










# Procedure file

| Basic information  |                                |                     |
|--|--------------------------------|---------------------|
| INI - Own-initiative procedure   | <a href="#">2018/2084(INI)</a> | Procedure completed |
| WTO: the way forward   |                                |                     |
| Subject<br>6.20.01 Agreements and relations in the context of the World Trade Organization (WTO) |                                |                     |

| Key players         |   |   |                          |
|---------------------|---|---|--------------------------|
| European Parliament | Committee responsible   | Rapporteur  | Appointed                |
|                     |  International Trade |  <a href="#">RÜBIG Paul</a>       | 16/05/2018<br>16/05/2018 |
|                     |   |  <a href="#">LANGE Bernd</a>      |                          |
|                     |   | Shadow rapporteur   |                          |
|                     |   |  <a href="#">MCCLARKIN Emma</a> |                          |
|                     |   |  <a href="#">KATAINEN Elsi</a>  |                          |
|                     |   |  <a href="#">BUCHNER Klaus</a>  |                          |
|                     |   |  <a href="#">BEGHIN Tiziana</a> |                          |
|                     | Committee for opinion   | Rapporteur for opinion  | Appointed                |
|                     |  Development       |   |                          |
| European Commission | Commission DG<br><a href="#">Trade</a>  | Commissioner<br>MALMSTRÖM Cecilia   |                          |

| Key events |  |   |         |
|------------|--|---|---------|
| 14/06/2018 | Committee referral announced in Parliament |   |         |
| 20/11/2018 | Vote in committee                          |   |         |
| 23/11/2018 | Committee report tabled for plenary        | <a href="#">A8-0379/2018</a>  | Summary |
| 28/11/2018 | Debate in Parliament                       |  |         |
|            |  |   |         |

|            |                                |   |         |
|------------|--------------------------------|---|---------|
| 29/11/2018 | Results of vote in Parliament  |  |         |
| 29/11/2018 | Decision by Parliament         | <a href="#">T8-0477/2018</a>  | Summary |
| 29/11/2018 | End of procedure in Parliament |   |         |

### Technical information

|                            |                                |
|----------------------------|--------------------------------|
| Procedure reference        | 2018/2084(INI)                 |
| Procedure type             | INI - Own-initiative procedure |
| Procedure subtype          | Initiative                     |
| Legal basis                | Rules of Procedure EP 54       |
| Other legal basis          | Rules of Procedure EP 159      |
| Stage reached in procedure | Procedure completed            |
| Committee dossier          | INTA/8/13317                   |

### Documentation gateway

|   |             |                              |            |    |         |
|---|-------------|------------------------------|------------|----|---------|
| Committee draft report                              |             | <a href="#">PE626.768</a>    | 10/09/2018 | EP |         |
| Committee opinion                                   | <b>DEVE</b> | <a href="#">PE625.346</a>    | 11/10/2018 | EP |         |
| Amendments tabled in committee                      |             | <a href="#">PE628.685</a>    | 15/10/2018 | EP |         |
| Committee report tabled for plenary, single reading |             | <a href="#">A8-0379/2018</a> | 23/11/2018 | EP | Summary |
| Text adopted by Parliament, single reading          |             | <a href="#">T8-0477/2018</a> | 29/11/2018 | EP | Summary |
| Commission response to text adopted in plenary      |             | <a href="#">SP(2019)92</a>   | 26/03/2019 | EC |         |

## WTO: the way forward

The Committee on International Trade adopted an own initiative report by Bernd Lange (S&D, DE) and Paul Rübigen (EPP, AT) on WTO: the way forward.

It stated that, since its creation the WTO has played a pivotal role in strengthening multilateralism, promoting an inclusive world economic order and fostering an open, rules-based and non-discriminatory multilateral trading system. However, Members point out that currently, the rules-based multilateral trading system is facing its deepest crisis ever, with both its negotiating function as well as the dispute settlement mechanism being threatened. In this respect, they noted that the results of the 11th WTO Ministerial Conference in Buenos Aires in December 2017 were disappointing, and clearly showed that the negotiating function of the organisation is paralysed. They also noted that the Appellate Body is the jewel in the crown of the WTO owing to the binding character of its decisions and its status as an independent and impartial review body. However, the Appellate Body's membership fell to the minimum number of judges it needs to function, leaving only three judges appointed. The committee noted that this deadlock, caused by the US administration, could lead to the collapse of a system that is essential to managing disputes among all WTO members. It also noted that the concerns expressed by the US regarding the Appellate Body extend beyond procedural changes and entail significant reforms to the rulings of the body's judges.

Members reiterated their full commitment to the enduring value of multilateralism, and a free, fair and rules-based multilateral trading order that supports social, environmental and human rights, contributing to peace and security. They felt that it was now a matter of urgency to proceed to the modernisation of the WTO, not only in the light of the latest developments but also owing to the long-standing lack of progress on the Doha Development Agenda (DDA). The Commission and the EU Member States in the WTO were asked to reach out to other WTO members, in particular the EU's major trading partners such as the US, Japan, China, Canada, Brazil and India, in order to agree on common positions. The committee took note of the European Council's conclusions and the mandate given by the Commission on 28-29 June 2018, as well as of the [Commission's concept paper](#) on WTO modernisation of 18 September 2018.

