World Trade Organization

Sustainable Development Goals

WTO contribution to the 2022 UN High-Level Political Forum

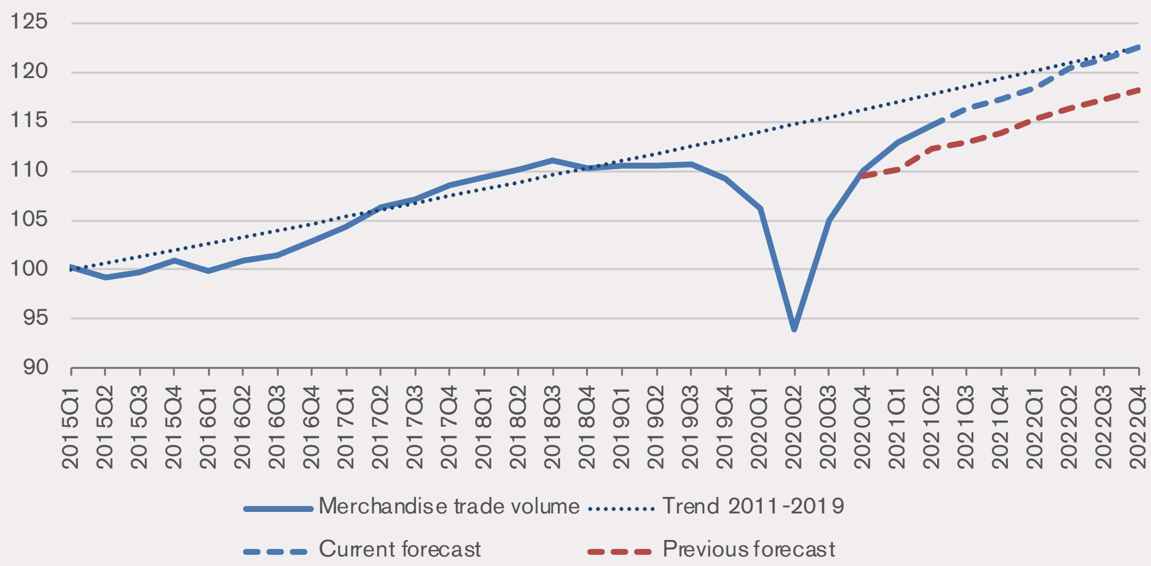
CONTENTS

1 INTRODUCTION: BUILDING BACK BETTER AND TOGETHER AFTER COVID-19

In 2021, the WTO appointed a new Director-General, Dr Ngozi Okonjo-Iweala, the first African and the first woman to lead the organization. With this new leadership and vision comes a renewed emphasis on the role that trade can play in improving livelihoods, creating opportunities for full employment, and achieving sustainable development in line with the objectives outlined in the Marrakesh Agreement Establishing the WTO and the Agenda 2030 for Sustainable Development. This commitment to making trade and the work of the WTO centred on people is one the main reasons why the work of the organization has been devoted to building back a stronger and more inclusive global economy, and reviving progress towards the Sustainable Development Goals (SDGs). It has also been strongly reflected in the work done by the Director-General to improve access to the COVID-19 vaccine, and has been translated into concrete steps to ramp up and diversify production in developing countries, particularly on the African continent.

The COVID-19 pandemic has put massive stress on the world trading system. This started with lockdowns, which generated a severe reduction in economic activity, leading to a temporary collapse of global trade. In 2020, the value of global trade in goods and services in nominal dollar terms fell by 9.6 per cent, while global GDP fell by 3.3 per cent, in the most severe recession since World War II. But a quick recovery of merchandise trade flows followed in 2021. The WTO predicted a growth of 10.8 per cent of world merchandise trade volumes in 2021, followed by a 4.7 per cent rise in 2022, as shown in Figure 1. However, following the Ukraine conflict, the WTO Secretariat revised its trade

Figure 1: Prior to the conflict in Ukraine WTO's world merchandise trade volume forecast suggested a rapid recovery after the COVID-19 shock



Source: WTO Trade Forecast October 2021 (https://www.wto.org/english/news_e/pres21_e/pr889_e.htm).

forecast for 2022 in its report assessing the impact of the war, released in April 2022 and titled *The crisis in Ukraine: Implications of the war for global trade and development*.[1] Using a global economic simulation model, the WTO now forecasts that the conflict and related policies could knock 0.7-1.3 percentage points off global GDP growth, bringing it to somewhere between 3.1 and 3.7 per cent. Using the same simulation model, global trade growth this year could be cut almost in half, from the 4.7 per cent forecasted in October 2021 to between 2.4 per cent and 3 per cent.

