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***WTO at the age of 20***

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**TRADE AS AN ENABLER OF PEACE AND BETTER LIVING CONDITIONS**

***Discussion paper presented by Mr. P. Rübiger (European Parliament)***

Ladies and Gentlemen,

1. It is an honour for me to speak to you today at the 2015 Annual Session of the Parliamentary Conference on the WTO. Firstly, please allow me to start by congratulating the WTO on its 20<sup>th</sup> anniversary.

2. Probably the best present for the 20th birthday celebration comes from the WTO itself with the deal to implement the key elements of the multilateral decisions reached in Bali. The WTO is firmly back on track and it matters today more than ever.

Ladies and Gentlemen,

3. Looking at the title of my speech probably both the WTO and the EU are the best examples of how economic integration and the liberalization of trade can contribute to enabling peace and better living conditions.

4. 2014 was a year of remembrance especially for us Europeans. 2014 marked the 100th anniversary of the outbreak of the First World War - the "seminal catastrophe" of the 20th century. World War II began only 25 years later.

5. After so many years, after the loss of so many lives, the vicious circle of war was finally broken when the Europeans successfully established sustainable peace through economic integration after the end of World War II. European integration abolished tariffs and custom duties, created the single market that established freedom of movement, people, goods, services and a single currency that facilitates easy transactions.

6. Today the European Single Market is the world's largest domestic market. It has contributed significantly to growth, competitiveness and employment. The European Commission estimates that the Single Market has been responsible for an increase in EU income of between 1.1% and 1.5% and for the creation of up to 900.000 jobs.

7. During the last six decades we have experienced in Europe that free trade between countries can reduce conflicts because trade forges connections between nations and gives each country an incentive to avoid war with its trading partners. Our European history proves that former so called arch-enemies can become partners: Today France and Germany are the most important trading partners in the EU.

8. In this context please allow me to recall the famous saying of the French economist Frédéric Bastiat which I would like to quote here: "If goods don't cross borders, soldiers will."

Ladies and Gentlemen,

9. The renowned Heidelberg Institute for International Conflict Research (HIIC) points out that the number of conflicts in the world rose more or less continuously from 1945 to 2013.

Unfortunately also 2014 was a year of numerous conflicts. We saw the collapse of a series of states: Syria, Iraq, South Sudan, Central African Republic, Libya etc. And even in Europe people again have reason to fear the threat of war. Due to the crisis in Ukraine people are afraid of the outbreak of a new Cold War.

10 Civil conflicts and territorial disputes have not only severe and tragic impacts on people's lives but also a negative impact on economic growth as they can disrupt trade flows if they escalate further. It is not astonishing that as a result of the continuing geopolitical tensions the WTO's forecasts for trade growth have been revised downwards for 2014 and 2015.

11. There is rarely only one cause of dispute. The most common causes of conflicts and the root of most wars are: ideological change, self-determination, resources or territory. Although poverty per se is unlikely to be a sufficient condition to trigger conflicts or wars we can certainly all agree that poverty is a breeding ground for violence and terrorism. People who are unemployed, people who suffer the effects of economic and social inequalities and people who suffer from hunger are more likely to use violence to change their circumstances.

12. Generating economic growth and transforming it into quality employment opportunities is one of the biggest challenges for all our countries. Only through this we can support young people to improve their economic situation and to avoid their feelings of hopelessness.

13. If poverty is a factor that can contribute to conflicts then on the other hand economic stability and jobs are preconditions for peace - because economic growth reduces the incentive to fight.

14. We are making progress in our fight against poverty. The latest UN figures state that extreme poverty rates have fallen in every developing region. Globally, the Millennium Development Goal target on the proportion of people living in extreme poverty has been met five years ahead of the target date. About 700 million people fewer lived in extreme poverty conditions in 2010 than in 1990. Despite this impressive achievement more needs to be done as there are still 1.2 billion people living in severe poverty.

15. Most economists today accept that, in the long run, open economies create much more growth and jobs than closed ones. In the European Union for example about 30 million jobs depend on sales to the rest of the world. Trade means jobs, growth and opportunities.

16. No country in the past 60 years has sustained consistently high levels of growth without greatly expanding its exposure to international trade and investments. In fact international trade is the key to sustainable economic growth, job creation and better living standards worldwide. Protectionism on the other hand is not a solution for our economies. It can easily plunge countries into a situation where no one wins and everyone loses.

17. In this context I would like to underline the importance of small and medium sized enterprises for our economies. Small and medium sized enterprises account for 60 to 70 per cent of jobs in most OECD countries. They are the backbone of our economy and have the potential to create millions of jobs - if we help them!

18. It is true that globalization and trade liberalization offer new opportunities but also huge challenges. Only a small part of the SME sector is able to identify and exploit these opportunities and deal with the challenges. Unfortunately only 13 % of European small and medium sized enterprises have been internationally active outside the EU. We have to do more to support small and medium sized enterprises in their efforts to sell their services around the globe. In this context, we want to support especially small and medium-sized enterprises in developing countries.

Ladies and Gentlemen,

19. The European Parliament is well aware that trade policy is not an end in itself and as you may know the EU's trade policy was radically changed by the Lisbon Treaty in 2009. With the Lisbon Treaty the European Parliament gained an important voice and has played a key role in defending the incorporation of values such as human rights, labour rights and environment protection in the Union's trade policy.

20. Fair wages and salaries, human rights as well as democracy are important cornerstones that should guide decision-makers at all levels.

21. The European Parliament is standing at the forefront of the fight for creating better living conditions within Europe but also worldwide. Please let me underline this by giving you a concrete example of how the European Parliament makes use of trade agreements to achieve better living conditions for the people in the countries of our trading partners:

22. Before giving its consent to the Free Trade Agreement signed by the European Union with Colombia and Peru the European Parliament requested successfully from the governments of Colombia and Peru a binding road map on human rights, labour and environmental standards. Two sovereign governments committed themselves to concrete measures for the improvement of the human rights situation and the implementation of labour and social standards. With this trade agreement the European Parliament played an active part in improving living conditions in Colombia and Peru.

Ladies and Gentlemen,

23. History is littered with examples of trade disputes turning into war. That is why it is so important to have the WTO with its constructive and fair channels for dealing with disputes over trade issues. The WTO has proven effectively that it brings order to the sometimes chaotic world of trade business. Dispute settlement rules have avoided a number of dangerous and disruptive trade wars of the sort that once undermined entire economies and the welfare of nations. Therefore, and I think we can all agree on this, one of the biggest and most important achievements of the WTO is that it has contributed successfully to international peace.

24. A global free and fair trade system needs effective, fair, transparent and strong global rules. The multilateral trading system, embodied in the WTO, remains by far the best framework for achieving free and fair trade on a global basis. Defending the WTO's achievements remains a priority for the European Parliament. The efforts undertaken via the World Trade Organisation for achieving international growth and poverty reduction are more necessary than ever.

Thank you for your attention.