

More countries must push for deal to liberalize trade in green goods and services

A new initiative to pursue the conclusion of a deal to liberalize trade in green goods and services was launched in January at the World Economic Forum annual meeting in Davos, Switzerland and has received strong support from the International Chamber of Commerce which calls for more countries to join the drive for a deal.

Launched by Australia, Canada, China, Chinese Taipei, Costa Rica, the European Union, Hong Kong, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, and the United States, the initiative is the latest step to move global trade talks out of the Doha Development Agenda deadlock and build on momentum following the successful outcome of the World Trade Organization (WTO) Ministerial Conference in Bali in December 2013.

According to an ICC-commissioned report such an accord could inject up to US\$10.3 billion in additional exports and augment employment gains by 256,000 jobs.

"We hope that such a plurilateral effort could become the basis for a broader WTO agreement" said ICC Secretary General Jean-Guy Carrier. *"We encourage WTO members to keep an open mind about such achievable deals to maintain the newfound momentum of the WTO in advancing world trade, and pursue this initiative along with others such as the negotiation of an International Services Agreement, within the WTO."*

As well as providing an opportunity for ICC leaders to voice business priorities for the G20, the Davos meeting was the first occasion for business and government representatives to discuss a WTO 'post-Bali' agenda. Heading an International Chamber of Commerce (ICC) contingent of business leaders in Davos, ICC Chairman Harold (Terry) McGraw said: *"Building on the success of Bali, concluding a new plurilateral treaty to liberalize trade in green goods and services will be another demonstration of the benefits of working within the World Trade Organization to conclude new agreements for the 21st century. Nothing could be more important to both developed and developing economies than to increase the trade in goods and services that contribute to their economies, create jobs and sustain their resources for the benefit of all citizens."*

ICC participated in the annual World Economic Forum in Davos in January to press for continued progress on global trade and investment on behalf of business worldwide, and has been a long-time supporter of reducing trade barriers for environmental goods and services on behalf of its extensive global business network of 6.5 million companies. Recognizing the importance of sustainable growth and access to open, well-functioning and efficient markets, ICC urges more countries to join the plurilateral initiative to

develop a truly global agreement. According to the Peterson Institute for International Economics the EU, together with APEC countries, represent more than 95% of world trade in clean and energy efficient technologies.

"Freeing trade in environmental goods and services will increase trade, promote investment, and hasten the spread of green technologies worldwide," said James Bacchus, Chair of the ICC Commission on Trade and Investment Policy and Chair of the Global Practice Group, Greenberg Traurig. *"It will further green growth at a time when the world much needs to grow in a sustainable way. Not least, it will sustain and strengthen the momentum of the WTO in building on its recent success in Bali."*

ICC's World Trade Agenda (WTA) initiative has highlighted fostering 'greener' economic activity through trade as a doable element of stalled Doha Round trade negotiations.

The ICC WTA business recommendations called for concrete progress to be made in lowering trade barriers for all goods to foster global value chains, including lowering trade barriers to environmental goods and services, and building upon the APEC initiative to discuss at the WTO an agreement to eliminate barriers to trade in environmental goods and services. It also encouraged cooperative approaches and alternatives to unilaterally-imposed environmental rules that create barriers to trade.

ICC's commitment to multilateral approaches to international trade agreements is reflected in the work of ICC's G20 CEO Advisory Group and in ICC's WTA initiative launched in 2012 by ICC and the Qatar Chamber of Commerce and Industry in response to calls from WTO members and G20 leaders for fresh approaches from business following a 12-year impasse in multilateral trade negotiations. ICC's continuing extensive consultations with business on trade negotiation priorities, an essential component of the WTA, aim to help establish a new agenda for international trade negotiations.

Having played an influential role in pressing governments to reach agreement in Bali and bring multilateral trade negotiations back to centre stage, ICC and members of its global network welcomed the Bali Accords as good news for business and good news for the world economy. But in 2014, the world business organization hopes that renewed energy and confidence in the WTO will also drive the process to reach further agreements to liberalize trade.

"The Bali deal breaks through the log jam that has bound up trade agreements for the last decade and paves the way for future agreements that will further increase global growth and job creation," said ICC Chairman McGraw. *"The positive outcome from Bali will also go a long way to restoring faith*

that governments have the capacity to achieve tangible results multilaterally for the benefit of all WTO members”.

During the Davos gathering McGraw hosted a meeting between business leaders and WTO Director-General Roberto Azevêdo on the post-Bali trade policy agenda and underlined the importance of leadership in moving the trade agenda forward.

McGraw said that with Azevêdo at the helm pre- and post-Bali there was solid confidence that more can be achieved at the WTO in favour of jobs and growth for the world economy.

“The door is now open to proceed with a forward-looking post-Bali trade and investment policy agenda that meets the needs of today’s global economy, especially for small- and medium-sized enterprises and developing countries, and we must now look to adopting a policy approach that is do-able and yet remains centred on multilateralism,” said ICC Secretary General Carrier. *“Success most often translates into the need to carefully envisage the next steps and giving this careful consideration will be a priority for our organization in 2014.”*

ICC strives to ensure that, with new poles of power and leadership in emerging markets, the global economy stays faithful to the precept that open international trade and investment and a market economy system are key factors in

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creating and spreading wealth. But historic changes taking place in the world today are contributing to a rise in trade blocks and protectionism. While ICC recognizes that the classic method of large negotiating ‘rounds’ to conclude multilateral trade agreements may no longer be suited to such a multipolar world, it also cautions that while bilateral and regional trade liberalization can be good for business they must rest on a solid foundation of an effective rules-based multilateral trading system embodied by the WTO.

Victor K Fung, Chairman of the ICC World Trade Agenda and Founding Chairman of the Fung Global Institute, said: *“Now is the time to ensure the effective implementation of the trade facilitation agreement within the Bali Accords. This will help to show the benefits of the multilateral approach for the entire world.”* ■

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