

# THE NEED OF A STRONG RULES-BASED MULTILATERAL TRADING SYSTEM

## POLICY STATEMENT

### Key messages:

1. ICC strongly supports WTO and the rules based multilateral trading system
2. ICC commends the ongoing intergovernmental initiatives for reform
3. ICC launched the *Global Dialogue on Trade* to channel business and think tank recommendations for WTO reform into intergovernmental processes

### Implementation:

Global Dialogue on Trade is ongoing. G20 National Committees Chairs to reach out to their governments

### Document review:

After 12 months

## The Need of A Strong Rules-Based Multilateral Trading System

### Policy statement

#### Introduction

Despite the many economic benefits that it has brought to humanity over the last 70 years, multilateralism is now in jeopardy. This is especially true in the area of trade, with spectacular measures being taken or announced outside of the World Trade Organization (WTO). The rules based global trading system governed by WTO is indeed challenged as never before on its negotiating, monitoring and disputes resolutions functions.

#### The need for a reformed rules-based multilateral trading system

This new reality requires the global community to be vigilant and to defend the integrity of the multilateral trading system, without which no collective economic progress can take place.

It also requires the global community to recognise the shortcomings of the system and the need for reform — not reform for reform's sake, but reform that is guided by a clear contemporary purpose: to unlock the power of economic growth in order to deliver lasting peace and prosperity for all. It also requires reform that takes into account the user: i.e. the millions of businesses that trade across borders or are integrated within global value chains.

#### Recommendations

ICC:

Strongly supports WTO and the rules-based multilateral trading system, which has provided stability and predictability to support growth, development and job creation for all its 164 member countries.

Commends constructive intergovernmental initiatives to progress on the WTO reform agenda, including the call led by President Macron of France in May 2018 for China, the EU, Japan and the United States to urgently initiate consultations on WTO reform and to present concrete measures for the November 2018 G20 meeting.

Urges a vigorous public business defense of the multilateral trading system to help demonstrate to Governments that they have a strong interest in safeguarding and improving the institution's efficiency.

#### Ongoing and future support to WTO

ICC is developing a dual approach, through:

- 1) It's newly created *G20 National Committees Chair Liaison Group*, it will encourage the Chairs to approach their governments in strong support of WTO, highlighting what has worked, what could be improved and what needs to be changed/transformed in order to adapt the organization to the 21<sup>st</sup> century. This will include addressing issues such as:
  - The use of consensus in decision making, which has shown its limits
  - The single undertaking in multilateral negotiations, which has prevented the signing of agreements on specific issues [discussion topic: plurilateral agreements vs. multilateralism]
  - Re-balancing negotiation vs. litigation and redefining the remit of the Appellate Body and addressing "judicial activism" [discussion topic: organizational / governance improvement and clarity]
  - Addressing distortions resulting from state owned enterprises (SOE) benefiting from direct and in-direct subsidies; as well as the forced transfer of intellectual property [discussion topic: overcapacity / IP protection]

- Global value chains and the role of SMEs therein [discussion topic: trade facilitation for SMEs / leveraging the potential of digital trade]
  - Digital trade [discussion topic: barriers to connectivity / data localization requirements]
- 2) The *Global Dialogue on Trade* – which ICC is hosting, bringing together multilateral institutions (WTO, OECD as well as regional development banks), selected businesses to represent geographical and sectoral diversity as well as think tanks to reflect on key areas for reform and propose evidence backed solutions. The *Global Dialogue on Trade* takes the form of a digitally hosted platform managed by ICC. It was launched at the IMF / World Bank annual meetings on 10 October 2018. This *second track* approach to WTO reform will inform the intergovernmental process (*first track*) which is simultaneously taking place. Strong links have already been established with France ahead of the G7 Presidency in 2019 as well as with prominent G20 country representatives.



### The International Chamber of Commerce (ICC)

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