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Lessons Learned from the COVID-19 Pandemic

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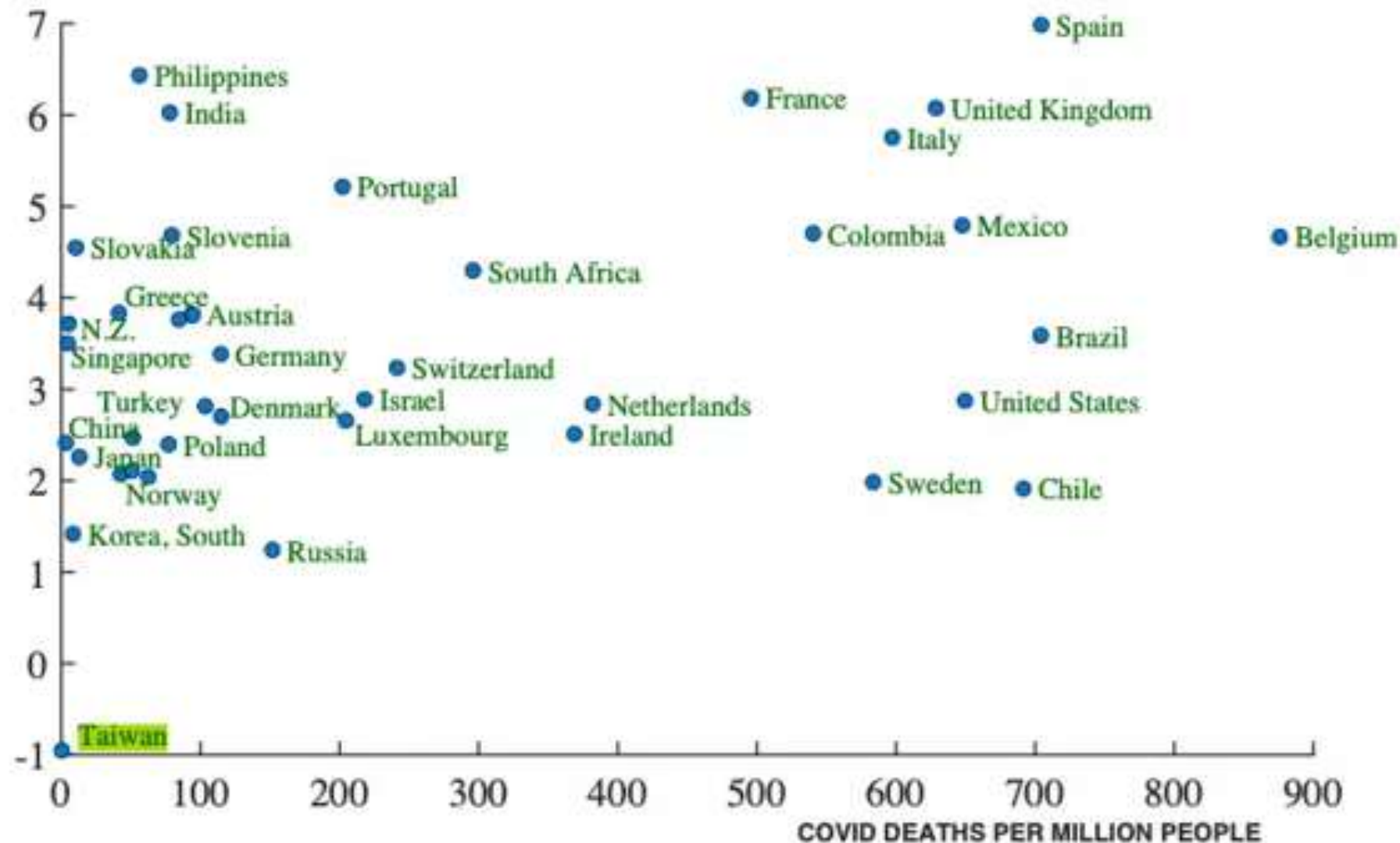
Catastrophic Impact of Emerging Infectious Diseases

- Emerging infectious diseases threaten global health and sustainable development significantly.
- The catastrophic COVID-19 pandemic originated from Wuhan, China in December 2019 is a good example:
Over 246 M confirmed cases and over 5 M deaths by 2021-11-1
- Two phases of COVID-19 containment:
First phase: Transmission interruption through non-pharmaceutical interventions (NPIs) before November 2020
Second phase: Immunization + NPIs

COVID-19 Mortality and GDP Loss

(Report of US National Bureau of Economic Research, October 2020)

GDP LOSS (PERCENT YEARS)



Taiwan Model: Prudent action, Rapid Response, Early Deployment, Transparency, Public Trust and Solidarity



2020.1.22



2020.3.19

Containment of COVID-19 Pandemic in Taiwan:

Prudent Action, Rapid Response, and Early Deployment

- 2019/12/31 Awareness of atypical pneumonia cases in Wu-Han
Reporting e-mails to inform WHO and China CDC
On-board quarantine of passengers from Wu-Han
- 2020/1/2 Enforcement of suspected case reporting and
hospital infection control of healthcare system
- 2020/1/5 Advisory Committee organized by Taiwan CDC
- 2020/1/7 Announcement of Level 1 travel alert for Wu-Han by Taiwan CDC
Announcement of causal agent 2019-nCoV by WHO
- 2020/1/21 First imported case from Wu-Han
- 2020/1/22 Emergency Meeting of National Security Council
Activation of Inter-ministerial Central Epidemic Command Center
- 2020/1/30 WHO announced COVID-19 as a PHEIC (Public Health Emergency of
International Concern)

Rapid and Precise Responses to COVID-19 Pandemic in Taiwan: No City Lockdown, No Mass Testing, Smart Technology

1. Prudent surveillance of pandemic status using ICT and AI technology
2. Rapid announcement of travel warning using cell broadcast
3. Stringent border control using e-quarantine system
4. In-depth tracing of close contacts of confirmed cases using ICT information and big data analysis
5. Enforcement of mandatory home isolation of close contacts and home quarantine of inbound passengers using digital fencing tracking system and line bot system
6. Precision (targeted) testing of reported suspects with symptoms/signs
7. Mobilization of healthcare system (20,000 isolation rooms and 14,000 ventilators) for isolation treatment of cases using big data monitoring
8. Enhancement of hospital infection control using disinfection and delivery robots

Visualization and Analysis of the Epidemic Situation



Digital Quarantine and NHI MediCloud

14:18 72%

衛生福利部
Ministry of Health and Welfare


旅客入境健康聲明

Health Declaration

- 入境14天內若有出入公眾場所，請務必佩戴口罩！
Be sure to wear a mask in public places during following 14 days.
- 依傳染病防治法第58條規定，旅客應誠實填寫，並向疾管署檢疫人員出示憑證，配合必要檢疫措施；如有拒絕、規避妨礙或填寫不實者，依法處新臺幣1-15萬元罰鍰。
According to Article 58 of the Communicable Disease Control Act, inbound passengers are required to accurately fill out and submit this card to Taiwan CDC quarantine officer upon arrival, and follow quarantine regulations. Any person who refuses, evades or obstructs abovementioned measures shall be fined NT\$10,000 up to NT\$150,000.

下一步 (Next)

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14:16 72%

旅客居家檢疫通知書

Home Quarantine Notice

Warning (重點聲明事項)

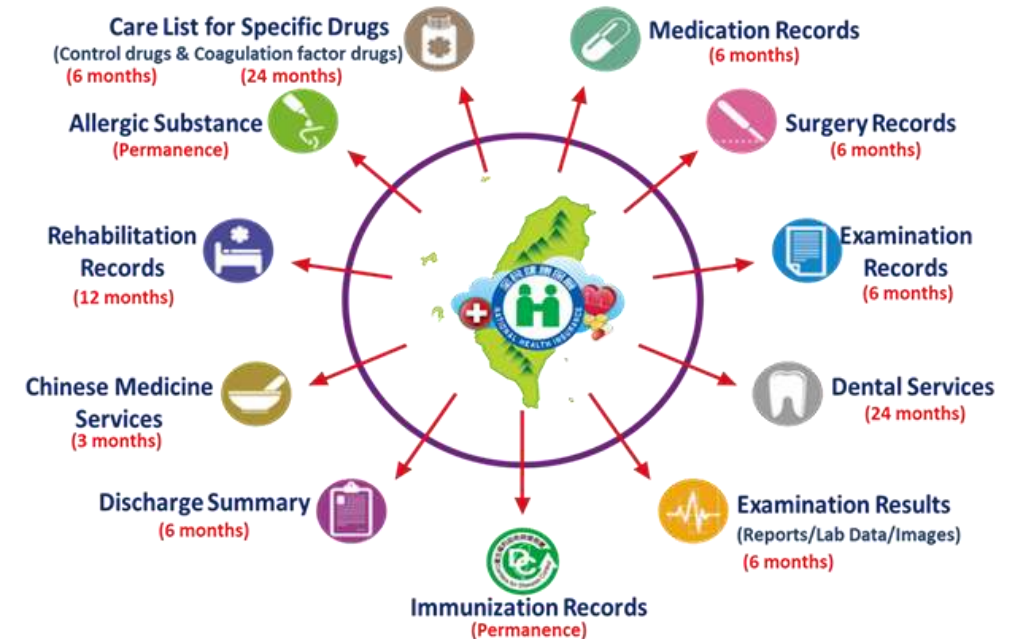
返國後須居家檢疫14天

Required to be under home quarantine for 14 days after entry.

過去14天內，具有中國大陸、香港、澳門、韓國、義大利、英國、愛爾蘭、歐洲申根國家、杜拜及伊朗旅遊史者，應於入境後居家檢疫14天，並遵守以下規定：

Travelers who have visited or resided in China, Hong Kong, Macau, Korea, Italy, British, Irish, European Schengen countries, Dubai and Iran in the previous 14 days will be required to observe home quarantine for 14 days after entering Taiwan, and required to abide by the following rules during the period:

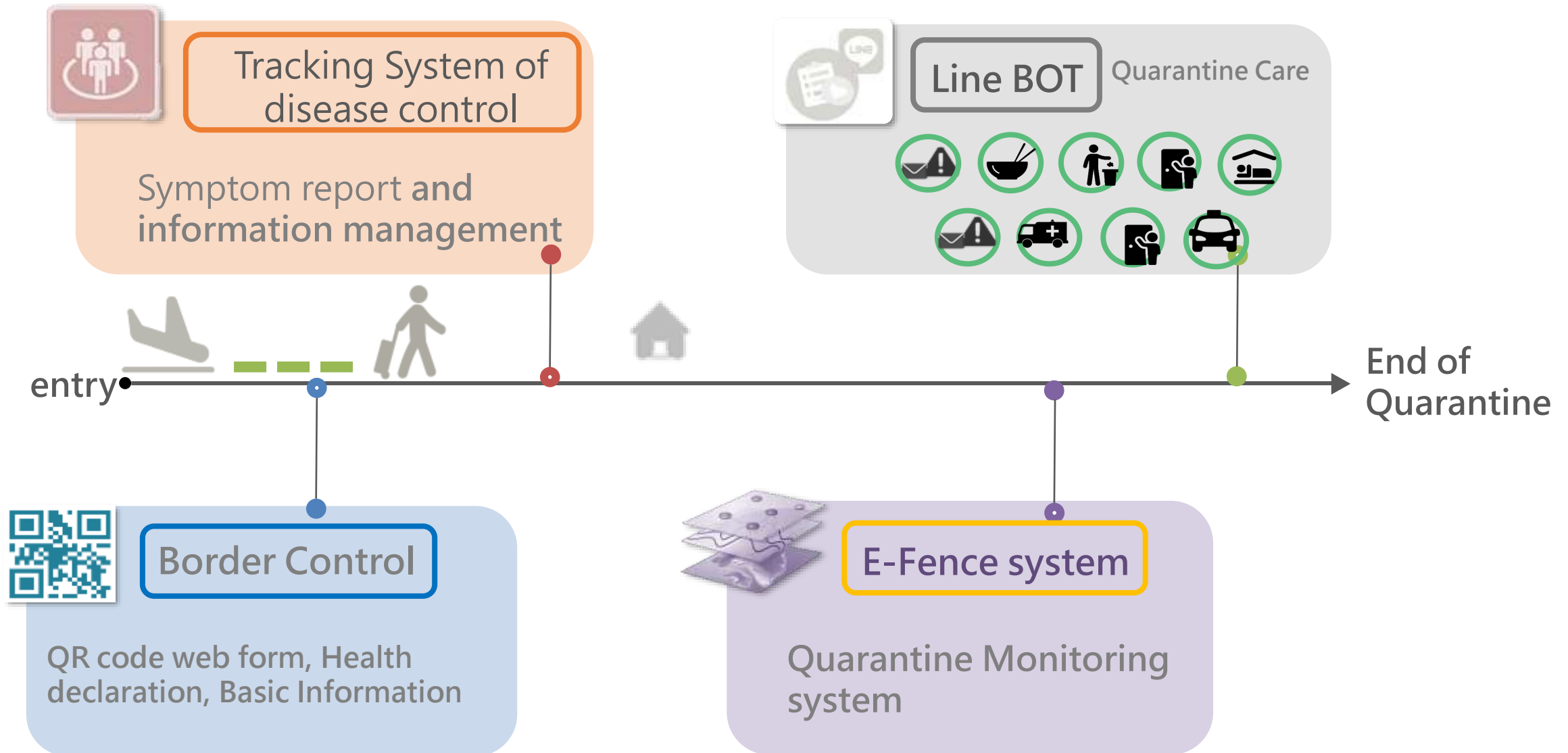
- 自機場返家應以親友接送、自行駕車為優先，或搭乘防疫車隊(機場排班計程車/租賃車)、自行安排專用小客車為限；除前往離島地區及臺東者需搭乘國內海空運航班外，不得搭乘大眾運輸。
Please ask your family or friends to pick you up, drive by yourself, take the designated transport vehicle (airport taxi/ rental car) or arrange your own private car to return home. Please do not take public transportation unless going to offshore islands or Taitung on domestic flights or by marine transport.
- 請於搭車(機、船)時主動出示本通知書收執聯；並全程佩戴口罩



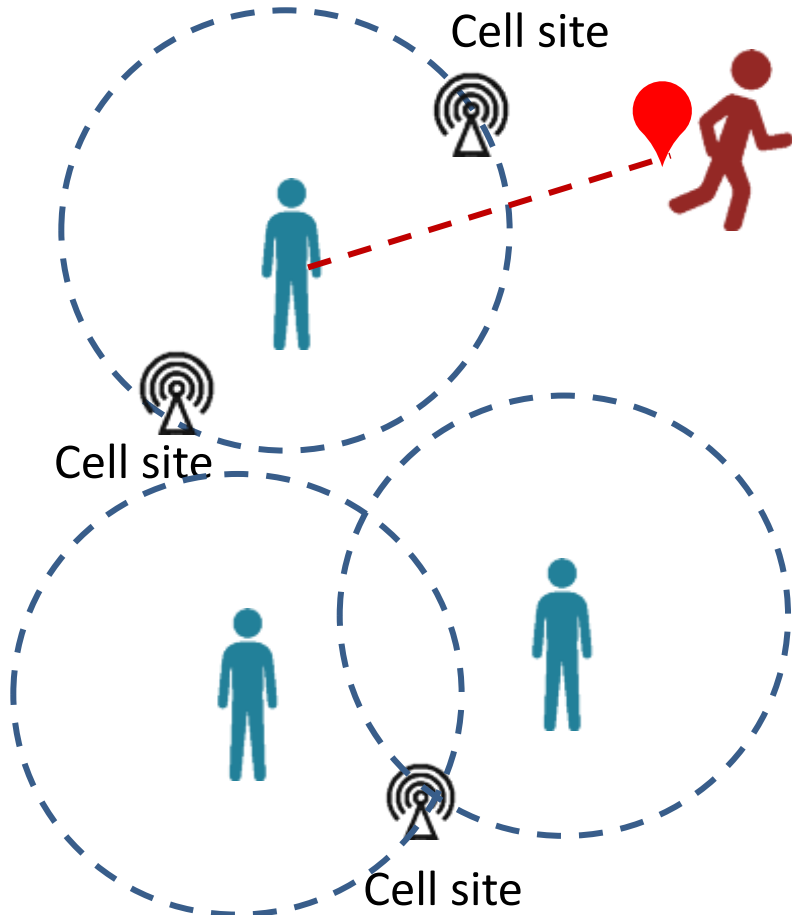
History of Travel
Occupation
Contact
Cluster



Smart Tracing System



Home-based Quarantine



- 1 Alert SMS to Local health authorities
(Police, health, village)



- 2 Site Visit



- 3 Impose a Fine



Care and Support Services for Isolated or Quarantined Persons



Local government
hotline



Meal delivery



Garbage collection



Settlement



Family visits



Suspected symptoms:
Designated ambulance



Non-suspected symptoms:
Medical care arrangement

受隔離、檢疫者 (3/23 開放受理申請)
和其照顧者 (3/31 開放受理申請)
可申請防疫補償每日 1,000 元



Epidemic
compensation

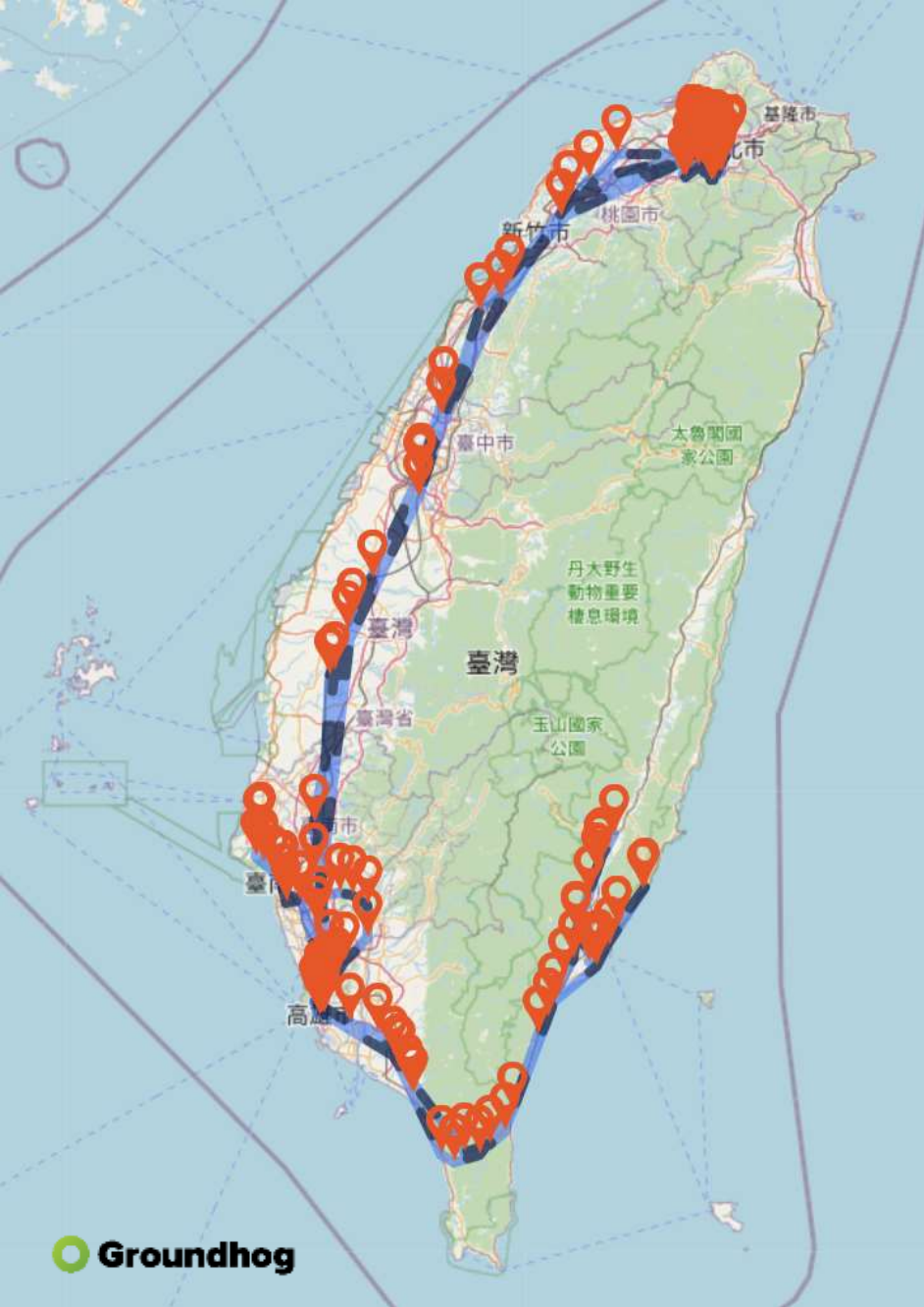
Low Penalty Rate of Guideline Violation*

