



JUNE 2020 STATEMENT OF THE OTTAWA GROUP: FOCUSING ACTION ON COVID-19

COMMUNICATION FROM CANADA

The following communication, dated 16 June 2020, is being circulated at the request of the delegation of Canada on behalf of the Ottawa Group (Australia, Brazil, Chile, European Union, Japan, Kenya, Republic of Korea, Mexico, New Zealand, Norway, Singapore and Switzerland) for information.

The world continues to grapple with the profound human health and economic impacts of the COVID-19 pandemic. In response to these challenges, thinking has begun on trade policy actions that would support an inclusive, sustainable, and resilient recovery as well as what trade rules should be adapted or developed to guide collaborative policy responses to future global crises. In this context, the WTO must play an important role in helping ensure coordination and coherence between actions its members take. This will require initiative and engagement by WTO Members in order to be successful.

In this environment, there is an opportunity for the Ottawa Group to provide leadership, critical thinking and analysis, as well as ideas and proposals on potential actions that the broader WTO membership could take. In order to make best use of resources, this paper sets out six areas where concrete actions could be taken.

Importantly, this paper does not signify a reduction of interest by the Ottawa Group in advancing other priorities at the WTO, including reform of the organization (including reform of the WTO's dispute settlement system for a long-lasting solution), multilateral negotiations on harmful fisheries subsidies and on agriculture. We also support advancing the joint statement initiatives, including those on services domestic regulation, investment facilitation for development and micro, small and medium-sized enterprises. We also intend to remain engaged in discussions outside of the WTO, in various configurations, to advance work to safeguard and protect global supply chains.

Action Item 1: Transparency and Withdrawal of Trade-Restrictive Measures

As champions of WTO reform, and in the interest of supporting an inclusive, sustainable and resilient economic recovery, the Ottawa Group believes that ensuring maximum transparency of trade-related measures introduced by members in response to the pandemic or its economic effects must be a priority. The current level of notifications and transparency of such measures is not sufficient. Therefore, there is an opportunity for Ottawa Group members to lead by example in ensuring that their notification obligations are fully met, that their measures are notified as far in advance as practicable, and to call on other members to do the same in order to ensure that transparency is provided for trade-related measures taken in response to the health and economic effects of the COVID-19 pandemic. Ottawa Group members welcome the efforts by the WTO Secretariat to monitor COVID-19 related measures and support a return to quarterly monitoring reports that would include relevant trade-related measures, including, to the extent possible, trade-related economic support measures.

As a complement to effective transparency, the Ottawa Group will lead by example by exercising maximum restraint in introducing any trade measures that might serve as an unnecessary obstacle or impediment to trade, and by considering trade facilitative measures where possible. In addition,

Ottawa Group countries should lead by example and withdraw any trade restrictive measures that they introduced in response to COVID-19 as quickly as possible.

Action Point: Ministers instruct officials to: 1) ensure any measures introduced in response to COVID-19 are promptly notified in accordance with relevant WTO requirements; 2) support efforts by the WTO Secretariat to collect and share information and best practices on trade-related measures taken in response to COVID-19¹; 3) discuss the principle of "targeted, proportionate, transparent, temporary and consistent with WTO rules"; and 4) lead by example and withdraw or end any trade restrictive measures introduced in response to COVID-19 as quickly as possible.

Action Item 2: Keeping Open and Predictable Trade in Agricultural and Agri-Food Products

As members respond to the pandemic, it is imperative that these measures do not adversely affect trade in agriculture and agri-food products, as this negatively impacts the food security, nutrition and health of members and their populations. In different statements, Ottawa Group members have underscored the importance of maintaining agriculture supply chains and preserving the ability of members to import agriculture and agri-food products to meet their domestic needs to help ensure food security. In these statements, Ottawa Group members also committed to not impose agriculture export restrictions and refrain from implementing unjustified trade barriers on agriculture and agri-food products as well as key agricultural production inputs. Ottawa Group members also committed to ensure that emergency measures related to agriculture and agri-food products are WTO consistent and are targeted, proportionate, transparent, and temporary, and do not create unnecessary barriers to trade or disruptions to global agriculture and agri-food supply chains. Ottawa Group members can continue to lead by example, including by withdrawing emergency measures that may adversely affect trade in agriculture as quickly as possible.

Action Point: Ministers instruct officials to: 1) engage in ongoing discussions on the fulfilment of joint declarations on maintaining predictable and open agriculture trade; 2) lead by example, and withdraw or end any emergency measures introduced in response to COVID-19 that may adversely affect trade in agriculture as quickly as possible; and 3) advance analysis and consideration on what steps WTO Members could take to continue improving agriculture trade based on the lessons learned from COVID-19 to ensure that future crises will not undermine trade, food security, and the stability of agricultural markets in the long-term.

