must be continued to keep opening trade, including for various economic and technical reasons. The reality is that patterns of world trade have changed tremendously over the last 10 or 20 years. We have moved from a world where one country produces a finished item for export to another country to a system of national, regional and global value chains that have scattered the various production processes. It is therefore extremely important to ensure that these value chains are not clogged, since this brings to people what really matters about politics today, namely jobs.



In order to keep opening trade, we have to resolve a number of differences that remain on the WTO's negotiating agenda. As you know, the Doha Agenda has not been concluded, and in view of the explanations given for this, I do not see any strong reasons why it will be concluded as a package in the future. However, this does not mean that progress cannot be achieved. Some elements of this package are 'low hanging', such as trade facilitation and a number of dispositions in favour of developing countries including some elements of the agriculture package. There are possible outcomes that would bring benefits to traders, industries and businesses and therefore jobs.

Trade facilitation is not headline-grabbing news, but is of major importance, particularly given the proliferation of these value chains. The average cost of moving trade through borders worldwide amounts to approximately 10 per cent of world trade. However, the average trade-weighted worldwide tariff is 5 per cent. It therefore costs twice as much to pay for administrative procedures than it does for tariffs. If the trade facilitation agreement, currently under negotiation, was to unfold, we estimate that in five years the 10 per cent cost would go down to 5 per cent. This is therefore of major importance, particularly for small businesses that are prevented by the cost of processing trade from entering the global market. Once this cost is reduced, you not only facilitate trade generally, but also open the door to global trade to many small businesses, notably in developing countries.

There are several other issues on the negotiating agenda, including some parts Doha Agenda that can be "early harvested", and areas that do not belong to the Doha negotiation agenda, such as the revamping of the information technology agreement at a time when an increasing proportion of world trade is in IT products, and a deal on services market opening. It remains to be seen if the result will be a multilateral or a plurilateral one.

We also have important activities in government procurement, notably the accession of China to the government procurement agreement, which has been under negotiation for a number of years. The current deadlock in the Doha Agenda does not preclude the negotiation of further trade opening agreements. I think that a number of issues could be closed at the next WTO Ministerial Conference to be held in Indonesia at the end of 2013.

That is roughly the landscape in which we are operating, and I now look forward to hearing your views and questions.

EXCERPTS FROM THE DEBATE

Mr. D. Van Der Maelen (Belgium)



There has been fierce criticism of the composition of the high-level panel to define the future of trade. There is only one member from Africa and one from Latin America and there are no representatives from the LDCs. The panel has a very strong corporate presence, but inadequate representation from civil society. Furthermore, the exclusion of UNCTAD may result in failure to address the development dimension. How do you react to this criticism? When will the panel submit its report, and how can we ensure that members of parliament are more involved in the discussions regarding world trade for the twenty-first century?

Mr. P. Lamy (Director-General of the WTO)

The composition of the panel reflects the purpose of the panel, which is to give WTO members a proper view of how trade works today and the real obstacles to trade now and for the future. I needed a true representation of the reality on the ground, and for that reason half of the panel is from the world of business. Continental representation is balanced: there is one representative the United States, one

for the European Union, two for from Asia, and one for Africa. There are at least one, if not two, members from civil society. UNDP is represented on the panel in order to cover the development dimension. I have heard about the criticism and respect it, but the composition of the panel is my decision. The group is small in order to ensure that the discussions are fully interactive.

The report should be ready in Spring 2013, depending on the workload. WTO members will consider the findings of the report. However, my intention was that it should provide elements of understanding of new trade patterns, new obstacles to trade and the role of trade for development and job creation. However, there was a strong request expressed by WTO members during the public forum that the panel should be a little more precise about the future agenda of the WTO. Although the agenda of WTO is a matter for its members, I think that it may be an area for consideration. If so, the issue would be open for discussion among our members, by the public at large and including parliamentarians.

Mr. C. Caresche (France)

The Doha Round has been ongoing for more than 10 years now. Countries in the greatest difficulty might benefit from consolidation of the results achieved thus far, but this is not consistent with the single undertaking. What actions are being taken to ensure that actions taken by WTO are consistent with the work done by other international organizations such as the International Labour Organization, the International Monetary Fund and the United Nations Framework Convention on Climate Change?

Mr. O. Ahmadi (Islamic Republic of Iran)



Although Iran has met WTO conditions, we are still waiting for the accession working group to meet and Iran continues to have observer status at the WTO. Can you please explain this?

Mr. N. M’Mithiaru (Kenya)



In the negotiations on the Doha Development Agenda, we have been told that nothing is agreed until everything is agreed. However, this is unlikely to work in practice since, as time goes on, more and more issues will emerge, and it will be increasingly difficult to reach agreement. Is an early harvest possible?

Mr. P. Lamy (WTO Director-General)

WTO’s doors are open to new members and we have a waiting list of between 20 and 25 countries. The procedure for membership is set down in our rules, and involves the candidate country providing information on its trade regime for consideration by the membership, and the establishment by the

membership of a working party to begin negotiations to align that country’s trade regime to WTO standards and market access negotiations. The process has been working reasonably well – there were four new accessions last year and there will probably be three this year.

The system works on the basis of consensus, which is required at several stages of the procedure. Iran has given us a good description of its present trade regime, but so far there has been no agreement among the membership on the composition or chair of the working party. Although the Secretariat does provide a lot of support for accession, including facilitating the provision and exchange of information, it has no input in politically sensitive or diplomatic decisions, such as the composition or establishment of the working party.

The Doha Round was envisaged as a package and as single undertaking where nothing is agreed until everything is agreed, and this has resulted in the deadlock. In December 2011, it was decided some items of the package, including trade facilitation and certain aspects of the agricultural negotiations, could be taken out of the single undertaking, and that any agreement reached could be implemented provisionally pending the conclusion of the Round. The results of this "early harvest" approach will have to be assessed to see whether it can work in practice, or take negotiators back to square one.

In theory, it should not be particularly difficult to ensure consistency in the international negotiating arena since each organization is member-driven, and each organization has the same members. Since the approach taken by the members should be consistent, the actions of the organizations should, by definition, be consistent. However, in practice, sovereign States are not always consistent in their actions in different international organizations, and difficulties may arise where regulations exist in one area, but not in another. This is apparent in the area of climate change, since there are rules concerning trade opening but none on how to reduce carbon emissions. Organizations can act within the limitations of their mandates, but the sovereignty to address inconsistencies remains within the hands of the membership. Sometimes they decide to act, sometimes not. For example membership of the ILO and the WTO, which is the

same, decided to grant WTO observer status at the ILO, but did not grant the ILO observer status at the WTO.

Mr. Y. Fujita (Japan)



How do you deal with the negative aspects of free trade agreements, including their exclusivity? What can be done about the dangers of finance-led globalization?

Mr. P.C. Chacko (India)

Does the introduction of new issues into the negotiations mean that we are not serious about the Doha Round, and will those new issues become new trade barriers?

Mr. C.M. Mulder Bedoya (Peru)



Since climate change has an impact on trade, is WTO planning to discuss any mechanism to ensure that those primarily responsible for climate change, namely China and the United States, provide compensation?

Mr. P. Lamy (WTO Director-General)

There are areas where bilateral preferential trade opening is conducive to multilateral trade opening, and there are areas where this is not the case. Generally speaking, bilateral or preferential agreements concern tariff reduction, and the more bilateral tariff preferences are spread in the system, the less preferences there will be at the end of the day. As far as practical obstacles to trade are concerned, such as customs duties, or in the areas of service market opening and preferential market access opening, such agreements present no problem, and there is an inbuilt synergy in their multiplication and multilateral trade opening. A contradiction may arise in areas that are more and more important in trade issues, namely non-tariff measures. The multiplication of different standards developed as a result of various bilateral agreements may scatter the playing field, rather level it, and here the case for multilateral agreements is far stronger than for bilateral agreements.

In addition, the balance of forces in negotiating trade opening agreements is much fairer on a multilateral level, such as WTO, rather than on a bilateral one. For these reasons, I believe that multilateral trade opening rules should have primacy, including with respect to standards and non-tariff barriers, despite the fact that, for political reasons, bilateral agreements may be sometimes easier.

I agree that the origin of the crisis has to do with a lack of global regulation in the most globalized industry of all, namely finance. The need to adopt global standards was highlighted many years before the crisis, but no agreement was reached on the adoption of global prudential standards. The differences in the prudential regimes and financial regulations in many countries led to the crisis. Global regulation, and the introduction of global prudential standards in the financial industry is necessary, and this is what is happening with the negotiation of the Basel standards. Some progress has been made. The expectation is that, in a few years from now, the global financial industry will be much more regulated than it has been. A number of changes will have to be made to the business model of banks and to the financial industry in general.

I don't think that there are old or new issues in trade matters. There are simply issues that traders, industries or countries encounter. Obstacles that arise, whether they are tariffs or trade distorting subsidies, have to be addressed in order to create more of a level playing field. The distinction to be drawn is not between old and new issues, but between issues where WTO members have a mandate for negotiation, and issues where they do not. WTO has a mandate to negotiate a reduction in peak tariffs in agriculture, but this has so far not been agreed because of other elements of the Doha Round. Given the developments concerning food prices in 2008, we have more problems with export restrictions in agriculture rather than import restrictions.

However, we do not have an agreement between our members to negotiate export restrictions in agriculture. Therefore we have an old issue, namely peak tariffs in agriculture, coupled with a new issue that is not mandated, namely export restrictions in agriculture. This is where the problem lies. The single undertaking was very convenient for a long time because some countries have a big appetite for negotiating a reduction in import tariffs, and little appetite in negotiating constraints on export restrictions. For other countries, the opposite is true. This is the situation in which we find ourselves, and the question is whether a proper political balance can be found in order to mandate new negotiations dovetailing the previously negotiating agenda and a new negotiating agenda.

The fact that we have not yet reached agreement on the Doha Round has a lot to do with the United States on one side and China on the other. The same is true of climate change. There is a fundamental disagreement between the United States and China regarding the respective level rights and obligations of developed countries vis à vis emerging countries. With regard to climate change, the United States considers that China should abide by the same levels of obligations as the United States, whereas China agrees that it should have greater obligations than other emerging economies, but not the same as the developed countries. The rest of the membership has not been strong enough to create a coalition to push the United States and China to reach an agreement.

Trade compensation, although possible, is a formidably complex issue since there are extremely difficult technical considerations to be taken into account in order to measure the carbon footprint of an import or export. The reality so far is that countries that have been serious about climate change and countries that adopted carbon taxing systems decades ago have been doing very well and have never felt the need for compensating these carbons taxing systems with border systems or trade obstacles.

In view of time constraints, I will be pleased to provide written responses to those of you who have not had enough time to ask me questions here today.



SUBSTANTIVE THEME

TRADE AS A TOOL OF ECONOMIC GROWTH, JOB CREATION AND POVERTY ALLEVIATION

Discussion paper presented by **Mr. Panacheril C. Chacko, MP (India)**

The role of trade as a tool of economic growth, job creation and consequently poverty alleviation has been debated for a long time, and increasingly now that the world is going through a prolonged economic slowdown.

Growth, employment and equity are closely interlinked. According to established trade theories, an increase in trade brings the need for more manpower, hence more jobs, which in turn would spur economic growth and redistribution of income, resulting in the alleviation of poverty.

Trade has an important role to play in the growth of economies and free and fair trade can help the world tide over the problems of unemployment and reduce poverty in general. However, the manner in which trade would affect employment would differ from country to country as other factors also play a role. For example, technological advancement also has a strong impact on employment and productivity, benefiting some jobs and hurting others.



Advances in technology have provided great opportunities for trade in services and we have benefitted immensely in terms of the creation of employment opportunities in high-value jobs. Economic growth and increased trade create jobs; there is no arguing about this assertion. However, the causal linkage between trade and the creation of jobs is a complex one and empirically is both inconclusive and insufficient. It is widely acknowledged now that liberalization has a redistributive effect, which creates jobs in some sectors while destroying them in several others. Increase in production for exports certainly creates more jobs, but import substitution of domestic production has its own impact on employment and causes dislocation. Retraining and relocation of displaced workers is not an easy task. Whereas a worker may find a new job very quickly in one country, it may take much longer for a similar worker in another country experiencing similar conditions.

It is a well-established fact that trade liberalization leads to job creation, job destruction and job relocation. As countries move up the value chain, the qualitative nature of job markets also changes. There are several factors at play and the net impact of liberalization varies from country to country as well as across regions.

It is precisely this realization that guided the founders of the WTO to build in the flexibilities, which are so essential for the least developed countries (LDCs) and the developing economies while framing the rules of global trade. This policy space was deemed to be essential and it remains equally valid even today. While we recognize the need for greater opening up of markets, we need to calibrate it in a manner that would enable institutions to emerge in a stable environment. Trade openness has to proceed in tandem with the evolution of appropriate policies and institutions.

