

February 2014

A POST-BALI  
AGENDA  
— FOR THE —  
WTO

**National Foreign Trade Council**



# A Post-Bali Agenda for the WTO

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## INTRODUCTION

December brought some good news for the multilateral negotiating framework established under the Geneva-based World Trade Organization. It's not dead.

Under the leadership of new WTO Director-General Roberto Azevedo, trade ministers from nearly 160 countries agreed in Bali, Indonesia on December 7 to a package of reforms to global trade rules. The most significant component was a trade facilitation agreement, which will simplify customs procedures and facilitate the movement of goods across borders, and which the National Foreign Trade Council (NFTC) strongly supports.<sup>1</sup>

The Bali package – and the trade facilitation agreement in particular – is a welcome if long-overdue sign that the WTO remains viable as a forum to modernize global rules and improve trade flows among its entire membership, which numbers 159 and is growing.

Yet the long road to the WTO's first successful agreement among its broad membership since the organization came into existence nearly twenty years ago illustrates the challenges of negotiating within such a large and diverse body. The interests that stalled progress – frustrating many in the business community who focused their energy on more promising bilateral and regional negotiating forums – remain as the membership contemplates how to build on success in Bali.

NFTC has been a strong supporter of the WTO and its predecessor framework that developed in the wake of World War Two. The Council believes it is critical for the organization to remain at the center of global trade policy. While there does not appear to be a single path forward that can get the membership moving in lockstep, a variety of efforts underway or under discussion provide opportunities to develop a more modern trading framework and solidify the relevance of the WTO as a negotiating forum.

This paper is an effort to highlight several key initiatives that the Council believes the WTO, at the direction of its members, should advance. Taken together, these initiatives would enhance the WTO's role in international trade policy and enable more inclusive access to the global marketplace. In particular, the paper seeks to highlight a series of short term successes – including a Trade in Services Agreement, an updated Information Technology Agreement, a new plurilateral accord to eliminate tariffs on environmentally-friendly goods – that would enable the WTO to rack up a string of wins in short order and enable it to demonstrate its relevance for

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<sup>1</sup> For example, the agreement requires countries to publish trade and transit information online and otherwise simplify forms, provide transparency in rule-making, and establish trusted shipper programs and other procedures that should smooth the movement of goods across international borders. See *NFTC's Cheat Sheet to the WTO Trade Facilitation Agreement*, available at:

<http://www.nftc.org/newsflash/newsflash.asp?Mode=View&id=236&articleid=3748&category=All>

the years ahead. For the WTO to remain a viable negotiating forum, it cannot wait another two decades for its next major agreement.

As letters and statements of support from CEOs in the run-up to and wake of the agreement in Bali demonstrated, when the WTO is active on issues that are important to business, senior executives will be quick to engage. Companies are multilateralists at heart, and stand ready to work with the WTO to deliver on a post-Bali agenda.

## **THE POST-BALI AGENDA**

### **ONE**

## **Implement the Trade Facilitation Agreement**

The potential benefits of the trade facilitation agreement negotiated in Bali are enormous, and are particularly important in promoting more inclusive access to the global marketplace.

Reforms spurred by the trade facilitation agreement will disproportionately benefit small businesses and entrepreneurs, who are disadvantaged and more easily deterred from the global marketplace by a lack of transparency and recourse in customs procedures and by complexities and fees associated with selling internationally.

In fact, some of the lowest-hanging fruit – like the electronic publication of trade and transit procedures, charges and documents, the availability of enquiry points to respond to requests for information, disciplining fees and improving notification procedures – would make it easier for small businesses around the world to participate effectively in the global marketplace. The initial articles of the agreement essentially require each country to establish a “how-to” guide for navigating international trade and customs, which will improve the ability of small businesses who lack a stable of well-paid lawyers to understand and comply with rules and procedures.

The agreement also has the potential to spur trade from developing countries who rely on transit through third countries in order to access ports. The transit provisions contained in Article 11 of the agreement can help land-locked countries such as Rwanda smooth transport of goods worldwide.

Overall, according to an analysis by the Organization for Economic Cooperation and Development, the commitments contained in the trade facilitation agreement could reduce total trade costs for shipping goods by over 15 percent in low income countries and more than 10 percent in developed countries.<sup>2</sup>

Yet the actual benefit depends on swift ratification of the agreement and implementation by all parties.