Ukraine and Russia taken together may account for barely 2 per cent of global GDP, and 2.5 per cent of merchandise exports, but they are key suppliers of food, energy, fertilizers and certain metals. As a result, the economic shocks emanating from the Black Sea region, starting with higher food and energy prices, have implications for the lives and livelihoods of people around the world and for the global food and nutrition security situation. Considering this situation, the UN Secretary-General set up a three-tier steering committee at the levels of heads of government, heads of international organizations, and technical experts to examine the issue of surging energy and food prices, assess the impact on developing countries and formulate recommendations. The WTO has been invited to join this committee and is expected to play a key role in finding solutions to this looming crisis that threatens to roll back progress in achieving SDG 2 on zero hunger, but also SDG 1 on poverty. The WTO Director-General, as well as the heads of the International Monetary Fund (IMF), World Bank Group (WBG) and World Food Programme (WFP) also issued a joint statement in April 2022 calling for urgent food coordination on food security.

Prior to the conflict in Ukraine, a strong rebound in global trade and the increased demand for consumer durable goods at the expense of services, such as tourism, put some supply chains and the global shipping system under stress generating customs and logistic bottlenecks and increasing trade costs uncertainty. The unfolding tragedy in Ukraine is adding to supply chain woes. While the full implications for global supply networks will take time to become clear, there have been immediate impacts on global food security, with sharp price increases for grains, oilseeds and vegetable oils, and fertilizers, as well as energy.

It is therefore important to manage supply chain issues to avoid disrupting trade at a time when it is needed to build food supply resilience in countries with a food deficit. In this context, in March 2022, the Director-General convened a meeting with top executives from the full range of supply chain actors – shipping companies, ports, logistics firms and users – to look at what the WTO can do to ease supply chain disruptions and enhance the free flow of trade.

In the near term, international cooperation on trade will also be crucial to minimize the impact of supply crunches in key commodities for which prices are already high by historical standards, and to keep international markets functioning smoothly. Only through coordination can governments avoid a repeat of the cascading export restrictions that exacerbated price increases in the food price crisis of 2008 to 2010.

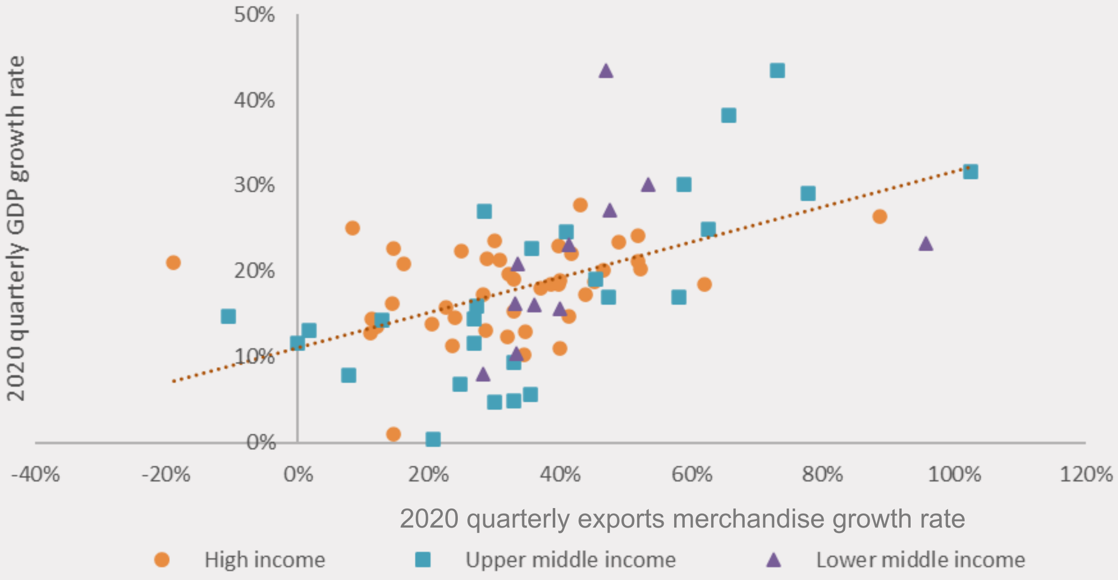
In the long term, supply resilience will be best served by deeper and more diverse international markets anchored in open and predictable rules. Concentrating sourcing and production at home, while understandable, could also create new vulnerabilities and may not be the best risk management strategy.

Despite these supply chain bottlenecks issues the world trading system has kept up well and has helped the world to recover faster after the COVID-19 pandemic. Merchandise trade recovered more quickly than GDP after the initial shock of COVID-19 and is driving the recovery from the pandemic as shown in Figure 2.