Developing economies face peculiar challenges. Institutions are not fully developed. A growing labour force necessitates the creation of new jobs. There are inherent inadequacies in educational institutions and training and skill development facilities. A legacy of poor infrastructure is a huge constraint on competitiveness. Even the advanced economies of today have only gradually embraced openness in trade and therefore, we need to strike a balance by fully recognizing the constraints faced by the developing countries.

India embarked on the path of economic liberalization nearly two decades ago and since then our economy has become increasingly integrated in the global economy. India has autonomously liberalized its tariff structures, with the result that the average applied tariffs have come down to 33.3 per cent for agricultural goods and less than 9 per cent for industrial goods. Our trade to GDP ratio, which was as low as 20 per cent in 1998, has today crossed 50 per cent, marking a dramatic shift. Both our imports and exports have shown healthy growth, pointing to the continuing openness of the Indian economy. We have a large trade deficit, which as a measure of the GDP, is one of the highest in the world.

We have had a positive experience of calibrated trade liberalization. Indian industry has gradually gained competitive strengths and is now in a position to compete effectively not only with imported products but is also carving a niche for itself in the global market place. Indian industry has a large component of small and medium-sized enterprises (SMEs), which are dependent on exports and contribute to economic growth. SMEs contribute about 8 per cent of our GDP, 40 per cent of our exports and employ 60 million people. Therefore, SMEs engaged in exports have a special socio-economic significance in India's trade paradigm.

There is no doubt that openness in trade is an essential prerequisite both for economic growth and the creation of employment opportunities. However, the pace of trade liberalization has to be calibrated according to the specific requirements of a country keeping in mind its socio-economic realities. Domestic policies and institutions are required to cushion any adverse impact of rapid trade liberalization. The LDCs and the developing countries would require flexibilities to help them adapt even as they integrate themselves in the globalized world. In a situation where the domestic economy is marked by high rates of unemployment and an increasingly young population entering the job market, the political pressure for creating greater job opportunities becomes more pronounced.

We cannot talk about openness without mentioning the need to keep the labour markets open. In today's globalized world, where capital and technology move with unprecedented speed in unprecedented volumes across national boundaries, it is completely inexplicable why labour cannot follow suit. Therefore, if we are viewing the trade paradigm from a perspective of generating sustainable employment, it is imperative to address the issue of free movement of labour across borders.

Trade can very well play an important role in economic growth, job creation and poverty alleviation provided that equity is maintained in trade. Trade should not be a tool available only to the developed countries in their quest for markets in the developing countries, thus reaping the benefits in the form of growth, job creation and the resultant redistribution of income. Such a dispensation can have very adverse effects on developing and poor countries, which do not have the wherewithal to compete with the advanced technologies, adequate capital, infrastructure and skilled labour force available in developed countries. Developing countries need to be supported in gaining equity in terms of infrastructure, technology and skill development before some parity in trade can be achieved. Until such a time, policy space needs to be available for them to protect their industries from being wiped out, which would result in economic downturn and a consequent increase in poverty in developing countries. The tool of trade is thus a potent one and needs to be used by the countries in the manner most suitable to their stage of development.

It is a cause for concern that countries, mainly developed countries, are resorting to newer forms of protectionism that have created new barriers to trade. This tendency has become more acute in the

aftermath of the economic crisis and some parts of the developed world have now started looking inwards. This does not augur well for global trade flows.

In the WTO, India and other developing countries have been persistent in their efforts to ensure that the progress achieved so far in the ongoing round of negotiations, the Doha Round, is not lost, and that development, which is at the core of the Round, remains firmly entrenched in all negotiations at the WTO. The Doha Round is very important for the developing countries, particularly the LDCs and the aspirations of the developing world would be met if the Round is concluded as a single undertaking. Unfortunately, some of the issues which are important to only a few members are being picked up for discussion and pressure is mounting through various formal and informal groups to bring new issues to the discussion table. Trade is a wide subject and one that is important for all. However, trade does not only mean more markets for the developed countries; developing countries and the small and vulnerable economies should also be able to benefit from trade. It is in this context that completion of the Doha Development Agenda essential.

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

Since the 1990s, trade has grown very fast, driven by a mix of technological change and policy reforms. Global merchandise trade in 2011 was around EUR 14 trillion, more than five times its value in 1990 (USD 18.2 trillion, up from USD 3.5 trillion in 1990). Due to the global economic crisis, this pace has slowed down in recent years. With the exception of 2009 trade growth has still remained positive and much bigger than economic growth. This underlines clearly that trade is an effective engine for growth. The current landscape is marked by a lack of substantial progress in the multilateral negotiations at the World Trade Organization, while there is a flurry of plurilateral and bilateral negotiations. Nevertheless, hope remains in some areas of the Doha Round, in particular in the field of trade facilitation, despite the rise of protectionist measures in some countries. Generally, the benefits of opening to trade and investment seem to have been forgotten and trade liberalisation appears to have fallen off the agenda of many policy makers.



Trade is one of the main pillars fostering growth, job creation and poverty alleviation. It is an indispensable element of political strategy in order to ensure the achievement of these three objectives.

Trade and growth

Historically, no country in the past 60 years has sustained consistently high levels of growth without greatly expanding its exposure to international trade and investments. Some success stories, like South Korea or Singapore or even a bigger economy like China where 400 Million people were lifted out of poverty (since reforms towards market economy structures started in 1978), are astonishing and the economic strategies of such countries have heavily relied on trade.

Trade and investment liberalisation affects growth positively in a number of ways. Trade allows countries to use their comparative advantage. Producers can reach bigger markets and increase the scale of their production. They can also import cheaper goods and services and find new sources of capital. Moreover,

consumers can buy a wider range of goods and services, mostly at lower prices. Trade also contributes to passing on the knowledge and the technologies developed anywhere in the world.

A trade policy aiming at a gradual and progressive opening is more likely to contribute to economic growth than alternative protectionist policies. Economists share a basic consensus according to which trade, income and productivity levels are positively and strongly correlated, with robust evidence to support this. The OECD has calculated that an increase of one percentage point in the share of trade in GDP raises income levels by between 0.9% to 3%. Besides, trade has remained a strong contributor to growth throughout the crisis even when other economic factors have weakened.

According to the World Bank's Growth Commission, over the last 60 years there have been 13 "star" performers in the world – countries that have grown in real terms by more than 7% per year for at least 25 years. Sustained growth and development have rarely, if ever, been achieved in countries that have refused to open up to trade and investment.

Stability, government credibility and good governance, savings and reliance on markets are also important. Each country has indeed its own unique set of conditions for achieving economic growth. However, an export-led strategy has proved to be one of the most successful ways of ensuring development and employment.

Trade liberalisation needs to be supported by the right mix of accompanying measures. Education, investments into infrastructure, well-functioning governance structures, and initiatives facilitating self-employment and supporting SMEs are all together significant for positive effects of trade liberalisation. In this regard, the respect of fair wages and salaries, human rights as well as democracy are important cornerstones that should guide decision-makers at all levels. Improvements of all these elements would be beneficial for economies at the global scale to be able to harvest the full benefits that result from integration into the global trade and investment system. It will also influence the type of growth that derives from integration into the international trading system, in particular whether it appears to be socially sustainable and its effect on the environment.

Concluding the long-running Doha Round of trade negotiations would provide a boost to the world economy. Every option that brings us closer to reaching an ambitious conclusion of the Doha Round must be pursued. In this context, opportunities to achieve concrete results seem to be the most promising in the field of trade facilitation. Such a development would create greater security of market access, through the negotiation of policy disciplines. Maintaining an open trade regime whilst resisting protectionist temptations represents an important foundation for the global recovery and the new matching of global supply with demand. This is especially true for developing countries as so many depend on exporting to foreign markets to finance growth-stimulating imports of goods, services and technologies.

Since growth depends to a high degree on trade, and as tariffs have largely decreased throughout the world since the creation of the GATT, we are faced today with a more complex trade agenda: international trade negotiations increasingly revolve around behind-the-border regulatory policies, not just import tariffs, as in the case of the liberalisation of services. The international trade and investment policy agenda spans a plethora of policy areas and that is maybe one of the reasons why the power of trade for growth is sometimes underestimated and why negotiations are so difficult.

Trade and employment

The investment and trade liberalisation and technological innovation have globalised the labour market. The overall effect of trade liberalisation on the labour market is positive. It can, however, create substantial reorganisation in the structure of the labour market encompassing displacement of jobs from specific sectors to other sectors where a significant number of new jobs are created. As the bulk of employment is within

SMEs, the continued expansion and internationalisation of SMEs is an essential mechanism which must be supported by targeting all the barriers that specifically affect SMEs on the international stage.

Meanwhile, the internationalisation of the production chain and the increasing integration of large economies that benefit from a surplus in low-wage workers have to some extent reinforced public concerns. However, jobs affected by trade openness are not entirely lost; they are often only displaced to other sectors or areas of activities. Indeed, the OECD has witnessed in its member countries a stronger rate of job turnover in the 1990s up to 2005 than ever before and trade has contributed to this trend.

The current economic landscape is marked by more and more international mobility of goods and capital, but workers are not yet equally able to move across borders. To help affected displaced workers is more necessary than ever for the sake of efficiency, equity and public economy. Therefore, some kind of compensation mechanisms should ensure that workers receive proper support in order to be able to re-orientate their careers and improve their chances of finding another position. This should be done in a way reflecting the special talents and needs of the persons affected. Such workers should be encouraged to find jobs in expanding sectors rather than staying in a declining industry or remain unemployed.

Besides, no trading nation should engage in social dumping through violations of labour standards. Compliance with existing international labour standards and promotion thereof across the world is particularly important for a level playing field in international trade. In this regard, solutions have to be found within the multilateral system of the International Labour Organisation (ILO). Additionally, a functioning social dialogue appears to be the necessary tool to smoothen the transition from workers into new jobs and alleviate the adverse effects of an internationalisation of trade,

When these conditions are met, open markets can create important opportunities on a global scale.

Trade and poverty reduction

Trade has been an engine of growth in many countries, even though this has not always materialised into an immediate poverty reduction. The degree to which trade contributes to poverty reduction varies considerably across countries. As explained in the recent work of the ILO and the WTO on making globalisation socially sustainable, the effect of international trade on wage differences and therefore on poverty is "rather nuanced". Several developing countries have experienced in the last decades higher inequalities at the same time as they opened up to international trade. However, this does not mean that trade is solely responsible for this development, since multiple factors play a role in this regard.

International experts, including the World Bank, had assessed at the start of the Doha Round that this round has the potential to lift some 100 million people out of poverty. Therefore, through more international trade we have it in our hands to contribute significantly to poverty reduction all across the globe.

Improving the competitiveness of Least Developed Countries through reducing obstacles to their export performance, the WTO encouraged the creation of the Aid for Trade initiative. Its goal is to tackle the supply-side constraints that severely limit some countries' ability to benefit from the multilateral trading system. Depending on the specific country context, this could require further investments in human capital and rural infrastructure, and access to credit and technical assistance to promote macroeconomic stability. More competitive developing economies should have fewer difficulties in accepting further trade liberalisation. This approach will also help to generate a more inclusive growth, where the benefits of international trade are also extended to a greater degree to remote, rural or simply poorer regions.

In addition, there are other challenges, such as good governance, administrative and legal structures, and modernising the structure of the economy, which might hinder wealth generated by trade from benefiting all parts of the economy equally. For example, in many low-income countries the informal sector represents a

very high proportion of the domestic economy and cross-border trade. Informal enterprises find it much harder to gain access to the necessary financing, technology and contracts to be active internationally and to become internationally competitive. Another example is the lack of a proper tax system and collection due to bad governance and corruption. It prevents the increased wealth generated by trade from being properly channelled throughout the economy.

Conclusion

Trade is a crucial element to create growth and jobs, as well as to reduce poverty across the globe. Generally, it appears as a *conditio sine qua non* for countries to grow out of poverty while fighting for the creation of new jobs. Hence, international trade should be promoted on different levels: multilateral, plurilateral and bilateral, agreements do not exclude, but complement each other. The efforts undertaken via the World Trade Organisation for achieving international growth and poverty reduction are more necessary than ever. All possibilities for improvement need to be explored and pushed forward on to the WTO negotiation agenda starting above all with trade facilitation with the potential to facilitate the integration of all into international trade. Thus, concrete results in the on-going Doha Round, in particular with regard to trade facilitation, seem to be the appropriate answer in times of a global economic crisis.

