



Asia-Pacific
Economic Cooperation



APEC NEWS RELEASE Issued by **The APEC Business Advisory Council (ABAC)**

A strong, relevant and credible WTO is needed to build back better from COVID, say Asia-Pacific Business Leaders

Asia-Pacific business leaders, meeting virtually this week in the APEC Business Advisory Council (ABAC), have released a Statement in support of the WTO.

“The WTO is the foundation of decades of prosperity for our region and the world,” said Rachel Taulelei, Chair of ABAC. “We need it now more than ever – but we also need to strengthen and update the WTO rulebook and operations to keep it relevant.”

Ms Taulelei said that ABAC was urging APEC economies to lead this work – just as APEC had played a pivotal role in concluding the WTO Uruguay Round 25 years ago.

“Our top priority must be to ensure that WTO rules can help us collectively to overcome the health challenges of COVID and restart the engines for growth,” she explained. “Trade can and should be part of the solution to the current crisis.”

“We also need to get the WTO system fully operational again – that means we need to appoint a full slate of WTO Appellate Body members and agree necessary reforms to the dispute settlement system,” she added. “And enhanced transparency, both in respect of COVID responses and in meeting existing obligations, will be essential to build trust.”

Ms Taulelei added that ABAC was urging APEC economies to champion reforms in other areas too. “For resilient growth, we will need continuing trade liberalisation to keep supply chains functioning, and global rules in a range of other areas – including for digital trade, for measures that help turbocharge the transition to a low-carbon economy, and for wider and more successful participation in trade,” she added.

“There is also unfinished business in agriculture, fish subsidies and services that needs to be resolved,” Ms Taulelei noted.

The Chair said that ABAC strongly supported the efforts of the new Director-General to find common ground ahead of the Twelfth Ministerial Conference.

“Dr Ngozi Okonjo-Iweala has begun her term with energy and determination. The Asia-Pacific business community welcomes her drive, and stands ready to contribute to WTO trade policymaking – this year and into the future,” Ms Taulelei concluded.

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 possible¹;
- 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:

¹ 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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APEC Member Economies: Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States of America; and Viet Nam.

ABAC was created by APEC Leaders in 1995 to be the primary voice of business in APEC. Each economy has three members who are appointed by their respective Leaders. They meet four times a year in preparation for the presentation of their recommendations to the Leaders in a dialogue that is a key event in the annual Leaders Meeting.

Under New Zealand's leadership, ABAC is pursuing a work program under the theme "People, Place and Prosperity" to respond to the challenge of maintaining the economic vitality of the Asia-Pacific Region and ensure it benefits all.

ABAC 2021 Chair is Rachel Tanlelei and the Co-Chairs are Dato Robana Mahmood (Malaysia) and Supant Mongkolsuthree (Thailand), with five (5) working group chairs, namely: Ho Meng Kit, Regional Economic Integration Working Group (REIWG); Ning Gaoning, Sustainability Working Group (SWG); Julia Torreblanca, Inclusion Working Group (IWG); Janet De Silva, Digital Working Group (DWG); and Robert Milliner, Economy Working Group (EWG).

For further information please contact:

Mr. Stephen Jacobi, ABAC Executive Director 2021, Mobile: +64 29 472 5502, Email: stephen@jacobi.co.nz

Mr. Antonio Basilio, Director, ABAC Secretariat, Mobile: + 63 917 849 3351, Email: abacsec@pfgc.ph