



Brazilian National Confederation of Industry

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BUSINESS PRIORITIES FOR THE 13TH WTO MINISTERIAL

The 13th WTO Ministerial Conference (MC13), taking place in Abu Dhabi from 26 to 29 February, will be crucial to show that the WTO is still relevant to address mounting trade and economic challenges. Against a backdrop of growing geopolitical competition, with wars raging in Ukraine and the Middle East and growing geoeconomic fragmentation, it is of utmost importance that the Ministerial upholds the principles of multilateralism and rules-based trade as the best path to boost global economic growth and prosperity. The WTO also needs to demonstrate that it can respond to the most pressing challenges of our time, from climate change and pandemic to industrial subsidies and food security.

Businesses from Australia, Brazil, Canada, Europe, Japan, South Korea, and the United States remain strong supporters of the WTO, and achieving progress on these priorities will be key for a positive MC13:

1. Advance meaningful reforms on dispute settlement and industrial subsidies

Reforming the WTO is vital to improve the effectiveness of the organisation and enable it to effectively address important issues such as digital trade, industrial subsidies, climate change and health. The current geopolitical tensions make this discussion more complex than ever. Accordingly, world leaders must commit to an ambitious agenda, work plan, and timeline for WTO members to achieve positive outcomes. Solving the crisis with WTO dispute settlement, strengthening the organization's negotiating function, increasing transparency in such matters as subsidies notification, streamlining the work of the Committees, and improving monitoring functions should be top priorities. In addition, a more structured and consistent dialogue with the business community is needed to ensure the WTO reflects private sector realities more effectively.

Resolving the crisis in WTO dispute settlement is an urgent priority. Without a binding dispute settlement system, the value of international trade is diminished since there is no longer certainty on the effective application of the agreed upon rules. While the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) serves as a temporary solution among some WTO members, finding a long-lasting solution involving all WTO Members remains key. Appealing cases into the void suggests that members' compliance with WTO commitments and the ability to enforce them is eroding. If this impasse persists, the multilateral trading system will suffer a potentially fatal blow and lead to major economic losses and a lack of global trust. Swift engagement is needed to restore one of the core tasks of the WTO. MC13 should not be a missed opportunity on this front.



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Most WTO members recognise the need to deepen discussions on industrial subsidies and the role of the state in the economy. This is a discussion welcomed by businesses that need to operate under clear and transparent rules and compete on a level playing field. We encourage WTO members to launch a dedicated Work Programme during MC13 with a view to adjust and reinforce the current WTO rulebook regarding industrial subsidies.

2. Extend the moratorium on customs duties on electronic transmissions

Extending the moratorium on custom duties on electronic transmissions, referred to as the “e-commerce moratorium,” and making it permanent is an absolute necessity. Whatever short-term revenues individual WTO members might collect from the imposition of tariffs on electronic transmissions would be far outweighed by the negative economic consequences that would result as the digital economy left those countries behind. In such countries, the results would include higher prices, reduced consumption, and market fragmentation for businesses and consumers. Moreover, it would be the first time that the WTO allows the imposition of new barriers to trade. Not only would this set a dangerous precedent, but digital customs collection would create chokepoints and worsen inequities globally.

For two decades, this commitment not to tax data flows has allowed digital commerce to flourish worldwide and has benefited small and large firms alike. Today it is spurring significant growth in services trade as a growing majority of services can now be traded digitally. To extinguish this source of growth would be devastating for the countries that elect to do so.

3. Support a robust legal framework to promote innovation

The WTO has done excellent work pushing back against certain self-defeating trade restrictions and monitoring trade-restrictive measures adopted by governments in response to the COVID-19 pandemic. During the last ministerial, members agreed to waive certain commitments of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights to protect IP used for vaccines. With the pandemic no longer considered a global public health emergency, there is no valid reason to extend the TRIPS waiver for vaccines to diagnostics and therapeutics. To date, in fact, no country has utilized the waiver to access COVID-19 vaccines, underscoring the reality that intellectual property is not an obstacle to addressing the pandemic. Intellectual property has played a fundamental role in accelerating research, innovation, and partnerships that allowed business and government to work together to effectively fight the pandemic. Protection of intellectual property rights plays a critical role in innovation beyond health and life sciences, across different sectors of our economy, especially in areas related to clean and digital technologies. We are also concerned by calls to weaken



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the level of protection carried by the provisions of the TRIPS Agreement in general. This development would seriously jeopardise global investments at a moment when all WTO members are engaging in efforts to transform their economies through digitalisation and decarbonisation solutions.

4. Make progress on the Joint Statement Initiatives (JSIs)

We strongly support JSIs that will modernize the WTO and allow it to address current and future trade challenges more effectively.

- **The negotiations on the JSI on e-commerce must be a priority.** While recognising good progress on electronic authentication, electronic signatures, spam, open government data and online consumer protection, WTO members involved must accelerate progress in the most complex issues. This includes critical areas such as cross-border data flows, prohibition on source code disclosure and forced data localisation, and expanded market access for ICT products.
- **We welcome the various plurilateral initiatives on trade and the environment,** including a dialogue on plastics, inefficient and distortive fossil fuel subsidies and discussions on trade-related climate measures, trade in environmental goods and services, and circular economy. Ensuring robust private sector input throughout these exercises is essential to their success. Addressing climate change is a shared and urgent objective, and trade can play an important role. Agreeing on joint approaches is also key to avoid the proliferation of unilateral initiatives, prevent market fragmentation, and promote a level playing field. Therefore, we hope for a strong commitment from members to achieve concrete results including the launch of formal negotiations.
- **We strongly hope that the Investment Facilitation for Development Agreement will be endorsed at MC13** and that it will also be soon integrated into the WTO legal framework. Bringing together more than 110 WTO members, this agreement takes steps to contribute to a more transparent, efficient, and growth-supporting investment climate, for instance by promoting benchmarks on administrative procedures. At the same time, it has a strong development angle, by giving developing countries and Least-Developed Countries (LDCs) access to technical assistance and capacity building.
- **We welcome the Agreement on Services Domestic Regulation** and hope it will be quickly incorporated in the WTO system as a set of new commitments in participating members' GATS schedules.



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5. Concluding the second wave fisheries agreement and addressing food security

Ongoing multilateral negotiations on the second phase of the fisheries agreement to curb subsidies that contribute to overfishing and overcapacity as well as multilateral discussions on food security are important to address sustainability issues and increase resilience to food insecurity. These are areas where the WTO can play a unique role. Achieving positive outcomes in these fields would show that the WTO can still deliver meaningful outcomes in a multilateral setting.

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