Introductory remarks by Mr. P.C. Chacko, Rapporteur (India)

It is generally recognized that free and fair trade practices can help the world overcome the problems of unemployment and poverty, and promote economic growth and overall development. However, developing countries have not enjoyed the same success from trade liberalization as developed countries. They face unique challenges in terms of the development of well-developed institutions and infrastructure, and some degree of flexibility is required to enable them to adapt to the emerging realities of the global economy and meet prevailing trade challenges. The opening up of goods and capital markets in these countries although essential, is not sufficient. In today's highly globalized world, capital and technology can move across borders with ease, but the same is not true of labour. If international trade is to generate sustainable employment, the free movement of labour across borders is an issue that must be given due attention by all stakeholders.

There is no denying that trade has a significant role to play in alleviating poverty, provided that equity is maintained. Trade should not be a tool available only to developed countries in seeking markets and reaping economic benefits. Developing countries need to achieve equity in terms of infrastructure, technology and skills development, and the ongoing Doha Round of negotiations, which has development at its core, is very important in that regard. The aspirations of the developing world for economic growth and poverty alleviation cannot be fulfilled unless the Doha Round is concluded as a single undertaking.

Introductory remarks by Mr. P. Rübiger, Rapporteur (European Parliament)

This discussion is timely. The world is changing every day and we, as parliamentarians, must learn what we can do to improve the daily lives of the citizens of our countries. Harmonization is an important principle in world trade. WTO's negotiations seek to provide for some harmonization but we have to ask ourselves where we can accept to be different, and why it is important to be different. Mutual recognition is another important principle: for example, in Europe, there is zero growth at present, while other countries are achieving between 5 and 10 per cent growth. Europeans must ask what those countries have done to achieve such growth and development.

The outgoing Chinese Government should be congratulated for bringing 400 million people out of poverty while also creating a number of dollar billionaires, and improving the social situation in the country. I am sure that the new Government will also look at social and environmental aspects, and seek to continue making improvements. This is what we want; we don't just want cheaper goods and higher wages, it is very important

to look at quality of life. Education is an important issue and better education will give our small- and medium-sized entrepreneurs more opportunities to be active in business. We also need well-functioning governance structures and infrastructure, and to identify factors conducive to safer employment.

Negotiations in the field of trade facilitation are almost finalized. The OECD has calculated that an increase of one percentage point in the share of trade in GDP raises income levels by between 0.9 and three per cent. Conclusion of the Doha Round will present some 100 million job opportunities and potential for growth. Parliamentarians have a responsibility to ask their governments about the state of play and how progress can be achieved with a view to securing breakthrough success at the 9th WTO Ministerial Conference in Bali in 2013.

Introductory remarks by Ms. Marion Jansen, Discussant (Counsellor, WTO Secretariat)

WTO has played a very important role during the recent crisis, and the fact that protectionism has not increased – at least not significantly – has been significant for the world economy. The impact of the crisis on labour markets has not been pleasant but would have been greater had the multilateral rules system not given stability to international markets.

In the current era, the issue of how trade affects employment has become very important, and many studies have been conducted about the potential that further trade openings offer for employment and labour markets. An analytical understanding of these issues is becoming increasingly important. Multilateralism and multilateral trade liberalization are the best way for liberalizing markets in terms of GDP and employment. Studies consistently show that multilateral liberalization delivers better employment outcomes than unilateral or regional liberalization. Progress in multilateral liberalization and in multilateral trade negotiations could therefore be very beneficial for labour markets.



However, the benefits of trade opening for jobs and employment markets may not come automatically. There are challenges ahead, and some of these have been highlighted in a joint publication by the ILO and the WTO on making globalization socially sustainable. First: open markets make economies vulnerable to events in other countries, and transmit shocks from one country to another. We have experienced this in the recent crisis where the events in the US housing market have had knock-on effects in other countries. It is therefore important for countries to have a system in place to protect workers and the most vulnerable in the population against such shocks. Studies undertaken during the recession, including by the ILO, the WTO and the World Bank, indicate that social protection systems that are in place before a crisis or a shock hits are beneficial for the labour force and for the economy as a whole.

Second: trade liberalization can result in structural change that is not always as positive as was hoped for. There are examples of countries where the non-productive sectors grow and the productive sectors shrink, and more work is needed from research and policy makers to understand why this happens and what can be done to prevent this.

Third: the gains from trade are not always well distributed within countries. In order to advance in the multilateral trade agenda and ensure support for further trade opening, the gains from trade must be distributed to the advantage of a large part of the population.

International migration is a complex topic. However, the lack of labour mobility is an issue that is relevant to outcomes in labour markets. It affects the bargaining situation at the national level between labour and capital, and enterprises and workers, and this may not be positive for economic outcomes. It may also not be conducive to support for multilateral trade liberalization. I invite you, as parliamentarians, to think whether or not this is an issue of relevance for your country and how it may be addressed in your country. On the subject of internal migration, 72 per cent of the labour force in LDCs work in the agricultural sector, but only 4 per cent in high-income countries. As LDCs and developing countries grow and integrate into global markets, the agriculture sector will shrink, and in most countries this will imply migration from rural areas to urban areas. It is important to ensure that this challenge is addressed in a way that avoids hardship for the individuals that move, does not lead to a loss of skills, and yields the best outcomes from trade.

Education is a challenge for all countries irrespective of income level. Youth unemployment levels are high across the world. Skills mismatch – a situation where enterprises are unable to find skilled people, despite investments in education – is a waste of resources and an obstacle to potential growth, and must be avoided. The strengthening of education and training institutions is very important for the future of many countries, and might require increased collaboration between education and training institutions and the private sector.

Coherent policy-making across ministries is important in order to ensure that trade yields the best outcome for growth and jobs. In Geneva we are increasingly working with each other across international institutions, and the collaboration between the ILO and the WTO is a steady and prominent one that has been very fruitful. Much can still be done at the national level to facilitate closer collaboration between ministries and committees in your parliaments on the issue of trade and its employment implications.

EXCERPTS FROM THE DEBATE

Mr. A. El Maati (Morocco)



The failure to conclude the Doha Development Agenda has led many of our governments to adopt an approach towards the liberalization of trade that is in some cases extreme and does not always take into consideration the needs of developing countries.

Mr. Y. Fujita (Japan)

I would like to express my country's appreciation for the assistance WTO member countries provided following the Great East Japan Earthquake and tsunami in March 2011. Multilateral trade negotiations are very important and we should make every effort to break the deadlock in the Doha Round and implement the decisions of the 8th WTO Ministerial Conference. Trade facilitation to develop the global value chain could help to benefit both developed and developing countries, and the Information Technology Agreement developed by the group known as the "Really Good Friends of Services" could contribute to increased trade in services. Countries should make a political commitment to counter the protectionist trend that might arise as a result of the global economic crisis, and should recognize the importance of trade and investment as an engine for growth and employment creation, and as a means of strengthening the global value chain.

Mr. A. Al-Nuaimi (United Arab Emirates)



In most countries of the world, trade is the major economic engine, and if countries want to improve levels of economic development, they have to begin to reform trade. WTO must reform free trade legislation to promote the development of markets in developing countries. WTO should also call upon developed countries to provide credit assistance and other facilities to boost the economies of developing countries.

Mr. Z. Yin (China)



China has made considerable effort to respect international commitments since its succession to the WTO, and I am grateful to those who have expressed appreciation of China's efforts. The unemployment rate in China has fallen to 10 per cent, and in 10 years, our GDP has doubled while our exports have increased four-fold. Not only is the Chinese economy developing, but it is also contributing to world growth. Every year, China imports more than \$650 billion of inputs and benefits

consumers in many countries. According to surveys, US consumers have saved over \$600 billion, and European households have been able to save €300 a year as a result of China's activity. China provides significant assistance in terms of infrastructure and economic development to developing countries and to most of the LDCs, and levies a zero-duty tariff on products from those countries. However, our GDP however remains lower than that of many other countries, so much remains to be done.

Mr. P.C. Chacko (Rapporteur)

It is a source of regret to everyone associated with the WTO's activities that the Doha Development Round is not being continued to its logical conclusion. As things stand, countries are far reaching a level playing field, and the benefits of trade are not being distributed equally. Political initiative is required to give new impetus to the negotiations.

Mr. P. Rübiger (Rapporteur)

Poverty is declining in countries where peace prevails, and efforts must be made to ensure peace and the establishment of a parliamentary government system that obtains the right solutions for the people. Finance is another important issue, and I think that international foundations should concentrate more on microfinance to create employment; women, in particular, should be given greater opportunities to become entrepreneurs. The system of production is important area, and the WTO should also think about being a service organization, facilitating information on necessary legislation for export. Poverty reduction begins with good prices, which allows consumers – even those on a lower wage – to afford more. We will only be able to get the right product at the right price if we open the market, and we must thank the Chinese government, whose efforts are enabling the average European to achieve a cost plus of €300 per year.

Ms. M. Jansen (Discussant)

It is important to distinguish between the role of trade and the role of the financial sector in the crisis. While openness to trade has contributed to transmitting the crisis, research also shows that openness to trade has enabled countries to exit the crisis more easily. What caused the crisis was not trade, but problems in the financial sector in a

number of countries, creating economic havoc and great problems in labour markets.

On the issue of trade facilitation, WTO has played a very active role in the Aid-for-Trade debate. The negotiations on trade facilitation are focusing on how it can be made easier for countries and entrepreneurs to trade, and on the help that can be given to entrepreneurs in developing countries, and in particular the LDCs. I thought that those negotiations have advanced rather well, and I understand that this will be an important issue for the future.

Mr. P. Rübige (Rapporteur)



One of the key issues for the future is employment, for which education and vocational training are essential. Competition between educational and vocational institutions is counter-productive. We should recognize the importance of trade facilitation in enabling the self-employed and small- and medium-sized enterprises to operate in this Internet age, thus creating wealth and jobs.

Public procurement should be focused on small- and medium-sized enterprises, and WTO should also shift its focus from large international businesses towards small- and medium- sized enterprises.

Mr. P.C. Chacko (Rapporteur)

The expansion of world trade has contributed to the growth of countries like India and China. As the volume of trade increases, so does the growth rate; this in turn leads to the creation of jobs and poverty alleviation – two of the most crucial issues for many countries.

Ms. M. Jansen (Discussant)

In fast-moving world, youth unemployment is a major issue for industrialized countries, emerging economies and developing countries alike. Education and training systems face huge challenges; it is not easy to ensure that the people you educate today will have the skills to find a job in two or three years' time. An increasing link between education and training systems and the private sector and companies will be important to achieve success in this area. Much is being done at the international level to ensure that what happens in the trade domain is consistent with actions in other area. However more can be done at the national level to strengthen coherence, including increased collaboration between ministries and experts' groups.

Mr. P. Zalba Bidegain (European Parliament)



On behalf of Mr .Rübige, I would like to express appreciation to the representative from Bangladesh. This is one of our targets and your words are great motivation for us to continue on our work.

Mr. M.U. Khan Badal (Bangladesh)

LDCs, including Bangladesh, are grateful to the European Parliament for the preferential market access granted, which has created jobs, reduced poverty and empowered people. Decisions taken at the 6th WTO Ministerial Conference in Hong Kong in 2005 should be implemented as soon as possible, since issues of priority to the LDCs are not contentious. Parliamentarians should raise their government's awareness of the need to implement decisions on market access, the cotton services

waiver and the extension of the TRIPS agreement. Trade liberalization must be consistent with the specific requirements of a country and the social, political and economic realities.

Mr. J. Mulimba (Uganda)



With the liberalization of trade, some countries will not employ those educated outside the country. How can we ensure harmonization to enable the WTO member to benefit from labour market accessibility? While the European Union promotes the growth of genetically modified products in Africa, the export of such products to European market is not permitted. How can Africa then benefit from market access concerning these products?

Ms. U.-J. Lee (Republic of Korea)



In order to help workers affected by trade liberalization to find a new job, countries should have in place a social structure to facilitate career reorientation. However, it will be challenging for developing countries and emerging economies to

take initiatives that require sustained investment over a protracted period. Trade liberalization may be beneficial in the long term, but sacrifice in the short term is unavoidable. WTO should do more to address these issues, rather than simply encouraging trade liberalization. Is multilateral negotiation likely to be more beneficial than bilateral negotiation in this regard?

Ms. M. Jansen (Discussant)



Some of the issues that might arise when countries adjust to trade liberalization, such as job losses and the need for social protection fall under the mandate of other institutions, in particular, the ILO. However, related issues, such as the assistance companies and sectors need to grow in order to export, fall under the responsibility of the WTO. Trade facilitation negotiations are intended to help exporting companies, in particular small and medium-sized enterprises in developing countries.

