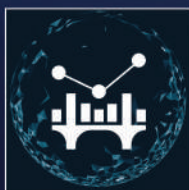


B20 ITALY



# Trade and Investment

POLICY PAPER 2021



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## Foreword by the Task Force Chair

*In only a few months, the COVID-19 pandemic has dramatically changed our lives, causing disruptive and persistent human suffering, and severely questioning the foundation of our economies and societies. It has also exacerbated the negative impact of geopolitical tensions and nationalism. In 2020, international trade volume dropped by 5.3% and total Foreign Direct Investment (FDI) flows plummeted by 42% versus 2019.*

*The current crisis stands as a watershed and requires the G20 to fully embrace a systemic shift by strengthening international cooperation, increasing preparedness to future global emergencies, addressing inequalities at all levels and promoting sustainable development as the only ways forward. To this end, business is committed to revamping global trade and investment as key drivers of economic growth, and to reshaping their multilateral governance. The B20 Trade and Investment Task Force has identified the following Policy Recommendations to drive actionable change:*

- 1. Promote open markets over protectionism and unilateralism, reform the WTO, and revitalize trade negotiations ensuring a level playing field;*
- 2. Enhance trade responsiveness against future disruptions, free cross-border transactions and enable more resilient Global Value Chains;*
- 3. Facilitate the participation of all businesses, in particular MSMEs, in global trade by removing barriers and improving their access to trade financing;*
- 4. Make trade and investment impactful drivers for a greener and more sustainable development, and increase FDI flows.*

*Rising protectionism and unilateralism deprive societies of the full benefits of the global economy. True multilateralism needs to be restored and the WTO must be reformed comprehensively: the appointment of its new Director General marks a renewed chapter in the history of the Organization, and business offers full support towards the common goal of revitalizing international trade and investment. Global value chains have proven a remarkable resilience in the latest months. Governments, however, must further reinforce the supply of essential goods, including medical products, and establish the adequate framework conditions to increase the scope for businesses to prosper and to cushion shocks.*

*Today, more than ever, MSMEs must be integrated in global trade especially by leveraging digital technologies, capability building programs and through a wider and easier access to trade financing instruments.*

*A well-functioning trade and investment system is not only beneficial for businesses: it enhances social progress and fosters sustainable development. Re-launching global foreign direct investment flows will promote knowledge transfer, foster job creation, and enhance the development of human capital.*

*The above-mentioned Policy Recommendations contribute to achieving the United Nations 2030 Agenda by impacting multiple Sustainable Development Goals as well as to addressing the G20 Italy Priorities: People, Planet and Prosperity.*

*An improved trade and investment system will enable additional G20 trade up to USD 1.6-1.8 Tn, leading to up to USD 8-9 Tn G20 GDP in 2024, with positive externalities on employment. To fully achieve such impact, monitoring KPIs and 2024 targets have been identified.*

*Now is the time to jointly reshape the future.*

Sincerely,

**Barbara Beltrame Giacomello**



## Task Force Co-Chairs

### Why Trade and Investment Matter



**Ajay Banga**  
Executive Chairman, MasterCard

*“The global pandemic has shown just how deeply interconnected the world is. Strengthening our global trading system and its rules allows us to use that fact to our mutual benefit, building back better in ways that will advance people, the planet and prosperity.”*



**Levent Çakiroğlu**  
CEO, Koç Holding A.Ş.

*“We need better-coordinated rules of global trade and investment in order to accelerate the vital green and digital transformation for a sustainable and fairer globalization without leaving any nation behind.”*



**Shinta Widjaja Kamdani**  
CEO, Sintesa Group

*“Global economic leaders must take concrete actions: collaboratively undoing barriers to create a more resilient, equitable and sustainable global economy, and building seamless trade and investment.”*



**Masakazu Kubota**  
Vice Chairman & President,  
Keidanren

*“In order to build “forward” better, B20 Members must cooperate to restructure the free-open international economic order, especially towards revitalizing the WTO and promoting cross-border data flows.”*



**Paolo Rocca**  
CEO, Techint Group

*“A review of the agreement on subsidies (SCM) addressing all government intervention leading to trade distortions, as well as a consensual approach to carbon border schemes are critical priorities for the multilateral trading system.”*



**Ingrid Sinclair**  
Global President,  
Sims Lifecycle Services

*“Trade and investment need to promote circular economic models focused on extending the lifecycle of products. Facilitate reuse, repair, remanufacturing, reengineering then finally recycling.”*



**Livio Vanghetti**  
Vice President, Global Public  
Affairs, Philip Morris

*“Boosting FDI after the pandemic is a priority for the B20 and a crucial challenge for the global economic recovery. FDI plays a key role in fostering innovation and development, and will drive the global economy on the road to sustainability.”*



**Jianlong Yu**  
Executive Vice Chairman  
of CCOIC

*“To revive the world economy, we have to work together to fight against the pandemic, safeguard the multilateral trading system, make the global value chains stable, and promote an inclusive growth.”*

## Executive Summary

### **Recommendation 1: Promote open markets over protectionism and unilateralism, reform the WTO, and revitalize trade negotiations ensuring a level playing field**

*Policy Action 1.1:* Commit to the widest possible open market access, roll back existing restrictions and refrain from adopting new ones including on vaccines, medical goods and agri-food products

*Policy Action 1.2:* Reform the WTO and re-establish an improved dispute settlement mechanism to re-enable the organization's role at the center of the rules-based multilateral trade and investment system