WTO members must make implementation of the trade facilitation agreement a top priority in 2014 and beyond. This will require each country to take stock of its own procedures, understand and identify the gaps between those procedures and the commitments contained in

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<sup>2</sup> OECD, *The Potential Impact of Trade Facilitation on Developing Countries' Trade*, 4 March 2013, available at: [http://www.oecd-ilibrary.org/trade/trade-facilitation-indicators\\_5k4bw6kg6ws2-en](http://www.oecd-ilibrary.org/trade/trade-facilitation-indicators_5k4bw6kg6ws2-en)

the trade facilitation agreement, and initiate concrete steps to close those gaps by implementing or, where necessary, requesting assistance to implement, the provisions of the agreement.

Implementation will also require the engagement of diplomats in Geneva under the leadership of Director-General Azevedo and Philippine Ambassador Esteban B. Conejos, Jr., who was elected chairperson of the WTO Committee on Trade Facilitation.<sup>3</sup> Under their guidance, members will draft a protocol of accession and ready the trade facilitation agreement so that countries can begin inscribing their commitments and begin the accession process.

The business community is prepared to lend its expertise as appropriate to help speed implementation and understanding of best practices with respect to a range of issues dealt with in the agreement, from improving the electronic publication of documents to instituting electronic collection of fees to implementing or refining expedited shipper procedures.

## TWO

### **Conclude a services agreement (TISA)**

NFTC was encouraged by the launch in 2012 of negotiations towards a Trade in Services Agreement, which currently involves 50 participants who account for 70 percent of global services trade. While the negotiations are technically outside of the umbrella of the WTO, they are structured to be compatible with the organization's rules, permitting the agreement to be truly multilateral in the future.

Since the negotiations reside outside of the WTO framework, conclusion does not require unanimity among the organization's entire membership, and permits innovative economies to advance a robust agenda to modernize services at a faster pace. The commitments under discussion right now could, among other things, help guarantee access to global flows of digital information and Internet-enabled services, prohibit the forced storage of data or localization of physical operations as a condition of supplying a service, improve the ability of workers and researchers to travel temporarily, and require countries to improve transparency in rulemaking.

This agreement is important for the U.S. economy, as services account for 75 percent America's economic output and 80 percent of private sector employment.<sup>4</sup> It will also provide a modern framework that will help unite entrepreneurs, executives, workers and consumers around the world in a more inclusive and accessible global marketplace. An ambitious agreement would act as the gold standard for services trade, improving ties between countries that belong and attracting other participants over time.

The relevance of TISA to businesses and entrepreneurs around the world lies in its ambition. It is critical that current members make more specific in 2014 the contours of what an ambitious agreement will look like, and set a deadline for completing the negotiations in a timely fashion.

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<sup>3</sup> World Trade Organization, *WTO members elect Trade Facilitation Committee chair*, 31 January 2014, available at: [http://www.wto.org/english/news\\_e/news14\\_e/fac\\_31jan14\\_e.htm](http://www.wto.org/english/news_e/news14_e/fac_31jan14_e.htm)

<sup>4</sup> Coalition of Services Industries, *The Trade In Services Agreement (TISA)*, September 2013, available at: <https://servicescoalition.org/negotiations/trade-in-services-agreement>

Negotiators should pursue commitments that address a broad suite of policies relevant to services trade. For example, issues involving trade facilitation are not traditionally thought of under the umbrella of services negotiations, but modern and transparent customs processes and communications and logistics commitments are essential for the effective functioning and fulfillment of global services. TISA offers an opportunity for its members to build upon the multilateral trade facilitation agreement to further improve the effectiveness of services liberalization commitments.

It is equally important that any new entrants to the negotiations commit to pursue the high standards set by current participants in the negotiations, and be able to demonstrate a track record of ambition and compliance with existing WTO disciplines, prior to their entry.

### THREE

## Update the Information Technology Agreement

An updated Information Technology Agreement is within reach, and WTO members should capitalize on substantial progress already made to complete an ambitious agreement in 2014.

NFTC hopes all participants will signal their continued desire for the rapid conclusion of ambitious negotiations and will build on – rather than retreat from – the package that was discussed last year. All members should abide by a standstill, locking in the offers that were on the table in 2013.

For the United States alone, an updated ITA would improve exports by \$2.8 billion, support 60,000 new jobs across the economy, and increase revenues ICT firms by \$10 billion, according to a study by the Information Technology Industry Foundation.<sup>5</sup> The extent of those benefits depends on the ambition of the agreement, however.