Action Item 3: E-commerce

Digital trade has emerged as an increasingly widespread medium for doing business across all sectors of the economy, particularly for MSMEs – and by extension for conducting international trade. While the COVID-19 crisis has further catalysed the opportunities that the digitalization of trade can offer to consumers and businesses, it has also exacerbated some of the existing challenges and vulnerabilities, including of developing members. As noted in a recent WTO Secretariat Information Note, "the [health] measures in response to the COVID-19 pandemic has led consumers to ramp up online shopping, social media use, internet telephony and teleconferencing, and streaming of videos and films. This has resulted in spikes in business-to-consumer sales and an increase in business-to-business e-commerce"². While this growth may slow down as physical stores incrementally begin to re-open, it is important to recall that in the pre-COVID-19 world, e-commerce sales were already growing at an impressive 10-20% annually³. Digital trade, therefore, will play a key role in any economic recovery, by making economies more competitive, and by being an economic driver for both domestic growth and international trade⁴. The WTO has a role to play in promoting and ensuring an open, transparent, non-discriminatory and predictable environment to facilitate e-commerce. Establishing new common rules in trade-related aspects of e-commerce that reflect and can support this transformation should remain a priority for WTO Members. As all Ottawa Group members are

¹ Including by: (a) returning to the quarterly cycle of trade monitoring reports as during the financial crisis; and (b) including trade-related economic support measures in the trade monitoring reports and (c) and to the extent possible, making a technical assessment of members' trade-related economic support measures in reaction to COVID-19.

² WTO Secretariat Information note – E-Commerce, Trade and COVID-19, https://www.wto.org/english/tratop_e/covid19_e/ecommerce_report_e.pdf.

³ <https://ccinsight.org/observations/growth-in-ecommerce-has-accelerated-to-forecasted-levels-5-years-ahead/>.

⁴ WTO Secretariat Information note – E-Commerce, Trade and COVID-19, https://www.wto.org/english/tratop_e/covid19_e/ecommerce_report_e.pdf.

participants in the joint statement initiative on e-commerce, we should prioritize and accelerate efforts to advance these discussions to reach a timely and high standard outcome, with the participation of as many WTO Members as possible. We are grateful for the leadership of Australia, Japan and Singapore as co-convenors of these discussions, and are committed to supporting their efforts, including through various configurations and means, and to maintaining the innovative, open and inclusive nature of this important negotiation.

Action Point: Ministers instruct officials to prioritize and accelerate work on the Joint Statement Initiative on E-commerce, including through informal and virtual discussions, ahead of the rescheduled MC12 in 2021, including by the development of a consolidated negotiating text by the end of 2020 at the latest. In this regard, we will support the efforts of the co-convenors.

Action Item 4: Trade Facilitation – Use of Information Technology and Streamlined Procedures

The COVID-19 global pandemic has created an environment where greater numbers of businesses and consumers are seeking to sell and buy online, many for the first time. At the same time, emergency supplies and other goods were/are being shipped around the globe while national restrictions on trade and transportation (international and domestic) have been introduced that may impact the efficiency of import and export processes.

Furthermore, physical distancing requirements have placed limitations/restraints on the handling of paper documents for transactions at the border. In order to ensure the flow of essential trade, some members have implemented paperless trade facilitation measures to make cross-border business transactions more convenient and transparent while ensuring regulatory compliance. It would be necessary to evaluate the effectiveness of such trade facilitative measures and explore ways to build upon them, with a view to further promoting trade. In addition, some members have established "green lanes" to prioritize and expedite the customs clearance process for these goods. As WTO Members continue to implement the Trade Facilitation Agreement (TFA), it would be timely and relevant to examine how it could further promote the modernization of members' customs procedures, including through the increased use of digital solutions, to ensure that trade is as frictionless as possible. This work is of particular interest and benefit to our MSMEs, and will support their continued integration into the global economy and help to mitigate the negative impacts of the COVID-19 pandemic on them.

Action Point: Ministers instruct officials to identify ways to take full advantage of the opportunities for trade facilitation in the TFA and to promote best practices for the implementation of the TFA. This includes how the adoption of digital solutions can support the movement of essential goods across borders as smoothly as possible.

Action Item 5: Initiative on Medical Supplies

The COVID-19 pandemic has exposed shortcomings in the emergency preparedness of many countries and created competition for vital medical supplies. While the continued flow of medical supplies is essential to tackle the crisis, some actions taken to address the health emergency have disrupted trade in these supplies, including in the supply chains necessary for their production. We note that some members of the Ottawa Group have taken specific action to address supply chain issues on medical supplies. We welcome the contributions of all Ottawa Group members to advancing thinking on this issue, in particular those from the Republic of Korea, Singapore and New Zealand, and the European Union that presented its recent paper at our Ministerial meeting.

Even as the world continues to deal with the current pandemic, it is important to acknowledge that we are likely to face future such emergencies (be they global, regional or local in nature). It will therefore be important to examine, in a manner that respects the principles of the GATT, if current trade rules (including tariff and non-tariff measures, trade facilitation) should be adapted or built upon or if new ones should be developed to guide collaborative policy responses by WTO Members in order to help ensure that the world is better prepared to deal with similar future crises. We recognize the importance of improving regulatory compatibility with a view to facilitating trade in vital medical supplies. As well, there is value in ensuring that we do not undermine the versatility, diversity and resiliency of supply chains and that we do not act in ways that negatively affect access to medical supplies.