The recovery has, however, been uneven. More than 114 million jobs were destroyed as a consequence of the pandemic in 2020 disproportionately hitting women and young workers (ILO, 2021). The number of informal workers also increased in many economies, increasing the precarity of working conditions. While many high-income and upper middle-income economies are reducing poverty at a faster rate than before the pandemic, the number of poor in low-income economies is projected to increase in 2021 by 2.7 per cent, a rate almost 14 times higher than before the pandemic (World Bank, 2021). Unequal and slow access to vaccines in developing and least-developed countries continues to be a major obstacle to economic recovery. Although more than 10 billion doses have been administered globally, less than 11 per cent of people in low-income countries have received at least one dose.

In parallel, the current trade growth remains uneven across sectors. Services trade continues to lag behind merchandise trade, particularly in sectors

Figure 2: Economic recovery has been associated with trade recovery during the COVID-19 pandemic (second to fourth quarter of 2020)



Source: WTO (2021).
Note: The GDP growth rate and trade recovery rate are defined as the percentage change from Q2 to Q4 2020. Trade levels were at their lowest point in April/May 2020.

related to travel and leisure. These trends have implications for economic recovery which cannot be as inclusive as it should be, given that vulnerable groups, including women and the poor, continue to be underrepresented in some booming sectors, such as digitally supplied services, and overrepresented in some struggling sectors, such as tourism.

In that vein, the 67 WTO members participating in the Joint Initiative on Services Domestic Regulation successfully concluded negotiations on 2 December 2022. This agreement represents the first set of rules on services in 24 years and is expected to save businesses, especially small businesses and those in the financial, business, communications and transport services sectors, US$ 150 billion annually in costs according to WTO and OECD research.[2] The severe socio-economic consequences of the pandemic highlight the importance of recovering from the pandemic in a more resilient, sustainable, and inclusive manner. In that context, international trade and the WTO can play a key role in supporting the recovery and building more resilient, sustainable, and inclusive economies.

Although in today's hyper-connected global economy, trade makes the world more exposed to some risks and vulnerable to some shocks, it also provides important means to prevent, prepare for, cope with and recover from shocks and disruptions. Trade, as a source of economic growth and productivity, has been essential to development and poverty reduction. Trade also helps to better prepare for shocks by ensuring that critical goods and services, such as weather forecasting, insurance, telecommunications, transportation and logistics, and health services, are available in a timely manner in case of shocks. Trade enables countries to better cope with and adjust to shocks by enabling them to switch the sources of supply in case of domestic shortages. Trade can also contribute to speeding up economic recovery thanks to sustained foreign demand on the export side and the availability of intermediates on the import side. Economies with limited ability to spur recovery through fiscal stimulus packages, including least-developed countries (LDCs), are particularly dependent on trade recovery as a source of economic growth.

The beneficial coping effect of trade has been found to dominate the trade exposure to risk and the transmission of shocks, when it comes to macroeconomic stability. In particular, the increase in trade openness in the last 50 years has reduced macroeconomic volatility in most countries. This overall beneficial role of trade has largely been made possible through diversification. Trade diversification is indeed associated with reduced volatility, as shown in Figure 3. Trade allows countries to diversify sources of supply and demand, thereby reducing exposure to country-specific shocks. Just as trade can help in case of shortage in domestic supply, diversification of trade suppliers can help in case traditional foreign supply is disrupted, for example by a natural disaster in one supplier. Likewise, if a country's exports are concentrated in a few products, countries are more vulnerable to a drop in demand of these products, increasing aggregate volatility. The severe impact of the COVID-19 crisis on regions dependent on tourism is a case in point. Limited economic diversification in many developing and least developed economies has constrained them from being more economically resilient and recovering faster.

Trade also supports efforts to build back better by contributing to climate change solutions. Importantly, trade plays a critical role in diffusing green technology by lowering the cost of adaptation, helping countries transition, in a just way, to a low-carbon economy. Regarding extreme weather events and natural disasters, countries need to be able to import food and materials for reconstruction, and trade is often the vehicle for this to happen.

Hence, trade is an essential force of good for the climate and has a multifaceted impact on carbon emissions. Reductions of emissions associated with trade are possible with technological innovation and international climate cooperation. Successful climate policy requires the engagement of all countries to address concerns over carbon leakage. The WTO Director-General has called for increased global cooperation on tackling climate change, to ensure that climate-related measures, such as carbon pricing, are not misused as a pretext for protectionism, especially against developing countries.

Just and inclusive carbon pricing mechanisms will take into account the histories, responsibilities and needs of developed and developing countries. For developing countries, there are many potential benefits of just carbon pricing mechanisms, as they can help facilitate the transition towards new sectors, and ultimately offer significant revenue-creation opportunities, as well as the means to respond to

Figure 3: Trade diversification reduces macroeconomic volatility

Source: WTO (2021).
Note: The diversification index is based on the Herfindahl-Hirschman index of geographical export concentration and ranges from zero (no diversification) to one (complete diversification). Volatility is computed as the standard deviation of the ten yearly GDP growth rates observed in the period 2007-17.

pressing developmental challenges, while future-proofing investments. However, the participation of the developing world in the transition to a global low-carbon economy requires access not only to technology, but to climate finance.

