

# DDG PAUGAM'S OPENING CEREMONY SPEECH

## THE 5<sup>TH</sup> CHINA QUALITY CONFERENCE

1 SEPTEMBER 2023, 9:30 – 11:30 AM

**Your role:** Deliver a 6-minute speech during the opening ceremony of the 5<sup>th</sup> China Quality Conference with the theme "*Quality evolution and cooperation in economic recovery*".

***Excellency Vice-Premier Mr. Zhang Guoqing,***

Excellencies, Ladies and Gentlemen, it is an honour to join the opening Ceremony of this important conference.

World trade has been shaken recently by major shocks -COVID, Geopolitical tensions, supply chains disruptions, energy prices -. I would like to comment on the challenges and lessons learned for quality infrastructure.

**First, recent crisis have reminded us that Quality Infrastructure underpins Global Value Chains**

Our projections forecast a 1.7% rate of trade growth in 2023, an improvement from our previous estimate of 1.0% growth. So world trade is proving quite resilient after all these shocks, even if global uncertainties remain high.

Nevertheless, one very important dimension to monitor is the behaviour of global supply chains and trade of intermediate goods.

WTO research suggests that world exports of intermediate goods decreased by 10 per cent year-on-year during the fourth quarter of 2022, in most regional and global supply chains. This is a warning sign of great stress on value chains, and policy makers do pay attention to this, as was very clear from the last G20 Communiqué of Trade Ministers in Jaipur.

Refocusing on the basics that enable supply chains to deliver – standards and the quality infrastructure – can help mitigate these risks. Quality infrastructure supports the resilience of world trade by building and maintaining trust across the value chains.

**Second : we have learned from that Quality Infrastructure must help with crisis management**

During the COVID-19 pandemic, some countries had to swiftly transform their production capacities and processes.

For instance, take access to personal protective equipment (PPE) and other medical supplies. We saw how dressmakers in Kenya converted to the production of personal protective equipment (PPE), or winemakers in South Africa pivoted to make hand sanitizers. Quite a challenge for QI to make sure that the new production was fit for purpose!

Many countries also instituted temporary administrative and regulatory flexibilities, to ease the operations of businesses and industries.

For instance, in some countries, regulators adjusted their labelling requirements to maximize product availability.

Recent crises taught us this lesson : domestic industries and especially small and medium-sized enterprise need a reactive and supporting quality infrastructure to help manage and adapt to trade shocks.

### **Which brings me to my third point : what are the opportunities and challenges that we see on the horizon for QI and standardization?**

From the discussions that have emerged within the WTO, it is clear that digitalisation and decarbonation have a potential to revolutionize trading patterns and have implications for Quality Infrastructure.

Artificial intelligence and other digital products have an immense potential to facilitate trade while pushing the frontiers of regulatory cooperation on cybersecurity and intangible digital products.

On climate change, countries worldwide are taking different approaches to incentivizing decarbonization, addressing carbon leakage, or pricing and measuring emissions.

For instance, there are already more than 20 decarbonization standards in the steel sector alone for measuring emissions and progress towards near-zero steel, with different underlying methodologies, scopes, and boundaries. We have started a Trade Forum for Decarbonization Standards in the Steel Sector at the WTO, with leading steelmakers, including China, to discuss about transparency and interoperability.

Quality infrastructure will be central to minimizing the trade disruptions potentially associated with these structural trends.

### **Finally, what can the WTO do and how can China help?**

As you know, we have two key Fora in the WTO which are directly relevant to quality infrastructure. One is the Committee on Sanitary and Phytosanitary measures, the other is the Committee on Technical Barriers to Trade.

At our last Ministerial Conference (MC12) in June 2022, ministers have stirred discussion on "Responding to Modern SPS Challenges". Recently, China has also proposed a draft ministerial declaration on the TBT Committee as we look ahead to our next WTO Ministerial meeting taking place in February in UAE.

So our Members are currently developing vehicles that can foster discussions on more regulatory cooperation for Quality Infrastructure.

The world also needs more financing for quality infrastructure, especially in developing countries.

**On all these fronts China can help.** The support of China in leading and financing quality infrastructure for developing countries could make a huge difference. China's trajectory offers a prominent example in helping others developing countries. And of course, China's experience and best practices, including on adaptation of Quality Infrastructure to trade shocks, are highly relevant to feed WTO discussions.

So I look forward, with the very dedicated teams of the WTO, to see and support the developments of all these discussions.

Thanks again for the opportunity of sharing these quick thoughts.  
I wish you very fruitful discussions.

***(Word count: 797)***