Given the complexity and breadth of issues, it will be important to proceed in a deliberate and analytical manner. The potential scope for new work in all areas of trade policy must be examined and considered. In addition, it will be important to consult and work with other relevant partners to ensure that efforts at the WTO are consistent and coherent with actions being taken elsewhere.

Action Point: Ministers instruct officials to advance analysis and consideration in order to identify what steps WTO Members could take to facilitate trade in medical supplies to help ensure that the world is better positioned to deal with future health emergencies and to help ensure that versatile, diversified and resilient supply chains exist that allow all members access to vital medical supplies. This work should include analysis of the objectives and effects of policies affecting trade of medical supplies in response to the current pandemic and support for international organizations, including the WTO, in analyzing the potential impacts and outcomes of measures and recommending policies.

Action Item 6: Deepen Engagement with Stakeholders

The COVID-19 pandemic has negatively affected broad swathes of the private sector and, in particular, MSMEs. As WTO Members begin to focus on economic recovery, it will be critical that the views of stakeholders be considered.

Ottawa Group Ministers agreed on the importance of strengthening the relationship with stakeholders, including their business communities, during their meeting in Davos earlier this year. The Ottawa Group should therefore pursue opportunities to engage with stakeholders on possible responses to the COVID-19 health and economic crises as well as broader WTO reform efforts. During a video-conference held on 13 May, Ottawa Group Vice Ministers were briefed by the International Chamber of Commerce (ICC) on the views/concerns of the international business community. Building on this, the Ottawa Group could explore how to best intensify engagement with stakeholders, both within the domestic constituencies of Ottawa Group members and globally; and to include stakeholders in the activities of the MSME Working Group at the WTO. It will also be important to hear from women-owned and other under-represented businesses about the unique challenges that they are facing during the pandemic and economic recovery.

Action Point: Ministers instruct officials to explore how best to pursue intensified engagement with stakeholders in order to better inform policymaking.

Summary:

Action Item 1: Transparency and Withdrawal of Trade-Restrictive Measures

Action Point: Ministers instruct officials to: 1) ensure any measures introduced in response to COVID-19 are promptly notified in accordance with relevant WTO requirements; 2) support efforts by the WTO Secretariat to collect and share information and best practices on trade-related measures taken in response to COVID-19⁵; 3) discuss the principle of "targeted, proportionate, transparent, temporary and consistent with WTO rules"; and 4) lead by example and withdraw or end any trade restrictive measures introduced in response to COVID-19 as quickly as possible.

Action Item 2: Keeping Open and Predictable Trade in Agricultural and Agri-Food Products

Action Point: Ministers instruct officials to: 1) engage in ongoing discussions on the fulfilment of joint declarations on maintaining predictable and open agriculture trade; 2) lead by example, and withdraw or end any emergency measures introduced in response to COVID-19 that may adversely affect trade in agriculture as quickly as possible; and 3) advance analysis and consideration on what steps WTO Members could take to continue improving agriculture trade based on the lessons learned from COVID-19 to ensure that future crises will not undermine trade, food security, and the stability of agricultural markets in the long-term.

⁵ Including by: (a) returning to the quarterly cycle of trade monitoring reports as during the financial crisis; and (b) including trade-related economic support measures in the trade monitoring reports and (c) and to the extent possible, making a technical assessment of members' trade-related economic support measures in reaction to COVID-19.

Action Item 3: E-commerce

Action Point: Ministers instruct officials to prioritize and accelerate work on the Joint Statement Initiative on E-commerce, including through informal and virtual discussions, ahead of the rescheduled MC12 in 2021, including by the development of a consolidated negotiating text by the end of 2020 at the latest. In this regard, we will support the efforts of the co-convenors.

Action Item 4: Trade Facilitation – Use of Information Technology and Streamlined Procedures

Action Point: Ministers instruct officials to identify ways to take full advantage of the opportunities for trade facilitation in the Trade Facilitation Agreement (TFA) and to promote best practices for the implementation of the TFA. This includes how the adoption of digital solutions can support the movement of essential goods across borders as smoothly as possible.

Action Item 5: Initiative on Medical Supplies

Action Point: Ministers instruct officials to advance analysis and consideration in order to identify what steps WTO Members could take to facilitate trade in medical supplies to help ensure that the world is better positioned to deal with future health emergencies and to help ensure that versatile, diversified and resilient supply chains exist that allow all members access to vital medical supplies. This work should include analysis of the objectives and effects of policies affecting trade of medical supplies in response to the current pandemic and support for international organizations, including the WTO, in analyzing the potential impacts and outcomes of measures and recommending policies.

Action Item 6: Deepen Engagement with Stakeholders

Action Point: Ministers instruct officials to explore how best to pursue intensified engagement with stakeholders in order to better inform policymaking.