Tackling these issues cooperatively would help with finding effective solutions. The same can be said for carbon pricing, itself a key pillar for an effective and just transition to a low-carbon world. About 65 different carbon pricing initiatives currently exist in around 45 national jurisdictions. Coverage and prices vary from less than US$ 1 per ton of CO_2 in certain countries to more than US$ 135 in Sweden. Still others are taking different approaches: supporting green innovation, regulating fuel efficiency, and pursuing sectoral policies.

As the Director-General has said in her participation in the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow in 2021, and at other key events, such as the 7th Ministerial Meeting of the Coalition of Finance Ministers for Climate Coalition in 2022, fragmentation of this kind will weaken our efforts to reach the Paris Agreement targets. Carbon prices are more efficient when applied globally. WTO projections show that the carbon price needed to stay on a 2°C degrees warming trajectory would be 25 per cent lower by 2030 if coordinated at a global level instead of being introduced regionally.

Moreover, multiplying approaches to carbon pricing and border adjustment is likely to increase costs and confusion for businesses, as well as give rise to trade frictions. A "fair and just transition" for developing countries could fall by the wayside. Today, getting access to green technology and the US$ 100 billion of climate finance promised is urgent.

While proposals exist for both global carbon prices, few have been able to garner significant support. However, the IMF has proposed a differential carbon pricing scheme which may be able to mitigate the adverse real income effects of global carbon policies for low-income regions. In fact, according to WTO estimates, a differential carbon pricing proposal could reduce the negative welfare effects for most low-income countries to a limited extent. With a differential carbon price, as proposed by the IMF (US$ 25, US$ 50 and US$ 75, respectively, for low-income, middle-income and high-income regions), developing countries would have a smaller real income reduction than under a uniform carbon price.

Whatever scheme is adopted, the WTO, as a forum, can help in those discussions and debates and find solutions to reduce fragmentation risks, with its common principles, such as transparency, non-discrimination, avoidance of unnecessary obstacles to trade, and seeking harmonization around global carbon pricing approaches. With members at every level of development, the WTO stands ready to contribute to a just transition and help mitigate potential trade frictions by serving as a forum for transparency, dialogue and convergence on carbon pricing approaches.

The WTO's Aid for Trade Initiative can help developing countries by mobilizing funding for a green transition and supporting the private sector in developing countries to adapt to climate change. However, there is a notable financial shortfall in this area: in 2018, climate-focused Aid for Trade amounted to only US$ 15 billion, representing one-third (33 per cent) of overall Aid for Trade. The WTO can also contribute by including developing countries in discussions on carbon pricing through dedicated fora such as the Trade and Environmental Sustainability Structed Discussions. Lastly, the WTO has started engaging in partnerships with other international institutions, such as the IMF, World Bank and the OECD, to work on finding common approaches and solutions. A joint forum among these could propose an approach on global carbon pricing coordination in support of countries' efforts to meet the Paris Agreement.

Although trade resilience contributes to economic recovery, it might not always be sufficient to sustain economic resilience. Addressing the factors and conditions underpinning the vulnerabilities and exposures to risks and shocks faced by economies, and communities at large, is important to ensure a more sustainable, resilient and equitable development. Addressing the barriers to economic diversification of products, suppliers and export markets is important. Similarly, overcoming the obstacles that prevent certain groups, including the poor, women and micro, small and medium-sized enterprises (MSMEs), from fully participating in trade is essential. This can be achieved by improving access to higher education, digital technology, finance, information, and transport infrastructure, among others.

While trade brings significant positive economic and social benefits, it can also lead to some disruptions in the labour market because some sectors tend to expand while others tend to contract following trade openness and increased competition. The adjustment costs to new economic conditions, including in the context of the economic recovery from the pandemic, can fall disproportionately on some workers, sectors and regions depending on their labour skills and mobility. Mitigating the obstacles to labour mobility, that prevent workers from moving between industries or regions to find new job opportunities, are important. Ensuring that the gains from trade are maximized and shared more evenly is also key to improve economic efficiency and resilience, and to sustain political support for trade opening and sustainable development.