Furthermore, in the area of Aid-for-Trade, considerable emphasis is placed on helping developing countries to generate a supply response and to start exporting and growing. In areas outside of its mandate, such as social protection, the WTO seeks to draw attention to the solutions offered by other, relevant institutions. It tries to facilitate a flow of information on the link between trade and labour markets and the identification of solutions, to a large extent referring to the work done by the organization active in the field. Harmonization of standards could facilitate trade and the movement of service providers. In its agreements and legal texts, the WTO refers to the benefits of harmonization, encourages its members to collaborate jointly at the international level to harmonize regulations and

standards and it facilitates the use of such international standards.

Harmonization does not have to take place at the WTO, although there have been occasions, for example in the area of telecommunications, where this has happened. What is important is a coherent approach, and regulators and trade negotiators should come together at the national level and ideally, at the global level to that end. The World Bank is working actively in this area by bringing together trade negotiators and regulators in "knowledge platforms" in order to reach agreement on the type of harmonization that would be useful.

Mr. P.C. Chacko (Rapporteur)

Labour movement across borders is meeting with some resistance, and I think this issue should be part discussed within the WTO since it may be a major problem in the future. Acceptability of genetically modified agricultural products is also a major problem for many countries and one that is preventing previous conclusions from being implemented. Difficulties being faced by countries in this area must be discussed at the highest level, including in the appropriate WTO forum.

Mr. A. Budimanta (Indonesia)

I fail to see any correlation between trade liberalization and poverty alleviation. With regard to trade, the focus is on efforts to achieve effectiveness and efficiency and to maximize profits. This means that, for some commodities, market control will be concentrated among some dominant players, leading to systemic poverty in the developing countries and LDCs. The WTO must level the playing field to create a multilateral trading system that is fair, transparent, non-discriminatory and inclusive and one that upholds the development dimension of the developing countries and LDCs. Indonesia has always supported the fair conclusion of the Doha Round and has taken the lead in the negotiations on trade in agriculture. I hope that the 9th WTO Ministerial Conference in 2013, which my country will be hosting, will take strategic decisions on how to conclude the Round taking into account the needs of developing countries and LDCs. All parliamentarians should support the fair conclusion of the Doha Round.

Mr. H. Alshehri (Saudi Arabia)



Trade is a major pillar for economic development, job creation and poverty reduction. However, developing countries and LDCs are being affected by factors including the reduction in developed country assistance and the failure to conclude that the Doha Round. Donor countries should therefore pledge to continue their assistance. Saudi Arabia, for its part, has given some US\$5 million to the World Food Programme and US\$700 million to support productive sectors in poor countries, facilitating the implementation of trade commitments. The elimination of non-tariff and customs barriers and the need to take into account the requirements of developing countries in the Doha Round is extremely important.

Mr. O. Ahmadi (Islamic Republic of Iran)

The unequal trade relationship that exists on the international stage has an adverse effect on the national development of countries. As multilateral trade talks and the Doha Round have shown, trade liberalization is a tool in the hands of developed countries that is used against developing countries.

The global economic crisis has demonstrated the ineffectiveness of the global financial management system and has resulted in an increase in poverty in some countries. This situation cannot be left unchecked. Capacity building and the transfer of technology can help to improve trade and reduce poverty and facilitate the establishment of a fair and balanced trading regime – a goal that all countries should strive to achieve. Tools, such as sanctions, create a further obstacle to the development of nations.

Mr. P.C. Chacko (Rapporteur)

The genuine view being expressed by many members today is that the level playing field that the WTO seeks to promote is far from being achieved. Some flexibility is needed in order to take into account the differences in the economic development of States. Capacity building and trade modernization are taking place in a number of countries, and WTO should review any lapses by Member States. Although I agree with the opinion expressed regarding the global financial crisis, administrative and regulatory mechanisms within a country do bear some responsibility.

Saudi Arabia's effort and contribution to the World Food Programme are highly appreciated and serve as an example to others.

I strongly disagree with the point that trade liberalization has no correlation with poverty alleviation. Growth in the economy and trade will automatically filter down to the common man. However, how and to what extent depend on the policies being implemented by the government. If the benefits are not distributed, we should find fault with the government of the country, not with an international body. We can't distribute poverty. The aim is to create wealth and increase trade. I am very supportive of the arguments of a level playing field, and there are issues in this regard that the international community must examine.

The problems of developing countries are at the heart of the Doha Round. The fact that the Round is deadlocked will be seen as a failure of this world body, and the positive recommendations that have already been made should be implemented. The world is looking towards the 9th WTO Ministerial Conference in Bali with hope, and we trust that tangible progress will be made at that conference.

Ms. M. Jansen (Discussant)

Research shows that the extent of the link between trade and poverty alleviation depends on the country concerned. One of the crucial points is the challenge of ensuring that in a country that liberalizes a significant amount of companies begin to export, and therefore start growing and creating jobs. There are a number of obstacles to this, in particular in developing countries, such as a lack of

infrastructure, weak financial markets and a lack of awareness and information about markets abroad. Discussions at the WTO in the context of Aid-for-Trade have been focused on how to strengthen the supply response in developing countries and it is my understanding that technical assistance will continue to be provided in this regard, in particular to the LDCs, through the so-called Enhanced Integrated Framework (EIF).

Trade ministries in these countries are requested to participate actively in helping their countries to grow. For a number of markets, there is data to corroborate the view of large global players arising and taking market control, and this is one reason why many experts supported the idea of discussion of competition policy in WTO. However, some years ago, WTO members took the decision to take competition policy off the negotiation agenda, and that is still the current situation.

Mr. J. Faria (Venezuela)



I welcome the opportunity to discuss such an important subject for the development of our nations. There is no automatic link between trade and economic growth, job creation and poverty alleviation. Such a link will exist only if there is a national State-driven policy to distribute the gains and benefits of trade in a fair manner. The recent decades of neoliberal policy and the current crisis demonstrate that a free market is completely insufficient and an obstacle to development, equity and social wellbeing.

Trade is not a panacea. It will serve as a springboard for development only if a country has a minimum level of industrialization and has

undergone a lengthy phase of internal development before opening itself up to the market. Trade is dominated by asymmetries, inequalities and by large transnational corporations. Let us not forget that inequalities between income and economic development in the most developed and least developed countries have quadrupled over the last 40 years. If we are to bridge the development divide, we must recognize the importance of solidarity as well as transparency to help the poorest and most backward nations to develop. Trade must be seen not only from an economic and financial perspective but also from an ethical one. Venezuela, for its part, has a trade agreement with countries including Cuba, Nicaragua, Bolivia and Ecuador that not only promotes trade exchanges, but social and cultural exchanges from an ethical as well as an economic perspective.

Mr. C. Hansuebsai (Thailand)



I strongly agree that the benefits of trade are not automatic and that trade is a necessary condition for triggering and sustaining growth and development, but not a sufficient one. Trade policies should be changed to reflect broader development objectives such as poverty reduction, employment, sustained and inclusive growth and access to essential medicines and services. The WTO has a duty to explain to its members, particularly developing countries and LDCs, how this can be achieved. The WTO could benefit from strong and effective parliamentary support. It should provide parliamentarians, on a more systematic basis, with information on the benefits of rules-based free and fair multilateral trade, notably on how such trade could create jobs alleviate poverty and accelerate growth. Thailand, a developing country, has

benefitted significantly from multilateral trade. If we all work together and inform our governments of the benefits of multilateral trade, it might still be possible to conclude the very important Doha Round.

Mr. S. Matsushita (Japan)



My country highly appreciates the assistance from the international community after the Great East Japan Earthquake and the joint efforts to deal with the Fukushima accident. Despite Japan's enormous efforts to ensure food safety, 40 countries still refuse to import Japanese foodstuffs. Japan considers the issues pertaining to developing countries in the spirit of the Doha Round and is implementing two initiatives as part of Aid-for-Trade efforts. Emerging economies should assume greater responsibilities commensurate with their increasing powers.

Ms. M. Jansen (Discussant)

With regard to the comment concerning the need for certain minimum conditions of industrial development, there is much talk of global supply chains. Research is indicating that technology transfer is now much more rapid than in the past, and this can result in complaints about level playing fields from rich countries that have difficulty in competing with countries where wages are much lower that have access through technology transfer to expensive technologies. On the view that trade is a necessary - but not a sufficient - condition for poverty reduction and employment growth, the WTO frequently emphasizes the need for accompanying measures, such as a strong social protection system. More can probably be done in this area, but the WTO is already pursuing an active agenda in this field, including collaboration with the ILO,

OECD, the World Bank on trade, growth and jobs and the need for accompanying measures.

Mr. P.C. Chacko (Rapporteur)



I agree that trade has no automatic relation with poverty alleviation. The volume of world trade has increased five-fold over the previous 10 years and is projected to increase 10-fold in the next 10 years. This expansion in world trade is likely to add to the GDP and economic growth of each country, but the extent to which this will result in poverty alleviation and job creation depends on internal economic policy in the country. Greater transparency regarding the opportunities of increased world trade will undoubtedly enable poorer people to attain better living conditions. Greater involvement of parliamentarians will foster peoples' participation, since discussions, including in ministerial conferences, will filter down to the Parliament and then to the people. The solidarity and cooperation shown by the international community in the wake of the Japanese nuclear accident has created a positive international atmosphere. While we can't blame countries for taking a cautious approach after the accident, propaganda should not be able to stop the exports of the country particularly in this scientific age. Japan's genuine concerns should be discussed at the highest level. Greater power equates to greater responsibility. It goes without saying that, in the international community, those countries and emerging economies that are assuming more power should assume greater responsibility. Poverty is the bane of society and the efforts of the international community will have been futile if poverty alleviation and job creation are not achieved. National governments must recognize the opportunities that the expansion in world trade

presents in terms of poverty alleviation and job creation. Consideration of the outcome document of this annual session should not be confined to this room; the document should be discussed in parliaments of all member countries.

Mr. J.-W. Kil (Republic of Korea)



I would like to know what we, as politicians and parliamentarians, can do to promote the WTO process. The Republic of Korea has recently been selected to host the Green Climate Fund – a multilateral financial institution that builds and allocates funds to developing countries for sustainable growth, in particular green growth. My country's willingness to host this Fund is an example of its political leadership, and I hope that my fellow parliamentarians will support South Korea's leadership in the area of green growth.

Mr. M. Roumer (Haiti)



I wish to thank all of those countries that have assisted Haiti in difficult times, in particular

Venezuela. Parliamentarians must be involved in a broader discussion on how to tackle the difficulties that populations will face in the future, such as the impact of mechanization, in particular in countries where a large part of the workforce is involved in the agricultural sector. We also need to look more generally at social protection across continents, particularly in light of the current trend to delocalize to cheaper production destinations. I welcome efforts of some regions to take into account in trade aspects other than profit.

Mr. P.C. Chacko (Rapporteur)

We must move with the times. However, the impact of new technologies depends on the programmes implemented by governments. For example, if mechanization is to be introduced without increasing poverty among traditional workers, governments must provide retraining and redeployment programmes to provide workers whose jobs have been replaced by machinery with other income-earning opportunities. While the role of national parliaments depends on each country's constitutional provisions we, as parliamentarians, have a responsibility to bring to our parliament's attention the deliberations taking place in international fora. We should initiate a debate to ensure that the implications of decisions taken are fully understood, rather than simply rubberstamping those decisions. The role of national parliaments and parliamentarians in the discussions at the WTO is absolutely essential, and Korea's efforts to offer financial assistance to developing countries are commendable.

Ms. M. Jansen (Discussant)

With regard to the possible role for parliamentarians, I suggest that you should draw the attention of your trade ministries to the Doha negotiations and request their support for the Round. Governments have a nuanced role to play in assisting the private sector when markets open up, and you should help to create an environment in your countries where development ministries, such as trade ministries, are informed about developments in the private sector.

The agricultural sector is a very important sector for developing countries. The Government could help producers to connect to global markets through the establishment of sophisticated networks for

transmission of new technologies to smallholders throughout the country. There are lessons to be learned from systems that already exist in some countries, such as Malaysia, which have played an important role in strengthening a country's exports. Different ministries must work together if the gains from trade liberalization will lead to poverty reduction and employment creation. This is not an easy thing to do since cooperation between trade and labour ministries is often unheard of. Parliamentarians could perhaps support the establishment of cross-ministerial bodies to ensure a flow of information and that government policy follows one coherent direction.

Mr. O. Kabani (Saudi Arabia)

Specialized funds can be used as a mechanism to fund education and job creation. Saudi Arabia has been a pioneer in this area and has established a social fund to build capacity among beneficiaries with a view to promoting autonomy and active involvement in society. A number of programmes have been set up under this fund, including: a scholarship programme for university entrants; a training and employment programme; a funding programme for small- and medium-sized enterprises; and a programme to help small farmers market their products. Delegates are welcome to use e-mail addresses (alkabbani.group@yahoo.com and mnsaeed@yahoo.com) to obtain more information on Saudi Arabia's pioneering experience in social development.

