**Follow up to the European Parliament non-legislative resolution** **on multilateral negotiations in view of the 13th WTO Ministerial Conference in Abu Dhabi 26-29 February 2024**

1. **Resolution tabled pursuant to Rule 105(2) of the European Parliament's Rules of procedure**
2. **Reference numbers:** 2023/2868 (RSP) / B9-0090/2024 / P9\_TA(2024)0078
3. **Date of adoption of the resolution:** 8 February 2024
4. **Competent Parliamentary Committee:** Committee on International Trade (INTA)
5. **Brief analysis/ assessment of the resolution and requests made in it:**

The Parliament provided its position on the multilateral negotiations in view of the 13th WTO Ministerial Conference (MC13) to take place in Abu Dhabi from the 26th of February to the 29th 2024. The Parliament Resolution reiterated the Parliament’s commitment to the value of multilateralism in international trade and emphasized the importance of trade that benefits all, aligning with the promotion and achievement of the Sustainable Development Goals (SDGs) through the work of the World Trade Organization (WTO).

In the context of the 13th WTO Ministerial Conference, the Parliament urged all WTO members to commit to a successful outcome for advancing and modernising the WTO so that it is sufficiently equipped with the tools required to address future challenges. Among the major ones, the Parliament provided input on a number of WTO related issues which will be further detailed in the next paragraphs.

The first issue concerns the dispute-settlement function of the WTO, on which the Parliament calls on all WTO members to actively engage in restoring a fully functioning dispute-settlement system and to address the excessive length of procedures. The Parliament invites WTO members to consider joining the multi-party interim appeal arbitration arrangement (MPIA) to demonstrate their commitment to a fair and functioning dispute-settlement system.

The second issue revolves around the WTO Agreement on Fisheries Subsidies. The Parliament urges all WTO members who have not yet done so to swiftly ratify the WTO Agreement on Fisheries Subsidies. This agreement would facilitate, among others, the regulation of overcapacity and overfishing, prevent depletion of marine biological resources, and ensure sustainable management.

One additional point of discussion pertains to the Parliament's opinion on the necessity of prioritizing the development dimension of the WTO. This entails advocating for tailored assistance for developing nations. Furthermore, there is a call for a modification of the special treatment mechanism, with emphasis on the potential for unfair trading practices if development status is the sole influencing factor.

The Parliament emphasizes the need to reinvigorate negotiations to effectively address negative spillover effects such as overcapacity and carbon-intensive supply chains.

On agriculture, the Parliament calls for the need to make progress on all the key topics under negotiation including on trade-distorting domestic support and public stockholding. On the issue of food security, the Parliament calls for an outcome to increase the resilience of least-developed countries (LDC)s and Net Food-Importing Developing countries in response to food instability.

On plurilateral agreements and Investment Facilitation for Development Agreement, the Parliament proposes their integration in the multilateral architecture of the WTO.

With regards to digital trade, the Parliament stressed the importance of finding a fair and permanent solution for electronic transmission related to the moratorium, considering the negative effects of a potential non-renewal. Such solution should ensure the free flow of digital goods in light of the role they play in increasing consumer welfare and bringing advantages to small and medium-size enterprises (SMEs) and developing countries.

Concerning micro, small and medium-sized enterprises (MSMEs), the Parliament called for solutions at the WTO level to support these kinds of companies and increasing their participation in world trade.

On SDGs related issues, the Parliament indicated that the outcome of MC13 should be aimed at limiting greenhouse gas emissions in line with the UNFCCC, the conclusions of COP28 and the Paris Agreement. To achieve this, the Parliament welcomed initiatives such as the Fossil Fuel Subsidies Reform, Dialogue on Plastic Pollution and the Trade and Environmental Sustainability Structured Discussions (TESSD).

On gender and inclusive development, the Parliament claimed support for the removal of barriers to women’s participation in trade as it is deemed critical for economic development. Additionally, the establishment of the WTO Informal Working Group on Trade and Gender has been welcomed favourably.

On the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Parliament acknowledged WTO discussions on extending TRIPS to cover COVID-19 products and called for a decision by MC13.

Finally, the Parliament urged the Commission to increase its engagement with the parliament and called for heightened democratic legitimacy among WTO members by strengthening the WTO's parliamentary dimension. Additionally, the Parliament has requested greater transparency among WTO members, including increased communication with civil society, trade unions, business organizations, and other relevant stakeholders.