China, which has thus far sought to diminish the ambition of an outcome on the ITA, has an opportunity in 2014 to demonstrate its commitment to the multilateral trading system and provide leadership in an area where its workers and businesses clearly have a lot to gain. Beijing should capitalize on its role as host of the Asia Pacific Economic Cooperation forum this year to deliver an ambitious outcome to the ITA talks.

### FOUR

## Address global challenges

The challenge of building on the success of Bali is that the same dynamics that made agreement there so difficult remain. WTO members must confront an environment where not all countries are eager to participate in new trade liberalization efforts.

Given that reality, the best prospects for success are groupings that do not require consensus among the entire membership of the WTO. Economies should pursue new, plurilateral trade initiatives under the organization's umbrella.

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<sup>5</sup> Stephen Ezell, *Boosting Exports, Jobs, and Economic Growth by Expanding the ITA*, The Information Technology and Innovation Foundation, 15 March 2012, available at: <http://www.itif.org/publications/boosting-exports-jobs-and-economic-growth-expanding-ita>

NFTC believes there is an opportunity to orient such efforts towards addressing pressing global challenges. From improving access to the digital marketplace to tackling climate change, the WTO has an opening to demonstrate the relevance of intelligent global trade policies to making the world a better place.

Examples of trade initiatives that can address global challenges include –

1. Updating the Information Technology Agreement: Updating the Information Technology Agreement, as suggested above, is a prime example of a plurilateral agreement that has broader relevance in the modern world. Technologies under discussion for liberalization, like bluetooth devices, GPS systems, and smart meters, support the functioning of modern digital and offline economies and can unlock further innovations.
2. Eliminating tariffs on environmentally-friendly goods: NFTC was encouraged by the announcement in January at the annual meeting of the World Economic Forum in Davos, Switzerland, that major traders of environmentally-friendly goods including the United States, European Union and China will seek to negotiate an agreement to eliminate tariffs on a group of green products at the WTO. Such an effort could build off of recent successes in the Asia-Pacific Economic Cooperation (APEC) forum, where economies agreed in 2011 to limit tariffs to five percent or less on a set of environmental goods, as well as on work by international financial institutions such as the World Bank, non-governmental organizations, and business groups to enlist trade policy in efforts to transition to a greener, more sustainable global economy.

An eventual agreement should eliminate, rather than reduce, tariffs, using the product categories incorporated into the APEC agreement as a floor rather than a ceiling, recognizing the utility of any agreement will depend on its ambition. Ideally, such an effort should grow over time to explore addressing other trade barriers that inhibit the availability of environmentally friendly technologies and services.

An environmental goods agreement – along with an updated ITA – would have the added benefit of helping the WTO return to tariff liberalization, a function that the WTO ought to do best, but which the organization has largely ceded to regional and bilateral trade forums.

3. Setting global standards for foreign investment: While investment has been on the international trade policy radar since the creation of the GATT in the late 1940s – and was one of four issues tabled for further discussion at the 1996 Singapore Ministerial Conference, along with competition policy, trade facilitation and transparency in government procurement, countries have not coalesced around multilateral disciplines. With negotiations for a trade facilitation agreement over, all of the remaining Singapore issues deserve a fresh look, and economies should attach a priority to achieving an agreement on investment. The large and growing patchwork of Bilateral Investment Treaties is confusing for investors, who would benefit from clear, transparent disciplines across countries.

Developing countries in particular should welcome a new effort to promote an open, rules-based investment framework, as they benefit increasingly as recipients of foreign investment and investors in foreign markets. For the first time in history, developing countries took in more foreign investment than developed countries in 2012, while also accounting for almost a third of outflows.<sup>6</sup> Foreign investment provides new products and technologies, diversifies perspectives and is a key mechanism for transferring knowledge and innovation. While consensus may be difficult to achieve, an effort to achieve a plurilateral investment agreement among countries already engaged in high-standard Bilateral Investment Treaties would be a valuable pursuit.

4. Enhancing transparency in government procurement: Negotiating a multilateral agreement on transparency in government procurement -- another of the Singapore issues -- would focus efforts on a core tenet of the WTO in a way that would improve government processes and services, which would benefit all WTO members. The European Commission notes that public procurement is “subject to significant corruption risks,” thanks to flawed internal controls or closed or arbitrary processes, and abetted by a lack of international rules in this space.<sup>7</sup> Setting new global ground rules on procurement process would reduce opportunities for corruption – an important consideration for a function that can account for anywhere between 15% and 70% of GDP – and enhance the WTO’s central role in promoting transparency in international trade.

