

# European Commission presents comprehensive approach for the modernisation of the World Trade Organisation

The European Commission has today put forward a first set of ideas to modernise the WTO and to make international trade rules fit for the challenges of the global economy.

Presenting the Commission's concept paper, Commissioner for Trade Cecilia **Malmström** said: *"The multilateral trading system has for the past decades provided a stable, predictable and effective framework for companies across the world, helping many economies to grow rapidly. Also today, the WTO is indispensable in ensuring open, fair and rules-based trade. But despite its success, the World Trade Organisation has not been able to adapt sufficiently to the rapidly changing global economy. The world has changed, the WTO has not. It's high time to act to make the system able to address challenges of the today's global economy and work for everyone again. And the EU must take a lead role in that."*

The EU remains a staunch supporter of the multilateral trading system. For that reason, the European Council of 28-29 June 2018 gave the European Commission a mandate to pursue WTO modernisation to adapt it to a changing world, and to strengthen its effectiveness.

The EU's concept paper published today and already consulted with EU Member States sets out the direction of this modernisation effort. Without prejudice to the EU's final position on these matters, these ideas relate to three key areas:

- updating the rule book on international trade to capture today's global economy
- strengthening the monitoring role of the WTO
- overcoming the imminent deadlock on the WTO dispute settlement system.

The EU already started to engage with other WTO partners: with the US and Japan, in the framework of the trilateral discussions; with China, in the dedicated working group set up during the latest EU-China Summit; with other partners, most recently at the G20 Trade Ministerial. The EU will continue discussing these first ideas with various WTO partners in the coming weeks with a view to preparing concrete proposals to the WTO. The European Parliament and the Council will be kept fully on board of those discussions.

## **Background**

The existence of agreed rules on cross border trade, monitored by the WTO and enforced through an impartial system for resolving disputes helped for

decades to defuse trade tensions and avert trade wars. However, the development of new rules on trade has not happened in sync with economic, political and technological changes. In particular, market-distorting subsidies, often channelled through state-owned enterprises are not adequately captured under current international trade rules, eroding the level playing field for economic operators.

The WTO is now increasingly burdened by inflexible procedures and conflicting interest amongst countries. The arm of the WTO that resolves trade disputes is on the verge of being paralysed because of the blocking of nominations of new WTO Appellate Body Members. And the WTO's role as a monitoring body is under threat by a lack of transparency from many countries.

The proposals published today aim to redress this situation and make the system efficient to the benefit of all its member countries.

### **For More Information**

[EU concept paper on WTO reform](#)

[EU and the WTO](#)