1. **Response to the requests in the resolution and overview of the actions taken, or intended to be taken, by the Commission:**

The Commission is fully committed to multilateralism (paragraph 1) and in this regard has been playing a leading role in promoting WTO reform and in maintaining and strengthening a rules-based, inclusive, free and fair multilateral trading system, with the WTO at its core. There are simply no credible alternatives to the WTO to prevent fragmentation of global trade. Given the current unpredictable and fragile state of global affairs, a rules-based trading environment and trade cooperation is in fact more vital than ever. It should also be recalled that the existing WTO rules still govern the majority of EU trade as well as underpin the EU’s bilateral Free Trade Agreements (FTAs). The EU therefore has a fundamental strategic interest in a strong WTO.

In this regard, the Commission played a key role in seeking an ambitious and successful MC13 outcome (paragraph 2) that could advance the Organization and be a key milestone in the ongoing process of WTO reform addressing all its core functions (paragraph 3). As part of this reform process the Commission concurs that an easier path for open plurilateral agreements to be integrated into the multilateral architecture is essential to restoring an effective negotiating function to the WTO (paragraph 11). However, MC13 took place against the backdrop of rising geopolitical tensions and particularly challenging political dynamics with upcoming elections in several key members. Despite not reaching the necessary consensus in several important areas (agriculture, fisheries subsidies, forward-looking agenda), there were some positive results. This included the extension of the moratorium on customs duties on e-commerce transactions and a development package. The EU remains committed to WTO reform and will work hard to ensure it delivers both before and during MC14.

The Commission agrees on the need for a stronger and even more constructive engagement by all WTO Members to restore a fully functioning dispute-settlement system as swiftly as possible (paragraph 4). The Commission agrees that a binding, two-tier and independent process should remain the core objective. The Commission appreciated the Parliament’s call on Members to engage in constructive and transparent discussions to reach an agreement on the dispute-settlement system at MC13. The Commission regrets that such agreement was not reached, but welcomes the progress achieved so far and welcomes the decision by MC13 to accelerate the work on unresolved issues, building on the progress already made. The Commission also appreciates and agrees with the Parliament’s invitation to other WTO Members to consider joining the multi-party interim appeal arbitration arrangement (MPIA) to demonstrate their commitment to a fair and functioning dispute-settlement system (paragraph 5).

The Commission agrees with the importance of prompt entry into force of the WTO Agreement on Fisheries Subsidies and reaching an agreement on further rules on fisheries subsidies (paragraphs 2 and 6). The Union – on behalf of the 27 Member States – had already accepted the Agreement on Fisheries Subsidies and the Commission continues to encourage other WTO Members who have not yet accepted the agreement to do so as soon as possible. The Commission worked with partners from across the development spectrum to find common ground for a robust deal to expand the WTO rules to prohibit subsidies that contribute to overcapacity and overfishing. Regrettably, a handful of WTO members blocked a comprehensive agreement on global fisheries subsidies at the 13th Ministerial Conference. The Commission remains committed to finding a way forward and to reaching an agreement in line with UN Sustainable Development Goal 14.6 concerning sustainable fishing, notably the prohibition and elimination of certain fisheries subsidies.

The Commission agrees on the need to mainstream the development dimension in the different areas of the WTO agenda (paragraph 7), including through the WTO reform process. The EU’s approach has been to focus on the specific needs and challenges of developing countries, and particular least-developed countries (LDCs), and to see how they can best be met through the WTO framework in order to support a better integration of these countries. For LDCs, in addition to the decision already taken on tariff preferences, the Commission welcomes the MC13 decision, allowing recently graduated countries to continue benefiting from the special procedures involving LDCs set out in Article 24 of the Dispute Settlement Understanding, as well as benefitting from LDC-specific technical assistance and capacity building, for three years after graduation. The EU will continue to engage constructively on other items in the LDC graduation proposal on a smooth transition period, in view of the December 2024 timeline agreed at MC13. The Commission is also pleased with the accessions of Comoros and Timor-Leste, two LDCs, which are the first accessions to the WTO since 2016. The Commission regrets that Members missed the opportunity to make progress in the discussion on policy space for industrial development at MC13. The Commission is in favour of continuing these conversations. The Commission welcomes the declaration at MC13 on the implementation of special and differential treatment provisions under the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) and the Agreement on Technical Barriers to Trade (TBT). This is a timely incentive to continue the ongoing work in the relevant technical committees and will enable WTO members to focus on more effective implementation of existing rules, for example, to improve technical assistance to support developing members to respond to notifications for technical barriers to trade and sanitary and phytosanitary measures; and to increase transparency as regards commenting periods and extensions granted by members. The Commission is ready to further work to continue working and actively engaging on the more efficient use of the special and differential treatment provisions in existing agreements.