	Home isolation	Home quarantine	Health self-management**
Total number	65,367	677,874	733,990
Symptomatic case number	8,013 (12.26%)	16,489 (2.4%)	892 (0.12%)
Confirmed case number	4,675 (7.15%)	412 (0.06%)+	279 (0.038%)
Symptomatic confirmed case no.	3,168 (4.85%)	404 (0.06%)	127 (0.017%)
Asymptomatic confirmed case no.	1,507 (2.31%)	8 (0.001%)	152 (0.020%)
Penalty Number (%)	36 (0.06%)	1,894 (0.28%)	23 (0.003%)

*by **June 13, 2021**

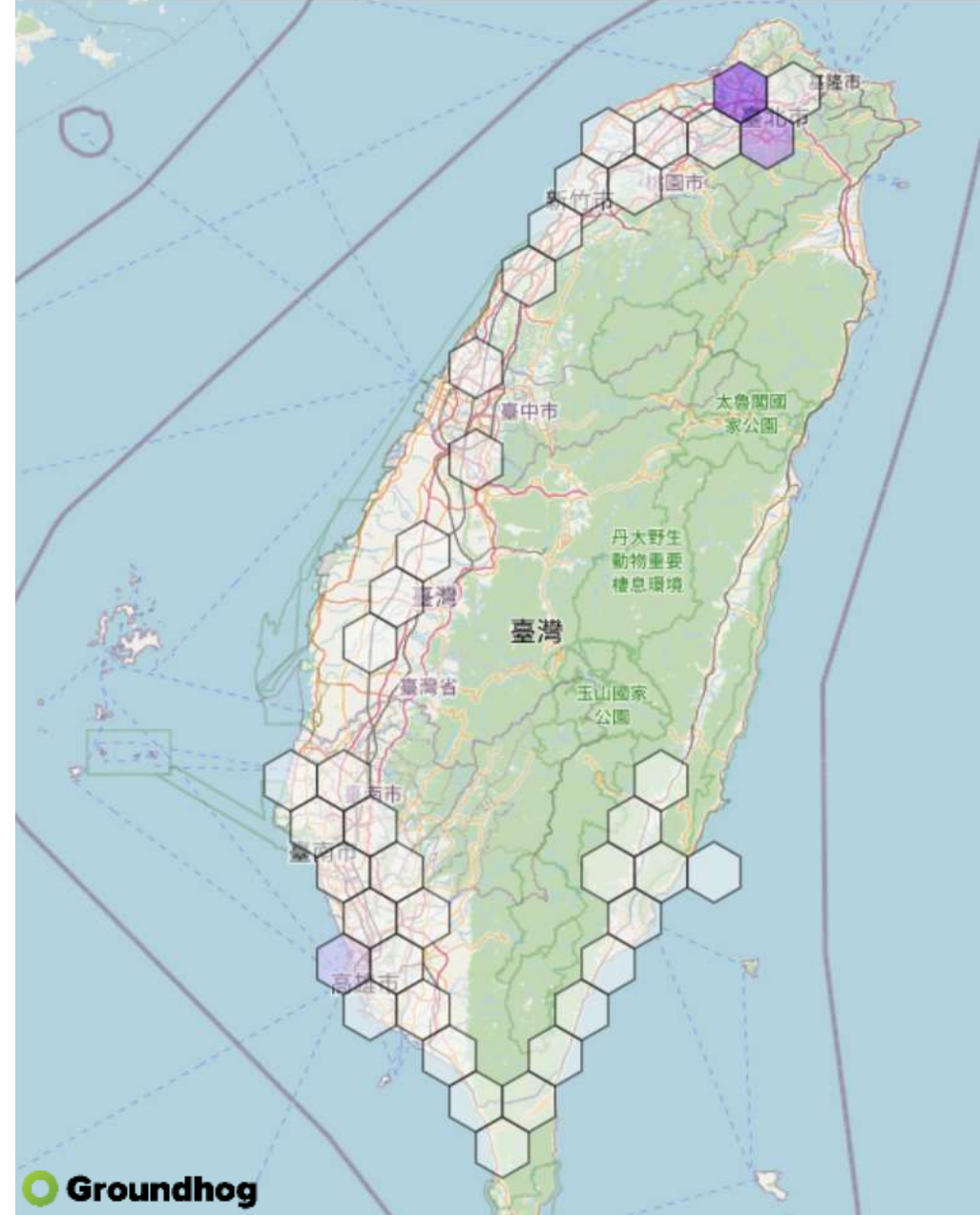
+ **107** detected at border entry and **305** detected during home quarantine

**Since January 10, 2021, the subjects of health self-management have been revised included reported cases who have been tested negative, people whose home quarantine/isolation period expired, and enhanced health management period expired.



Track of the specific confirmed case

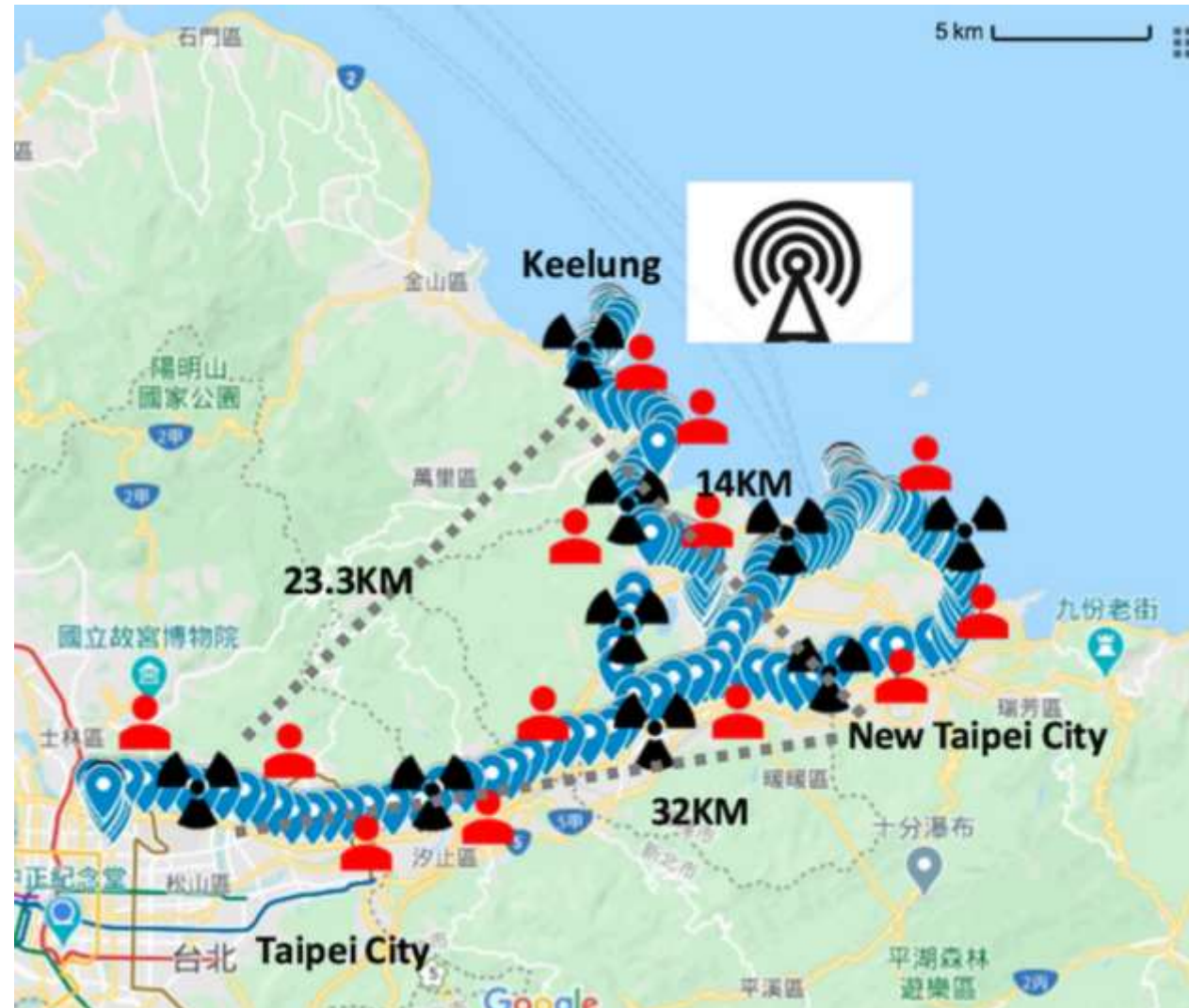
Hot Zones of the specific confirmed case



Cell Broadcast Announcement to Persons Visited Hot Zones during the Same Period of Time



 **Tour**
Diamond Princess Sightseeing Places
[VIEW MAP LEGEND](#)



Guidelines for Contact-information-based Measures



Clearly inform



Keeping only
28 days



Only for
Purpose



For contact
investigation



Responsibility
to protect



Cybersecurity
Requirements

Release on

CDC website



<http://at.cdc.tw/8Ql4h>

Paper or Electronic form

Trade off

Privacy and Disease control

Technology Level

Positioning precision:
GPS(high precision) / cell site(low precision)

Epidemic Supervision and Control

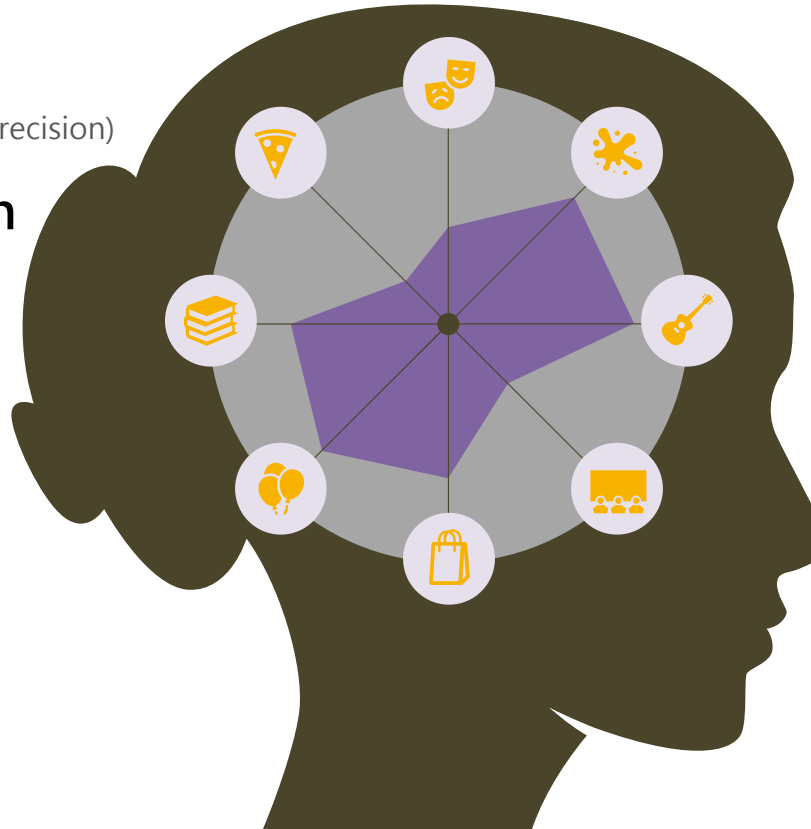
National Safety
Disease control

Compliance with Laws

Infectious Disease Control Act
Personal Data Protection Act
Cyber Security Management Act

The Need for COVID-19 Contact Tracing

Disease control



Economic development

Medical capacity
International epidemic
Financial losses

Privacy Issues

Human rights
Democracy

Personal Data Protection

reference GDPR
(General Data Protection Regulation)

Tracking Issues

meets the principle of proportionality

Principle of proportionality

Global Value: Democracy, Transparency and Solidarity

- From the very beginning of the pandemic, Taiwan government has ensured that the public has **open access to COVID-19 information**.
- CECC has held **daily press briefings** since January, which generate accurate news across a broad spectrum of media outlets. CECC quickly established its authority and earned the trust of the public.
- **Public trust** has had a stabilizing influence on society, encouraging citizens to follow government guidance and rules, and making the public less vulnerable to disinformation campaigns.
- A **virtuous cycle of good governance and good citizenship**: the more the public trust, the more people are willing to cooperate. Transparency, public trust and solidarity are natural products of vibrant democracy.

Early Deployment for COVID-19 Containment in Taiwan

1. Announcement of epidemic information, risk communication, regulatory guideline transparently and openly to resist disinformation attacks
2. Adequate supply of **PPEs and other medical materials** through mass production and name-based e-rationing
3. Enforcement of **non-pharmaceutical intervention** using online education and cell broadcast
4. **Financial relief and economic stimulus** using e-allocation
5. Research and development of **rapid diagnostics, anti-virals** and **vaccines**
6. **International collaboration**: PPEs, pharmaceuticals, technologies

National Mask Team: International Champion Cup

Requisition of **73** factories to expand **92** production lines

Average production per day:

1.8 million in January  **21 million** in May

Integrate raw materials, machines, production lines

Ensure stable power supply





Use Masks Properly to Protect Yourself and Others!

Name-Based Distribution System

Face Mask Purchasing

Two-step

Mask Reservation Using Mobile Phone:

1. Login with **NHI Card**



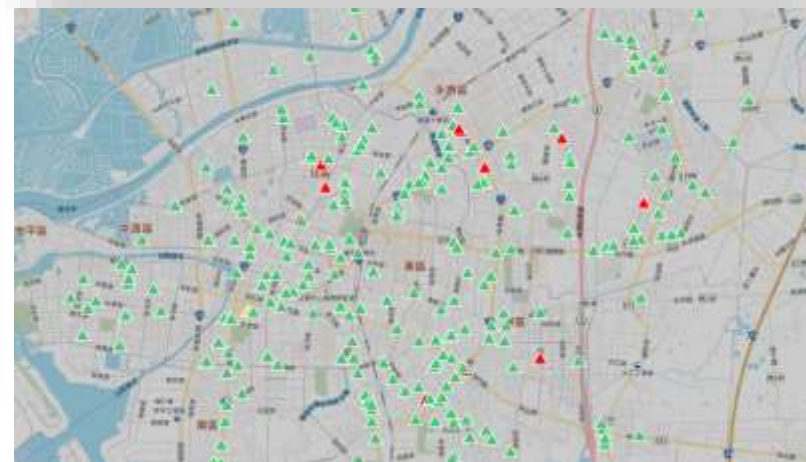
2. Finish Mobile Device Binding Procedure



Option 1
QR Code Scan



Option 2
Certification Code
Typing



President Tsai Ing-Wen convened a High-level National Security Council Meeting on March 12, and announced proactive measures to boost Taiwan's economic activity and vitality.



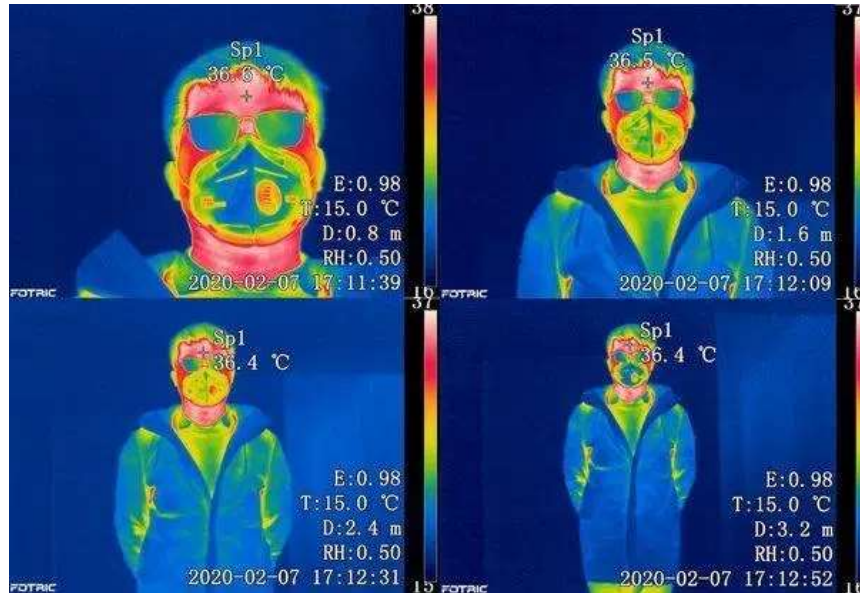
1. Allocate a **NT\$840 billion budget** for epidemic control, financial relief and economic vitality in 2020-2021
2. Shift public spending **priorities to emergency measures**
3. Provide **financial relief** to low-income families and damaged industries
4. Increase **government investment and** procurement for expansion of domestic demand
5. Issue **economic stimulus vouchers** to spur domestic consumption
6. GDP growth rate **3.11% in 2020, 5.9% in 2021** (IMF prediction) in Taiwan

Financial Relief to Damaged Industries

- COVID-19 accelerates **digital transformation**:
On-line consumption 2X increase
- **Shock** industries:
Transportation (aviation decreased 95%),
Tourism (hotel decreased 90%),
Physical entertainment (decreased 80%),
Physical retail (decreased 70%),
Food and beverages (decreased 30%)
- **Bonus** industries:
Semiconductor, computer and accessories
Healthcare and epidemic prevention
Otaku economy (work from home/online learning/e-commerce/home delivery)
Telemedicine and e-health

New Working Environment

Body temperature monitoring



Disinfection robot



Location tracking



Work from Anywhere



Online Meeting



Online Learning and Distant Education



均一教育平臺



PaGamO



學習吧



因材網



酷英語



臺北酷英語



國立中小學課程與教學資源整合平臺

CIRN 國民中小學課程

與教學資源整合平臺



達學堂

Online B2B Marketplace



Online Exhibition

Online Exhibits | 10,266 個故事



線上展覽
The Seventh Art in Paper
Archivo General de la Nación - México



線上展覽
A Collection Of Love Letters
Archivo General de la Nación - México



線上展覽
Map of the Zacatecas Intendancy
Archivo General de la Nación - México



線上展覽
The Torment and Death of the Prisoners who Attempted To...
Archivo General de la Nación - México



線上展覽
Collection of Varios Poems of the Vice-Regal Period
Archivo General de la Nación - México



線上展覽
Moving Images
Faculty of Arts and Humanities of University of Porto



線上展覽
Quicos
Filipino Street Art Project



線上展覽
Sim Tolentino
Filipino Street Art Project



線上展覽
Underground Paris - Street Art #1
Underground Paris



線上展覽
TIORÉ 100X100
Estúdio Lóne



線上展覽
李祖堃：弄之庭
北京當代藝術中心



線上展覽
Dulwich Outdoor Gallery Tour
Dulwich Outdoor Gallery



線上展覽
How to make a museum?
POLIN Museum of the History of Polish Jews



線上展覽
The Art of Goldsmithery in Crotona
Unioncamere



線上展覽
Faces in the Blue Wall
Galeria de Arte Urbana



Online Video Streaming Service



Otaku Economy-Online Shopping

Food Delivery/E-commerce/
Online Game



Indoor Exercise/Somatosensory Game



Live Stream/Streamer



Financial Relief to Low-income Families



Supports to low-income families:
Children
Disabled persons
Elderly

Economic stimulus vouchers to
every citizen of all ages

Subsidies to all schoolchildren

Successful Containment of Second Wave of Alpha Variant Outbreak from May to July in 2021