This effort would complement the existing plurilateral agreement on government procurement, which would itself be strengthened by the accession of China on terms commensurate with existing members.

5. Improving global health outcomes: The health sector presents a significant opportunity within the trade agenda to drive better health, innovation and economic growth. Opening up access to quality care delivers economic and social returns, such as better health outcomes, increased happiness and enhanced personal productivity. From an economic perspective, research shows that for every one-year increase in a nation’s average life expectancy, national economic output grows by four percent.

While issues related to trade in healthcare products and services have been and will continue to be sensitive subjects, it would be valuable for members of the WTO to explore the positive impact of trade in lowering costs and improving health outcomes. This conversation is particularly important given the increasing burdens placed on healthcare systems around the world, from aging populations in countries with established systems such as Canada and Japan to fledgling programs in countries such as China. Eliminating tariffs and nontariff barriers, improving regulatory transparency, harmonization, and procurement processes, and addressing investment issues specific to the healthcare sector can deliver better health to more people, while growing

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<sup>6</sup> United Nations Conference on Trade and Development, *World Investment Report 2013*, available at: <http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=588>

<sup>7</sup> European Commission, *Report from the Commission to the Council and the European Parliament, EU Anticorruption Report*, 3 February 2014, available at: [http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/organized-crime-and-human-trafficking/corruption/docs/acr\\_2014\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/organized-crime-and-human-trafficking/corruption/docs/acr_2014_en.pdf)

economies, creating good jobs, fostering social stability and national security, and enhancing personal well-being.

6. Facilitating digital trade: WTO members could explore the pursuit of mechanisms to facilitate digital trade, which offers the potential to enable the participation of a new generation of global traders. Digital platforms and services are transforming the nature of trade, permitting anyone with an Internet connection to tap into the global marketplace, but access to and knowledge about these tools are uneven. Improving online access, advancing digital literacy, and promoting the global Internet as means to more inclusive trade and economic growth can help unlock the participation of new enterprises in global markets. It would be useful to contemplate a role for the WTO in consultation with other international organizations and financial institutions in those pursuits.

These plurilateral approaches have the advantage of permitting those members who want to liberalize faster to do so, providing a release valve within the WTO for negotiations among ambitious, forward-looking countries.

## FIVE

### **Leverage the WTO's existing infrastructure**

There are other opportunities to improve discussion and consideration of issues that are important to business at the WTO.

First, there is chance to further reinvigorate the committees and councils already established under the WTO to discuss issues critical to global commerce such as innovation, digital data and technology's role in promoting more inclusive trade.

Last year, the WTO used its convening authority as a platform to discuss issues related to innovation and trade in the digital age, for example through an April Workshop on E-Commerce, Development and Small and Medium-sized Enterprises (SMEs), and via its annual public forum in October.

The TRIPS Council has also undertaken several constructive dialogues, holding discussions last year on the importance of innovation in spurring economic development and growth and IP and innovation issues for small and medium-sized enterprises. It is encouraging to witness a dialogue on the importance of intellectual property frameworks in supporting an enabling environment for innovation.

Additional practical dialogues on promoting innovation, ensuring robust IP frameworks and effective IP protection in the digital age, and the role of global flows of digital information in modern business through, as appropriate, the E-Commerce Work Program, TRIPS Council, or ad hoc groups or forums can promote a better understanding of the opportunities and challenges associated with trade in the modern world.

Second, the WTO can build on its research and statistics function to examine emerging issues in international trade. The WTO has already produced important work through its Made in the



World initiative, creating resources and linkages that foster a better understanding of global value chains and the measurement of trade-in-value-added.

Given the interests of all economies in promoting trade by small businesses, and the increasing practicality of small and micro enterprises tapping into global markets, it would be useful for the WTO to devote research and statistics efforts to understanding the role of SMEs and startups in international trade and barriers that inhibit their participation. The WTO has acted as a convening forum over the years for workshops and research on SMEs in the global economy, and could elevate the focus and resources devoted to understanding and promoting more inclusive access to global markets, similar to the way in which it has marshalled attention for the Made in the World program.

Third, the WTO could seek to improve its interaction with the global business community. Businesses and trade associations have traditionally interacted with the WTO on an ad hoc basis and only occasionally through direct channels established by the WTO. (For example, in 2012, the former Director-General convened a Panel on Defining the Future of Trade “to examine and analyse challenges to global trade opening in the 21st century,” and included business leaders and other stakeholders.<sup>8</sup>) NFTC would encourage the WTO to establish regular channels to interact and share priorities with businesses in Geneva.

