

ICC and B20 virtual Trade Dialogues: summary of points raised by business representatives

19 May 2020

The ICC and B20 convened a virtual roundtable of business representatives at the WTO headquarters in Geneva on 19 May 2020 to discuss the role of trade in addressing the current economic crisis arising from the COVID-19 pandemic. The session was an important opportunity for participants to provide recommendations on trade policy measures that can be deployed to improve the crisis response in the short- and medium-term. The more than 70 participants taking part focused on their supply chain difficulties, the need for additional or strengthened trade policy measures to support recovery efforts, particularly in the area of trade facilitation, and the role of WTO therein. The summary of the discussions is as follows.

Global supply chain challenges

Participants highlighted the challenges COVID-19 had presented to companies in managing global supply chains. The pandemic and associated health measures had complicated sourcing, operations and logistics, with companies having to recalibrate in the face of constantly shifting supply and demand and new government health measures. While posing new challenges, many companies had adapted to the 'new normal' and were proactively de-risking by diversifying and making more resilient their supply chains.

Business representatives called upon governments to resist any form of protectionism, such as reshoring, which would be counter-productive to the essential post-pandemic goals of growing the global economy and reducing supply chain vulnerabilities. Governments and business must work together to ensure governments do not repeat these historical mistakes.

A number of participants underlined the importance of the WTO's Trade Facilitation Agreement in overcoming obstacles to trade in the COVID-19 era and cited the need for implementation of key provisions of the agreement, such as pre-arrival customs clearance.

Participants expressed concerns about unclear new regulatory procedures, which are a huge operational challenge, particularly for small firms. They called for a simplification and digitisation of customs and other trade facilitating procedures, including for the movement of people across borders, to avoid further supply chain disruptions. The important role companies have in supply chains, at both the national and international level and as suppliers of components and end-products, was highlighted.

Businesses also called for a universal definition of an essential product or service provider, to facilitate dealing with similar crises in the future.

Many companies face a steep drop in demand as well as changing consumer behaviour, and their existence is under threat. They highlighted the need for greater access to liquidity and trade financing.

While many recognized the importance of e-commerce and other digital options in keeping supply chains going, the world's digital divide has become more apparent than ever. The availability and accessibility of ICT services is crucial, most of all for MSMEs. Several participants called for the transition away from paper-based to digital customs processes, which would help move essential goods across borders quicker, cheaper and with fewer health risks for customs officials and businesses.

What further trade policy measures to support companies' fighting the effects of the current crisis?

Participants discussed numerous measures or actions that could be taken by governments to help their companies recover from the damage inflicted by the COVID-19 pandemic. Several underlined the importance of international policy coordination and cooperation, resisting protectionism, and fighting calls for self-sufficiency and reshoring. Instead, governments were urged to better understand that trade is complementary and essential for domestic production.

More specifically, business representatives made the following suggestions:

- reduce tariffs on medicines and other essential products through initiatives such as a new and expanded WTO Pharma agreement
- put in place stronger disciplines on export controls and be vigilant regarding new import restrictions
- negotiate transparent, harmonized rules on digital trade and invest more in data digitization
- address the critical need to boost trade finance in the recovery period, especially for SMEs
- accelerate the circular economy and focus on initiatives that promote sustainable development
- refrain from imposing additional tax burdens in the post-pandemic recovery, particularly digital taxes, which could stunt recovery

- notify all crisis response measures to WTO

What WTO can do the help?

There was an almost unanimous call, now even more than ever, for greater international trade coordination and cooperation and the role that WTO can play in promoting this. Participants reiterated the need to combat isolationism and inward-looking trade policy measures. They also encouraged continued engagement with business, as the ultimate end user of the multilateral trading system.

As the world's leading voice on trade, the WTO was called upon to strongly encourage respect for the rules-based system and urge its members to provide more transparency on COVID-19 related measures and avoid discriminatory unilateral ones. The WTO should also play an important role in gathering best practice trade responses to the current crisis, including on economic resilience, the management and mitigation of supply side risks, and recovery strategies for SMEs.

Calls were made to get WTO members moving on reform of the organization and to advance multilateral negotiations in areas such as fisheries subsidies to show that the WTO still works. In particular, many business representatives urged the WTO to play a leadership role in creating new global rules for electronic commerce trade to keep pace with today's digital economy.