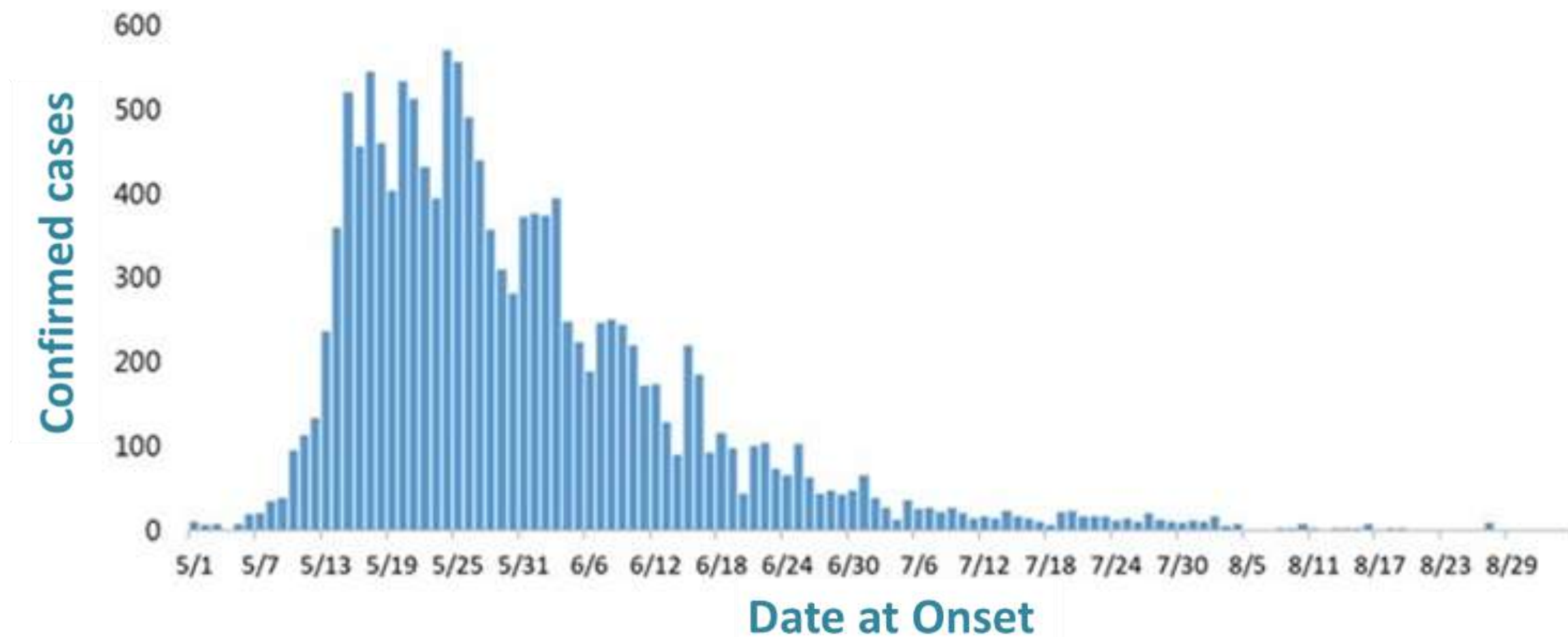
- Clusters of China Airline and Novotel employees, Lion Club members, as well as persons visited Tea Houses (adult entertainment venues) and surrounding districts
- Community spread from imported cases to domestic transmission
- Level 3 Alert (indoor ≤ 5 ; outdoor ≤ 10) from May 15 to July 26
- School closing: Family Epidemic Prevention Subsidies (NT\$10,000/child)
- Over 15,000 confirmed cases and over 800 deaths

COVID-19 Level 3 Alert in Effect Around Taiwan Through May 28

- For all schools, teaching should be conducted online instead. Tutoring centers, kindergartens and day-care services are closed. Employers should allow paid or non-paid leave for workers who need to look after their underage children.
- For businesses and offices that remain open, compliance with COVID-19-related preventive measures are required.
- All members of the public are required to wear a mask at all times except at home.
- Cinemas, sports centers, libraries, exhibitions, bars, and adult entertainment venues are closed.
- Gatherings of 5+ people indoors or 10+ outdoors are prohibited.
- Restaurants are required to use ID-based registration, socially-distant seating and/or partitions or provide take-out/delivery service only.
- Members of the public are advised to avoid unnecessary travels.

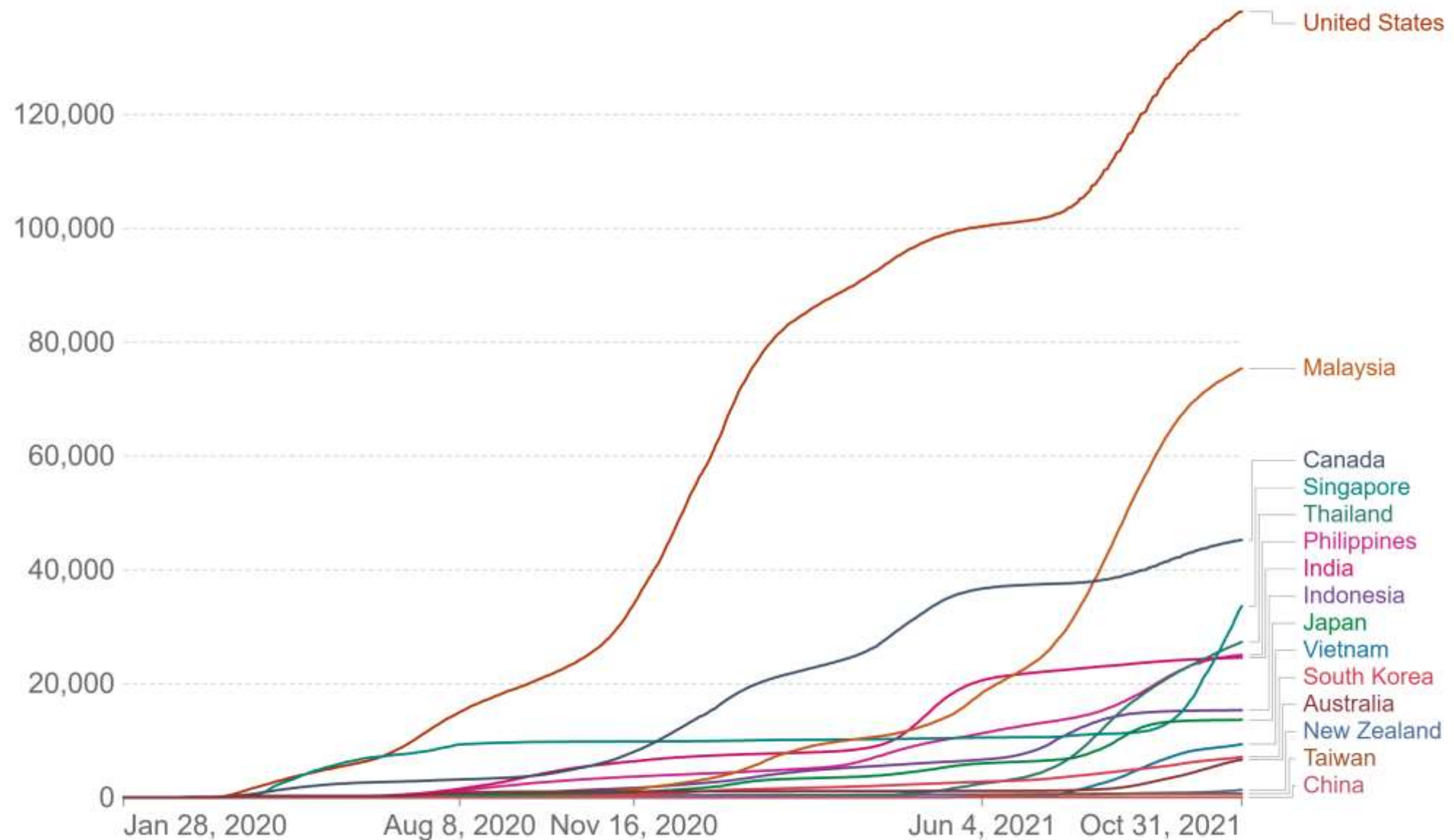
Source: CECC / CNA graphic 19 May

Epidemic Curve of COVID-19 in Taiwan since 2021/5/1



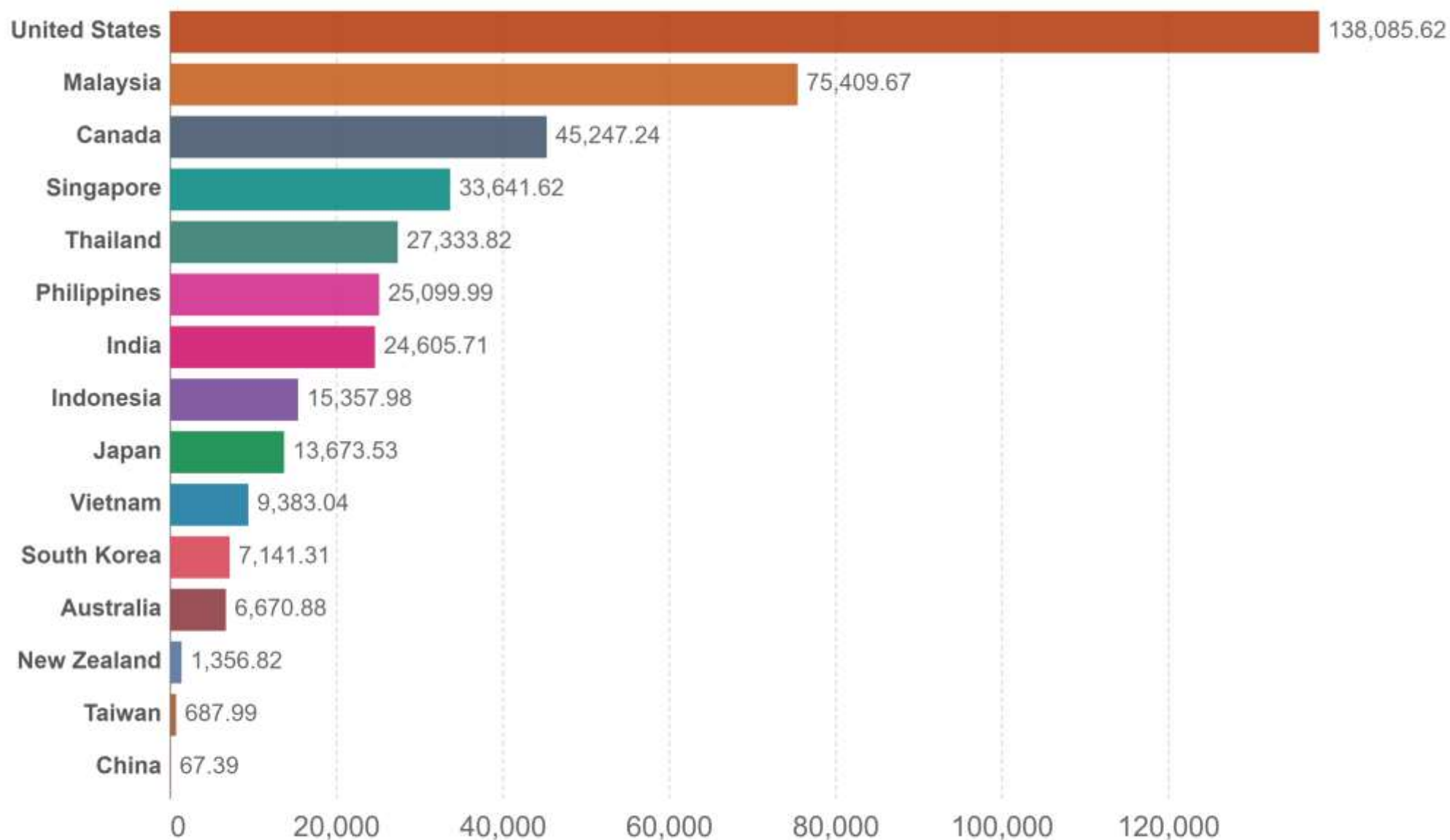
Cumulative confirmed COVID-19 cases per million people

The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



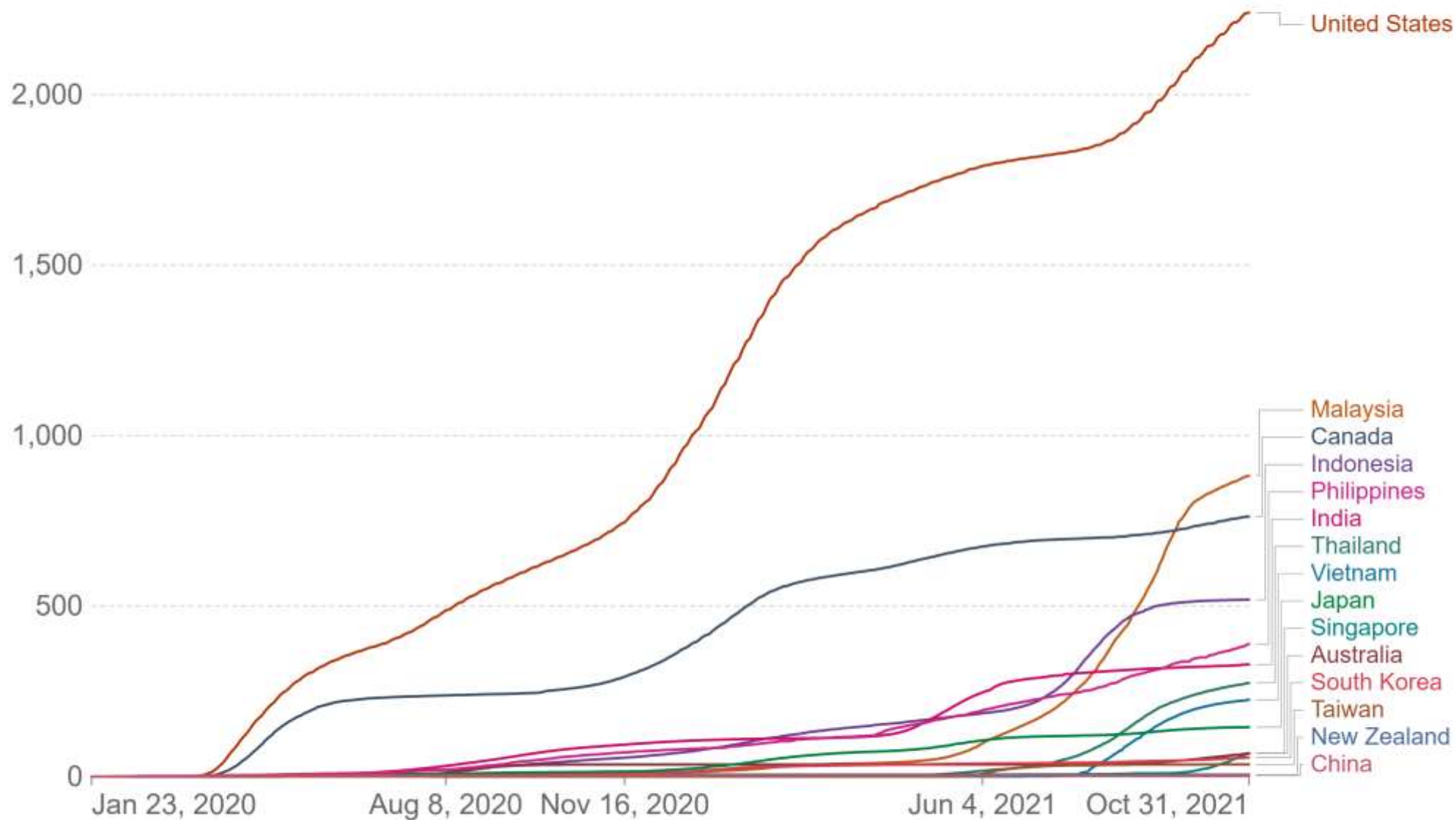
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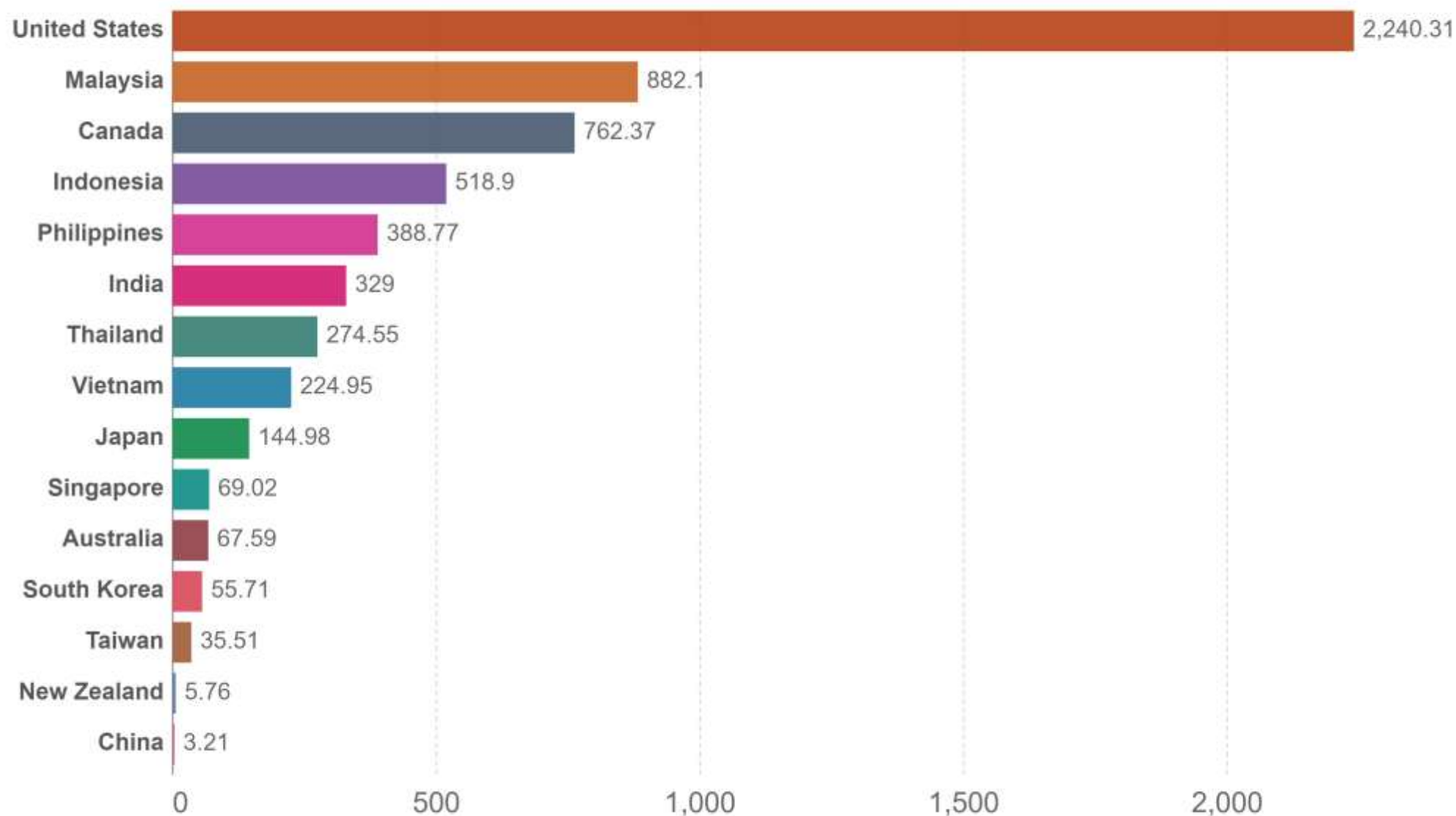
Cumulative confirmed COVID-19 deaths per million people

Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.