## SIX

### Long-term questions

NFTC is hopeful that the WTO can remain viable as a negotiating forum, though in all likelihood short-term successes will center on plurilateral groupings. There are solid prospects for an updated Information Technology Agreement, an environmental goods agreement, and a Trade in Services Agreement, and hopes for discussing a broader range of issues through a variety of channels.

Progress on some of these fronts, however, will not resolve the big and difficult substantive issues that have stalled in recent years at the WTO or address fundamental concerns over the functioning of the organization. Here, we have only questions.

#### ***Can the WTO membership get back to a broader negotiating agenda?***

There is no clear path forward for dealing with agriculture market access and subsidies, non-agricultural market access, investment, competition or government procurement among the broad membership of the WTO. In fact, the outcome in Bali, which widened leeway under global rules for developing countries to engage in potentially trade-distorting agricultural programs, could be seen as steering the WTO in the wrong direction.

The ability of WTO members to return to these difficult issues in the future will require a high-level commitment among all members to accept changes that will be on balance positive but no doubt politically difficult. Negotiations require compromise, and to the extent that countries are

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<sup>8</sup> WTO, *Panel on Defining the Future of Trade*, available at: [http://www.wto.org/english/thewto\\_e/dg\\_e/dft\\_panel\\_e/dft\\_e.htm](http://www.wto.org/english/thewto_e/dg_e/dft_panel_e/dft_e.htm)

unwilling to engage in the give-and-take of global deal-making, particularly if they are major economic actors on the world stage, progress will continue to be elusive.

Progress on a broader agenda will also depend on countries rejecting the idea that trade liberalization and rules modernization are campaigns to be fought against. While the trend in international trade circles is to covet “policy space,” which has become code for delaying politically-difficult decisions, unambitious commitments by developing countries will fail to stimulate South-South trade or economic development.

Movement may also ultimately depend on reexamining the organization itself and the notion of consensus at the WTO. The past decade has demonstrated that one or a very small handful of countries can hold up otherwise broad consensus in negotiations. As a working group convened by the International Centre for Trade and Sustainable Development observed:

The Sutherland Report (WTO 2004) has already suggested studying the problems “associated with achieving consensus”. As a first step, it suggests that if Members hold out against a ‘broad consensus’, they need to certify that they do so only to protect a ‘vital national interest’. What might be other mechanisms to constrain the use of veto powers? <sup>9</sup>

One organizational step could be for the WTO to establish an Executive Board comprised of a limited but representative number of countries to drive the organization’s work. The Consultative Group of Eighteen (CG.18) to the GATT Council served this purpose in the past. While that mechanism was imperfect, a new path is needed to drive the broad membership towards consensus that limits the ability of each of the organization’s 159 members to stall progress at every juncture.

### ***Is the WTO still relevant in today’s global economy?***

The trade facilitation agreement is proof that the WTO can be relevant to the global economy, but the prospects for its long-term significance as a negotiating forum are uncertain. From issues involving currency to digital trade to state-owned enterprises to regulation, modern free trade agreements are negotiating in areas that, thus far, the WTO has been unwilling or unable to put onto its agenda.

As the WTO Director-General consults with his membership, it will be important to find ways to discuss and, eventually, negotiate on at least some of the issues that are increasingly important to businesses of all sizes. In particular, NFTC believes the following issues deserve to be priority agenda items for future negotiation at the WTO:

- Promoting an open global digital marketplace: The WTO has an opportunity to expand existing efforts to improve the ability of individuals and businesses to participate in the global digital marketplace. In order to communicate, market, sell, access data and operate effectively and securely online across borders, transparent and non-discriminatory rules are essential across a cluster of issues including ICT, financial,

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<sup>9</sup> The E-15 Initiative, *The Functioning of the WTO Group: Proposals and Analysis*, International Centre for Trade and Sustainable Development and the World Economic Forum, December 2013, available at: <http://e15initiative.org/the-functioning-of-the-wto-2/>

logistics, shipping, retail and distribution services, e-commerce, and global access to information.

- Addressing localization barriers: A number of countries are increasingly compelling companies to localize operations. These measures take a variety of forms, including requirements that workers be nationals of the local country, mandates that certain functions take place within the country, requirements that foreign companies take on local partners or minority ownership stakes, rules that give preference to locally-developed IP, and opaque or discriminatory standards that effectively shut out foreign competitors. WTO members could identify best practices for spurring investment and trade based on fair, non-discriminatory policies and procedures that preserve the ability of companies to operate across borders.