Mr. M.S. Jonathan (Lesotho)



Some LDCs have made a significant improvement in economic growth but others have not. Lesotho is a

landlocked country surrounded completely by South Africa, an economic giant, and we are still struggling. It is our fervent hope that the actions of WTO will give the weak a stronger voice and continue to stimulate economic growth and the creation of quality jobs that allow our peoples to improve their living standards. We cannot distribute poverty; we can only share wealth that comes from good economy. As parliamentarians, we should strive to make good laws supporting the growth of our economies for the benefit of the poor, marginalized and voiceless in our countries.

Mr. T. Babikir Mohamed (Sudan)



The global crisis has had an impact on all countries, including developing countries. Resources earmarked for infrastructure and other areas have had to be redirected, and the reduction in the resources allocated by the United States to cotton producing countries has led to an increase in poverty in Africa. The Enhanced Integrated Framework has been affected, as our sponsors are not carrying out their obligations fully. I would appreciate more information regarding the Enhanced Integrated Framework and the relationship with resources, including technical assistance provided by international organizations. If the assistance received is not long lasting, how can we help these countries to combat poverty? What action will be taken to ensure that these countries have the resources to combat poverty, including sufficient funds for education?

Ms. M. Jansen (Discussant)

I would like to thank the representative of Saudi Arabia for the information on his country's activities

in the labour market. Such activities can help economic growth and can result in poverty reduction and employment. Funding options can include a national fund, and training financed in part by the government and by employers, which has served to create jobs.

It is my understanding that there has been a recent independent monitoring exercise of the Enhanced Integrated Framework, and that the evaluation was quite positive. Those involved know that it is not always easy to work through the Enhanced Integrated Framework and that the success of activities depends, to a large extent, on the country. The Enhanced Integrated Framework seeks to ensure that money to trade is donated through one centralized system. In the interests of greater coherence, it seeks to facilitate collaboration among all the agencies involved and to address the issue of national government ownership to ensure that the views and priorities of the government are heard.

The actual implementation unit of trade projects receiving funding through the Enhanced Integrated Framework is situated within the national trade ministry. The Enhanced Integrated Framework also seeks to ensure that the limited funds available for capacity building are implemented in an effective manner. Collaboration among donors, implementing agencies and the government is required. This is not always easy to achieve and requires a lots of goodwill on all sides.

Mr. P.C. Chacko (Rapporteur)

Many national governments have their own flagship programmes for poverty alleviation, training, redeployment and production support. The examples given by Saudi Arabia are benefiting thousands of people and such activities are complementary to our efforts here. With regard to problems of coordination among the various agencies providing aid, I agree that there has to be discipline and that the assistance provided by multiple agencies must be streamlined and centralized. However, the fact remains that the global economic crisis is affecting the LDCs and developing countries comparatively more than other countries. The Doha Round of negotiations will have implications for the budgetary support that developing countries are able to provide for education and training. We live in a changing world

and today's jobs will not be there tomorrow. We need to train the next generation to do better jobs so that their income earning potential is greater, and training and redeployment must therefore be part of the efforts.

Mrs. I.R. Simamora (Indonesia)



My country trusts that all parliamentarians will support the 9th WTO Ministerial Conference to be held in Bali in December 2013. Parliamentary support is crucial to bridge the impasse in the ongoing negotiations on trade liberalization, and will help to foster the achievement of a balanced, transparent, inclusive and non-discriminatory conclusion of the Doha Round.

Mr. N. Navaratna (Thailand)

More and more people in some developing countries attach decreasing importance to global and international organizations such as the WTO because of the failure to find a fair solution to issues

affecting the world economy. Some such countries are favouring free trade agreements and regional organizations. I personally am a strong supporter of the WTO and would like developing countries to work more closely with the WTO to enable it to meet the expectations of the world's citizens.

Delegate of Bahrain



Social development and sustainable economic programmes are being implemented in Bahrain to make poorer households less dependent on the welfare system and encourage entrepreneurship. A bank has also been established to support social development programmes, and Bahrain has been working actively with organizations in the field of development. As a result of these initiatives, and the new plan launched in February 2012 to combat poverty, unemployment in the Kingdom has fallen to 4 per cent.



POLICY DIALOGUE

WITH MEMBERS OF THE HIGH-LEVEL PANEL DESIGNATED BY THE
WTO DIRECTOR-GENERAL TO DEFINE THE FUTURE OF TRADE:

Analyzing 21st century trade challenges

INTRODUCTORY REMARKS

Mr. Pradeep Singh Mehta, Panellist

Secretary General, Consumer Unity and Trust Society

The crisis started in the United States, but there is not one US congressman on the list of participants at this conference. Participation by the world's largest economy, and by others, in the Doha Round is wanting, and this is at the heart of the problem. However, the playing field is more level than it was in the 1990s.



As to whether trade liberalization will help to reduce property, tasks are now being spread across the global supply chain, and there is a large amount of value addition from countries in the chain. The global supply chain is very crucial for world trade, and the international community should recognize that trade in tasks, not only trade goods and services, is becoming more and more important.

Increasing inequality in the world is a huge challenge. India, for example, has a very large number of billionaires while, at the other end of the spectrum, there are many highly impoverished people without any opportunities for employment and no means of subsistence. I would encourage you to look at the results of a survey undertaken to ascertain the views of people around the world, which have been posted on the IPU website.

The issue of standards is important. In 2005, the Canadian International Development Research Centre carried out a study on the export of peanuts from many African and Latin American countries to Europe. The European Union's decision to raise standards concerning aflatoxin – a naturally occurring toxin in peanuts – to a level above that acceptable under the international Codex Alimentarius agreement resulted in losses in the order of 415 million by the exporting countries with devastating consequences on the livelihoods of peanuts farmers and exporters. The increase in standards was expected to reduce the incidence of cancer by only two cases per billion. Another example is the wide variation in the tariffs levied on exports from different countries. Cambodian exports to the United States attract an average tariff of 17 per cent, whereas United Kingdom exports attract a tariff of only 0.7 per cent, and we need to consider how we can bring about a fairer system.

Non-tariff measures will constitute the biggest challenge in terms of trade relations across countries. There are also a large number of domestic challenges, such as the lack of availability of banking and financial services in a large number of developing countries.

Steps taken by the WTO have prevented an exacerbation of protectionism. In the future, particular consideration will have to be given to special and differential treatment.

Ms. Sharan Burrow, Panellist
Secretary-General, International Trade Union Confederation

I think that the challenges of the discussion that Mr. Lamy has set up are enormous. I do not profess to have the wisdom to say what we should look towards in terms of the design of the future global trading system. However, there are some things that we must do if, in the future, we want to avoid consequences similar to those we now are facing.

We were warning of the crisis some time before the collapse of the Lehman Brothers, but nobody wanted to listen. In addition to the global growth resulting from the trading system, there was also jobless growth in many nations. There was an absolute opposition to a floor of global rights from a few countries, and those countries still refuse to change their view, despite the social instability in Europe and the low growth rate. More than \$3 trillion of taxpayers money has been transferred directly, or in the form of guarantees, to prop up the financial sector. However, 86 per cent of the workers who have lost their jobs have no social protection. Can we accept such a global system in the twenty-first century? The answer is no.

People need to have the courage to stand up and say that the twentieth century model of capitalism will not serve the twenty-first century society that we want to build. We need an evidence-based debate to identify twenty-first century issues and how to build a system where the world acts coherently in a manner that respects human and labour rights. Labour is not a commodity, however some countries that have no freedom of association continue to employ a large proportion of migrant workers without rights, protection, safety standards, or decent living conditions. This is not the world that we need. If we simply turn a blind eye, we will get more of the same.

Inequality was clearly a cause of the crisis and, according to OECD research, is greater than ever before. We must ask how we can deal with the emerging challenges. Some 50 per cent more food will need to be produced by 2050, but land grabs and the lack of competition rules are making this challenge even more difficult. Is this being talked about in your parliaments? Energy is another challenge: 45 per cent more energy is needed by 2050, but if it is not produced on a more sustainable basis then there will be no planet to pass on to future generations. However, climate negotiations are stalled through self interest.

Some US \$25 trillion of workers' capital is invested in the global economy. We need to build an economy that is not based on speculation, but on rules and provides a sustainable – not a greedy – return for worker's pensions. We also want competition rules that are not focused on protecting the interests of the strong. What is wrong with asking for a fair share of global trade?

With regard to the future role of the WTO, the WTO already has some role in disputes and in negotiations. Does the WTO have a role in plurilateral agreements, climate change agreements and carbon trading? We need to talk about these issues on a multi-stakeholder basis with a commitment to build on the values we have already established. Some governments and individuals will oppose this, but the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and environmental



standards should form a global floor on which we can build a coherent and fair trading system. It is time to stand up and tell the truth about the current system.

EXCERPTS FROM THE DEBATE

Mr. J. Bizet (France)



The volatility of agricultural commodity prices is one of the major challenges of the twenty-first century. At the beginning of the Doha Round countries were overproducing agricultural produce, but stocks are now dwindling. Given the impact of climate imbalance, agricultural commodity prices have escalated. How can the WTO, the FAO and the World Bank contribute to correcting such volatility?

Ms. J. Sargentini (European Parliament)



We need to be honest with one another in facing difficulties of the twenty-first century. While I share the view that the Doha Round should be concluded, I am pessimistic that we will achieve that goal, particularly given the increasing number of bilateral agreements being signed.

Mr. P.D. Rai (India)

Development remains the main concern of the majority of WTO Member States, and the most important issue of the twenty-first century. It is a matter of concern that, despite the limited progress in the Doha Development Agenda, efforts are being made to introduce new issues into the negotiations, which could undermine the development aspect. The Doha Round must be concluded as a single undertaking to meet the aspirations of the developing countries. I thank the panel for highlighting the inequities that exist today.

Mrs. I.R. Simamora (Indonesia)



As a developing country, Indonesia is fully aware of the significance of trade for economic growth, and has enjoyed the benefits of international and regional trade. Indonesia is a strong supporter of the Doha Development Agenda, which should be balanced, transparent, non-discriminatory and inclusive. The lack of progress in negotiations on trade in agriculture, particularly concerning the reduction of domestic support and subsidies, is a matter of concern, particularly since more than 60 per cent of the population in Indonesia depends on this sector for their livelihoods. If progress is to be made, the agricultural negotiations must be guided by the need for fair trade, fair tariffs and fair protection.

Ms. S. Burrow (Panellist)

The Doha Round, which I support, is not enough for development. The basics, such as a social protection floor for all, a viable minimum wage and collective-bargaining that distributes wealth more equally, have to be in place otherwise development will be very unbalanced for the next decade. The increasing plurilateral and bilateral agreements that are being drawn up are a cause for concern.

How can parliamentarians agree to trade deals with countries that still oppress workers and act in huge violation of workers' rights? How can we have a fair model of trade when wealthy national and international companies exploit workers? This, however, is the global supply chain that we have allowed to grow. It has to change.

Mr. P.S. Mehta (Panellist)



The issue of equity in the trading system is a problem. It cannot be denied that trade liberalization does help to create jobs. In addition to bilateral agreements, there has been a push by some for economic partnership agreements, which are purely mercantile agreements. The way these have been touted as a replacement to the Lomé Agreement is very shocking. It is important to remember that the Doha Round was launched in the wake of September 11, and the intent was convey a sense of solidarity. In order to encourage the participation of developing countries in the Round, a development aspect was emphasized. Accordingly, developing country participants are seeking development outcomes from the Round and to ensure that imbalances in the system are redressed. Regrettably, that has not happened. If an increase in

trade openness and an expansion of trade opportunities cannot be achieved through multilateral negotiations in Geneva, it will be done elsewhere, and that is why we are witnessing a shift towards bilateral agreements.

Mr. M. Ben Henia (Tunisia)



Will the high-level panel designated to define the future of trade use the Doha Development Agenda as a point of departure for its discussions? Any new proposals made are likely to be acceptable to some but not to others.

Ms. U.-J. Lee (Republic of Korea)



Members of society are losing their motivation and the economy is becoming less active. In order to overcome this challenge, we need fair and adequate systems to redistribute the wealth created by trade, as well as a strong social security system and an efficient and healthy public sector. The focus should be on expanding and strengthening trade openness with a social conscience.

Mr. M.S. Jonathan (Lesotho)



If businesses are to flourish, employers and employees must work together and employees must be able to make a living. It is worrying that so many of the people who have lost their jobs in the crisis were without social protection, particularly when so much money has been pumped into the global economy. What is being done to narrow the gap that is now growing between the haves and have-nots in developing countries?

Mr. A. El Maati (Morocco)

What action will WTO take to respond to increasing concerns about food security in the world? Are any plans in place to ensure food security for future generations, particularly given the effects of climate change?