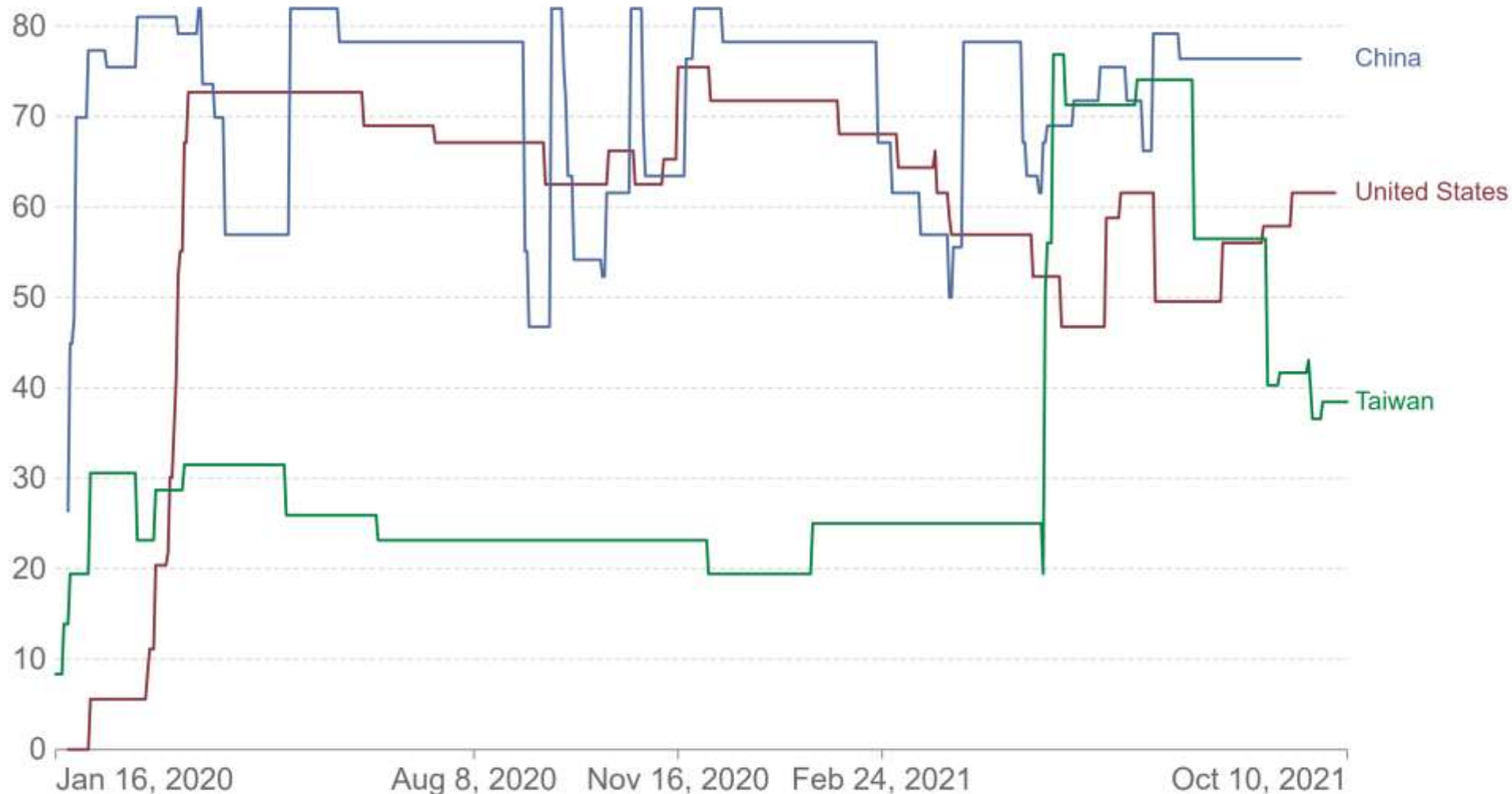
Cumulative confirmed COVID-19 deaths per million people

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COVID-19: Stringency Index

This is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest). If policies vary at the subnational level, the index is shown as the response level of the strictest sub-region.



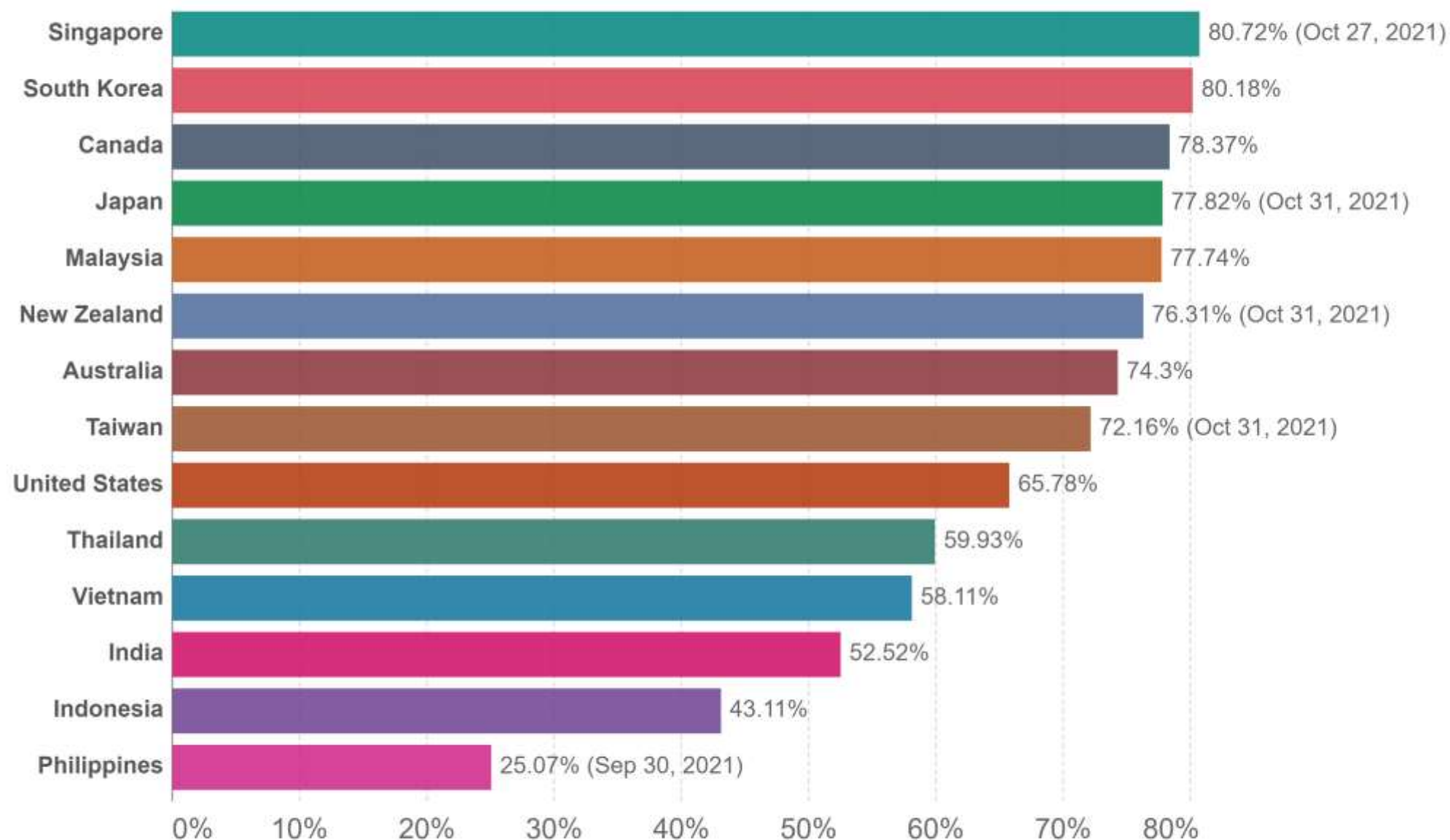
Source: Hale, T., Angrist, N., Goldszmidt, R. et al. A global panel database of pandemic policies (Oxford COVID-19 Government Response Tracker). Nat Hum Behav 5, 529–538 (2021). <https://doi.org/10.1038/s41562-021-01079-8>
CC BY

Phase II Effort: Immunization and NPIs

- 20M doses from AZ, Moderna, COVAX
- 5M doses from domestic vaccine company (Medigen)
- 4.2M doses AZ vaccines donated by Japan
- 4.0M doses Moderna vaccines donated by the USA
- 0.9M doses donated by Lithuania, Poland, Czech Republic, Slovak Republic
- 15M doses BNT vaccines donated by domestic private organizations
- 70% received at least one dose by October 31, 2021
- Immunization priorities: High exposure/fatality

Share of people who received at least one dose of COVID-19 vaccine

Total number of people who received at least one vaccine dose, divided by the total population of the country.



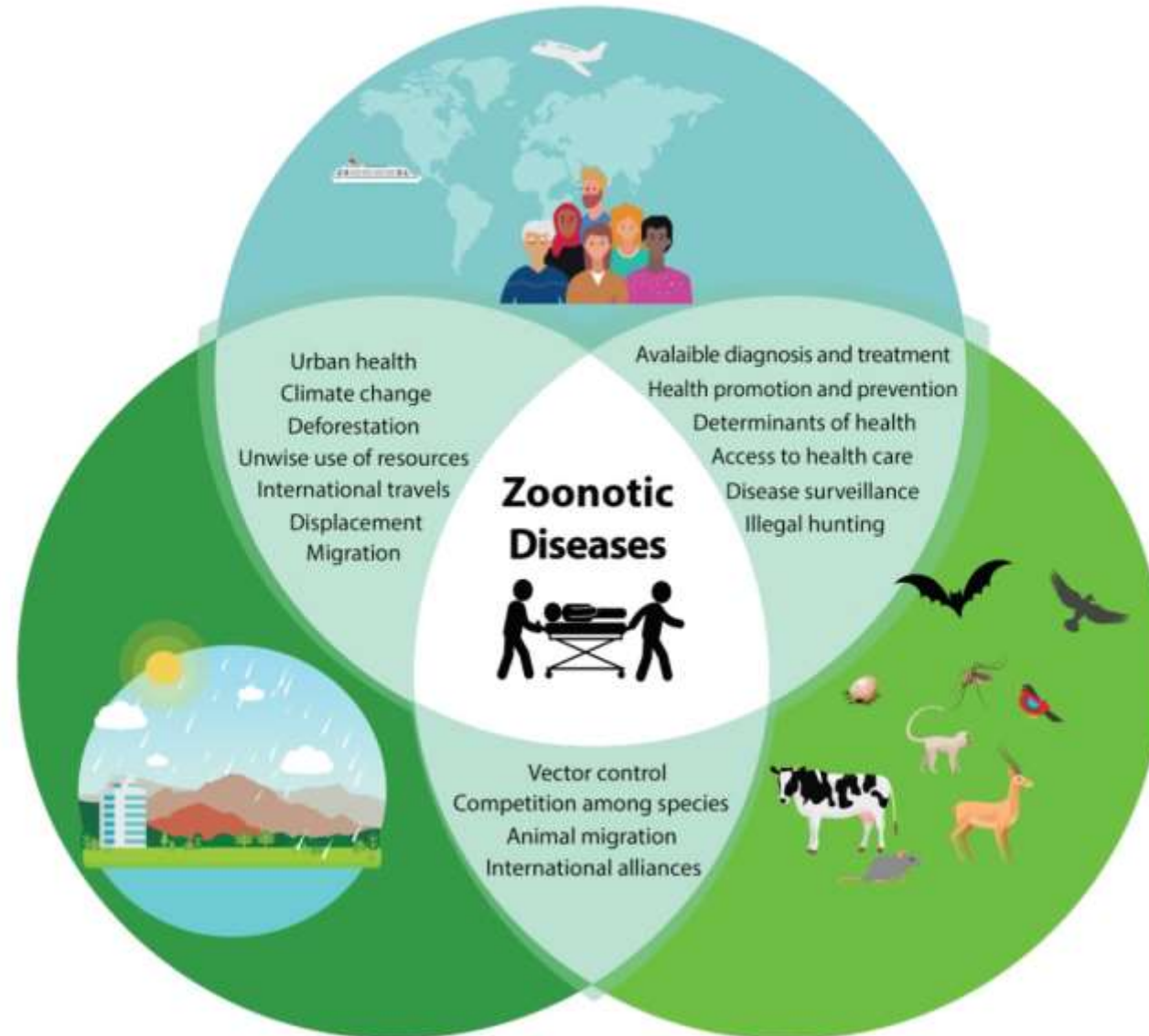
Containment of Current and Future Pandemics: Global Solidarity and International Collaboration

- Infectious agents **respect no border**, and no country can fight pandemics alone.
- Outbreak of emerging infectious disease needs to be **contained at its original site** as soon as possible.
- **Public Health Emergency of International Concerns** needs to be announced **quickly, transparently and widely**.
- WHO should play a better coordinating role with **professionalism and political neutrality**.
- Equal access to PPE, diagnostics, antivirals and vaccines must be assured. **No nationalism! No deglobalization!**
- Help each other through global solidarity and international collaboration.

Pandemic Containment and Economic Recovery: Science, Technology and Humanity

- New insights from **science** and new experiences with **health policy actions** are quickly accumulating.
- **Research and development** enters a steep learning curve during the pandemic.
- Understanding the causes/origins and prevention of **zoonotic diseases** is important.
- Optimal management of pandemics with public health, citizen information and contact reduction approaches, accompanied by health services must be **prioritized**.
- Health workers, medical professionals and scientists must be equipped for **making morally and ethically responsible decisions** in pandemics.
- **Financial relief, economic revitalization and sustainable development** are as important as pandemic containment.

One Globe One Health: Post-COVID Reform for Resilience



Every cloud has a silver lining.



Global Solidarity



ACHIEVING GROWTH AMID DISRUPTIONS

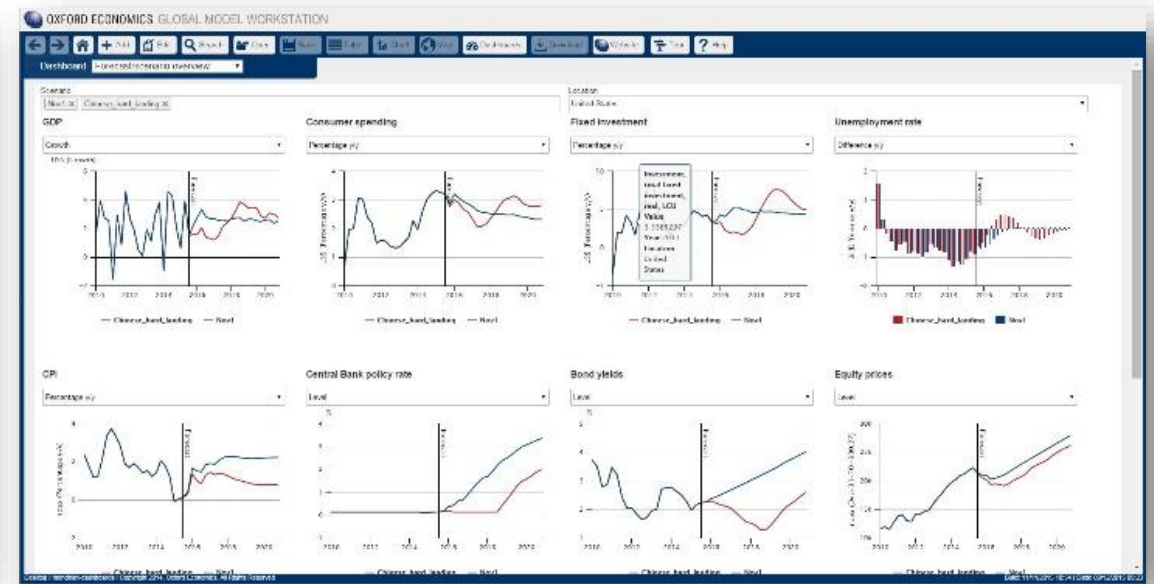
Priyanka Kishore
pkishore@oxfordeconomics.com

October 2021



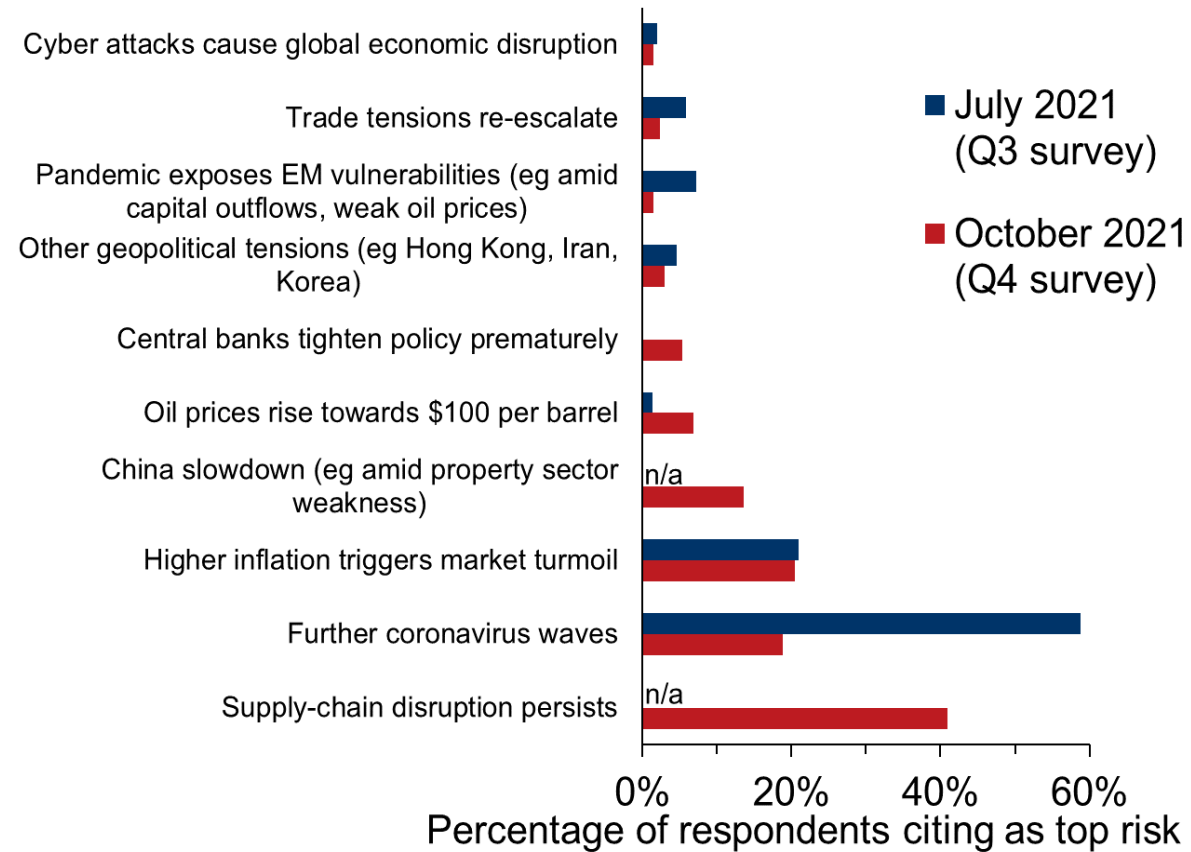
Introduction to Oxford Economics

Oxford Economics' Global Economic Model provides a rigorous and consistent structure for forecasting and testing scenarios. As a globally integrated economic model covering 85 countries, it can be used to address questions on a wide range of economic topics such as the impact of oil price changes, or the effects of slower Chinese growth. The model forms the foundation of all of our country, industry, and city forecasts.



Pandemic is no longer the top near-term risk

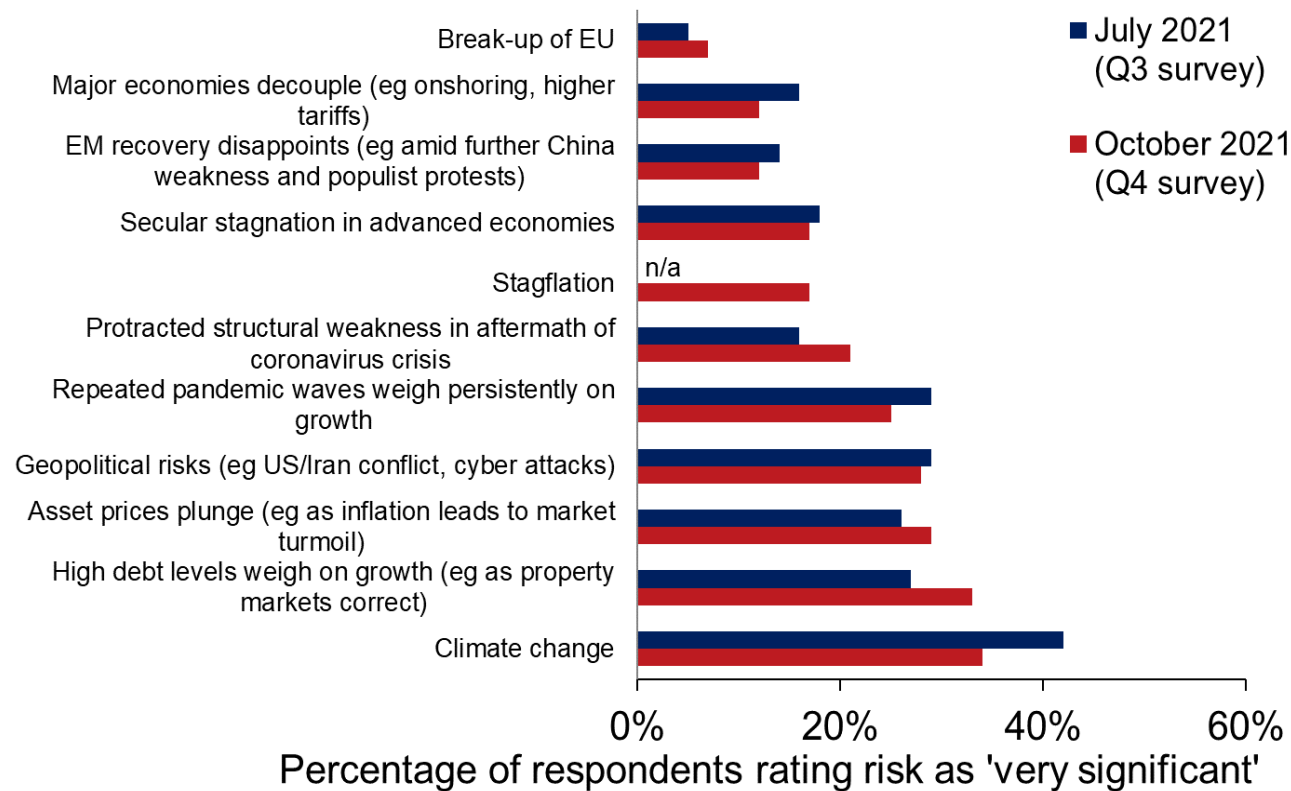
What do you see as the top three downside global economic risks over the next two years?