The WTO can also shine a brighter light on those countries who are returning to protectionism and discriminatory localization policies, particularly where they are in violation of existing WTO commitments or when they involve abrogating or ignoring other agreements such as Bilateral Investment Treaties. From Africa to the Americas, significant economic powers are building new walls to everything from imports to percentage of foreign investment in local companies.

- Disciplining State-owned and state-sponsored enterprises (SOEs): State-owned and state-sponsored enterprises often enjoy competitive advantages and may act as an instrument of a government in support of non-commercial policy objectives from maintaining employment to promoting an industrial policy objective. Establishing a code of conduct that emphasizes non-discrimination, national treatment obligations, and other standards and practices that ensure fair competition and that SOEs act in accordance with commercial considerations would help level the playing field between government-backed enterprises and other commercial actors.
- Broad market access commitments: While it is often attractive to discuss new issues in international trade, tariffs still matter to businesses and tariff-cutting should be a core focus of negotiators at the WTO. Finding a path forward to cut tariffs on manufactured goods, for example, would tangible evidence of progress that companies can seize upon as a concrete benefit of the WTO.

During the “Tokyo Round” of negotiations, from 1973-1979, six codes were developed among groups of countries. Five of those codes were eventually turned into full multilateral agreements through the Uruguay Round. As Stuart Harbinson and Bart De Meester observed in analysis for NFTC published in 2012, “in the Tokyo Round, it would seem that the negotiations among interested parties took place first and that, only when these were completed or nearing completion, was attention turned to methods of implementation.”<sup>10</sup>

The WTO’s reputation as a negotiating forum would be enhanced by developing new disciplines on issues relevant to doing business in the 21<sup>st</sup> Century economy. While Harbinson and De Meester go on to note some difficulties with translating the approach taken during the Tokyo

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<sup>10</sup> NFTC, *A 21st Century Work Program for the Multilateral Trading System*, February 2012, available at: <http://www.nftc.org/newsflash/newsflash.asp?Mode=View&id=236&articleid=3420&category=All>

Round to the present day, history offers an avenue for at least exploring new and important issues under the multilateral umbrella without getting bogged down unnecessarily in process questions.

### ***Can the WTO consolidate plurilateral and bilateral agreements under its umbrella?***

A significant number of economies are negotiating commitments in new areas of trade policy as part of their bilateral and regional free trade agreements. Conclusion of the Transpacific Partnership Agreement, the Transatlantic Trade and Investment Partnership, or TISA – any of which would broadly modernize trade rules among a commercially-significant group of countries -- may give new life to a conversation that deserves serious attention – how to capture liberalization achieved elsewhere under the WTO's umbrella?

It is worth attempting to lay the groundwork for incorporating best practices from such agreements into the WTO framework. Ideally, WTO committees could be empowered to investigate areas where broad consensus exists or might be achieved based on existing free trade agreements, for example on procurement rules, issues related to e-commerce or market access commitments.

Could members multilateralize the commitments already made in various bilateral and plurilateral negotiating forums, extending them on a non-discriminatory basis? Such an approach would reinforce the WTO's bedrock principle of nondiscrimination, expand the degree of liberalization in the multilateral system, and would not require "new" concessions from any participant. The WTO is also ideally suited to untangle the spaghetti bowl of rules of origin and other standards that have proliferated through bilateral and regional trade agreements.

## **Conclusion**

NFTC and its members remain strongly supportive of the WTO as the central international trade body, and are both mindful and appreciative of the various roles of the organization – monitoring, research, dispute settlement, capacity building, and negotiation – in promoting an open and rules-based trading system. While the Geneva-based system remains a far more effective and reliable arbiter of disputes than mechanisms established under bilateral or regional deals and the central organization for international trade, it is vital for the organization to maintain a healthy negotiating component as well. NFTC hopes this paper will spark discussion about useful ways to build on success in Bali and improve prospects for modernizing trade rules under the WTO in the years to come.

### **ABOUT NFTC**

## **Advancing Global Commerce for a Century**

For 100 years, the National Foreign Trade Council ([www.nftc.org](http://www.nftc.org)) has advocated for an open, rules-based global trading system and educated policymakers, businesses, and the public on international trade and tax issues. Founded in 1914 by a broad-based group of American companies, the NFTC now serves hundreds of member companies through its offices in Washington and New York.