The Commission also agrees with the need to deliberate in the WTO on state intervention in support of industrial sectors (paragraph 8). This should pave the way for an update of the WTO rulebook. At MC13, there was wide support among WTO Members for launching a temporary working group for this purpose, but the required consensus was not reached. The topic remains a priority for the EU also after MC13, as its relevance for the global trade is not diminishing. In the absence of a deliberations mandate from the 13th Ministerial Conference, these discussions will need to take place in informal settings and in the existing WTO bodies.

Regarding agriculture, the Commission agrees with the Parliament on the need to make progress in the negotiations (paragraph 9). While it is regrettable that no agreement could be reached in MC13, due to wide divergences of views and unrealistic demands, there had been intense negotiations thanks to constructive EU leadership, and the Commission is committed to keep these negotiations on the right track in the WTO. The discussions have highlighted the need to work towards realistic, inclusive and balanced outcomes on agricultural reform towards MC14. The Commission supports the view of the Parliament that such negotiations should also respond to contemporary challenges, including climate change, sustainability, fair trade and transparency. In that respect, the Commission considers that the top priority should be the reform of trade-distorting support, which are also the most damaging to the environment. Thanks to the reforms of the CAP, most EU subsidies have no trade distorting effects on trade and have a positive contribution to the goals of environmental protection. The interests of the European agricultural sector as well as the need to promote the EU’s common agricultural policy (CAP) and Green Deal will continue to be crucial in the EU’s positions in the negotiations.

Furthermore, the Commission appreciates the Parliament’s call for an outcome on food security (paragraph 10). The Commission was also committed to delivering outcomes for the most vulnerable countries at this Ministerial Conference, in the current context of food insecurity. The absence of an outcome at MC13 is unfortunately to the detriment of the most vulnerable countries who count most on the multilateral trading system. Agreeing on a permanent solution for the public stockholding programs that works from this perspective will continue to be a priority for MC14, as such programmes may negatively affect agricultural trade and impact food security of other countries, if implemented as support to producers’ prices. Negotiations should also continue to find an agreement to exempt vulnerable countries from export restrictions on food, as well as to ensure fair trade for African cotton producers.

The Commission shares the view that the conclusion of negotiations on the Investment Facilitation for Development Agreement (paragraph 11) is an important achievement, and also supports the incorporation of this agreement into the WTO rulebook. The Commission notes the large support to the Agreement, notably from developing and least-developed countries. The Commission will continue its active participation in the initiative, so as to help gathering the necessary consensus towards legal incorporation from the whole WTO membership.

The Commission is pleased that the resolution shows support for the Moratorium on Customs Duties on Electronic Transmissions, for the WTO Work Programme on Electronic Commerce, and for the plurilateral WTO Joint Initiative on Electronic Commerce (paragraph 13). These are key for the development of a global digital economy in which developed and developing countries can fully participate, thus ensuring the digital transition for all.

The Work Programme is a very valuable platform where Members have the opportunity to hold discussions and share information on topics of interest to developing countries, such as the digital divide, consumer protection and the impact of the Moratorium on customs duties on electronic transmissions. The Moratorium ensures that businesses (including MSMEs and women-led businesses) and consumers in developing countries have access to a wide range of digital services and can participate in regional and international markets. The practice of not charging customs duties on electronic transmissions reduces trade costs and enhances innovation and investment, which increases export competitiveness and consumer welfare. Imposing such duties would, by contrast, lower consumption, have a chilling effect on investment, increase prices for domestic consumers, and would increase industry’s costs of accessing a wide array of technologies and data sources critical to growth and innovation, business operations, and the transfer of technology, with a direct negative impact on all sectors of the economy.

Through coordinated efforts between the EU and other supporting WTO Members, the MC13 E-Commerce decision extended the Moratorium on Customs Duties on Electronic Transmissions and the Work Programme on Electronic Commerce until the next WTO Ministerial Conference (MC14). At the same time, the MC13 decision instructs Members to continue working on the issues related to the scope, definitions and implications of the moratorium, and to address the main trade-related challenges faced by developing countries and LDCs in digital trade, including exploring training and capacity building needs. The EU will continue working with all WTO Members to develop efforts towards creating an inclusive, predictable, and rules-based global trading system that is fit for the challenges of today’s fast-evolving digital economy, including seeking a long-term solution for the non-imposition of customs duties on electronic transmissions.

The EU is also a driving force in the plurilateral WTO Joint Initiative on Electronic Commerce, which gathers 90 WTO Members seeking to reach an inclusive and commercially meaningful agreement that will constitute the first set of rules dealing with electronic commerce at the WTO. The focus of the negotiations is to establish international rules that govern electronic commerce to promote trade, facilitate digital transactions, and address various trade-related issues in the digital economy, while preserving the necessary policy space for digital regulation. An outcome in this area will have significant economic value and will be of systemic importance for the WTO in terms of its ability to negotiate rules for the challenges of the 21st century. In particular, a plurilateral agreement complementing the WTO rulebook would help addressing the fragmentation of digital trade rules, which is a significant source of uncertainty and economic inefficiencies. The agreement will include a strong development component, designed to facilitate the participation of developing countries and LDCs in global digital trade. The group is working towards a conclusion of negotiations within the first half of 2024.

