

## Statement ahead of WTO's 14th Ministerial Conference (MC14)

### Confederation of Swedish Enterprise

- **The WTO plays a crucial role for Swedish business by providing stable and predictable rules for international trade.** The WTO rulebook applies to all 166 members and is used on a daily basis by companies, creating essential predictability and stability. Cooperation within the WTO prevents and removes trade barriers – companies often do not notice that they are using the system as the benefits are precisely the absence of barriers.
- According to calculations by the **European Commission, approximately 55 % of European companies' trade takes place under WTO rules.** It is therefore of utmost importance to safeguard the rules-based trading system and avoid any *backsliding* in existing rules and principles. Such backsliding would have major consequences for companies' ability to operate in global markets.
- **At the same time, the WTO is in clear need of reform** and has been for a long time. The dispute settlement system's Appellate Body is not functioning; the consensus requirement makes it difficult to agree on new rules and agreements; and there is a lack of effective rules to address the problem of certain countries providing excessive state support to their companies.
- **The Confederation of Swedish Enterprise believes that the objective of the Ministerial Conference in Cameroon should be for members to agree on a concrete roadmap for future reform.** This roadmap should address issues related to decision-making, the dispute settlement system, and special and differential treatment (S&DT).
- **We welcome the EU's proposal, which helps to initiate a more concrete discussion on reforming the organization.** A central element of the EU proposal is the ambition to introduce greater flexibility into the system and to discuss one of the WTO's most fundamental principles – the Most-Favoured-Nation (MFN) principle of non-discrimination. Any **discussion on MFN should focus on compliance with the principle and on how countries can further open their markets.** WTO members whose economies have grown significantly in recent years must undertake corresponding market-opening commitments.
- **However, the discussion on MFN must not put the principle itself at risk,** nor lead to its dilution. Nor should it open the door to a more interventionist, case-by-case-driven trade policy, which we see as a serious risk. Such a development could lead to a situation creating uncertainty for companies that depend on stable and predictable rules. Criticism of the MFN principle is partly rooted in the fact that the WTO does not sufficiently regulate state aid. As a result, even when the principle is applied correctly and tariffs are reduced as

agreed, the playing field remains uneven due to state support, other subsidies, or discriminatory treatment that distort competition. The 30-year-old Agreement on Subsidies and Countervailing Measures (ASCM) should therefore be updated to address state intervention, subsidies, and overcapacity.

- In addition to reform of the organization, **we support an extension – and preferably a permanent adoption – of the moratorium on customs duties on electronic transmissions.** If the moratorium is not extended, companies could be required to pay “customs duties” on digital content transmitted across borders, such as music, films, games, software, and app updates. It is therefore essential that members reach an agreement at MC14 to ensure that electronic transmissions remain duty-free.
- When consensus cannot be achieved, **WTO members participating in joint initiatives or coalitions should be able to make progress through plurilateral agreements.** Members should find a way to anchor the e-commerce agreement and the Investment Facilitation for development agreement within the WTO’s legal framework and implement them as soon as possible.