Mr. F. Boden (Luxembourg)



What is WTO doing to stop the productive sector from contracting and the non-productive sector from expanding? Do you think that the WTO should

become more involved in the trade aspects of challenges that we face in the twenty-first century, such as climate change and sustainable development?

Mr. R. León (Chile)



In the global crisis we are currently facing is a crisis of free market capitalism, which prioritizes money over people. The time has come to change the approach to development, and shift from a focus on money towards a focus on people.

Mr. A.H. Hossen (Mauritius)



One of our main responsibilities as parliamentarians is to identify the development priorities of our respective societies and the expectations of our populations, and ensure that the welfare component is addressed in our trade agreements.

Mr. J. Mulimba (Uganda)

When considering trade and development, we must look at issues that pertain to the people, such as

food security, which is a challenge for the global economy. With the negotiations on Doha Round stalled, many African countries are being persuaded by European countries to sign economic partnership agreements. However, when discussing rules, we should not forget morals and ethics. Openness is another important issue, including with respect to funds salted away from developing countries into financial institutions in Switzerland.

Mr. P. Murphy (European Parliament)



The current crisis is a deep, systemic crisis of capitalism reflected in the collapse of investment throughout the advanced capitalist world. In Europe, the rhetoric is that, in order to exit the crisis, each country should seek to have a balance of trade surplus. However, countries cannot export their way out of the crisis. What is required is a policy that will deliver growth and offer an alternative to the disastrous austerity policies, as well as massive public investment if the private sector is unwilling to invest. If trade is to play a role and be a tool of economic growth, job creation and poverty alleviation, there has to be a fundamental change in how it is carried out. Trade has to be built on solidarity and development, and should not be used as a tool to enable big businesses in the richer countries to access resources and markets in the lesser developed countries.

Mr. D. Kiyingi (Uganda)

The Doha Development Agenda must be concluded in order to promote trade. In addition, the issue of peace and security also has to be addressed, in particular in Africa and the Middle East, and more

investment needs to be made in order to combat terrorism and promote increased security.

Mr. B. Madtoingue (Chad)



Will Africa be able to move out of poverty through trade, in particular if developed countries do not remove trade restrictions such as non-tariff barriers? How is WTO going to tackle the challenges of the twenty-first century if it does not look forward with respect to Africa's socio-economic development and encourage the tools necessary for an open diversified economy, such as an appropriate legal framework?

Mr. J. Leichtfried (Moderator)



I would like to know your views regarding the slight change in European Union policy since the Treaty of Lisbon. The European Parliament is seeking to include other dimensions such as social and environmental aspects in the trade agreements it now has to approve.

Mr. M. Roumer (Haiti)

One billion people are living in abject poverty. The situation will not be resolved by tinkering with the economy and creating a few jobs here and there. The global economy is based on speculation that makes the very rich even richer at the expense of the poor. The international community must begin to think differently; it has a responsibility to act as one to address this issue.

Mr. P.S. Mehta (Panellist)



In terms of bringing in non-trade issues into trade agreements, there are cases in the past where trade conditionalities have been used for protectionist purposes. In a very short speech at the Earth Summit in Rio de Janeiro in 1992, the former President of Cuba said that, in the big scheme of things, it was important not to forget the human being. However, 20 years down the line, we are still at square one. We do not live in a moralistic world; in all countries the rich and powerful exploit the poor and weak. In the WTO, we can expect a to create a playing field that is more level than the one that currently exists. The Doha Development Agenda is not a point of departure for the panel. The panel is looking at a scenario for world trade in the future. Elements already identified include the fact that poverty eradication has been identified as an important goal of trade liberalization, and that people should feel that they will benefit from trade liberalization. There will inevitably be winners and losers from trade liberalization, and the fact that there could be job losses in the rich world is an obstacle to progress. Tariff escalation can penalize industrialization can be penalized since increasing tariffs are imposed as value is added to goods in the

production chain. This matter has to be addressed to restore equity in the system. With regard to the issues of food security and climate change, there is a need for closer interaction between the intergovernmental organizations active in those areas. It is not the role of WTO to ensure food security; what it can do is to help broker a Geneva consensus that should be promoted by parliamentarians in their capitals. With regards to openness in financial institutions, Switzerland's banks continue to operate a secretive system, and this is something that needs to be changed.

Ms. S. Burrow (Panellist)

The outcomes of the panel will not be binding. Our conclusions are for your deliberation. The governments of the world will decide whether or not they have the courage to be leaders in shaping a fairer trading system. The crux of the issue is trust. If we want to build a future that is sustainable at all levels, and then we have to build trust. To that end, people must have some guarantees, such as a social protection floor, a minimum wage on which to live, and the right to bargain collectively. Taxation money should be ploughed back into a system that benefits people. In a recent global poll, 66 per cent of people said that the next generation would be worse off, and 79 per cent were unable to save a penny. The overwhelming majority thought that their governments were heading in the wrong direction. Some 40 per cent of the productive sector is active in the informal sector with no security and nothing on which to build a future. Education and health are no longer within reach of many people in many countries following privatization, and even middle-income owners have had to take out loans to pay to educate their children. This is not a society in which we are sharing wealth with any form of dignity. Food, water and energy security are absolutely critical for peace in the world. There is work to be done; we can't simply say that the trade system will fix these issues. The WTO should have a role in the climate debate; why should the WTO not be able to facilitate agreements on a carbon trading system? Greece accounts for only 0.2 per cent of the world's economy, but because of the harsh austerity measures introduced in that country, it is now on the brink of civil war. We must have a global floor of coherence and sensible policies, and put quality jobs at the centre of the recovery.

PANEL DISCUSSION

TRADE IN SERVICES: TIME FOR POLITICAL DECISIONS

INTRODUCTORY REMARKS

Ambassador Fernando de Mateo y Venturini (Mexico)

Chairperson of the Special Session of the Council for Trade in Services

It is a great honour for me to be here with you today and I will speak in my capacity as Chairperson of the Special Session of the Council for Trade in Services.

In many countries, services account for more than 70 per cent of GDP and provide more than 70 per cent of employment. Even in developing countries, services account for more than 50 per cent of GDP. In terms of value added, trade in services represents 50 per cent of the total world trade in goods and services but accounts for only 20 per cent of trade flow. 73 per cent of all the services in the world are intermediary services, used in the production of goods and other services. Services are the "Higgs Boson" particle of chains of production and critical to the existence of those chains. Advances in information and communication technologies, financial and transport services over the last 30 years have helped to shape production in our modern world. Globally, higher quality goods are being produced more cheaply, and this has resulted in the specialization of tasks rather than of products. Clearly, these chains of production have created employment and increases in the GDP of countries, and policies providing for the flow of trade and services between countries must exist.



With regard to services in the WTO and the progress made in the negotiations, there is quite a difference between bound tariffs and those applied in practice by countries. The gap has stood at more than 80 per cent, and remains in the order of 46 per cent. Therefore, in the WTO we have a good opportunity to open up more services to ensure an improved flow between countries facilitating better integration of chains of production. The reality is that all countries are involved in some way in chains of production; the greater a country's involvement, the bigger the impact on employment and on growth in the country.

The paradox is that in the Doha negotiations, services are receiving less attention than manufacturing or agriculture. Although there are problems with regard to market access, this does not mean that the Doha Round is at a complete deadlock. It is true to say that the rate of progress has slowed. The 8th Ministerial Conference in 2011 did succeed in breaking down the subjects being dealt with in the Round with a view to reaching agreements where possible and providing for continued negotiation in order to reach a final agreement in the future. The fact that there is no tangible progress regarding services concerning market access, agriculture and manufacture does not mean that progress with is not being made in other areas, including through regional trade agreements. An increasing number of such agreements are being concluded, and the part played by services in regional trade agreements has grown. Some countries here in Geneva are

frustrated that the multilateral negotiation process appears to have stalled, and 19 members have become involved in a plurilateral negotiation process.

In conclusion, I hope that you, as parliamentarians will help our governments to reach agreement enabling us to move forward with respect to market access. Achieving progress in the area of services is the best way of ensuring more effective economies and creating jobs. Goods and services are inextricably linked: services are the soul of world trade and goods are the heart of services. You can't have one without the other.

Ambassador Joakim Reiter (Sweden) Chairperson of the WTO Council for Trade in Services

Speaking in my capacity as the Swedish Ambassador, I would like to say that you, as parliamentarians, are the masters of the services trade. You set the basis for the rules, regulations and legislation determining conditions for economic operators in the services trade.



Negotiators in the area of services are focused primarily on locking in reforms. Their efforts to establish legal certainty, predictability and transparency –although crucial – are undertaken bearing in mind country services regimes and domestic choices that you, as parliamentarians, have determined through the sovereign enactment of regulations. Issues, such as the privatization of education, health, water and other sectors, are decided upon by national governments; negotiations in the WTO and free trade agreements are totally irrelevant in that regard.

I completely agree that the time has come for political decisions. As to who should take the decisions, will you now take the political decision to promote trade in services by enacting laws and regulatory reforms that allow foreign services providers to offer their services in your countries, and to do so on equal grounds with domestic services providers?

In answer to why political decisions should be taken, services are crucial for growth and employment, including better jobs. They account for more than 70 per cent of GDP in many developed countries and for approximately 50 per cent in developing countries. A World Bank report has shown that, in both developed and developing countries, the contribution of services to GDP growth over the last 30 years has been higher than that of industry. In terms of productivity – the value added per employee and the primary determinant of salary levels – growth in services has substantially outpaced that of industry in both developed and developing countries. Between 1991 and 2006, global employment growth was negative in both industry and agriculture but positive in services, with the jobs created in services compensating for the jobs lost in industry and agriculture, in particular in developing countries. Services are crucial for the competitiveness of the economy as a whole as well for trade performance across-the-board. Services function as a lubricant for trade, and the depth and speed of globalization is unlikely to have been achieved without the information and communication technologies and related services. Global production networks would not have formed without cost-effective and reliable transportation and logistics services. Moreover, services play a key role as the glue and facilitator of global, regional and national value chains, for example 40 per cent of the profits of one large

machinery manufacturer in Sweden come from rental, leasing and maintenance services that create local, high-quality jobs in the countries buying the product.

As to the type of decisions to be taken, domestic reform is essential. The tendency to try to pick winners is a very bad strategy for services. Since services are the facilitator of global, regional and national value chains, it is across-the-board reforms that matter most. A holistic approach must be taken with respect to services in order to establish the correct premise for domestic reform.

As part of the Ministerial Conference in December 2011, all the regular bodies of the WTO were tasked with identifying ways of improving their functioning and of strengthening their work. The Council for Trade in Services has had a number of discussions on this, and the broad objectives that we are debating concern improvement of transparency, the sharing of experience, and in-depth consideration of topical issues. Some proposals have already been tabled and there are a number of topics that members might wish to raise that warrant further discussion. Some of the members already involved in the plurilateral negotiations debrief the Council on developments, and this allows other members to express their views on that matter, maintaining an interaction and dialogue on the initiative that is unfolding.

Mr. Niccolò Rinaldi (European Parliament)

I welcome the opportunity to discuss services at our Parliamentary Conference. In my experience, services are one of the most delicate and controversial issues in international trade negotiations, not only for third countries but sometimes also within the European Union. This is paradoxical since services provide 70 per cent of GDP in developed countries and 50 per cent in developing countries. It is interesting to note that the sector is much more susceptible to change than others, and that approximately 50 per cent of the services necessary for the next 50 years have still to be invented.



Although, ideologically speaking, I am very open to the liberalization of services, it is important for me as a parliamentarian to be pragmatic and to take a cautious approach with regard to implications in terms of quality, costs and job creation for my constituents. Surveys show that, for the time being, it is not possible to obtain a precise impact assessment of those parameters and of the consequences of liberalization of services and of trade in services. The picture is somewhere between positive and negative. Empirical experience in our countries shows that, although there have been negative consequences following liberalization of some services, there are also numerous examples of better quality and lower costs as a result of the competition introduced through liberalization and trade in services. However, we cannot make the assumption that trade in services is always absolutely positive, and we need to be very careful in terms of job creation.

The European Commission has found that in the Southern Mediterranean countries, long-term effects on poverty from service liberalization are expected to be small but positive. In the short-term, the liberalization of the distribution of services might have adverse effects if not appropriately mitigated through loss of employment in small retail outlets. A Canadian-funded survey on ICT liberalization in Ghana has found that, because of the tax structure, it is more cost-effective to import cheap computers rather than parts for

assembly in the country; such a situation discourages local assembly and the growth of small firms. As a result, foreign companies appear to be benefiting more than local companies from trade in services in Ghana.

There is a consensus on the need to be extremely careful with regard the list of services in public health and education, and there is general agreement on the need for trade agreements in services in a number of fields such as telecommunications, insurance and banking. Some countries do have specific exceptions but this does not mean that we cannot find agreement and manage to square the circle.

