



Modernize and reform WTO to ensure a strong world trading system

Mercedes-Benz



The multilateral global trading rules and the related institutions as we know them today are a historic achievement that has taken many decades to establish. In recent years, the approach of free and fair trade and thus the World Trade Organization (WTO), have faced pressure from various sides. As a globally oriented company, Mercedes-Benz believes that modernization and reforms for the WTO can bring the concept of free, fair, and rules-based trade into the current decade to meet today's expectations and needs.

A large part of Mercedes-Benz business is not based on preferential trade agreements but rather on WTO rules – for instance with China, the US, India and many other countries. The WTO agreements and rules are aiming at improving market access, are intended to ensure a level playing field and non-discriminatory treatment of trade partners and, in the event of conflicts between partners, provide options for resolution of those conflicts. Simply put, these rules are a valuable toolbox in trade and commerce.

Mercedes-Benz believes that a reform and strengthening of the WTO is decisive for bringing the concept of free, fair, regulated trade into the current decade to meet the social and political expectations and needs. The objective should be to ensure fair competition and further integrate countries of the Global South into international value chains so that all parties can benefit from trade. The key elements are as follows:

- **Removal of protectionist and nationalist tendencies**

Tendencies towards nationalism and protectionism have to be seen in numerous countries. This is mainly due to the fact that imports are seen as a threat to their domestic economies and exports are seen as an opportunity. However, exports and imports are two sides of the same coin when it comes to the division of labor. Furthermore, focusing solely on the import or export figures, i.e. the balance of trade, is misleading. Frequently, imports from many countries are used for production and export of the respective country and are thus reflecting the international division of labor.

Trade can also help to enhance the standard of living, provide customers with more innovative and more affordable products, and put improved environmental and labor standards into practice. For these reasons, Mercedes-Benz is in favor of removing trade barriers.

- **Adaptation of the WTO to current challenges**

To remove nationalistic and protectionist tendencies and realize the potential of free and fair trade, we need a reformed and strengthened WTO so that the organisation can enforce the principles of non-discrimination and fair competition. The reforms must take account of current developments. A number of social groups, such as workers, environmental activists and countries in the Global South, have called for a global trade system that adapts to the economic, technological and social changes, while creating

rules that can meet those challenges. The aim is to provide access to the advantages of trade for all countries and populations and to avoid any negative effects. For this reason, Mercedes-Benz supports a strategic and targeted reform of the WTO that takes account of these requirements in order to bring the organisation up to speed for the challenges that lie ahead. In particular, in the context of the blockade of WTO's Appellate Body, it is necessary to find a sustainable solution for the continuation of the dispute settlement system with all WTO Members.

- **Negotiations on selected topics**

In addition to the negotiations of all WTO members and discussions about reforming the organization, Mercedes-Benz believes that negotiations among selected WTO members are a key initiative to addressing relevant issues. These include, for example, negotiations on digital trade, investment facilitation for developing countries, facilitation in trade in services, as well as trade and sustainability. These initiatives can assist and expedite the process of ensuring rules-based trade as overseen by the WTO.