Source : *Oxford Economics Global Risk Survey*

Climate change dominates medium-term concerns

Looking ahead to the next five years, how serious are the following medium-term global economic risks?



Source : *Oxford Economics Global Risk Survey*

The post-pandemic world

Supply chain disruptions

How long are they likely to persist?

Living with COVID

Are we adapting to recurring outbreaks and lockdowns?

Inflation

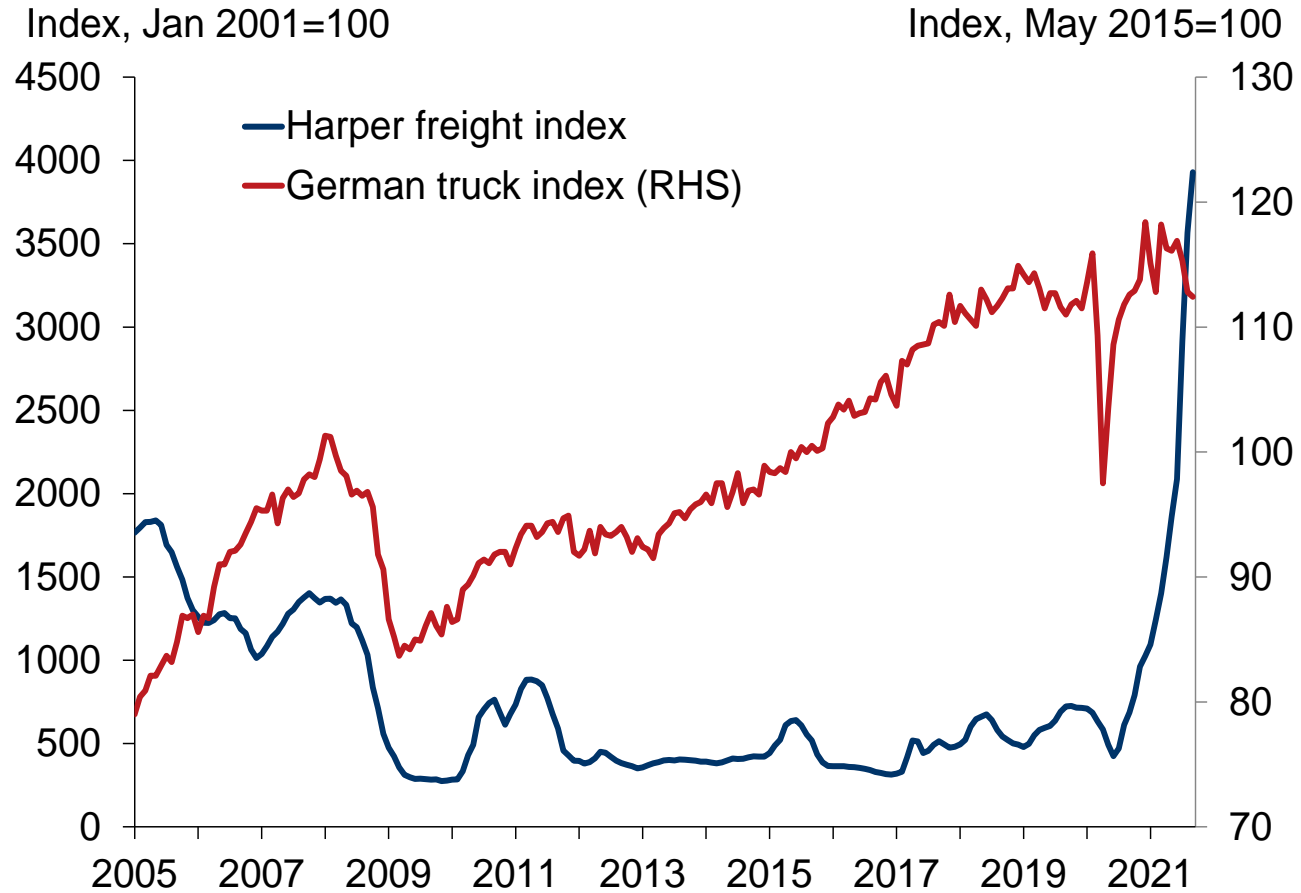
A new era or regime shift?

Climate change

Do Asia's climate goals secure its future?

Supply chain disruptions continue

World: Supply chain disruption indicators

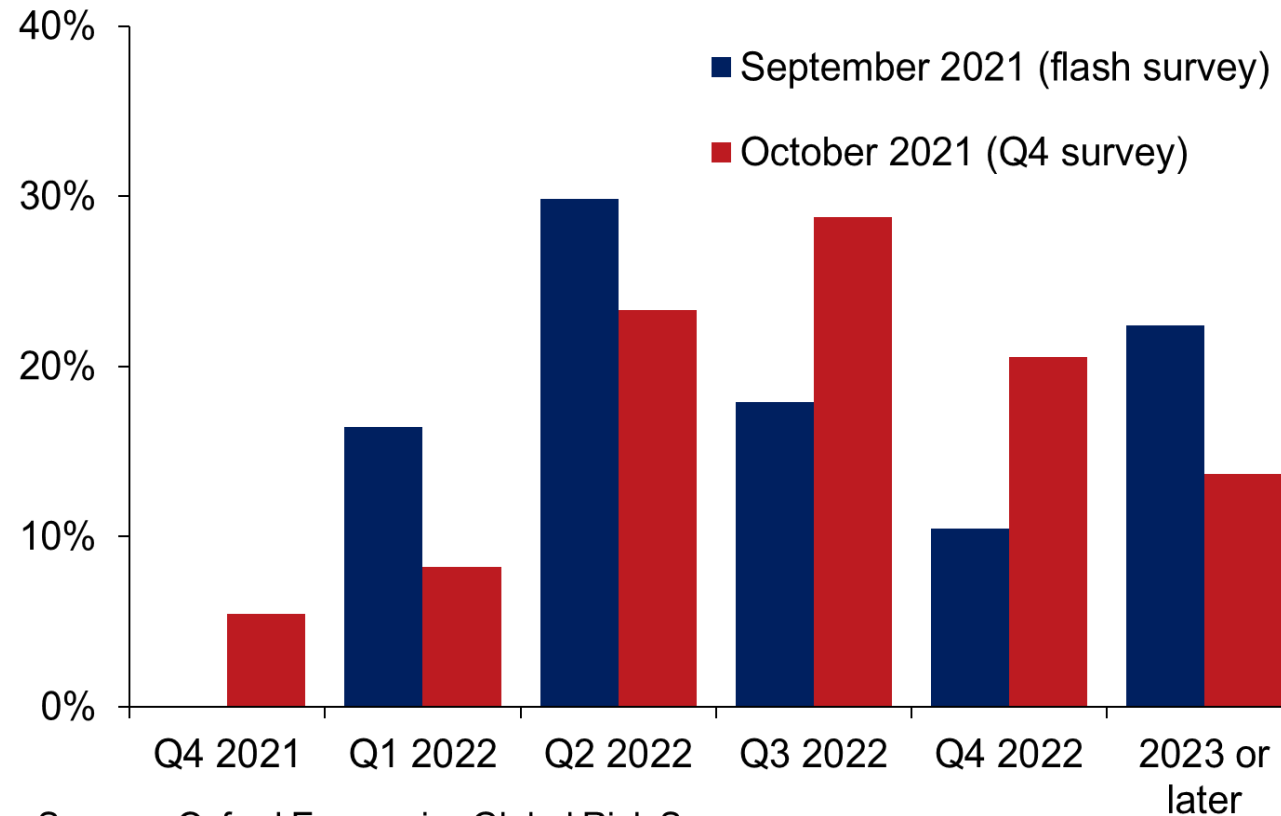


Source : Oxford Economics/Haver Analytics

The bottlenecks will take time to ease

When do you expect supply-chain disruption to end for your business?

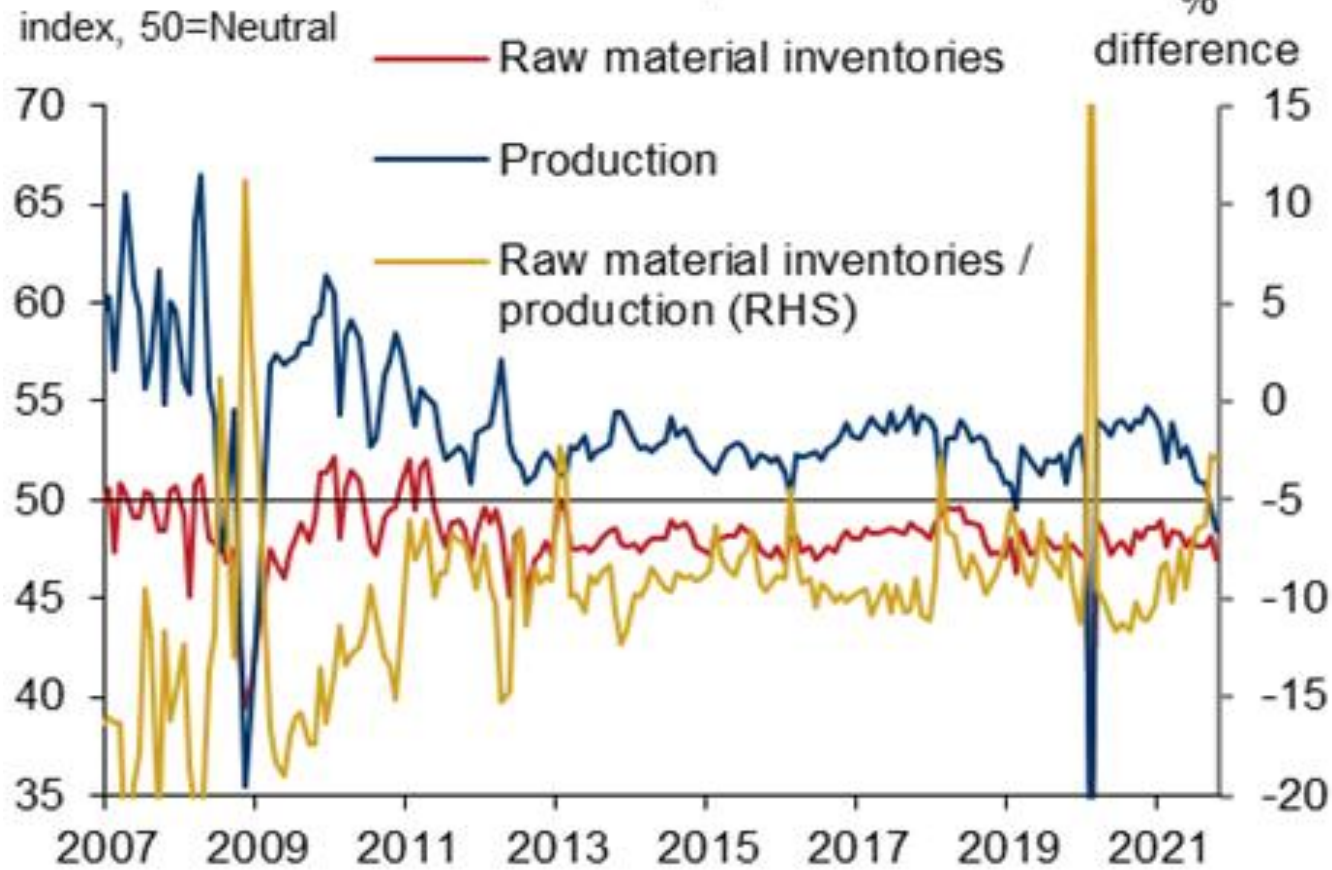
% of respondents affected by disruption



Source : Oxford Economics Global Risk Survey

The extent of the problem varies in Asia

China: Inventories vs. production

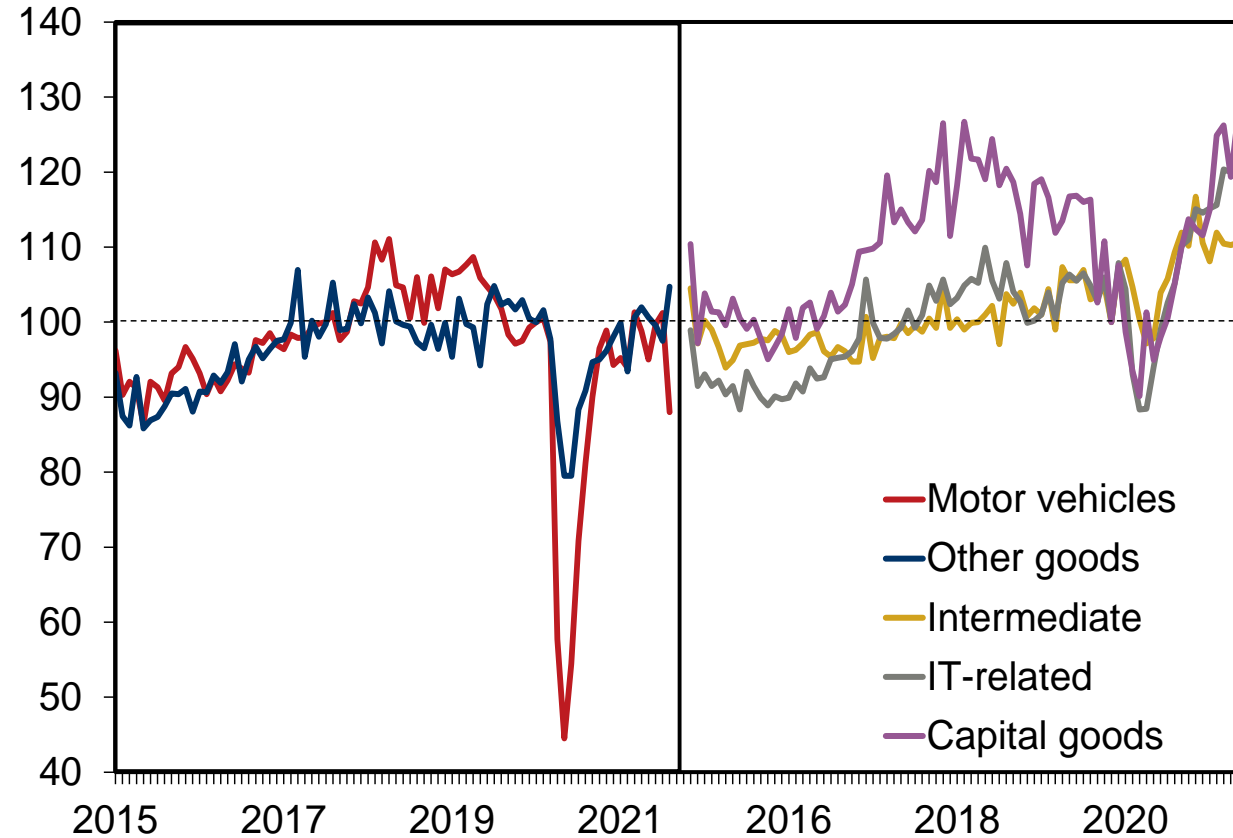


Source: Oxford Economics, CEIC Data

Countries more exposed to global supply chains hit harder

Japan: Exports by sector

Indices, Jan 2020=100



Source : Oxford Economics/Haver Analytics

The post-pandemic world

Supply chain disruptions

How long are they likely to persist?

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Inflation

A new era or regime shift?

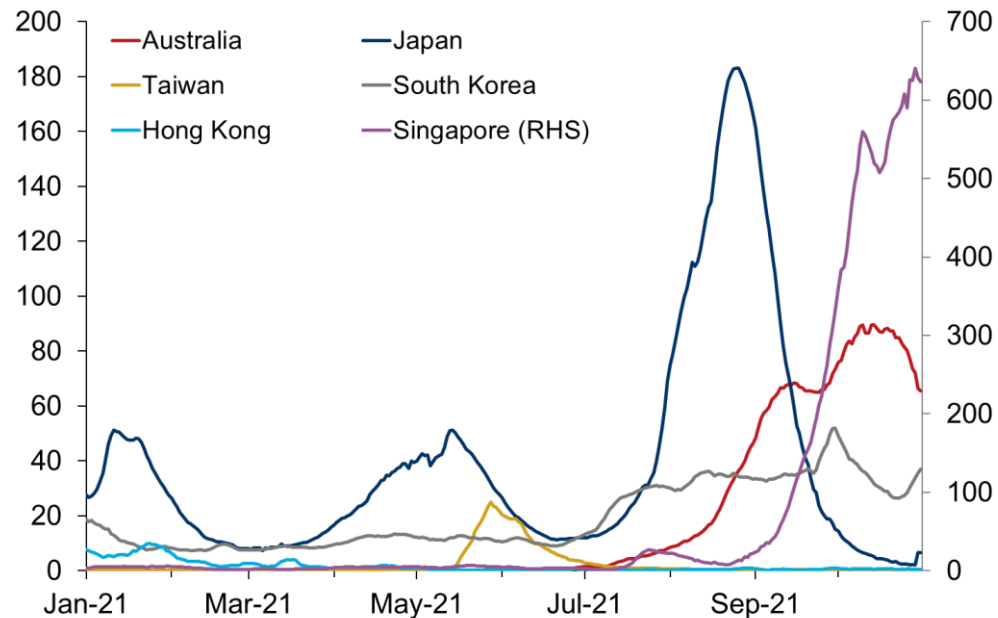
Climate change

Do Asia's climate goals secure its future?

How much should we worry about future outbreaks?