Trade in services can encourage growth and job creation, and is crucial. However, it must be well structured and supported, and effective accompanying measures should be in place to ensure that the benefits and gains of liberalization filter through to the public. Public consultation is another important area that can sometimes be overlooked. The services sector is one that often has a direct impact on our citizens' daily lives. There must be as much transparency as possible, including in the decision-making process, and efforts must be made to ensure that all stakeholders are informed. Parliaments have an important role to play in that regard.

Mr. Pascal Kerneis Managing Director, European Services Forum

It is an honour for me to be here with you today. My organization is the European Services Forum, which represents the private sector in the European Union. We have members from nearly all sectors interested in export, including banking, insurance, construction, shipping and distribution services.

The services sector is an important one: it provides 70 per cent of GDP in the European Union, and more than 60 per cent of jobs. Services account for approximately 25 per cent of global trade – approximately US \$4 trillion per year. If we take into consideration global value chains, 45 to 50 per cent of world trade is in services. In addition, 60 per cent of all foreign direct investment in the world is from service companies.



Businesses are the beneficiaries of trade liberalization. You, as parliamentarians make the final decision on the deals brokered by the trade negotiators. I think it is very important for us to have access to this audience and I'm very grateful for this opportunity.

The European Services Forum supports the conclusion of the Doha Round, and have been pushing for this from the beginning. Unfortunately, I believe that services have not been taken seriously in this house and in these WTO negotiations. Only four hours in eleven years of negotiation have been dedicated to services, and even then, the relevant ministers did not take part in the discussions. We hope that the situation will improve and that there will be further opportunities for negotiations on services, which are extremely important for international trade and economic development.

The WTO Ministerial Conference in 2011 encouraged initiatives such as plurilateral negotiations in services. A number of countries have already taken that opportunity and tabled collective requests that should be

considered because they provide a framework for what is already deemed possible to achieve. Any new agreement should be ambitious, flexible and, more importantly, inclusive. The 19 countries that are involved in the plurilateral negotiations are essentially OECD countries, and we need to ensure that other countries will join the negotiating table. We hope that it will also be possible to strengthen existing markets, obtain new market access, and to bind existing commitments that have been taken by countries on an autonomous basis. Such action will foster confidence in the direction being taken and will enhance security and predictability – two elements that are essential in business, particularly for long-term investment. The European Services Forum will follow the negotiations closely, and has, together with the Global Services Coalition, already adopted position papers regarding the content of the plurilateral negotiations. There should be minimum standards of commitment on a horizontal basis, and equity caps, which constitute the major trade barrier for services companies, should be removed in order to facilitate investment.

We know that we also have to make efforts and encourage our own countries to open up their markets and make commitments with respect to Mode 4 –movement of natural persons. Any new agreement should not be about market access and binding existing commitments only. It should also be about regulation and rules that all signatories, and hopefully new countries, will accept on a horizontal level. These may include: a minimum level of transparency of legislation, cross-border dataflow, and data on enterprises to ensure fair competition for all in the market. It might also go further into rules for specific sectors, such as postal services, environmental services or energy-related services.

EXCERPTS FROM THE DEBATE

Mr. M. Choque Gutiérrez (Bolivia)



We hope that our session will be productive and help many countries to look to the future. If trade is to help to combat poverty, all WTO members need to work together. Parliamentarians need to have more information on what the WTO has to offer and the challenges it faces so that we can debate these issues in our countries and work for the good of all.

Mr. A. Al-Nuaimi (United Arab Emirates)

Although the liberalization of services will give consumers more choice, it may present problems for developing countries that often do not enjoy the

opportunities presented by the services sector. In order to improve services and to ensure that ethics are not compromised, all governments should adopt legislation to ensure compliance with international rules, and seek to ensure that trade in services provides the best development options for countries. Particular attention should be paid to the area education in order to combat illiteracy.

Mr. S. Matsushita (Japan)



In Japan, we believe that the services sector is an important part of the Doha Round, and that progress in the negotiations will significantly contribute to the development of developing countries. An efficient

and productive service industry strengthens competitiveness and enhances the quality of life of citizens. The importance of reducing barriers to trade in services for the benefit of developing countries should be recognized. Developed countries must pay due regard to the needs of developing States and the difficulties that the latter might encounter in the liberalization of services.

Japan will continue its efforts, including in the area of trade-related technical cooperation, in order to assist developing nations. Japan is participating in consultations to draft a new agreement on trade in services, and hopes that as many countries as possible will become involved.

Mr. A. Hossain (Bangladesh)



Services are essential for the efficiency of the production process, and we attach great importance to the development of the services sector for domestic consumption as well as for export. However, highly complex entrance barriers make it difficult for our service suppliers to enjoy the benefits of the huge services market. We welcome the adoption of preferential treatment for services and service suppliers in LDCs as a step in the right direction. However, the scope of the waiver is very narrow, and Bangladesh - an LDC - urges the developed countries to offer an autonomous waiver for export in a meaningful and beneficial way.

There is also a need for enhanced technical assistance and capacity building support in order to address supply-side constraints. The deadlock in the negotiations on services is linked to other negotiating areas in the Doha Development Agenda. The issue must be reviewed in a holistic and

multilateral manner. Anything less will fail to break the deadlock for the benefit of the global community.

Mr. F. De Mateo y Venturini (Panellist)



Good trade policy, although essential, is not enough for national development; good macroeconomic, fiscal, employment and education policies are also required. Trade liberalization in the area of services should not be confused with privatization, and privatization should not be confused with regulation. When trade is liberalized, new rules and regulations are required, for example in order to prevent a public monopoly from becoming a private one. More often not, the greatest difficulties encountered by services negotiators do not come from counterparts but from capitals, and there should be greater communication between negotiators, government ministries and parliaments to ensure a successful outcome of negotiations.

Mr. J. Reiter (Panellist)

On the issue of competition, governments have sometimes, for various reasons including budgetary reasons, chosen to take a step back and allow more private operators. However, they have refrained from opening up the opportunity for foreign private companies. This increases the risk of private monopoly rents, which is worse from the economic point of view than allowing fierce competition. A holistic approach is important since such action does not apply to the services sector only, but to the whole economy.

I agree that the amount exported by the LDCs is very low, and that this is a genuine problem that needs to be taken seriously by all WTO members,

including through consideration of the implementation of the services waiver. The services component is key part of the exports of some LDCs, such as Bangladesh, where 20 per cent of the value added from textile exports comes from services.

Since services require limited investment in fixed infrastructure, they can offer enormous potential for development and job creation in developing countries. Companies are flexible and prepared to go where entry costs are lower, as we can see from the recent decision of Ericsson, a Swedish company, to establish its global services centre in Mexico.

Mr. N. Rinaldi (Panellist)



My impression is that when we talk about services, there are a number of blocks that do not always communicate well with each other. We have developing countries, which tend to take a defensive position with regard to services albeit perhaps for legitimate reasons; emerging countries that might have a different agenda, and let's not forget that China and India together have approximately 12 per cent of the services market in the world; and countries that make up the group entitled "Really Good Friends of Services". The approach to services may sometimes be dictated by different agendas and priorities, and a consensual and more integrated approach should be taken.

I agree that the provision of information is essential, but I don't think WTO can be blamed for a lack of information. Members of the WTO might bear some responsibility for not communicating enough with their capitals. The media should also take some

responsibility for not drawing attention to particular issues and for not explaining what is at stake.

Mr. P. Kerneis (Panellist)



I can reaffirm that, from the private sector's point of view, a private monopoly is the worst-case scenario. I agree that a holistic approach must be taken. Looking at the motor industry, the value of the materials necessary to build a car accounts for approximately 15 per cent, the remainder of the value of the car comes from services, such as design, research and development, advertising, leasing, transport, and after-sales services. Looking at other industries, the value does not lie in the equipment itself but in the maintenance plans for the equipment.

With regard to the comments by the representative of Japan, the agreement to be negotiated must follow the GATT structure in order to facilitate the involvement of other countries, which would be desirable. Companies need certainty and will not be persuaded to invest in an LDC that is not willing to introduce reforms in the service sector. We want developing countries to be interested in services negotiations, and I hope that this Parliamentary Conference will have served to raise awareness of the importance of services.

Mr. H. Chaouch (Tunisia)

How does the services sector help to create jobs and contribute to growth in developing countries given the unequal opportunities that exist between developed and developing countries? In the current context, how can we focus on services before

resolving other issues of priority for developing countries?

Lord Harrison (United Kingdom)



I am reminded from the discussion that we are trying to connect politics and trade but that countries each have their own domestic agendas. How do individual parliaments deal with matters of trade? How is best practice in that regard spread among parliaments and experiences shared?

Mr. B. Mukherji (India)

In most economies, services have emerged as the single largest contributor to economic growth and employment. In India, the service sector contributes approximately 60 per cent of GDP and has played a large part in the high growth rate witnessed over the last decade.

In the negotiations, India has been in favour of the liberalization of Mode 1 and Mode 4 and of commitments from developed countries for contractual service suppliers and Indian professionals under Mode 4. India has offered substantial sectoral and modal coverage in its initial and revised offers in the ongoing services negotiations and has shown considerable movement from the Uruguay Round commitments. Despite this, India's primary request has not been addressed by key developed countries in Modes 1 and 4. Moreover, some of the major developed country members have shown little movement in their Mode 4 offers, and the imbalance in this Round between the offers from developed and developing countries is a fundamental issue of concern to us.

Parliamentarians have a vital role to play in formulating the policies of our respective countries. We can influence decision-making processes in all areas of government, including those pertaining to trade and commerce. We must reiterate our commitments to WTO's goals, in particular the development objectives, and adopt a pragmatic approach in order to resolve pending issues in line with the agreed Doha mandate.

We are deeply concerned about the efforts of a group of members to negotiate a plurilateral agreement, since such an approach has the potential to detract from the Doha Round negotiations and remove incentive to conclude a multilateral agreement on services as part of the Round. A plurilateral trading regime among the few cannot be a substitute for the multilateral system and is against the fundamental WTO principles of transparency and inclusiveness.

Mr. P. Kerneis (Panellist)



With regard to ensuring jobs and growth in the service sector at home, I am not sure that the approach of developing the local domestic sector before opening up is the best one, particularly given the lack of progress over the last 15 years in the Doha Development Agenda. That is a decision for politicians. However, many of the countries that have decided autonomously to open up have attracted foreign direct investment from countries in different services sectors and are already benefitting from this.

I understand the position of the India, but the Hong Kong ministerial meeting provided for plurilateral negotiation for those countries willing to participate. I

hope that India will join the plurilateral negotiations, which make it more likely for the country to achieve improvements with respect to Mode 1 and Mode 4.

Mr. N. Rinaldi (Panellist)

I agree that well-regulated competition is crucial to create jobs and improve the situation in all our countries. However, the success of trade in services is dependent on a number of issues that fall under the responsibility of national legislators. Trade needs to be well supported by fiscal responsibilities, and efforts must be made to ensure that the benefits generated from competition are distributed in order to improve the quality of services. All countries should have adequate anti-corruption legislation, and regulatory bodies should exist to address issues such as quality and tariff.

It is not sufficient for parliaments to have ex-post powers and simply rubberstamp decisions made, we must have an ex-ante strategy and working methods. The European Parliament, for example, has a permanent monitoring group for European Union negotiations. This allows us not only to be informed during the negotiations but also to provide input to the negotiators before any final package is developed. It is important for all parliaments to be informed and be associated at all stages of the negotiations and to that end parliaments should forge an alliance with civil society.

Mr. J. Reiter (Panellist)



Because the main focus of services negotiations is ultimately on locking in international commitments on the basis of domestic reforms already decided upon by national parliaments, I recommend cross-

parliament cooperation and a clear vision of objectives with respect to national economic reform so as to enhance competitiveness and attract foreign direct investment.

Between 1991 and 2006, employment fell by more than 4 per cent in agriculture and by approximately 1.7 per cent in industry. Developing countries have managed to create jobs, since employment in the services sector has increased by around 3 per cent in the same period. This is a very positive development for the services sector, the question is are countries prepared to spur that employment growth further through the reform agenda?

In order to ensure that investment received by developing countries is meaningful from a trade point of view, countries must take a holistic view and look at related services. Investment in education should not be underestimated. Services have such a low entry barrier, and education gives your citizens the possibility of creating their own businesses or of linking up with companies. There are a number of examples of developing countries that have already been extremely successful in the global services trade.

With regard to the comments of India, all modes are relevant, including Mode 4. The plurilateral solution can be multilateralized, and we are inviting as many WTO members to join the effort to move forward in a pragmatic manner. We should be honest about the alternatives: the Doha Development Agenda is not moving and the alternative is free trade agreements. We need to be honest: a plurilateral process that could be multilateralized is actually preferable to pursuing an active FTA policy, but that is not to say that the crucial question of how a plurilateral agreement should be incorporated into the multilateral trading system has been resolved.