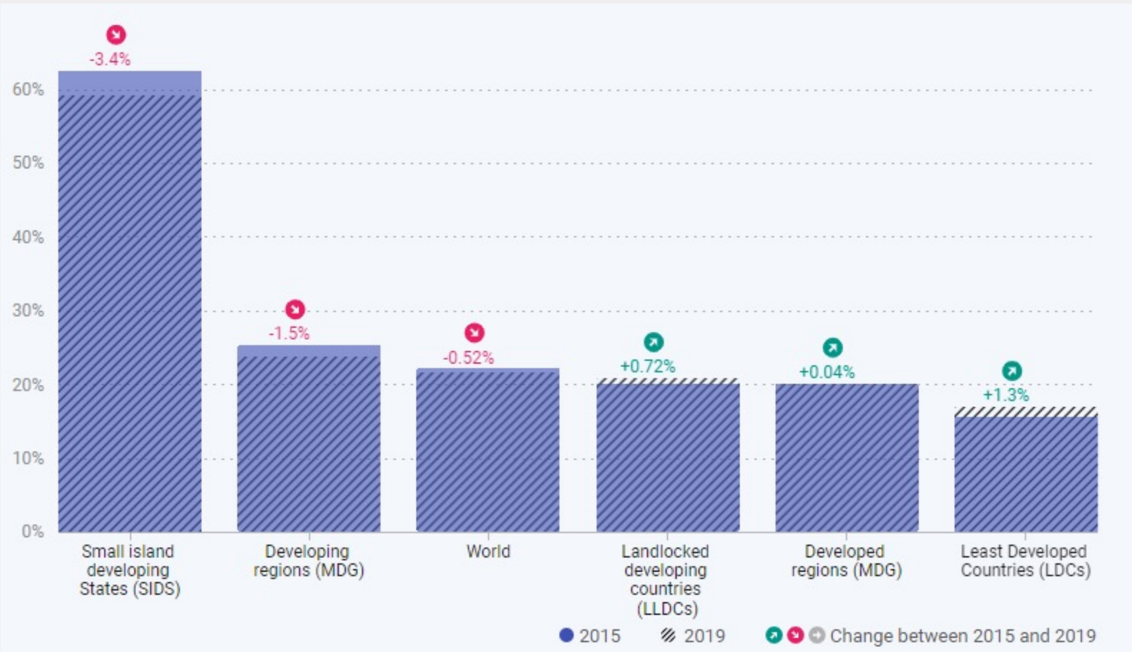
The COVID-19 pandemic has also shed light on the need for greater international cooperation, including international trade cooperation, to strengthen economic resilience by building back better from the pandemic while advancing the full implementation of the 2030 Agenda for Sustainable Development. The WTO framework supports the conditions underpinning economic resilience and recovery by supporting policies that create or expand positive cross-border spillovers, and by limiting the adoption of policies that cause negative cross-border spillovers. Some of the major contributions of the WTO to trade cooperation to strengthen the global economy and build-back-better efforts include reducing trade barriers, streamlining customs procedures, encouraging transparency and predictability of trade policy, building trade capacity in poorer countries, and collaborating with other international and regional organizations.

On-going negotiations and initiatives related to trade and health, fisheries, services, agriculture, electronic commerce, MSMEs, women's economic empowerment and sustainability could further contribute to economy recovery and the 2030 Sustainable Development Goals.

1.1 Overview of international trade of developing countries under COVID-19

Merchandise trade volume[3] in developing economies contracted by 2.9 per cent in 2020, less than in developed economies (-7.5 per cent), during the same period. From 2018 to 2020, world trade and GDP growth fluctuated strongly as the global economy experienced multiple economic shocks affecting developing and developed economies alike. World merchandise trade volume expanded by 3.1 per cent in 2018, slowing down to 0.1 per cent in 2019, to drop by 5.3 per cent in 2020. World GDP growth slowed from 3.1 per cent in 2018 to 2.5 per cent in 2019, partly because of heightened trade tensions. GDP growth then fell by 3.5 per cent in 2020 due to the COVID-19 pandemic.

Figure 4: Share of exports (merchandise) of developing countries over GDP



Source: SDG Trade Monitor.

The export shares of merchandise of developing countries and small island developing states over GDP decreased between 2015 and 2019, respectively by 3.4 per cent and 1.5 per cent (see Figure 4). On the other hand, merchandise exports of landlocked developing countries (LLDCs) have made an increased contribution to GDP, with a recorded growth rate of 0.72 per cent. This growth rate is second only to that of LDCs (1.3 per cent) and surpasses developed regions. Nevertheless, LLDCs face specific challenges that have been exacerbated by the pandemic. The WTO recently completed a study highlighting the supply chain constraints and high trade costs faced by LLDCs and the extent of their reliance on transit countries for imports and exports, and recommending ways to address these trade challenges so that LLDCs can increase their participation in international trade.[4]

In 2020, developing economies' merchandise exports dropped by 6 per cent in nominal terms, less than exports of the rest of the world (-9 per cent). In 2020 the value of global merchandise exports declined by 8 per cent as the devastating consequences of the COVID-19 pandemic were felt across the world. Merchandise trade of fuels and mining products suffered from weak prices in 2019, while trade in manufactured goods experienced a smaller decrease. Merchandise exports of developing economies fell to US$ 7.6 trillion in 2020, and imports were down 8 per cent to US$ 7.2 trillion. The share of developing economies' merchandise exports in world merchandise exports grew from 43.0 per cent in 2018 to 43.9 per cent in 2020, while the share of their imports grew from 40.5 per cent in 2018 to 41.7 per cent in 2020.