Asia DM: New daily Covid-19 cases

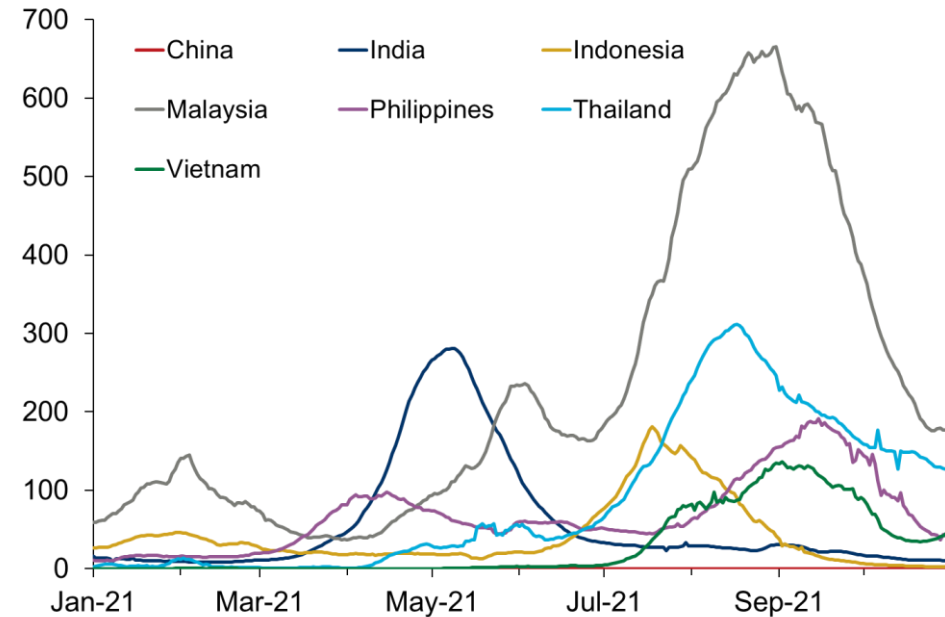
7-day moving average cases per million people



Source : Oxford Economics, Haver Analytics, OWID, data.gov.hk.
Data as of Oct 31, 2021

Asia EM: New daily Covid-19 cases

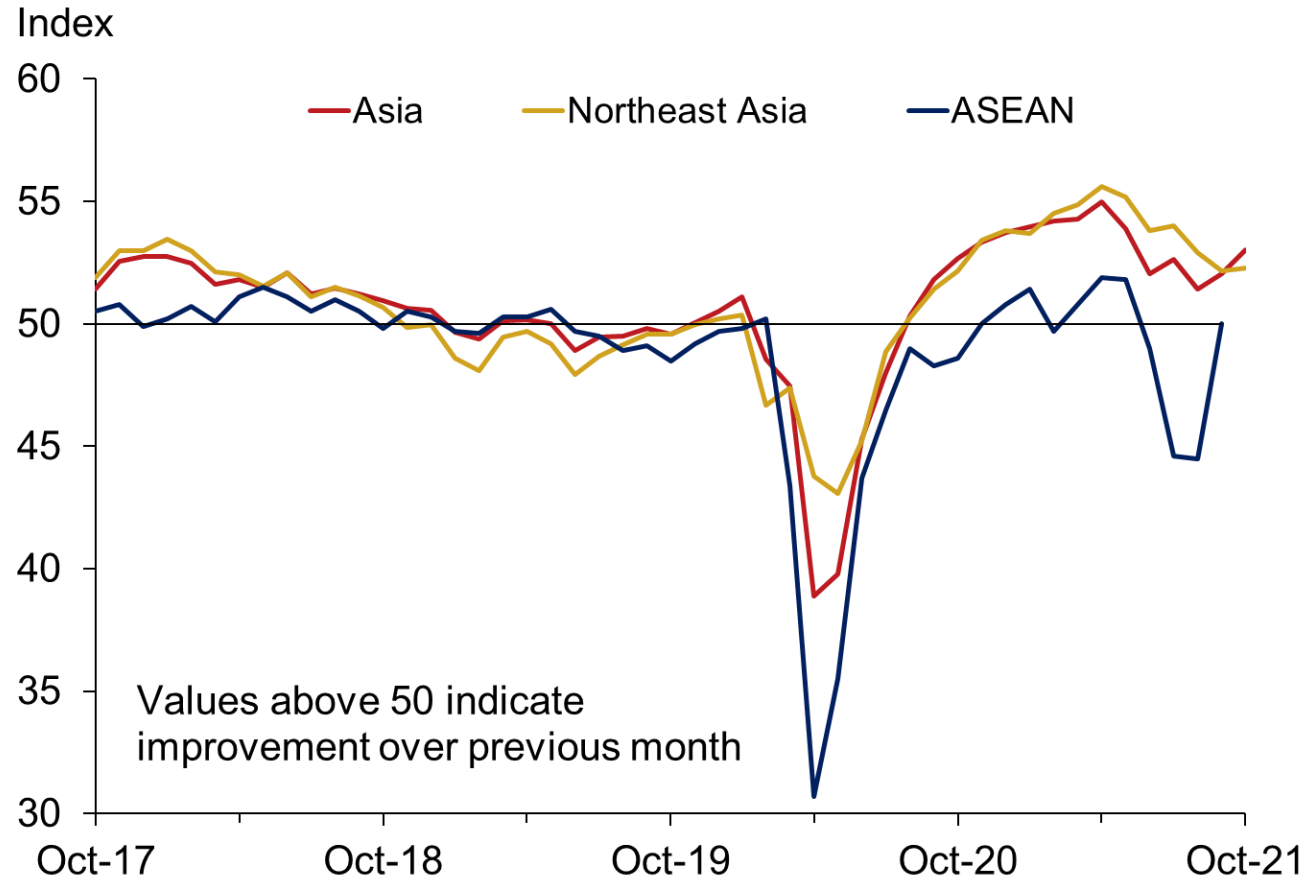
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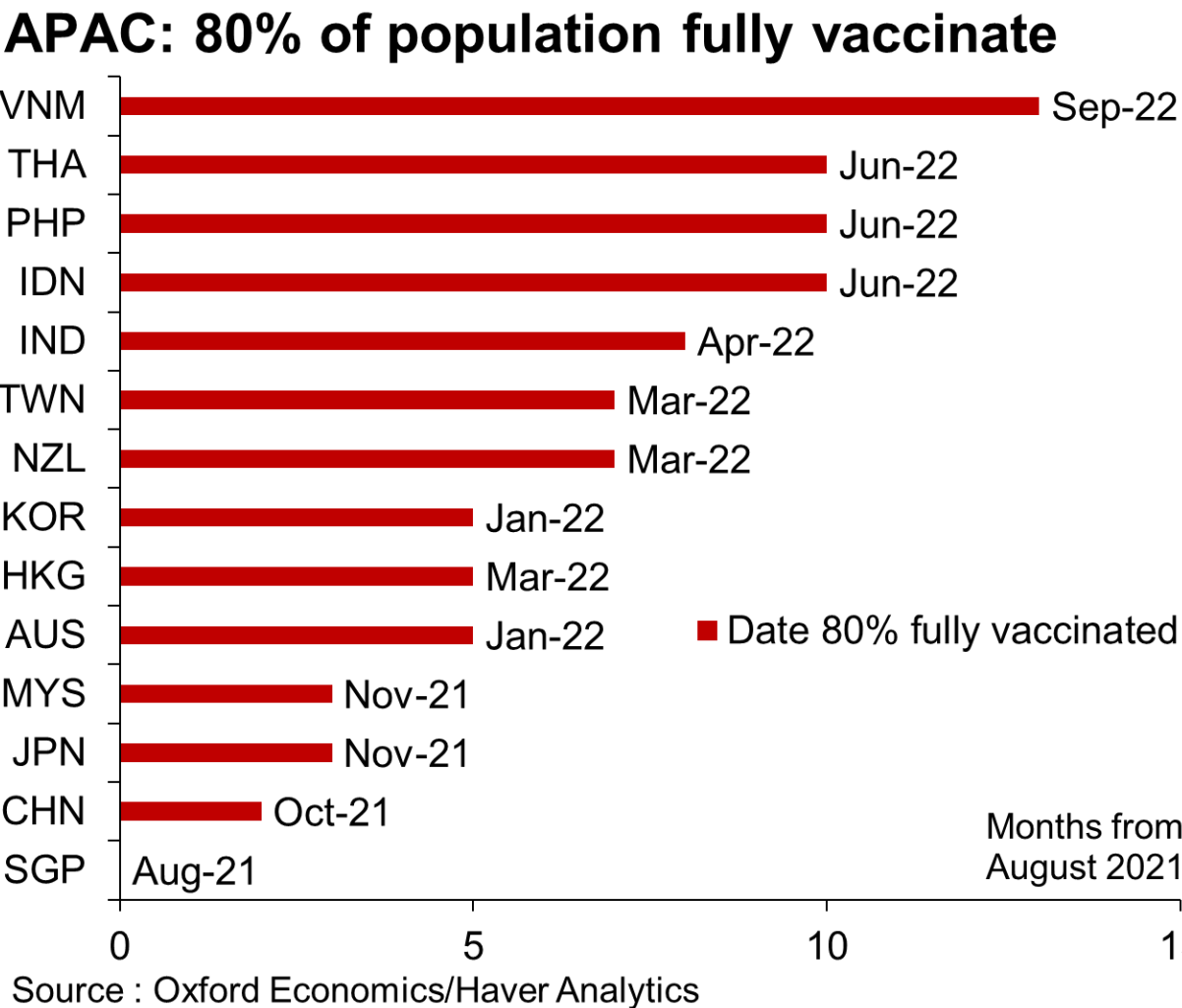
Businesses and consumers have turned more resilient

Asia: Manufacturing PMI

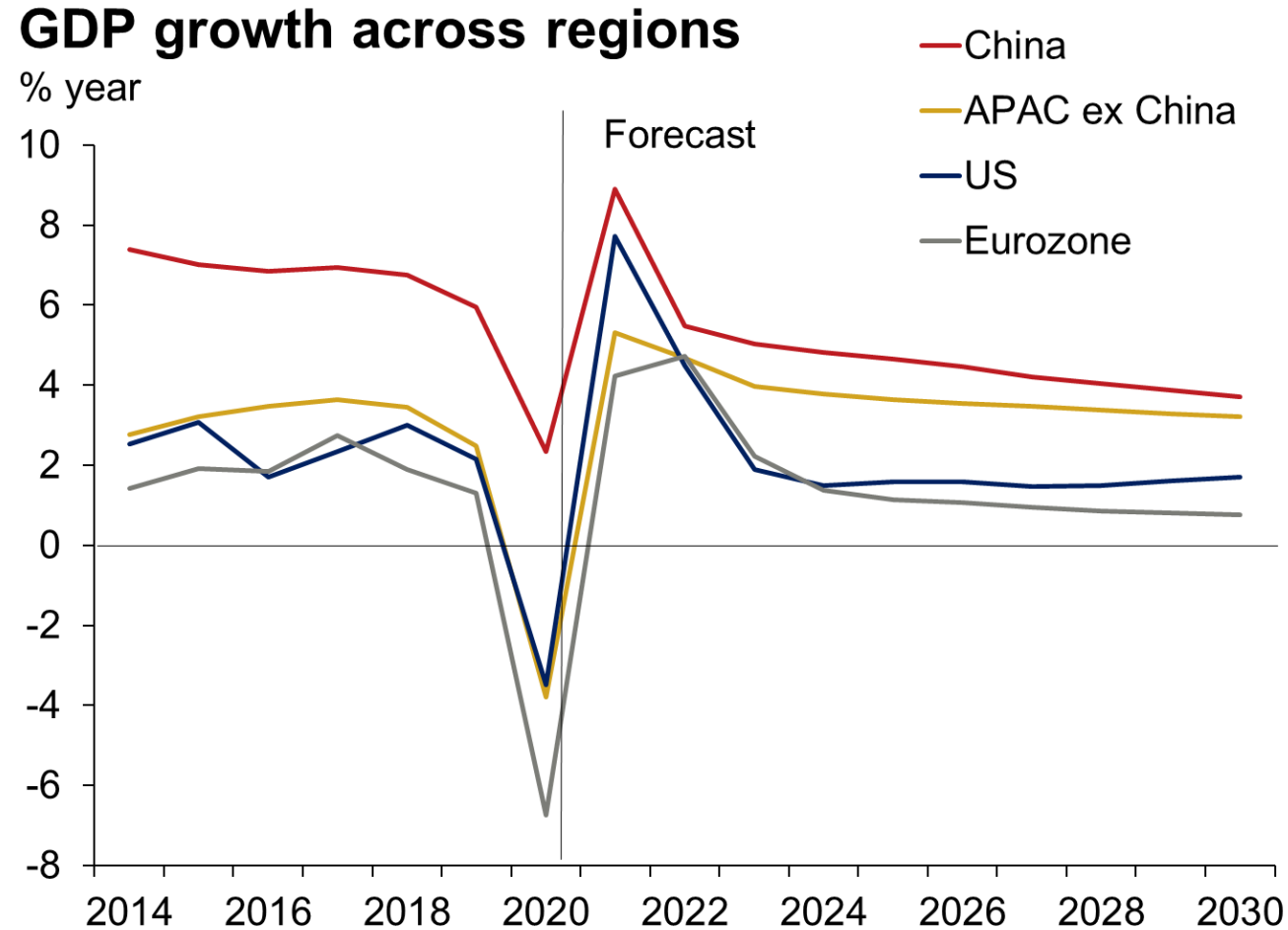


Source : Oxford Economics/Datastream/IHS Markit

Higher vaccination will lead to more durable recovery paths



Asia to remain fastest growing region in the world



Source : Oxford Economics/Haver Analytics

The post-pandemic world

Supply chain disruptions

How long are they likely to persist?

Living with COVID

Are we adapting to recurring outbreaks and lockdowns?

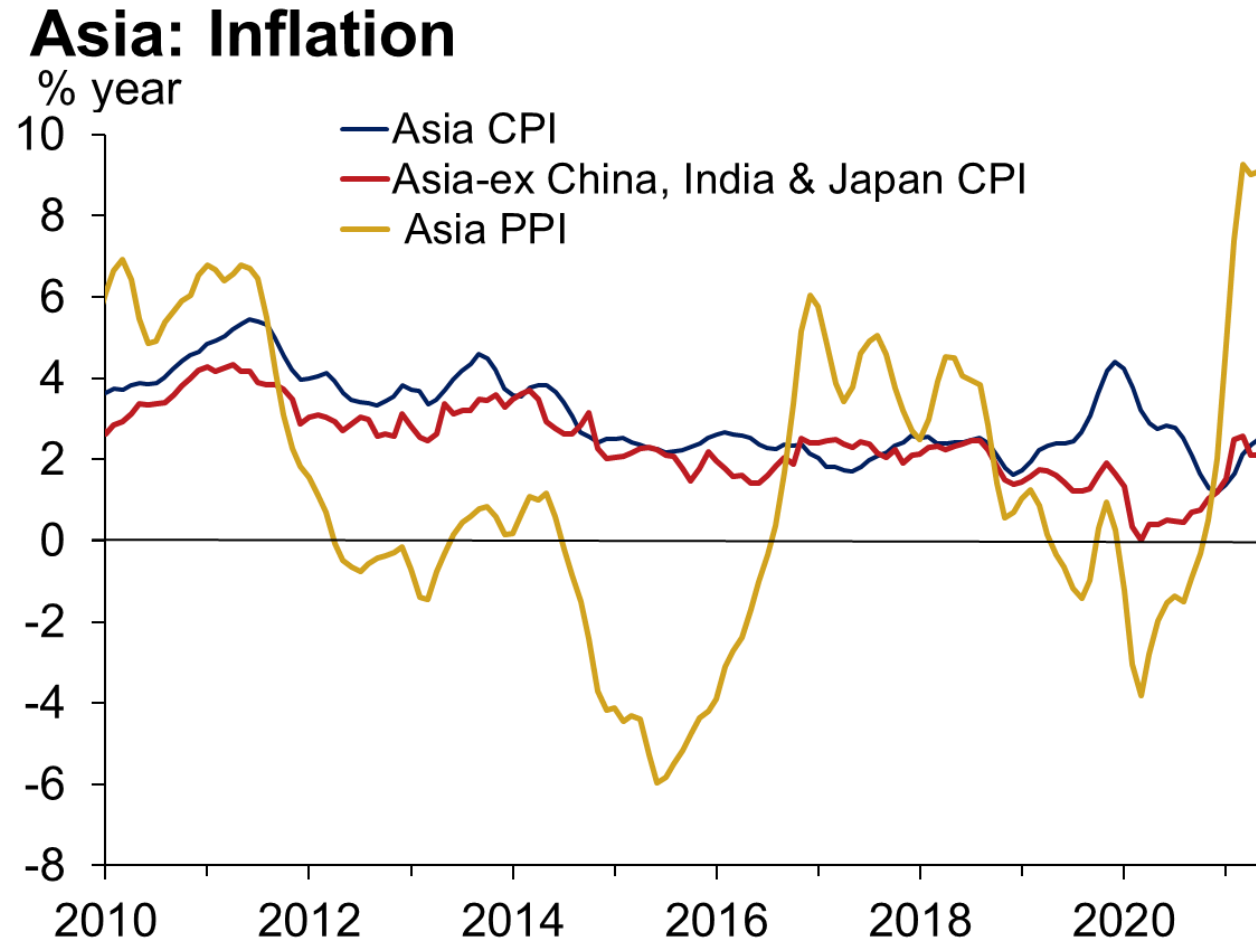
Inflation

A new era or regime shift?

Climate change

Do Asia's climate goals secure its future?

