

ABAC Statement on the WTO

Against the backdrop of conflict and a deeply concerning global economic outlook, as well as a series of grave challenges - geopolitical, economic, environmental and financial - the rules-based multilateral trading system, with the World Trade Organization (WTO) at its heart, has never been more vital. It underpins stability, economic development and prosperity for all – but importantly, it can also help unlock effective solutions to these myriad challenges.

ABAC calls on APEC economies to spearhead cooperative approaches to shape a strong, credible and relevant WTO. The momentum of the 12th WTO Ministerial Conference in 2022 must be translated into ambitious, concrete outcomes at the **13th Ministerial Conference** next year. APEC can, and must, lead on this.

- APEC economies should intensify coordination by the APEC Caucus in Geneva, and engage with ABAC, including later this year when ABAC plans to visit the WTO, on ideas to strengthen the system and deliver commercially-meaningful outcomes. APEC Leaders, Ministers and policymakers should also continue to emphasize both publicly and in discussion with partners the importance of effective multilateral rule-making for regional prosperity and sustainability.

In some cases, collaborative approaches are being developed in open **plurilateral initiatives** rather than by the full WTO membership. These approaches are a practical way to develop operative new rules that are fit for purpose, WTO-consistent, intended to benefit all Members, and advanced with a view to their eventual multilateralization. Efforts to stymie such approaches only jeopardize fair outcomes for all.

- ABAC urges APEC economies to welcome, actively participate in and defend open plurilateral initiatives as a pragmatic way to achieve greater sustainability, equity and opportunity in trade.

Humanity's most urgent and daunting collective challenge is **sustainability**. Trade rules must empower good management of the global commons, by responding effectively to the existential threat of environmental challenges including climate change. WTO Members have agreed to eliminate harmful fisheries subsidies; implementation must now be quick and effective, and the second tranche of disciplines agreed. The elimination of inefficient fossil fuel subsidies must likewise be undertaken without delay, including to advance green development. Trade can also be leveraged to boost other aspects of the low-carbon transition, including via rapid liberalization of trade in environmental goods and services and through innovative solutions in the Trade and Environmental Sustainability Structured Discussions (TESSD).

- APEC economies should fully and promptly implement the outcome on fisheries subsidies and negotiate the next tranche of disciplines; and support ongoing negotiation efforts in other areas including environmental goods and services and the TESSD, drawing on APEC's own work and ABAC's Climate Leadership Principles of mitigation, adaptation and just transitions.

The polycrisis also points to the need to shore up **stability, agility resilience and inclusion** in the trading system. Elimination of trade-distorting domestic support to agriculture will enhance global food security while also reducing harmful environmental impacts. Open, undistorted and non-discriminatory markets, including rules for both goods and services that facilitate trade and

effectively discipline non-tariff barriers such as subsidies, will help make supply chains more agile and resilient. Initiatives that enable micro, small and medium-sized enterprises, women and Indigenous peoples to trade more successfully will pay dividends for all.

- APEC economies should champion elimination of distorting agricultural subsidies and meaningful reforms to other subsidies, and support initiatives that bolster resilience and inclusion for groups with untapped economic potential.

The accelerating fragmentation of the global digital economy works directly against inclusion, resilience, sustainability and prosperity. APEC must champion **coherent global digital trade rules** that maintain enabling, inclusive, open, fair and non-discriminatory markets. Furthermore, APEC's advocacy should enable interoperability and opportunity, while safeguarding trust and other legitimate policy objectives, avoiding disguised protectionism and minimizing trade barriers.

- ABAC calls on APEC economies to seek a permanent Moratorium on Customs duties on electronic transmissions at MC13;
- ABAC encourages all APEC economies to participate constructively in the Joint Initiative on E-Commerce, with a view to conclude negotiations on digital trade rules this year.
- ABAC calls on APEC economies to champion the expansion of the scope of, and participation in, the WTO Information Technology Agreement (ITA).

Lastly, the system must be reformed to shore up its effective functioning and credibility. Unenforceable rules and disguised protectionism undermine the common good; enhanced transparency and monitoring mechanisms will help rebuild confidence.

- ABAC calls on APEC economies to support the **reinstatement of the Appellate Body** and agree on necessary reforms to the dispute settlement system.
- ABAC further calls on APEC economies to advocate for improved transparency.

Business, including ABAC, must also be given a formal voice in the process, to help shape outcomes and reinforce a shared sense of endeavour, just as ABAC contributes to APEC policymaking.

In sum, APEC economies must step up and act now to buttress a relevant and enduring WTO system. Our businesses, communities, and planet deserve nothing less.