

The WTO: Fundamental to sustained prosperity and inclusive growth

The WTO and its predecessor the GATT have created and sustained a system of multilateral trade rules which have helped to generate over 70 years of global prosperity, and created dynamic opportunities for businesses, communities and economies, including developing economies. WTO rules enable businesses to operate with greater confidence and at lower cost in world markets by reducing protectionist barriers and behind-the-border distortions. Enforcement of trade rules through binding dispute settlement has to a large extent provided crucial certainty for business planning, operations and investment. The WTO has also fostered trade and economic growth, created jobs and helped alleviate poverty around the world.

The benefits that the WTO system offers derive from both its authority and its efficacy. Any weakening of this system is a matter of significant concern. Business and investor confidence are reduced if market access is unpredictable, if WTO commitments are not met, if markets are volatile and if value chains are disrupted. The prospect of a world in which trade disputes are not settled through independent, rules-based arbitration would be deeply troubling. Such actions heighten uncertainty, drive businesses towards less inclusive and resilient models, and lower the propensity for businesses to provide good jobs.

That said, the Asia-Pacific business community recognises that the current WTO system, derived from its predecessor the GATT and now over 70 years old, has not kept pace with the rapidly-changing global economy. Aspects of its judicial, rule-making and administrative functions need reform, including the following:

- We urge economies to expeditiously address the impasse in the process of appointing members of the Appellate Body. A full set of Appellate Body members is needed by December 2019 for the WTO dispute settlement mechanism to operate effectively. ABAC welcomes the discussions underway among members on reforms to ensure that the dispute settlement system works effectively;
- Unfinished business from the Doha Round should be addressed through resumed negotiations on agriculture, services and rules elements;
- WTO members should respect obligations related to transparency in policies and practices, and should be promptly held accountable for a sustained pattern of non-compliance;
- Business welcomes WTO initiatives that would better reflect 21st-century economic models and business concerns in WTO rules, including the WTO negotiation on trade-related aspects of e-commerce; ABAC has undertaken extensive work on supply chain connectivity and digital economy issues which may offer useful inputs to this process;
- WTO members should develop mechanisms to identify and address non-tariff barriers more promptly and effectively, drawing on ABAC's agreed Cross-Cutting NTM Principles;
- Finally, plurilateral WTO negotiations must be open to all members willing to move ahead to more ambitious or new rules in specific areas, must be consistent with WTO principles and should be undertaken with a view to serving as building blocks to consensus multilateral outcomes in future.

The APEC Business Advisory Council (ABAC) urges APEC economies to engage constructively to support and reform the WTO including to reflect evolving business needs and models. ABAC is absolutely determined that our shared commitment with APEC economies to improve the WTO will lead to an institution that is relevant for all.