CPI has risen but impact on PPI is more

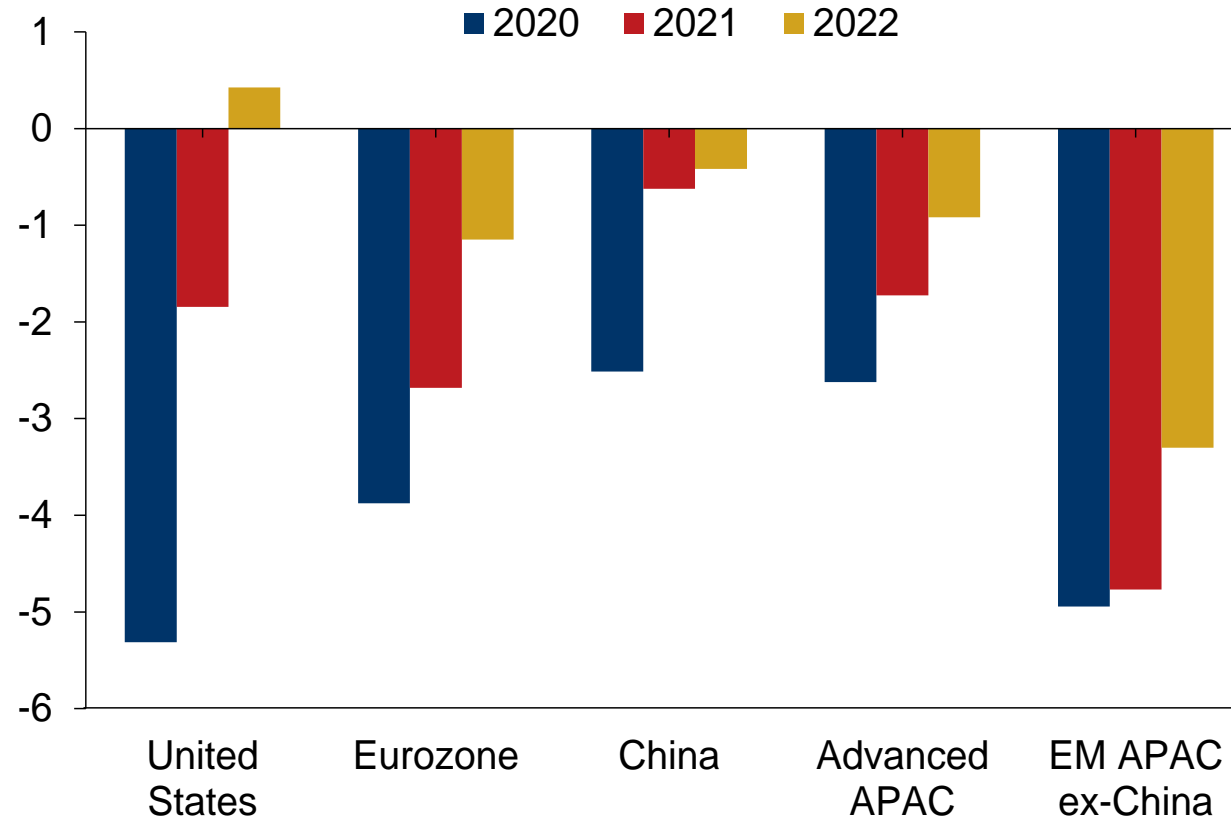


Source : Oxford Economics/Haver Analytics

Inflation not as big a worry for most Asian economies

Global: Output gaps

% of potential GDP

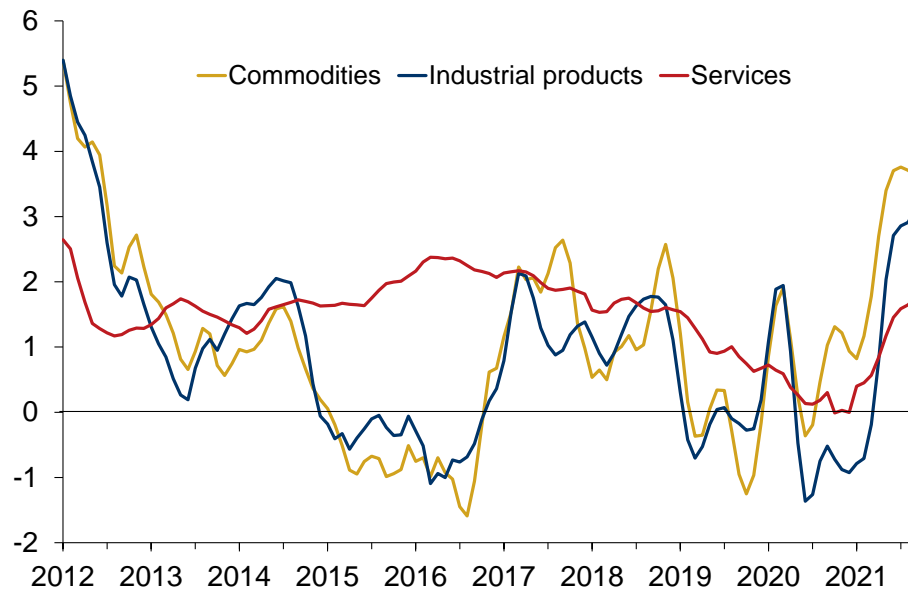


Source : Oxford Economics/Haver Analytics

APAC benefits from in-built inflation buffers

South Korea : Consumer inflation

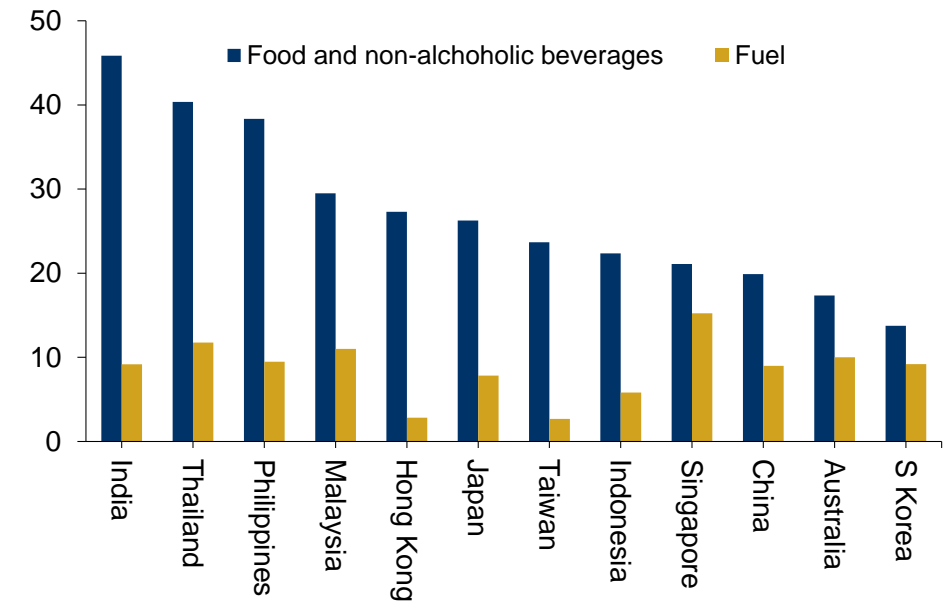
% year, 3mma



Source : Oxford Economics/Haver Analytics

APAC: Food and fuel weights

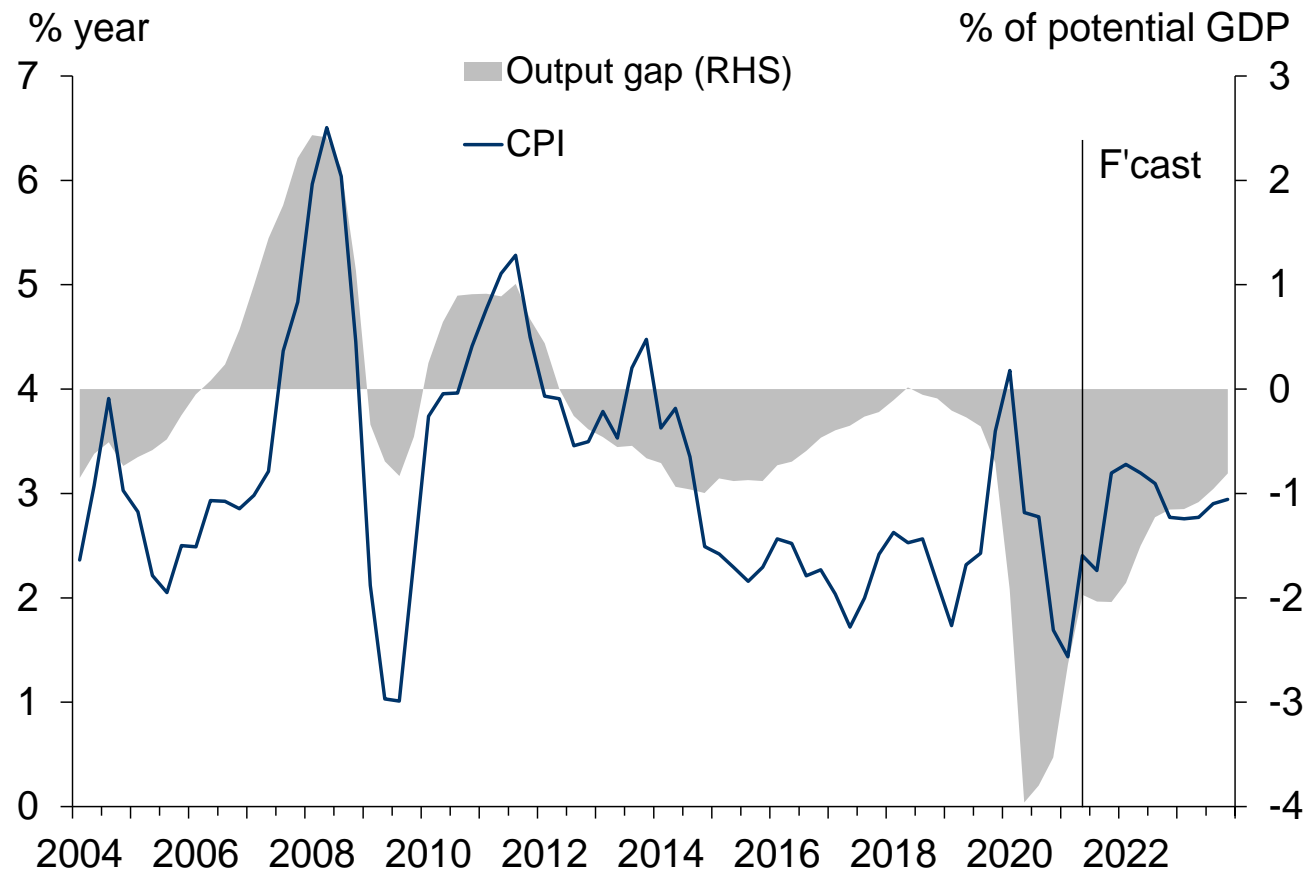
% of CPI basket



Source : Oxford Economics/Haver Analytics

CPI should peak in Q4 but downtrend will be slow

APAC: Inflation and output gap

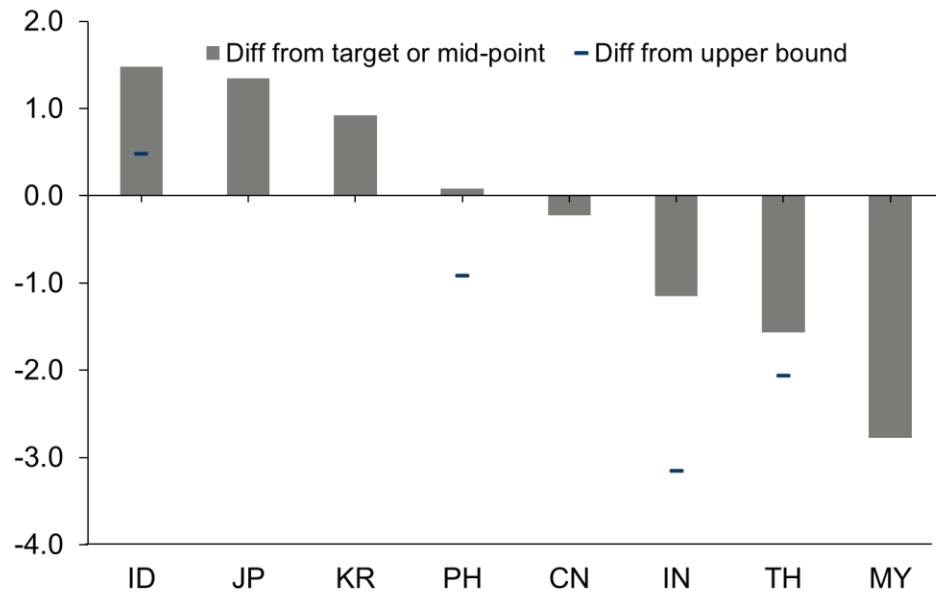


Source : Oxford Economics/Haver Analytics

Widespread rate hikes are unlikely ahead of the Fed

Asia : Inflation gap

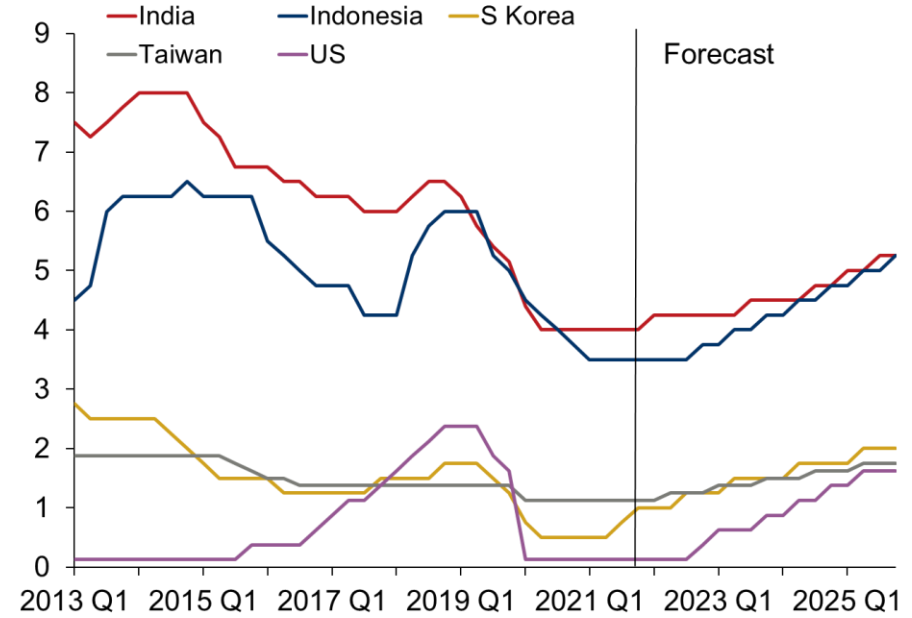
Q4 2022, ppt



Source : Oxford Economics/Haver Analytics

Asia: Policy rates

%



Source : Oxford Economics/Haver Analytics

The post-pandemic world

Supply chain disruptions

How long are they likely to persist?

Living with COVID

Are we adapting to recurring outbreaks and lockdowns

Inflation

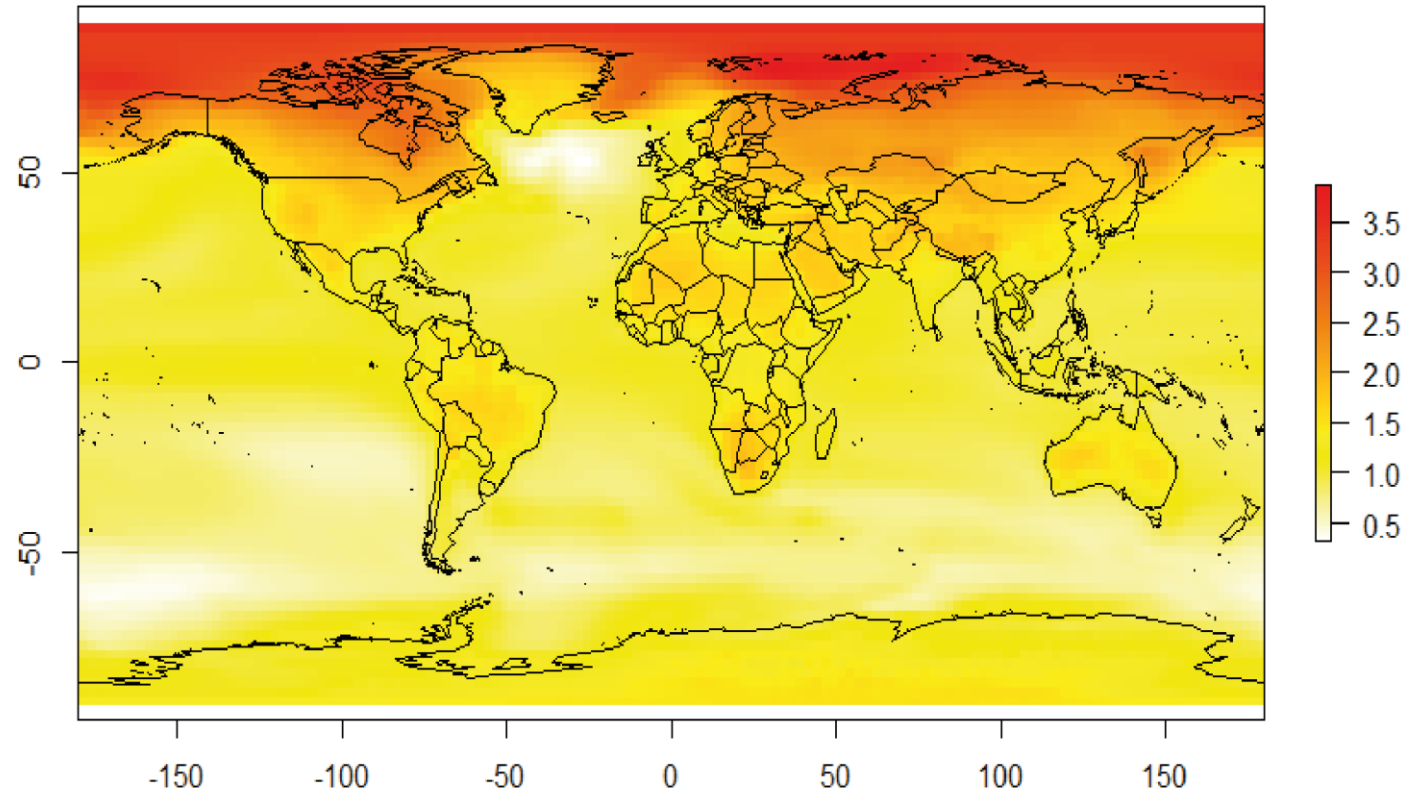
A new era or regime shift?

Climate change

Do Asia's climate goals secure its future?

World is likely to be 2 °C warmer by 2050

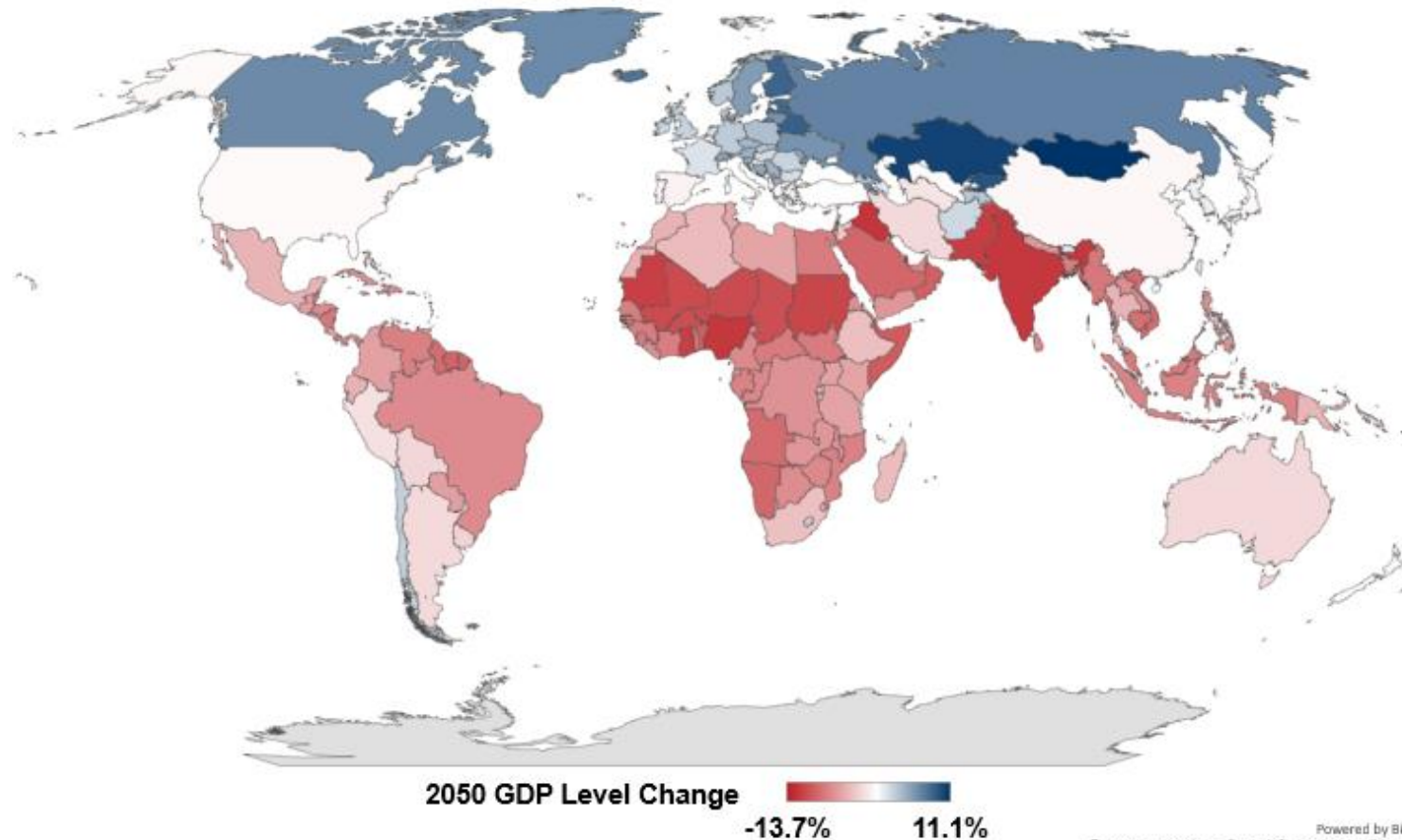
Average temperature increase in 2050 under RCP 6.0 (°C)



Source: Oxford Economics/KNMI Climate explorer

The economic challenge is bigger for warm Asian economies

The economic impact of our new baseline with 1C of warming by 2050



The way forward

Supply shortages

Prepare for supply disruptions to persist well into 2022

Living with COVID

Covid tolerance will play a key role in determining recovery paths

Inflation

A higher inflation era is here but is a lesser worry for Asia as compared to others

Climate change

Climate goals need to be updated to limit the economic impact of global warming

THANK YOU!





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Rebuilding the World Trading System

Presentation to Virtual 35th CACCI conference November 2021

www.cacci.biz



**CONFEDERATION OF
ASIA-PACIFIC CHAMBERS
OF COMMERCE AND INDUSTRY**

Andrew Stoeckel

Honorary Professor

CAMA, Crawford School of Public Policy, ANU

<https://www.stoeckelgroup.com.au/new-publication-rebuilding-the-world-trading-system/>

State of play

- CACCI study launched
- Australian Trade Minister, Dan Tehan, gives webinar at which he acknowledges CACCI study
 - encourages CACCI members to engage with their Ministers of Trade to put forward coherent policies ahead of WTO Ministerial meeting
- G20 meeting just concluded
 - Communique implores trade reform

G20 meeting communique

- **Trade and Investment.** We affirm the important role of open, fair, equitable, sustainable, non-discriminatory and inclusive rules-based multilateral trade system in restoring growth, job creation and industrial productivity and promoting sustainable development, as well as our commitment to strengthen it with the WTO at its core. Recalling the Riyadh Initiative on the future of the WTO, we remain committed to working actively and constructively with all WTO Members to undertake the necessary reform of the WTO, improving all its functions, and we highlight the need to implement this commitment in practice through an inclusive and transparent approach including tackling the development issues. We commit to a successful and productive WTO 12th Ministerial Conference (MC12) as an important opportunity to advance that reform and revitalize the organization. We will work with all WTO members in the lead-up to the MC12 and beyond to enhance the capacity of the multilateral trading system to increase our pandemic and disaster preparedness and resilience through a multifaceted response, with a view to deliver an outcome on trade and health by MC12, including to work towards enhancing timely, equitable and global access to vaccines. We support reaching a meaningful WTO agreement on harmful fisheries subsidies by the MC12, in line with the SDG 14.6, and we welcome the ongoing work on agriculture.
- We recognize the importance of sound, predictable and transparent domestic regulatory frameworks for trade in services and investment. We underscore the importance of fair competition and we will continue to work to ensure a level playing field to foster a favourable trade and investment environment. Reducing trade tensions, tackling distortions in all sectors of trade and investment, addressing supply chain disruptions and fostering mutually beneficial trade and investment relations will be critical as economies respond to and recover from the COVID-19 pandemic. We believe that trade and environmental policies should be mutually supportive and WTO consistent and contribute to the optimal use of the world's resources in accordance with the objectives of sustainable development. We highlight the importance of strengthening MSMEs' capacity to become more integrated into the global economy.

