

## MC9

**Mrs. Signe Ratso's intervention at the breakfast meeting with EPP members on "WTO meeting in Bali - What consequences for SMEs"**

- **Summary Statement**
- 
- **Date: 26.11.2013**
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### **WTO Bali Ministerial meeting:**

Possible DDA deliverables :

- Trade facilitation agreement
- Agriculture
- Development including LDC issues

### **1) The importance of Trade Facilitation**

**Trade Facilitation** is the name given in the WTO to measures to simplify and modernize customs and other import and export procedures and requirements. As part of the Doha round, WTO Members agreed in 2004 to launch negotiations on Trade Facilitation in order to improve WTO rules and technical assistance in this area.

#### **What will be the benefits of TF?**

**For business**, the benefits of Trade Facilitation are widely accepted. It promotes transparency, cuts red tape and stops a proliferation of incompatible requirements in export markets. **In summary, it saves time and money.** Given this, it is of no surprise that business, both in developing and developed countries, is united and very vocal in asking for reform.

**For government**, the benefits are also high. Trade Facilitation strengthens security through more effective controls, improves the investment climate and promotes higher customs revenues. On this latter point, **revenue loss from inefficient border procedures in some developing countries may**

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**exceed 5% of GDP.** Given that customs revenue is the major source of government income in several developing countries, the potential gains are clear. Inaction, in terms of not modernizing can be very costly.

**In conclusion,**

**A WTO trade facilitation agreement would increase trade opportunities by:**

- Lowering transaction costs through harmonization, mutual recognition, and easier access to information
- Reducing time to deliver products to markets and customers
- Enhancing market access

**Boost world economy by US\$1 trillion and create 21 million jobs**

Greater trade efficiency could increase global trade in manufacturing by up to US\$ 377 billion a year and triple the benefits for consumers from tariff reductions. The gains would be from streamlining customs, reducing bribery and corruption, better infrastructure and more efficient cross-border services, and speeding up business through use of the Internet.

**Reduce the cost of doing business by at least 10%:**

Reducing total trade costs by 10% in advanced economies and by 13-15.5% in developing economies.

**Biggest winners: small- and medium-sized enterprises in developing countries**

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The gains from trade facilitation are most likely to benefit small- and medium-sized enterprises (SMEs) in developing countries because SMEs suffer more from higher trade administration costs than larger enterprises. SMEs make up the vast majority of the business sector especially in developing countries. The costs for SMEs from developing countries are made higher by the fact that they generally have less access to information and less experience with the customs authorities in developed countries. They are also seen as high-risk firms and flows involving developing economies are subject to numerous physical checks.

## 2) Agriculture

Discussions of the package for the WTO Ministerial Conference **on agriculture** have been difficult. .

- Agriculture is a corner stone in the Doha round, not least because of the involvement of developing countries. The three possible agri deliverables for Bali were initiated by the G33 (food security) and the G20 (export competition and TRQ management). It is very clear that a positive outcome on these agriculture issues is necessary for DCs and LDCs.
- The EU has also much to gain from the successful conclusion on agriculture because we will benefit from the other members' concessions and in particular we all gain from more transparency. **We are the biggest exporter of large volumes of high value agriculture**

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**products, exports are indeed increasing over the past 10 years and we become net-exporter in many sectors including beef meat.**

- We are very motivated by the discussion in agriculture, but we have still some final way to go. There are some positive signs that Bali is not going fail – The new WTO Director General Azevedo said recently: "Negotiations are too advanced to fail." But of course we cannot fully anticipate the outcome now – in 2 weeks we will know the details!