

## ABAC STATEMENT ON THE WTO

11 MAY 2021

The APEC Business Advisory Council strongly supports the multilateral rules-based trading system, with the World Trade Organisation at its heart. For decades, the WTO system has helped to advance international cooperation for the common good. It now has a key role to play in our response to the COVID-19 pandemic – both in overcoming health challenges and in bolstering economic recovery.

ABAC warmly welcomes the appointment of Dr Ngozi Okonjo-Iweala as the Director-General of the WTO. There are also encouraging signs of renewed engagement across the WTO membership. Now is the time to act. Concerted, constructive and collaborative engagement from all WTO members is needed to face down global challenges. APEC can, and should, lead in this effort.

**ABAC calls on APEC economies to work together to shape a strong, credible and relevant WTO, one that responds effectively to the pandemic, fosters economic rebuilding and reflects evolving business needs and models.**

To that end, APEC's priorities should be:

1. Coordinating closely on a strong and effective response to the pandemic;
2. Getting the WTO system fully operational again;
3. Achieving concrete outcomes on necessary reforms to WTO rules and processes.

### *1. 'Pandemic trade policy': Coordinating a strong and effective response to COVID-19*

Trade should not be seen as a problem in tackling the pandemic – but rather, as central to the solution. Free and open trade in vaccines and in an agreed list of essential medical supplies and services will be crucial to overcoming COVID-19 for economies individually and collectively. We should avert the impulse towards economic nationalism, and instead support the functioning of global value chains and open markets. We must also recognise the needs of the most vulnerable. ABAC urges APEC economies to support existing initiatives in the WTO such as the Trade and Health Initiative, and to lead a new initiative in the WTO to achieve:

- an immediate standstill on export restrictions on vaccines and on an agreed list of essential medical supplies and essential services, with a view to removing all such restrictions as soon as possible<sup>1</sup>;
- the permanent elimination of import tariffs and non-tariff barriers on those same products;
- addressing barriers to movement of essential personnel in times of crisis; and
- new reporting and monitoring mechanisms for trade in vaccines and medical supplies.

### *2. Getting the WTO system fully operational again*

Ensuring that the WTO system continues to be relevant, effective and enforceable will be critical to economic rebuilding. ABAC calls on APEC economies to work urgently to:

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<sup>1</sup> The agreed list should include medical equipment, medicines, active pharmaceutical ingredients, basic hygiene products and equipment, inputs to vaccine supply chains such as adjuvants, vials and syringes, and vaccines themselves.

- appoint a full slate of **WTO Appellate Body members**; and agree necessary reforms;
- build trust through enhanced efficiency and **transparency on all COVID-response measures** by establishing a monitoring and notification mechanism.

### *3. Achieving concrete outcomes on necessary reforms to WTO rules and processes*

APEC economies should champion reforms to ensure that WTO rules better reflect modern business and societal concerns, and contribute more fully to supporting productivity, innovation, growth, resilience, inclusion and sustainability. Looking ahead to outcomes from MC12, ABAC calls on APEC economies to:

- commit to **enhanced transparency** including through full and timely adherence to existing obligations and improvements to those mechanisms as needed, including for COVID-response measures as noted above;
- support ambitious outcomes on the trade-related aspects of **e-commerce**, and seek agreement to a **permanent moratorium on Customs duties on electronic transmissions**;
- support improvements to rules for the **domestic regulation of services**, and the eventual revival of negotiations on trade in services;
- champion the urgent elimination of **fish subsidies** that contribute to illegal, unregulated and unreported fishing; the elimination of inefficient **fossil fuel subsidies**;
- the development of a sectoral initiative to liberalise trade in an agreed list of **environmental goods and services**, expanding on the existing APEC Environmental Goods List, recognising that this could enhance progress to a low-carbon economy and lay the groundwork for negotiations on rules for trade measures to address climate change that are WTO-consistent, necessary, proportionate, non-discriminatory, transparent, predictable and least-trade restrictive; to that end, ABAC encourages participation in the new joint initiative on Trade and Environmental Sustainability;
- pursue substantial and meaningful reductions in trade-distorting agriculture support;
- support negotiations on **investment facilitation** for development and other initiatives that encourage more inclusive participation in trade, including by **MSMEs**;
- help close the **gender gap** by supporting initiatives for women's greater participation in trade, including championing a roadmap for a Women's Economic Empowerment Initiative which would entail a standstill on current relevant laws and regulations and further binding commitments to prohibit the discrimination between men and women with respect to rights of ownership and entrepreneurship for women-owned businesses;
- take a fresh look at the rules on **subsidies** (both industrial and agricultural), consistent with fundamental WTO principles for fair and non-discriminatory trade, including a meaningful cut in trade-distorting domestic support for agriculture;
- and recognise that '**plurilateral**' negotiations, including on the topics above, can contribute to good outcomes for the system overall, provided that they are consistent with WTO principles and are designed to serve as building blocks to future multilateral outcomes.

Finally, to support both transparency and the responsiveness of the system, APEC should champion a greater engagement by the **international business community**, including ABAC, in WTO processes by establishing a formal structure for private-sector representation and business inputs to inform WTO policymaking.

**APEC Business Advisory Council**

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