The Commission agrees that the WTO plays an active role in improving the participation of MSMEs in international trade (paragraph 14) and, overall, contributing to a more predictable and more certain global environment. The Commission will thus continue to support the WTO initiatives aimed at developing a MSME-friendly environment in the domestic markets of the EU’s trade partners and beyond, but also at raising awareness and providing MSMEs with information helping them trade abroad.

The Commission thanks the Parliament for its active support in making the WTO more fit to tackle global challenges, including climate change and environmental degradation (paragraph 15). Despite the lack of specific commitments on trade and environment multilaterally in MC13, several environment-related plurilateral initiatives marked their progress. As outlined in its submission of 22 March 2023, the Commission continues to advocate for focusing on the intersection of trade and global environmental challenges at the WTO Committee on Trade and Environment, including by addressing the relevant topics, such as the methodologies for measuring embedded emissions and the design of subsidies with a green dimension. Ministerial statements were adopted in the context of the dialogue on plastic pollution and environmentally sustainable plastics trade (DPP), Trade and Environmental Sustainability Structured Discussions (TESSD) and the initiative on fossil fuel subsidies reform. The Commission underlines the importance of taking this work forward, given the lack of multilateral consensus, in order to bolster the WTO’s role in the fight against climate change and environmental degradation. This includes discussions on environmental goods and services within the dedicated working group in TESSD.

Beyond the WTO, the EU, together with Ecuador, Kenya and New Zealand launched the Trade Ministers Coalition for Climate to provide political steer and guidance to boost inclusive cooperation on climate, trade, and sustainable development. The Commission will continue this work. The Commission recalls the importance of breaking silos between trade and climate communities. The first ever trade day organised at COP28 is a step in the right direction. In line with its climate neutrality goal for 2050, the EU is implementing measures required to reach the global sustainability and climate targets. The EU will continue its extensive multilateral and bilateral engagement and dialogue with trading partners on its trade-related environmental and sustainability measures, including for the measures that entered into force.

The Commission agrees with the Parliament that women’s economic empowerment and women’s participation in trade is important for economic growth and sustainable development (paragraph 16). This is also recognised in a paragraph on trade and women’s economic empowerment in the Abu Dhabi Ministerial Declaration, which also in addition takes note of ongoing work. Since the adoption of the 2017 Buenos Aires Declaration on Trade and Women’s Economic Empowerment, there has indeed been a lot of engagement in this field, including the work of the members of the Informal Working Group on Trade and Gender, the World Trade Congress on Gender, and the Youth Trade Summit on Gender. The Commission will continue to actively engage on trade and gender equality and women’s economic empowerment, not only in the WTO but also bilaterally with the EU’s trade partners.

The Commission noted the Parliament’s call on WTO members to take a decision by MC13, while keeping the incentives to innovate in mind, on the extension of the TRIPS decision to cover COVID-19 diagnostics and therapeutics. Despite considerable efforts of WTO Members – including intense evidence and fact-based discussions on multiple factors that impacted the accessibility and affordability of COVID-19 therapeutics and diagnostics during the pandemic as well as exchanges with the relevant industry, academia, international organisations and NGOs – consensus on the extension could not be reached, which was confirmed in the TRIPS Council report of 13 February 2024. At the same time, the WTO Members, including at MC13, agreed on the need to continue the work of building on the lessons learned from the COVID-19 pandemic to create effective solutions in case of future pandemics, as directed by the MC12 Ministerial Declaration on the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics. The Commission will continue its constructive engagement on these matters. Furthermore, the Commission agrees with the Parliament’s call on WTO members to review their national laws and policies, where appropriate, to ensure full incorporation of all relevant Intellectual Property (IP) flexibilities protecting access to medical products.

In the run up to MC13, as well as during the Conference itself, the Commission ensured that Parliament was fully informed and updated on all developments (paragraph 18). The Commission appreciated the useful role played by the Parliament including in the context of the WTO Parliamentary Conference and agrees that strengthening the parliamentary dimension of the WTO is important (paragraph 19). Furthermore, as evidenced by their inclusion of the Commission’s reform proposals on trade and inclusivity, the Commission would like to see a greater role in the WTO for all stakeholders, including civil society, trade unions, and business organisations, as well as greater cooperation with other international organisations (paragraph 20).