Mr. F. De Mateo y Venturini (Panellist)

India provides the best example of how services can provide jobs and growth. It is not correct to say that exports are good and imports are bad. Over the past year, we have been analyzing global value chains and we have seen that if you can provide your industries, producers and consumers with the cheapest and most advanced inputs, you will be better off in terms of growth and job creation. There are a number of examples in this respect. Yes, by

liberalizing trade in services, you are going to provide jobs and foster economic growth. However you have to combine trade liberalization with regulation and with privatization. Trade negotiations are something completely different, and we have been striving to find a balance over the previous 11 years. In trade negotiations, you will always obtain less than you are aiming for and will have to pay more than you thought you would have to pay.

In Doha, we have not been able to find this balance and I agree that development is a central part in the negotiations. However, we all have a different interpretation of development, and this is the stumbling block. The only way to start afresh in these negotiations is if we are all willing to provide more and request less.

Lastly, the Mexican delegation to the plurilateral services negotiations considers that all the benefits of the International Services Agreement should be extended to the LDCs, and that those countries

should be allowed to become members for free as from the entry into force of the agreement.

Mr. A. Johnsson (IPU Secretary General)

The debates in the Parliamentary Conference have evolved over the last 10 years and become very political and focused on trade issues. I believe that they do have an impact on the negotiations taking place.

In response to the comments of the representative of the United Kingdom regarding good practice and how parliaments should tackle trade issues, I should say that we have information on how some parliaments deal with trade. However, it appears that there are now many parliamentary committees that deal with issues arising out of discussion in the WTO. We will work with the European Parliament to find more information about best practices and about how parliaments can learn from each other.



CLOSING SESSION

Mr. Benoît Ouattara, Rapporteur (Burkina Faso)

The Steering Committee has considered the numerous proposed amendments to the outcome document and the text before you is an accurate reflection of our discussions. In summary, the document indicates that, subject to certain conditions, trade may be a tool for economic growth, job creation and poverty alleviation, and reaffirms our commitment to multilateral system, despite the challenges the system is facing. We invite the WTO to adjust to economic changes and to the challenges facing world trade. We advocate an inclusive and participatory approach at the national and international level in order to ensure that the concerns of people throughout the world are addressed. We also reaffirm the role that parliaments play as a bridge between citizens and governments and the efforts they can make to give new impetus to the trade negotiations.



At this stage, we are not going to reopen the debate. Our Rules of Procedure make it very clear that any amendments to the outcome document have to be considered. I would like to reassure those are not members of the Steering Committee that all the proposals made were thoroughly considered by the Committee. I would like to thank you all for your contributions to the outcome document, and request that it be adopted by consensus.

COMMENTS BY DELEGATIONS

India

We would like to place on record our reservation regarding the sentence in paragraph 10 that reads "Given the actual impact of climate change, we call for greater coherence between the objectives and rules of the WTO and the fulfilment of international environmental obligations". As climate change is a subject of ongoing discussion in other international fora and an agreement is yet to be reached on the obligations arising for different members, it is premature to include such language in the document.

Cameroon

The outcome document faithfully reflects our discussions and should be adopted.

Bangladesh

The outcome document will provide guidance for the WTO negotiations and covers issues relevant for development. However some parts give rise to confusion and a distinction should be made between trade and trade-related issues. In the multilateral and intergovernmental rules-based system, every organization has a clear mandate. The relevance of any organization lies in the delivery of outcomes. Some parts of paragraph 10 are outside the mandate of the WTO and, before putting any new trade-related issues on the table,

existing issues must be tackled, particularly those pertaining to development. Paragraph 8 of the outcome document might have referred to the need to implement expeditiously all the decisions on LDC parity issues, including full consideration of the political guidance of the 8th WTO Ministerial Conference.

Venezuela

Disparities between developed countries and developing countries are increasing despite some two decades of discussion about free trade. If this continues, trade will drive us apart. In my opinion, the Conference should have helped to identify a link between trade and politics, and to ensure that social issues, democracy and politics were taken into account in trade issues. Trade has not proven to be a viable instrument for development, particularly in the LDCs, and we must realize that neoliberal policies are not conducive to development at the global level.



RULES OF PROCEDURE OF THE PARLIAMENTARY CONFERENCE ON THE WTO

Adopted on 26 November 2004, amended on 12 September 2008

The days when foreign policy, and more specifically trade policy was the exclusive domain of the executive branch are over. The WTO is rapidly becoming more than a trade organisation, having an ever growing impact on domestic policies and the daily life of citizens.

The Inter-Parliamentary Union and the European Parliament are therefore jointly organising a Parliamentary Conference on the WTO (hereinafter the Conference) that will meet at least once a year and on the occasion of WTO Ministerial Conferences. The Conference is an official parliamentary event that is open to the public.

ARTICLE 1 - Objectives

1.1 The Conference is a forum for the exchange of opinions, information and experience, as well as for the promotion of common action on topics related to the role of parliaments and the organisation of parliamentary functions in the area of international trade issues.

1.2 The Conference seeks to promote free and fair trade that benefits people everywhere, enhances development and reduces poverty.

1.3 The Conference will provide a parliamentary dimension to the WTO by:

- (a) overseeing WTO activities and promoting their effectiveness and fairness – keeping in mind the original objectives of the WTO set in Marrakech;
- (b) promoting the transparency of WTO procedures and improving the dialogue between governments, parliaments and civil society; and
- (c) building capacity in parliaments in matters of international trade and exerting influence on the direction of discussions within the WTO.

ARTICLE 2 - Composition

2.1 Participants in the Conference are

- delegations designated by parliaments of sovereign States that are members of the WTO;
- delegations designated by IPU Member Parliaments from countries that are not represented in the WTO; and
- delegations designated by the European Parliament, the Parliamentary Assembly of the Council of Europe, the Commonwealth Parliamentary Association and the Assemblée parlementaire de la Francophonie.

2.2 Observers to the Conference will be

- Representatives of international organisations and others who are concerned by issues of international trade and specifically invited by the Steering Committee on the basis of a list that has been approved jointly by the co-organisers; and
- representatives of governments of sovereign States that are members of the WTO.

2.3 The event will also be open to other persons with a specific interest in international trade questions. These persons may follow the work of the Conference without intervening in its proceedings and will have no speaking rights. They will be issued a security badge bearing their name only. They will not receive an official invitation or be accredited to the event.

ARTICLE 3 - Presidency

3.1 The Conference is presided over jointly by the President of the Inter-Parliamentary Union and the President of the European Parliament, or their substitutes.

3.2 The Presidents shall open, suspend and close the sittings, direct the work of the Conference, see that the Rules are observed, call upon speakers, put questions for decision, make known the results of decisions and declare the Conference closed. The decisions of the Presidents on these matters shall be final and shall be accepted without debate.

3.3 The Presidents shall decide on all matters not covered by these Rules, if necessary after having taken the advice of the Steering Committee.

ARTICLE 4 - Steering Committee and Secretariat

4.1 The Steering Committee is jointly established by the Inter-Parliamentary Union and the European Parliament and is composed of representatives of parliaments of sovereign States, of the IPU and the European Parliament as the Conference co-organizers, of selected other regional and international parliamentary assemblies and structures, and of the WTO Secretariat.

4.2 The Steering Committee is responsible for all matters relating to the organisation of the Conference and shall take decisions on the basis of consensus. All decisions taken by the Steering Committee shall, as appropriate, be circulated in writing and approved before the end of each meeting.

4.3 Membership in the Steering Committee shall be institutional, with every parliament or organization having the right to choose its representative(s). In the interest of consistency in the work of the Steering Committee, parliaments and organizations shall endeavour to ensure that, as far as possible, the person(s) who represented them in previous sessions of the Committee continue to take part in subsequent sessions.

4.4 When more than one representative of a national parliament takes part in a session of the Steering Committee, only one member of parliament per delegation shall be part of the decision-making process.

4.5 Changes in the composition of the Steering Committee shall be proposed jointly by the IPU and the European Parliament, as the Conference co-organizers, subject to approval by the Steering Committee as a whole. Where possible, equitable geographical distribution shall be taken into consideration.

4.6 National parliaments shall hold a seat on the Steering Committee for a period of four years. However, the Steering Committee may invite a given parliament to hold its seat on the Steering Committee for another term. The rotation shall be scheduled in such a way that no more than half of the parliaments representing a given geographical region shall be replaced at any one time.

4.7 The definition of geographical regions for the purpose of rotation shall be established by the Steering Committee.

4.8 The Conference and the Steering Committee are assisted in their activities by the secretariats of the Inter-Parliamentary Union and the European Parliament.

ARTICLE 5 - Agenda

5.1 The Conference decides on its agenda on the basis of a proposal from the Steering Committee, which shall be communicated to the participants at least one month before the opening of each plenary session.

ARTICLE 6 - Speaking rights and decisions

6.1 Participants and observers have the same speaking rights.

6.2 Priority to speak shall be given to participants wishing to make a procedural motion which shall have priority over the substantive questions.

6.3 The Conference shall take all decisions by consensus of the delegations of participants. Conference decisions shall be taken after due notice has been given by the President.

ARTICLE 7 - Outcome of the Conference

7.1 The draft outcome document of the Conference shall be prepared by the Steering Committee with the assistance of one or more rapporteurs and communicated to the participants sufficiently in advance.

7.2 Amendments to the draft outcome document shall be presented by the delegations as defined in Article 2.1 or by rapporteurs in English or in French with the amended parts clearly marked. Amendments shall relate directly to the text which they seek to amend. They may only call for an addition, a deletion or an alteration with regard to the initial draft, without having the effect of changing its scope or nature. Amendments shall be submitted before the deadline set by the Steering Committee. The Steering Committee shall decide on the admissibility of amendments.

ARTICLE 8 – Adoption and amendment to the Rules

8.1 The Conference shall adopt and amend the Rules.

8.2 Any proposal to amend the Rules of the Conference shall be formulated in writing and sent to the Secretariat of the Conference at least three months before the next meeting of the Conference. The Secretariat shall immediately communicate such proposals to the members of the Steering Committee as well as to the delegations of the Conference. It shall also communicate any proposal for sub-amendments at least one month before the next meeting of the Conference.

8.3 The Conference shall decide on any proposal to amend the Rules after hearing the opinion of the Steering Committee, including on their admissibility.



PARTICIPATION

PARTICIPANTS

Parliamentary delegations

Algeria, Angola, Armenia, Azerbaijan, Bahrain, Bangladesh, Belgium, Benin, Bolivia, Brazil, Bulgaria, Burkina Faso, Burundi, Cameroon, Canada, Chad, China, Colombia, Croatia, Czech Republic, Democratic Republic of the Congo, Denmark, El Salvador, Estonia, Finland, France, Gabon, Germany, Haiti, Hungary, India, Indonesia, Iran (Islamic Republic of), Japan, Kazakhstan, Kenya, Kyrgyzstan, Lesotho, Luxembourg, Malawi, Mauritius, Morocco, Namibia, Nepal, Nigeria, Pakistan, Peru, Philippines, Poland, Portugal, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Slovakia, South Africa, Spain, Sudan, Sweden, Switzerland, Thailand, Tunisia, Uganda, United Arab Emirates, United Kingdom, United Republic of Tanzania, Venezuela, Zambia.

European Parliament, Assemblée parlementaire de la Francophonie, Commonwealth Parliamentary Association, Parliamentary Assembly of the Council of Europe.

OBSERVERS

Parliamentary Associations and Assemblies

EFTA Parliamentary Committee, Inter-Parliamentary Assembly of the Member Nations of the Commonwealth of Independent States, Parliament of the Economic Community of West African States, Parliamentary Assembly of the Black Sea Economic Co-Operation, Parliamentary Assembly of the Union of Belarus and Russia.

Government Representatives

Afghanistan, Angola, Armenia, Bangladesh, Bulgaria, Burundi, Cameroon, Canada, Chad, Chile, Croatia, Ireland, Japan, Kyrgyzstan, Morocco, Pakistan, Saudi Arabia, Spain, Sri Lanka, Thailand, Tunisia, Turkey, United States of America, Zambia, European Union.

Intergovernmental Organizations

World Bank, World Trade Organization.



COMPOSITION OF THE STEERING COMMITTEE

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

Belgium, Benin, Brazil, Burkina Faso, Cameroon, Canada, China, Egypt, France, India, Japan, Jordan, Namibia, Panama, Philippines, Republic of Korea, Russian Federation, South Africa, Sweden, Uganda, United Kingdom, Uruguay, Commonwealth Parliamentary Association, European Parliament, Inter-Parliamentary Union, Parliamentary Assembly of the Council of Europe, World Trade Organization.



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