In the second quarter of 2020, exports volumes plunged 18.3 per cent quarter-on-quarter in developed economies, driving global merchandise exports down by 12.9 per cent. Trade in developing economies, however, did not contract as much, as exports fell 5.8 per cent quarter-on-quarter and imports declined by 8.8 per cent. Global merchandise trade volume rebounded by 12.1 per cent in the third quarter of 2020 as economic activity resumed.

Developing Asia was the main driver of the merchandise trade volume performance of developing economies. Developing Asia's[5] exports were up 3.8 per cent year-on-year in 2018, up 1.2 per cent in 2019, and continued to record a 1.7 per cent growth in 2020. Merchandise imports volumes of the region grew in 2018 (5.7 per cent) but fell in 2019 (0.6 per cent) and 2020 (0.8 per cent). By contrast, the Middle East recorded the sharpest declines during the pandemic, with exports falling by 11.6 per cent year-on-year in 2020 and imports contracting by 13.9 per cent year-on-year.

Merchandise exports from Africa, sensitive to commodity price fluctuations, dropped by 8.8 per cent in 2020 in volume terms, which further constrained their ability to import, leading to a steep decline of 11.1 per cent year-on-year.

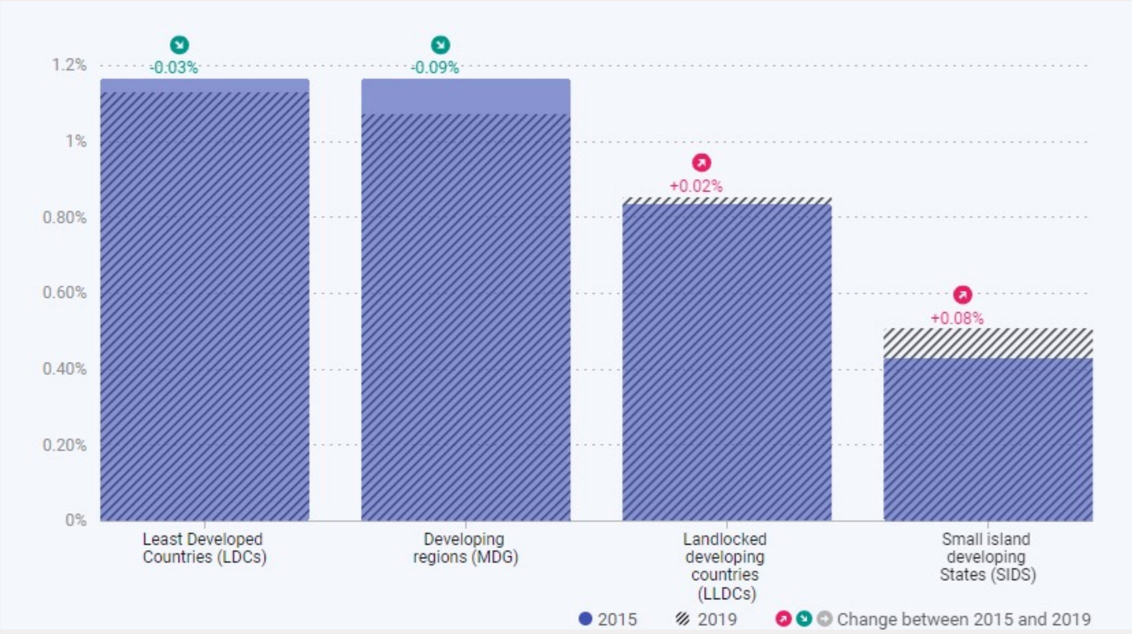
China, the Republic of Korea, and Mexico remained the top traders amongst developing economies. The order of the top four exporters did not change between 2018 and 2020, with China being the top exporter with a share of 34 per cent in 2020, followed by the Republic of Korea (share of 7 per cent), Mexico (share of 5 per cent) and Singapore (share of 5 per cent). Amongst the top 15 exporters only Viet Nam, Chinese Taipei and China recorded export growth in 2020. Regarding imports, the top two importers in both 2018 and 2020 were China (share of 29 per cent in 2020) and the Republic of Korea (share of 7 per cent). Mexico moved from 4th position in 2018 to 3rd position in 2020 (share of 5 per cent), while India dropped from 3rd in 2018 to 4th in 2020 (share of 5 per cent). Only four out of the top 15 importers had higher imports in 2020 than in 2019.