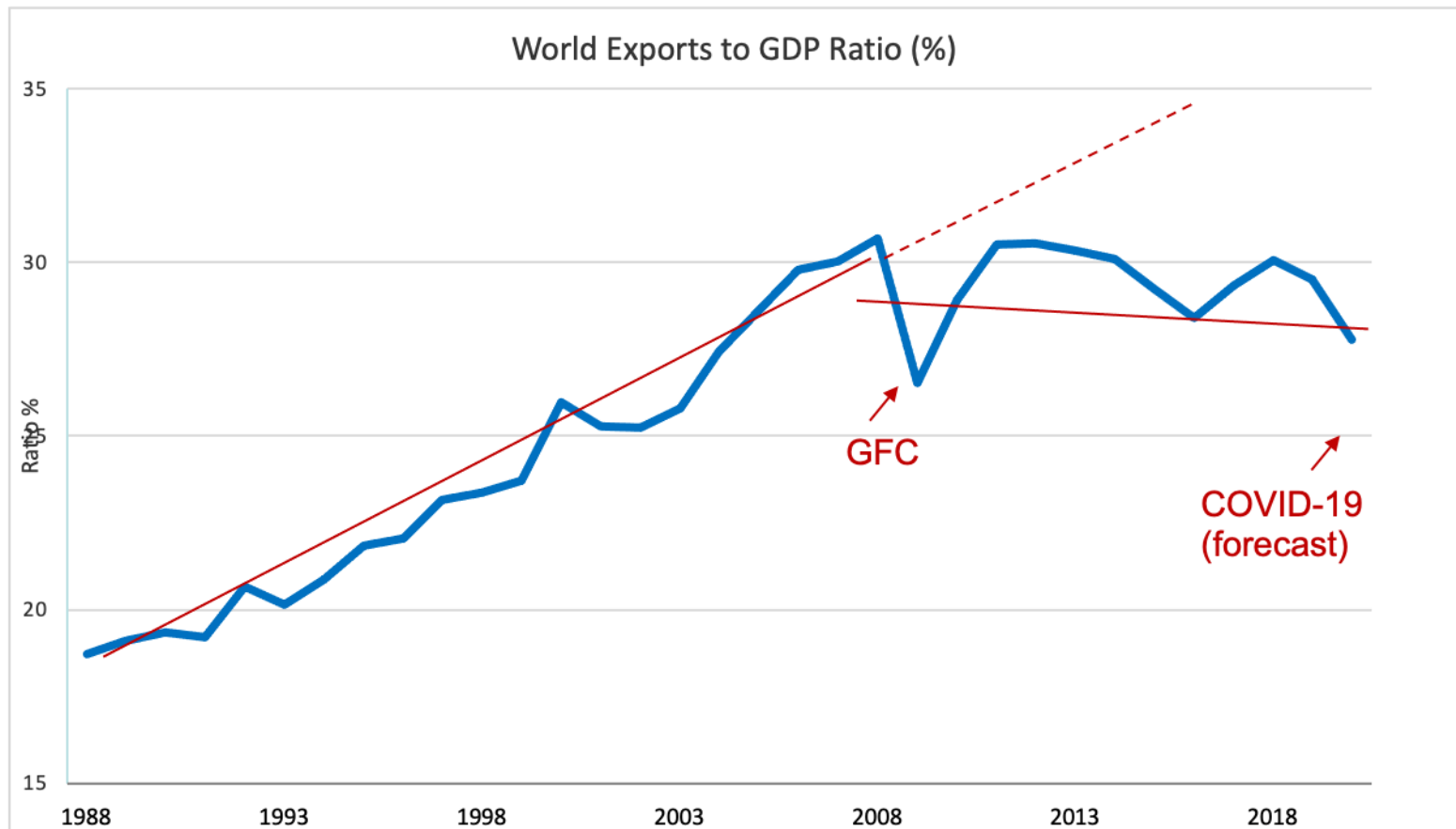
Main Points

- Open, predictable multilateral trading system under threat
- Globalization potentially in reverse at potentially high cost
- Four main reasons for this
 - Building for some time and under-appreciated
- Steps required to fix problem
 - Identify the problem
 - Diagnose causes
 - (“can’t fix something if we don’t know what has caused it”)
 - Fifteen remedies advanced by CACCI

Problems

- Decline of multilateralism, rising protection, Doha failure...
- Three functions of WTO not working
 - Negotiating
 - Monitoring trade policies
 - Dispute settlement
- Calls for ‘root-and-branch’ reform
- Rot in system started long ago
 - Plus some new ones arisen
- Lack of appreciation of causes
 - Hence some solutions not advanced by reform initiatives by G20

Why it matters – trade growth stalls



Source: World Bank database. Total exports of goods and services as % GDP

What has caused the problem?

Four main reasons

1. The rules themselves

Too many inconsistencies, contradictions, ambiguities and exemptions

Reciprocity

2. 'Mission Creep' – agenda is too big

Trade rules used to remedy problems they cannot fix

- Multilateralism strongest when world united around a simple clear goal

3. 'New' issues to deal with as things change

Digital economy, e-commerce, internet standards, capital flows as driver of trade

4. Declining hegemony by US and rise of China,

Trade war

Problem #1: The rules themselves

- Example: Contradiction between Article 1 (Non-discrimination) and Article 24 (can form discriminatory PTA's)
 - Non-discrimination is the bedrock of the system,
 - Open competition conducive to maximum incentive to innovate
- Anti-dumping and export subsidies, special and differential treatment
- Reciprocity based on wrong mercantilist “exports good, imports bad” thinking
 - But case for free trade is unilateral
 - “Don’t throw rocks in your own harbors because others throw rocks in theirs!”
- **Root cause** is a world based on nation-states where sovereignty over borders respected
 - Co-operation between nation-states essential which means compromise

Problem #1 contd : A little deeper.....

- Modern markets are sophisticated and complex
- Would not exist without government providing “scaffolding” (rules)
 - Secure property rights
 - Enforcement of contracts
 - Trusted financial system and basis for payments clearance; a currency
 - Addressing external effects from operation of markets
 - Standards
- Different nation-states have different cultures and systems to provide “scaffolding”
 - But globalization implies harmonization
 - So co-operation and compromise needed to respect sovereignty of nation-state
- Compliance with international rules is voluntary out of self-interest
 - Have to assess what is the national interest if we want compliance with rules

Problem #2: 'Mission Creep'

- Sovereignty of nation-state gives 1 tool to affect trade
 - Control flow of goods and services over the border
- “Can’t kill two birds with one stone”
 - Tinbergen’s principle; 1 instrument, 1 goal !
- Yet multiple goals being pursued
 - Human rights, labor standards, environment.....many more
 - Countries signed on to UN’s Sustainable Development goals
 - Legitimate for governments to pursue these
 - But what is the best way? 1 tool cannot deliver these
- Trade ‘weaponised’, WTO set up for failure
 - Multilateralism strongest when world united around 1 goal

Problem #3: 'New' issues unaddressed

- Digital revolution which can easily transcend borders
 - internet and cross-border tax issues, e-commerce, privacy, cybersecurity
- Intellectual Property – a 'pure' public good but a conundrum
- Rising incomes so more calls for more international public goods and solving global externalities
- Supply chain security and self-sufficiency post COVID-19
- Question of what issues need addressing, in what forum, in what way
 - Answers not clear, more analysis needed

Problem #4: Changing hegemony

- Rise of China a major change over last two decades
- Global governance post-war delivered by global institutions lead by dominant power – the USA
- USA no longer dominant power
 - But can dominate ‘good ideas’
 - Can form coalitions
- Calls for WTO ‘reset’, root-and-branch reform G7
 - Even calls for new Bretton Woods agreement by IMF chief

What to do

- 1: Adopt a common simple purpose for the WTO system
- 2: Adopt and apply a set of principles to achieve objective
- 3: Establish a domestic transparency institution in each domestic capital to assess national self-interest from trade policies
- 4: Stop mission creep
- 5: Multilateralise all preferential trade agreements
- 6: Only permit subsidies that address market failures and externalities
- 7: Assess anti-dumping on both a cost and benefit basis

What to do

- 8: Reassess differential treatment for developing countries
- 9: Assess best arrangement for digital economy rules
- 10: Reassess intellectual property
- 11: Redesign the dispute settlement system
- 12: Allow plurilateral agreements only if they are open to all at a later stage
- 13: Do not use climate change for protection purposes
- 14: Adequately reflect the views and priorities of businesses and SMEs in trade agendas and the WTO
- 15: Address shortcomings in the operation of WTO

Narrative

- International trade is commerce across borders
- Buying and selling happens in markets
 - Need right rules to function well
 - Legitimate role for government to address spillovers
 - No one set of 'right' rules – depends on culture, preferences....
- Rules pointless unless complied with
- Domestic law different from international law
- In a world of nation-states where sovereignty respected, compliance with international rules is voluntary out of self-interest

Narrative

- Countries cannot act in their own self interest if they do not measure what is in their national interest
 - Domestic transparency process does this, must done within a country
 - Rarely done in a **proper** way
- Domestic transparency process changes the politics of protection!
 - Identifies what is the national interest
 - Informs and educates government and public, improving accountability
 - Exposes narrow vested interests, weakening their influence
 - Identifies who bears burden, encouraging reforming coalitions to form
 - Leads to more predictable policy environment, encouraging investment
- Several elements needed to work well (independence, etc)
- Works! While labelled as unrealistic, which is why only a few adopt it so far, with the challenges ahead what is unrealistic is to ignore it.

35TH CONFEDERATION OF ASIA-PACIFIC CHAMBERS OF COMMERCE & INDUSTRY (CACCI) CONFERENCE
"SUSTAINABLE AND RESILIENT GROWTH THROUGH A ROBUST WORLD TRADE"

2 NOVEMBER 2021, 08:50-09:25 CET

Run of show:

08:30-08:50 – Presentation by Dr. Andrew Stoeckel, Honorary Professor, Centre for Applied Macroeconomic Analysis, Australian National University on the results of the CACCI study on "Achieving a Successful World Trading System", which aims to examine the operations of the WTO and to stress the need for the business community to recommend what reforms are necessary in the WTO and how to achieve them.

08:50-09:10 Angela Paolini Ellard, "Making the WTO More Adaptable to the Economic and Trade Realities of Today". Ms. Ellard will share her views on how WTO members can work together to address the economic and health consequences brought about by the COVID-19 pandemic, what policy responses are needed to get the global economy going again, what challenges are currently faced by the WTO, and what should be done to make the WTO stronger, more agile, and more adaptable to the economic and trade realities of today.

09:10-09:25 Q&A Session

NB: On 29 October, DDG Gonzalez spoke at a CACCI Event "Achieving a Successful World Trade System". She has officially received CACCI report on Rebuilding the World Trading System.

Good afternoon from Geneva,

It is a great pleasure to speak to the Confederation and its members today — thank you for the invitation.

First of all, I would like to congratulate the Confederation on its 35th Annual Conference and its leadership over the past 55 years. You have made an important contribution into increasing business interaction and enhancing economic growth in the Asia-Pacific Region. Thank you also for the Policy Statement and the accompanying Report that you have transmitted to my colleague, Deputy Director-General Gonzalez.

I met with the Confederation and its members in my previous role on Capitol Hill in the U.S., and I look forward to continuing collaboration in my new capacity at the WTO.

Today, I am going to speak about how the WTO can help address the consequences of the COVID-19 pandemic, as well as how to address some of the challenges that the Organization faces today.

Let me start with the COVID-19 pandemic, which brought the global economy to a standstill for a significant period. When the pandemic struck, production and consumption across the world scaled back, and international trade appeared to be on its way to a persistent decline. However, in the summer of 2020, global merchandise trade began to recover, and by the end of the year, it was strongly rebounding in many countries and sectors, but not all.

In the first half of 2021, global trade continued to grow, as value chains recovered and demand in advanced economies increased. According to the latest

WTO forecast, the volume of global merchandise trade is predicted to grow by 10.8 percent in 2021, followed by a 4.7 percent rise in 2022.

WTO rules have slowed, and even prevented, countries from taking very damaging measures. And our Trade Facilitation Agreement, although not designed with the pandemic in mind, has played an outsized role in worldwide recovery. Countries that have embraced and rapidly implemented trade facilitating measures and infrastructure have generally proven more resilient, more adaptable, and better equipped to keep trade flowing despite COVID-19-related lockdowns, travel restrictions, and social distancing.

However, many developing countries are not experiencing the same economic growth pattern, and this trend is deeply concerning because the economic recovery rate is predicted to be faster for countries with higher vaccination rates. For many developing countries where vaccination rates are low – on average 3 percent – the path to recovery will be long and uncertain unless urgent measures are taken.

So, first and foremost, we need to make sure that people in developing countries have broad and unfettered access to vaccines, therapeutics, and other essential products and technologies needed to combat the pandemic. This is not just a moral imperative, but also a strategic and economic one. And, as you note in your Policy Statement, "[f]ree trade is the only solution" to this problem.

In fact, contributing to the global effort to combat the pandemic, in particular ensuring equitable access to vaccines, has been one of the top priorities of the WTO administration and membership. Our work has been focused on two dimensions: supply chains and intellectual property waiver negotiations.

As regards supply chains, we all know that producing vaccines is an extremely complicated process, involving facilities in many different countries. And this implies a lot of cross-border shipments of vaccine ingredients. Think about vaccines as a puzzle that comes together only when you have all the right pieces, but those pieces are strewn all over the world.

Trade enables the cross-border transfer of technology and development of supply chains for COVID-19 vaccine manufacturing. Trade helps manufacturers of vaccines and other products necessary to combat the pandemic to source highly specialized inputs that are not produced at home.

The WTO has played an important role in keeping the supply chains open and scaling up vaccine production. In this regard, I would like to highlight our work in preparing a list of trade-related bottlenecks and trade-facilitating measures on critical products to combat COVID-19. The WTO has also prepared an indicative list of critical COVID-19 vaccine inputs and a report on COVID-19 vaccines production and tariffs on vaccine inputs. This work is intended to help policymakers see the blockages and opportunities.

All of this may sound simple and straightforward, but it is not. Governments need know what exactly goes into a vaccine, and what are the products necessary to distribute and administer it, to make the necessary policy decisions to remove tariff and regulatory restrictions on imports of such goods. And while

the average tariff on vaccines is merely 0.76 percent, average tariffs on vaccine ingredients, such as preservatives and adjuvants, are anywhere from 3 to 16 times higher.

Pandemic response, insofar as it concerns export restrictions, trade facilitation, and regulatory coherence, is on the agenda of our 12th Ministerial Conference, which is less than a month away. And we are also striving to develop a framework for addressing future pandemics. Ambassador Walker of New Zealand is working with Members to forge a ministerial outcome in this area.

The second stream of our pandemic-related work negotiations is focused on the proposal by India and South Africa to waive obligations under the WTO TRIPS agreement with respect to intellectual property. While those discussions are not as far along, it is essential to see a balanced and effective outcome.

Our experience with the pandemic has once again confirmed that trade has been and remains a powerful engine for economic growth. But we can't take the ability to trade for granted. Exporting to foreign markets requires effort, and business needs to have confidence that the operational framework of trade is predictable, transparent, and relatively consistent. This is where the WTO, as the guardian of multilateral trade rules, comes into play.

But there is no way around the fact that the last few years have been difficult for the WTO and for trade's reputation in general. The key element permeating discussions in the WTO these days is that we all acknowledge that the Organization needs reform. This was the Director-General's message when she ran for the office, and we hear it from countless WTO Members, academics, and business representatives.

So, how can we make the WTO stronger? In my view, the best way to repair the Organization is to achieve results in key areas of our work. The upcoming 12th Ministerial Conference is an important milestone that offers a great opportunity for us to achieve concrete outcomes.

In addition to the pandemic work that I have just described, our top priority is to conclude the fisheries negotiations, which have been ongoing for 20 years. In those two decades, we have witnessed a sharp and alarming decrease in global fish stocks, which particularly threatens vulnerable artisanal fishers and damages ocean ecosystems.

Delegations are showing increasing engagement, and many are now signalling new flexibilities. We need to capitalize on all elements of convergence that are emerging as time is short. At this stage, we need political decisions to get to a balanced and robust outcome. This is important for the livelihood of millions of fisherwomen and men from coastal communities, and for the oceans and the fish. And it's important to the credibility of the WTO as well, so even if you are not focused on this negotiation, you should care very much about the outcome.

The COVID-19 pandemic has brought about unprecedented growth in the digital and e-commerce sectors, which proved to be a lifeline for many businesses. It is

estimated that the share of e-commerce in retail sales has risen from 16 percent in 2019 to 19 percent in 2020.

The WTO can create a harmonized policy-based framework for e-commerce to develop in an inclusive manner. At the same time, while acknowledging these benefits, many Members have also raised concerns regarding their ability to harness that potential given the digital divide. Some prevailing challenges in infrastructure, finance, resources, and governance still hinder broader e-commerce uptake. These concerns need to be addressed if e-commerce is to continue to play a supporting role in the global economic recovery.

WTO Members have deepened their engagement on e-commerce issues — both under the multilaterally-agreed Work Programme on e-commerce as well as under the Joint Statement Initiative plurilateral discussions among 86 Members co-convened by three Asia-Pacific countries.

Sixty-five of our Members have completed negotiations for a Joint Statement Initiative on domestic regulation, aimed at ensuring that existing market access and national treatment commitments are not nullified by opaque and complex authorization procedures. The draft text contains a novel provision on non-discrimination between men and women in the context of authorization procedures for service suppliers. This will be the first provision of its kind in a WTO negotiated outcome.

As we know, there are many MSMEs in the services sector, and they will be the major beneficiaries of the new rules on domestic regulation and e-commerce.

Another area where we see progress is environment and climate change. Of course, the WTO is not the place to establish global climate policy and how goals will be reached. But the WTO plays an important role because its rules govern measures and instruments that are relevant for implementing climate policies, such as tariffs, subsidies, and even regulation.

To transition to a low-carbon economy, countries need affordable access to advanced technologies. And open trade plays a critical role in providing such access. For example, the WTO can bring down tariffs on goods needed to get to net zero, such as solar panels and wind turbines, through an Environmental Goods Agreement.

The international community is now converging on the urgent challenges of climate and sustainability. Therefore, at MC12, we need a clear political signal from trade ministers that they recognize the importance of addressing these challenges, in particular through trade.

In addition, we need to update our rules on agriculture, an important and challenging issue for many Members. While negotiations are proving difficult, many Members believe that MC12 must have an outcome on agriculture.

Members have been working on draft ministerial text circulated by the Chair of the negotiations. But gaps persist on the key issues of domestic support and public stockholding, which will set the level of ambition for the overall agriculture

outcome. But if they are out of reach, we should still aim for outcomes on food security and transparency, and set a clear path for addressing other issues such as the special safeguard mechanism, cotton, export competition, and market access.

Finally, both old and new rules are toothless if there is no effective and efficient way to enforce them. We need to reform and revitalize the dispute settlement function to make sure that Members can seek redress and that there are effective remedies to violations of WTO rules.

The importance of a successful MC12 can hardly be overstated. It's necessary to show that the WTO is back on track, fit for addressing the challenges of the 21st century, and can deliver for Members and people relying on trade to drive a strong economic recovery. To get there, we need a strong commitment and political will from all WTO Members, and the business community, to get tangible results.

At the same time, we have to be realistic because some issues may be more difficult and won't conclude at MC12. For such issues, MC12 may focus on working toward a future outcome, with work programs to be developed in some areas.

It is also important to work to restore trust between Members, which has been shaken over the years. This is particularly visible in the relationships between developed and developing country Members of the WTO. Some developing countries feel that they are precluded from taking full advantage from the benefits and flexibilities provided to them as developing countries. By contrast, some developed countries have expressed concerns that certain countries with a high level of development unfairly benefit from being self-designated as developing.

MC12 is a good opportunity for Members listen to each other and increase the level of trust, through specific outcomes and by setting the table for next year.

I'd like to conclude with a plea. If you value the WTO, then it is important to make the case that it is relevant and that it is worth improving and modernizing. We can't take for granted that everyone believes in the value of trade and establishing a rules-based system governing trade.

We very much appreciate your views on what reforms are needed, as expressed in your Policy Statement. The Confederation and its members are well-placed to make outreach directly with decision-makers in the region, as well as with the public at large. We have to demonstrate where the WTO has been successful, be honest about where it has not, and be ambitious as to how we can make it better. Businesses must be a voice for good, on matters that are in their immediate interest, as well as broader issues like climate change, fisheries, and access to vaccines.

We count on you.

Many thanks for your attention. I look forward to your questions and comments, and I look forward to working with you in the years to come.

2177 words (18+ minutes)

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The New Zealand Chamber of Commerce and Industry, Inc.

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The Chinese National Association of Industry and Commerce
Chinese International Economic Cooperation Association

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Iran Chamber of Commerce, Industries, Mines and Agriculture

Tajikistan

Chamber of Commerce and Industry of the Republic of Tajikistan

Turkey

Union of Chambers and Commodity Exchanges of Turkey

Uzbekistan

Chamber of Commerce and Industry of the Republic of Uzbekistan