The committee made recommendations regarding:

- addressing current gaps in the rulebook in order to level the playing field as regards market-distorting subsidies and state-owned enterprises, as well as keeping intellectual property protection and investment market access up to date;
- addressing issues of protection and forced source code disclosure and other state-directed activities giving rise to overcapacities, as well as regulatory barriers to services and investment including technology transfers, requirements of joint ventures and local content requirements;
- creating the necessary regulatory framework to cope with technological developments by covering e-commerce, global value chains,

public procurement, updated domestic regulation for services.

The committee also felt that it is necessary to:

- revisit the classification of countries into developed and developing, and re-examine the special and differential treatment (S&DT) mechanism in order to better reflect human development indexes ;
- ensure that trade plays a part in contributing to development and the achievement of the 2030 Sustainable Development Goals (SDGs) and of the Paris Agreement commitments in the fight against climate change;
- revise the functioning of the negotiating process by introducing more flexibility than has currently been the case under the consensus rule, and support the concept of flexible multilateralism, whereby WTO members interested in pursuing a certain issue where full consensus is not yet possible should be able to conclude plurilateral agreements. However, such agreements must complement and not undermine the multilateral agenda and should be used not as alternative fora to address trade barriers.

Members viewed the decision of the US to impose tariffs on steel and aluminium products on 31 May 2018 on grounds of national security under Section 232 of the Trade Expansion Act of 1962 as unjustified and strongly encouraged the Commission to work with the US to address trade disagreements within the WTO's rules-based dispute settlement framework.

Lastly, Members urged the WTO members to ensure democratic legitimacy and transparency by strengthening the parliamentary dimension of the WTO, and to support a memorandum of understanding establishing a formal working relationship with the Parliamentary Conference on the WTO.

## WTO: the way forward

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The European Parliament adopted by 471 votes to 80, with 86 abstentions, a resolution on WTO: the way forward.

Members recalled that, since its creation the WTO has played a pivotal role in strengthening multilateralism, promoting an inclusive world economic order and fostering an open, rules-based and non-discriminatory multilateral trading system. However, they pointed out that currently, the rules-based multilateral trading system is facing its deepest crisis ever, with both its negotiating function as well as the dispute settlement mechanism being threatened.

In this respect, they noted that the results of the 11th WTO Ministerial Conference in Buenos Aires in December 2017 were disappointing, and clearly showed that the negotiating function of the organisation is paralysed.

Members also noted that the Appellate Body is the jewel in the crown of the WTO owing to the binding character of its decisions and its status as an independent and impartial review body. However, the Appellate Body's membership fell to the minimum number of judges it needs to function, leaving only three judges appointed.

This deadlock, caused by the US administration, could lead to the collapse of a system that is essential to managing disputes among all WTO members.

Reaffirming its commitment to multilateralism, Parliament called for a trade agenda based on fair and rules-based trade for the benefit of all, which contributes to peace, security and the sustainable development agenda by including and enhancing social, environmental and human rights. It stressed that the WTO must also contribute to promoting fair trade and combating unfair practices.

In the light of recent developments but also the long lack of progress on the Doha Development Agenda, Members called for the modernisation of the WTO and invited the Commission to reach out to other WTO members, in particular our major trading partners such as the US, Japan, China, Canada, Brazil and India, in order to agree on common positions.

Parliament made recommendations regarding:

- addressing current gaps in the rulebook in order to level the playing field as regards market-distorting subsidies and state-owned enterprises, as well as keeping intellectual property protection and investment market access up to date;
- addressing issues of protection and forced source code disclosure and other state-directed activities giving rise to overcapacities, as well as regulatory barriers to services and investment including technology transfers, requirements of joint ventures and local content requirements;
- creating the necessary regulatory framework to cope with technological developments by covering e-commerce, global value chains, public procurement, updated domestic regulation for services;
- mastering the most pressing global environmental and social challenges, ensuring systemic policy coherence between trade, labour and environmental agendas.

Members also considered it necessary to:

- review the current differentiation between developed and developing countries and review the mechanism for special and differential treatment to better reflect human development indices, as a policy tool for developing countries to link the implementation of multilateral agreements to receiving assistance from richer countries and donor agencies;
- support the concept of flexible multilateralism, whereby WTO Members interested in pursuing a certain issue where full consensus is not yet possible should be able to advance and conclude plurilateral agreements;
- introduce special rules for SMEs in plurilateral and multilateral agreements;
- define a systemic gender perspective in all areas of WTO rule-making in the form of gender impact assessments.

Parliament viewed the decision of the US to impose tariffs on steel and aluminium products on 31 May 2018 on grounds of national security under Section 232 of the Trade Expansion Act of 1962 as unjustified and strongly encouraged the Commission to work with the US to address trade disagreements within the WTO's rules-based dispute settlement framework.

Lastly, Members urged the WTO members to ensure democratic legitimacy and transparency by strengthening the parliamentary dimension of the WTO, and to support a memorandum of understanding establishing a formal working relationship with the Parliamentary Conference on the WTO.