Merchandise exports of the developing economies continue to be dominated by exports of manufactured goods. Between 2018 and 2020, the share of manufactures in their total merchandise exports increased from 70 per cent to 73 per cent. China, the Republic of Korea, and Mexico were the top exporters of manufactured goods. During the same period, the share of fuels dropped the most, notably from 21 per cent in 2018 to only 10 per cent in 2020. Apart from the decline in market demand for fuels due to the pandemic – mainly because of travel restrictions imposed in many countries – this is also an effect of the 2020 decline in energy prices (-30 per cent). In 2020, soybeans were the most-traded agricultural product and monolithic integrated circuits the most-traded non-agricultural product of developing economies.

On exports to developed regions, developing regions faced an average tariff of 1.15 per cent in 2019 (see Figure 5). Tariffs incurred by LLDCs are lower than that of LDC and developing regions in general, albeit higher than that of small island developing states.

The United States, the European Union and China remained the top three merchandise trading partners of developing economies. The order of the top 10 destinations of the merchandise exports of

Figure 5: Average tariffs faced by developing countries, least-developed countries and small island developing states



Source: SDG Trade Monitor.

developing economies remained the same between 2018 and 2020, led by the United States (share of 17 per cent in 2020), the European Union (share of 14 per cent in 2020) and China (share of 13 per cent in 2020). For imports, the top three origins in 2020 were China (share of 20 per cent), the European Union (share of 14 per cent) and the United States (share of 11 per cent).

Developing Asia and trade in manufactures are the main drivers of South-South trade. Trade of developing economies with other developing economies or "South-South" trade has grown from an estimated share of 53 per cent in 2018 to a share of 55 per cent in 2020, amounting to about US$ 3,853 billion in 2020 (down from US$ 4,601 billion in 2018). In 2020, around 80 per cent of total intra-South-South exports were generated by Developing Asia, slightly more than 5 per cent by South and Central America and the Caribbean and about 5 per cent by the Middle East.

Developing economies' commercial services exports dropped 25 per cent in 2020, more than in the rest of the world (-18 per cent). Restrictions to cross-border movement of people, border closures, and strict lockdown measures implemented to fight the COVID-19 pandemic hit hard services, particularly in developing economies. Services exports dropped 25 per cent to US$ 1,451 billion in 2020, due to collapsing international travel and transport services. This represents an export loss of US$ 483 billion for developing economies, more than four times higher than the loss recorded during the 2008-2009 global financial crisis (US$ 102 billion). As a result, the contribution of developing economies to world exports of commercial services declined from 30.9 per cent in 2018 to 29.5 per cent in 2020. Participation in global imports also fell from 37.8 per cent in 2018 to 35.2 per cent in 2020.

On the other hand, developing economies' exports of other commercial services were resilient during the pandemic. In comparison with the rest of the world, developing economies' exports of other commercial services were more dynamic prior to the pandemic, and resilient in 2020. In 2018, exports were up 14 per cent versus 10 per cent in other economies, up 4 per cent versus 2 per cent in 2019, and decreased only by 0.3 per cent in 2020 compared to a 3 per cent decline in the rest of the world. Computer services saw rapid export growth in many developing economies, boosted by the demand for digitalization and the shift to remote working.

China, India, and Singapore ranked both as the leading services exporters and importers. Services trade remains concentrated with the first 15 economies, predominantly Asian, accounting for almost 80 per cent of services exports and 76 per cent of imports in 2020. China, India, and Singapore were the leading traders both in 2018 and in 2020, although in a different order. No African country appeared in the top 15 developing traders; the first is Egypt, in the 18th position, as an exporter, and Nigeria in the 17th position, as a services importer in 2020.

In 2020, developing economies' travel exports dropped 66 per cent in 2020 as international tourism collapsed. Travel receipts contracted to US$ 205 billion from US$ 609 billion in 2019, dropping 66 per cent, a more pronounced decline than in developed economies (59 per cent). Developing Asia saw the sharpest fall (-72 per cent), while in the Middle East's travel exports decreased less than average (-54 per cent). The relative share of travel in developing economies' services exports decreased from 31.1 per cent in 2018 to 14.1 per cent in 2020.

Transport services trade declined by 18 per cent in 2020, with large differences among developing regions. In Africa transport exports dropped 21 per cent, 26 per cent in Latin America and the Caribbean, 32 per cent in the Middle East, and 39 per cent in Developing Europe. These declines are two or three times sharper than those recorded in Developing Asia, the largest trader (-10 per cent). With a 25 per cent increase in transport exports in 2020, China became the leading developing transport exporter, overtaking Singapore.

