

**ABAC STATEMENT ON THE WORLD TRADE ORGANISATION (WTO)
JULY 2020**

The APEC Business Advisory Council (ABAC) is deeply concerned about the fundamental challenge to global wellbeing represented by COVID-19. We face a “crisis like no other”. The multilateral rules-based trading system, with the World Trade Organisation at its core, has a key role to play in our response in both the short term to the pandemic and for longer-term economic rebuilding. ABAC urges APEC economies to lead work in the WTO both to enhance short-term responses, and for the longer-term strengthening of the multilateral rules-based trading system.

A strong commitment to a credible, relevant and strengthened WTO that reflects evolving business needs and models is crucial to help rebuild business and investor confidence and to improve the trade landscape in the age of COVID-19.

APEC economies should thus reaffirm their support for urgent reform of the WTO in the strongest terms. The process to appoint a new Director General must not be allowed to distract from the following critical tasks, but rather must contribute to achieving them:

1. Drawing on the lessons of COVID-19, reform WTO rules for better responses to crises

WTO rules for trade in goods and services can enable essential medical supplies, essential workers and food supplies to get to where they are needed most. APEC economies should lead an initiative in the WTO to enable economies to respond more effectively to crises, including by:

- committing to the permanent elimination of tariffs and non-tariff barriers on a sectoral basis, covering an agreed list of essential medical supplies such as medical equipment, medicines and basic hygiene products such as hand sanitizer and personal protective equipment;
- committing to measures to ensure that supply chains are resilient, even in times of crisis;
- committing to removing barriers to the movement of essential personnel in times of crisis;
- committing to shoring up trade in food and agriculture, by removing unjustified export restrictions and non-tariff barriers and strengthening value chains; and
- enhancing transparency to make the trade and investment environment more predictable.

2. Work to strengthen the multilateral rules-based trading system

The WTO provides a crucial foundation for sustained prosperity. The Great Depression of the 1930s and the Global Financial Crisis of 2008 have shown that declining trade, worsened by protectionism, exacerbates the depth and duration of economic contraction. On the other hand, trade based on WTO principles of openness, non-discrimination, predictability and transparency can help to revitalise growth for the longer term, including for the most vulnerable.

(i) Resolve the unfinished business from the Doha Round

Meaningful improvements are needed to the existing framework of rules, commitments and obligations to revitalise trade and achieve more sustainable and inclusive growth. APEC economies should take the lead in pressing for concrete outcomes, including on the following items of ‘unfinished business’ from the Doha Round:

- the elimination, as quickly as possible, of ‘**fish subsidies**’ that contribute to illegal, unregulated and unreported fishing and the destruction of global fish stocks;

- a meaningful cut in **trade-distorting domestic support in agriculture**, to drive better outcomes for markets, for food security, for development and for the environment; and
- improvements to rules for the **domestic regulation of services**, to enhance the ability of the sector to drive economy-wide productivity gains and create jobs.

(ii) *Fully functioning dispute settlement is fundamental to the multilateral trading system*

The WTO dispute settlement system has resolved over 400 disputes, and forestalled many more. Every economy will be worse off if this system cannot operate to its fullest extent. APEC economies should:

- support the urgent appointment of a full slate to the WTO Appellate Body; and
- engage constructively to implement necessary reforms to the Appellate Body

recognising that some economies have joined the Multi-Party Interim Appeal Arbitration Arrangement as a temporary option to settle appeals.

(iii) *Initiatives to reflect the evolution of trade will revitalise the multilateral trading system*

WTO rules must better reflect modern business and societal concerns. APEC economies should:

- commit to **enhanced transparency**, to demonstrate that the system remains fair and balanced for all and to promote predictability in international trade;
- drive agreement on substantive outcomes in the WTO negotiations on the trade-related aspects of **e-commerce**, to enhance the key role of digital technologies as a dynamic enabler of trade, including in response to the pandemic;
- seek agreement to a **permanent moratorium on Customs duties on electronic transmissions**, to avoid stifling innovation and growth in the digital economy;
- advance work on **investment facilitation** with a view to facilitating flows of investment;
- support the initiative to eliminate inefficient **fossil fuel subsidies**, consistent with a commitment to transition to a low-carbon economy, in response to climate change;
- support other initiatives that encourage **more inclusive participation** in trade, including by women, small businesses and young entrepreneurs, who have been disproportionately affected by COVID-19; and
- encourage greater involvement of the **international business community** in WTO processes, that would enhance transparency and improve predictability in the trade environment.

APEC economies should ensure that all of these outcomes are consistent with WTO principles and are designed with a view to serving as building blocks to multilateral outcomes in the future. Global challenges demand global solutions. The APEC Business Advisory Council and the wider Asia-Pacific business community fully supports APEC's leadership in this most critical area.

APEC Business Advisory Council

July 2020