

ROLE OF TRADE MINISTERS AT THE WTO DURING CRISES: Activating global cooperation to overcome COVID-19

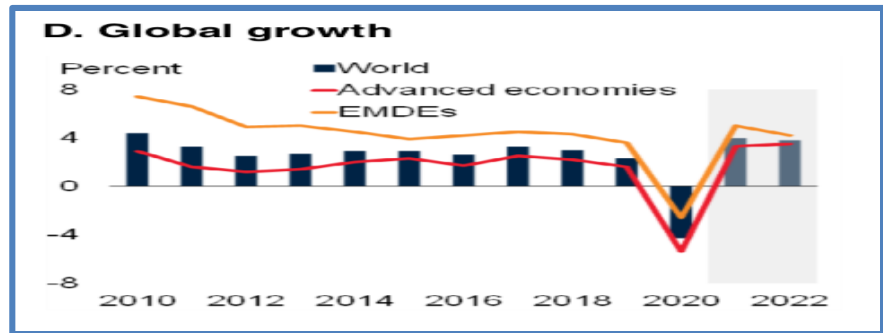
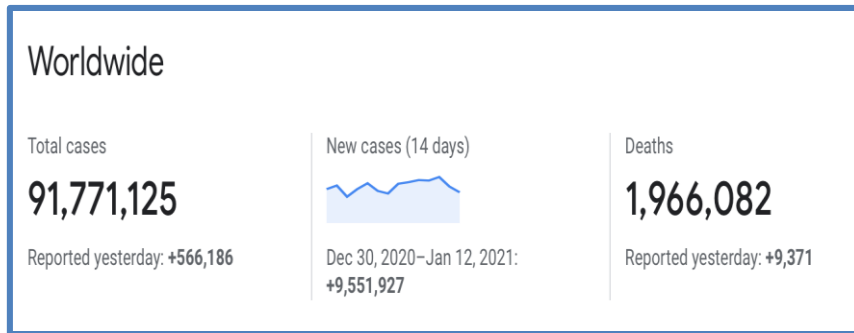
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How to Revitalize the Multilateral Trading System?

CEPII - CEPR

EXTRAORDINARY TIMES DEMAND EXTRAORDINARY ACTION



- **Trade is a powerful, cost-effective tool** to alleviate the devastating effects of the pandemic on the health and economic fronts
 - Yet, protectionism is getting an upper hand
- Short-term response to the virus and longer-term growth prospects depend on **strong multilateral cooperation**
 - It is also needed to preserve stable and coordinated international relations
- But **it will not happen automatically**

REACTIVATE THE WTO



- The WTO needs to step up its role during **systemic crises**
- The starting point: trade is not part of the problem in the crisis; **trade is a core element of the solution**
- After initial border closures, some countries are beginning to facilitate the cross-border flow of goods at the bilateral or regional level
- **But there is no substitute for trade cooperation at the global level**

TRADE MINISTERS SHOULD CALL THE SHOTS DURING CRISES



- Governments need to **act now to empower the WTO** to play an active part in coordinating the response to the pandemic
- The **role of the Director-General and the Secretariat** is key and can and should be enhanced
- The ultimate responsibility to provide direction and act **rests with governments**
 - Geneva ambassadors play a critical role but cannot carry the full weight of activating the WTO in times of crises
 - **Trade ministers** are accountable for providing leadership, direction and oversight over trade policy, conducting negotiations and ensuring compliance at the domestic level

8 ACTIONS FOR TRADE MINISTERS



1. Exchange information on domestic situations to build a **shared understanding of the role of trade in fighting the pandemic**, share experiences and lessons learned.
2. Commit to **timely notifications, enhanced transparency and monitoring**, with greater support from the Secretariat and available technologies.
 - Enhanced information systems
 - Enhanced role for regular committee work and trade policy monitoring
3. Commit to **fight back home** against discriminatory or otherwise WTO-inconsistent policy initiatives that while ineffective, may also result in potential retaliation.
4. Discuss options to **rollback unilateral restrictive measures** adopted in the context of the pandemic and refrain from introduction of new measures.

8 ACTIONS FOR TRADE MINISTERS



5. Identify **key trade measures to fight COVID-19**, exploring alternative options.
 - A bargain to restrain importers from restoring restrictions while exporters constrain their resort to export restrictions
6. Accelerate the implementation of **trade facilitation measures** to expedite movement of critical medical supplies.
7. Define the role of the WTO in facilitating affordable **access to vaccines for all**.
8. Establish a **forum of senior officials** to follow-up and prepare a package of trade measures to fight the pandemic to be adopted in the context of MC12.

+ 2 URGENT ISSUES FOR MINISTERS' ATTENTION



- **Massive support programs** used to address the economic dimensions of the pandemic
- **Subsidies to alter firm's location decisions** and reconfigure global value chains to bring production back home or to 'trusted partners'

MECHANICS AND PROPOSED TIMELINE



- An **organic approach** to bring ministers together
- **Ad hoc ministerial task force** to support the larger group of ministers and steer the process
- Mandate the Director-General and the Secretariat to prepare a **white paper** to guide the discussion
- **Senior officials and ambassadors** would follow-up on a regular basis
- Set the ground for **results oriented MC12**



FINAL MESSAGE

- Trade ministers have a critical role to play in **steering the WTO in times of crisis**
- This is the case **now**
- **Ministers' direct engagement** can help galvanize collective action and mitigate damage
- But it needs to come **soon**
- Lessons from this experience could inform the development of a framework for strengthening the **role of the WTO during systemic economic crises**



THANK YOU.