"South-South" trade accounted for 48.6 per cent of developing economies' services trade in 2019. According to estimates in the WTO-OECD Balanced Trade in Services (BaTIS) dataset, the share of South-South trade in developing economies' services trade reached 48.6 per cent in 2019, the latest available year, up from 40.7 per cent in 2005. South-South services trade is dominated by intra Developing Asian flows (58.1 per cent in 2019).

1.2 The road to the WTO's 12th Ministerial Conference (MC12)

MC12, now scheduled for 12-15 June 2022, will take place against a backdrop of extraordinary circumstances, where business is not as usual anymore. Multilateral institutions such as the WTO need to step up to these challenges. The international legal, monetary, financial and trade system, embodied by institutions like the United Nations, IMF, WBG and WTO, was set up in the wake of the Second World War to foster peace through prosperity and interdependence. Those goals are now under threat.

But at this time of difficulty, as a multilateral organization, the WTO, through its Ministerial Conference, will try to set an example of why multilateralism is so necessary in times of crisis. Multilateralism is one of the instruments that draws us together to address the global challenges with which we are all currently grappling. It is critical to keep the work of multilateral organizations going for the benefit of the people they have been set up to serve.

Work at the WTO Secretariat in Geneva to prepare for MC12 is forging ahead on both process and substance. The focus of the conference, as outlined by members, will be the pandemic response, fisheries subsidies, agriculture and WTO reform, issues linked to development and LDCs, and e-commerce.

Reaching a positive conclusion of the fisheries subsidies negotiations will be crucial in delivering on target 14.6 of the SDGs, as detailed further in this report, and would be a major achievement for the global oceans agenda, for our broader blue economy and for the livelihoods that depend on the health of our ecosystems. The WTO is also working closely with other agencies to set up a fisheries funding mechanism for technical assistance and capacity-building to implement the disciplines once the agreement is reached. Moreover, progress in the area of agriculture could complete the achievement of SDG target 2.b to correct and prevent trade restrictions and distortions in agricultural markets, which was already partially delivered upon by the WTO's 2015 Ministerial Decision on Export Competition.

The WTO response to the pandemic remains another critical area. As the effects of the pandemic linger, the WTO continues to treat this matter with the urgency that it deserves. This includes working towards a solution to some of the intellectual property challenges that have been highlighted by developing countries. One such solution is a proposal by India and South Africa for a temporary waiver of certain TRIPS obligations in response to COVID-19, originally circulated on 2 October 2020.[6] As of 28 April 2022, the proposal now has a total of 65 co-sponsors, with broad support from over 105 countries, both developed and developing. In addition, over the last few months, important discussions among a smaller group of WTO members, facilitated by the DG, have been able to make considerable progress on a meaningful and acceptable proposal regarding intellectual property and vaccines, to be referred to the entire membership for consideration. Their discussions have focused on practical ways of clarifying, streamlining and simplifying how governments can enable diversification of the production of COVID-19 vaccines without the right-holders' consent. This represents a practical problem-solving approach responding to the concrete obstacles encountered in charting the pandemic response.

Still on the topic of the pandemic response, the Multilateral Leaders' Task Force, led by the Heads of the IMF, WBG, WHO and WTO, has held regular meetings which have been very productive. This process has enabled the increase of production to the point at which it now appears sufficient to cover present needs. Nevertheless, there is a persistent issue of inequity of access, as well as future diversification of production capacity. Currently, some of the main challenges that have been identified concern distribution problems and infrastructure issues with cold chains and personnel shortage. There are also many discontinuities on the ground, and there is supply fragmentation. Recent discussion with the chief executive officers (CEOs) of the leading COVID-19 manufacturers have focused on tackling these issues concretely on the ground in order to move forward on the issue of equity of access to vaccines in line with target 3.b of the SDGs.

Trade has been, and will remain, a critical means of adapting to the mounting global shocks that the world is currently experiencing, and a WTO that works is part of this. The WTO is working to use trade to build stronger, greener and more inclusive economies, nationally and globally aligned with the SDGs. But for this agenda and for the 2030 Agenda for Sustainable Development to move forward, it is important to start by making a success of MC12.

Endnotes

1 See https://www.wto.org/english/res_e/booksp_e/imparctukraine422_e.pdf

2 https://www.wto.org/english/news_e/news21_e/jssdr_26nov21_e.pdf

3 Measured as an average of imports and exports.

4 https://www.wto.org/english/res_e/publications_e/landlocked2021_e.htm

5 The IMF's categorization of emerging and developing countries in Asia includes: Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Fiji, India, Indonesia, Kiribati, Lao People's Democratic Republic, Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar, Nauru, Nepal, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu and Viet Nam.

6 https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/IP/C/W669R1.pdf&Open=True