*Policy Action 1.3:* Foster and strengthen an open multilateral system by updating, revitalizing and accelerating ongoing negotiations and initiatives, as well as by addressing new emerging topics

### **Recommendation 2: Enhance trade responsiveness against future disruptions, free cross-border transactions and enable more resilient Global Value Chains**

*Policy Action 2.1:* Adopt international trade-related strategies including green-lanes to ensure open cross-border flows and COVID-19-free mobility

*Policy Action 2.2:* Upgrade customs processes by aligning interpretation of nomenclatures, revitalizing the Harmonized System, harmonizing the customs origin procedures, promoting the mutual recognition of Authorized Economic Operators, and digitizing cross-border activities

*Policy Action 2.3:* Increase the resilience of Global Value Chains by promoting higher homogeneity of standards and by enhancing trade infrastructures

### **Recommendation 3: Facilitate the participation of all businesses, in particular MSMEs, in global trade by removing barriers and improving their access to trade financing**

*Policy Action 3.1:* Foster the inclusiveness of MSMEs in global trade, by supporting the development of digital skills and digital infrastructures, and broadening the adoption of cross-border electronic transferable records

*Policy Action 3.2:* Facilitate the access of business to standardized trade finance instruments, by lowering transaction costs and regulatory burdens, while simplifying their processes

*Policy Action 3.3:* Support the participation of business in global trade by leveraging and updating the role of Export Credit Agencies and Development Finance Institutions

### **Recommendation 4: Make trade and investment impactful drivers for a greener and more sustainable development, and increase FDI flows**

*Policy Action 4.1:* Advance the WTO contribution to trade and environment, foster liberalization of trade in green goods and services, promote regulatory cooperation to accelerate clean energy transition, resource efficiency and circular economy

*Policy Action 4.2:* Facilitate and support Foreign Direct Investment flows, with a special focus on sustainability and inclusiveness

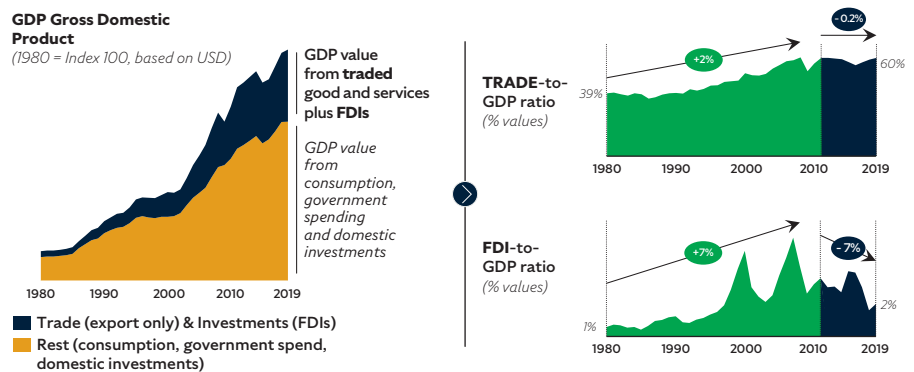
## Introduction

Trade and Investment are key engines of economic growth, competition, innovation, employment, and social wealth. However, in the 2010s, global trade growth ratio relative to GDP growth has flattened to -0.2%, versus +2% over the preceding three decades. Foreign Direct Investment experienced an even sharper decline in its ratio to GDP, recording a compound annual growth of -7% since 2010, versus +7% in the previous years.

### Exhibit 1 Setting the stage: Trade and Investment growth is slowing down

Trade & Investment engine of GDP growth...

... in slowdown over the last 10 years



Source: World Bank Database; 2020; World Bank

In addition, the health, social and economic emergency sparked by the outbreak of COVID-19 has exacerbated the negative impact of geopolitical turmoil and of rising protectionism and economic nationalism. Consequently, in 2020 versus 2019, international merchandise trade volume dropped by 5.3%<sup>1</sup> and total Foreign Direct Investment (FDI) flows plummeted by 42%<sup>2</sup>, with the least developed economies taking the highest toll. Against this scenario, four main areas need to be urgently addressed, namely:

- ♦ Rising protectionism and unilateralism which weaken the WTO;
- ♦ Lack of a coordinated response to the crisis, decelerating cross-border flows and negatively affecting Global Value Chains (GVCs);
- ♦ Participation of MSMEs in global trade, which is hindered by regulatory, technical and operational obstacles and insufficient access to trade financing;
- ♦ Uneven attention to social and environmental sustainability, coupled with widening inequalities within and among countries, and declining FDI.

Protectionism and unilateralism have been steadily growing in the last years, undermining the role of the WTO as center of the multilateral trading system. Commitments to reform the organization need to be translated into viable action plans on a consensus building basis.

The global spread of the COVID-19 epidemic provoked a devastating human, social and economic shock, which is still ongoing. Particularly during the early phases of the pandemic, Global Value Chains were confronted with significant disruptions and containment measures. After initial setbacks, many of them have shown remarkable resilience, proving that, given the right conditions, companies are able to ramp up global sourcing, production, and distribution, particularly if they can rely on stable, predictable and transparent trading rules. Where shortages did occur, they were usually caused by unprecedented demand, rather than collapsing supply.

<sup>1</sup> World trade primed for strong but uneven recovery after COVID-19 pandemic shock; 2021; World Trade Organization (WTO)

<sup>2</sup> Global foreign direct investment fell by 42% in 2020, outlook remains weak; 2021; United Nations Conference on Trade and Development (UNCTAD)

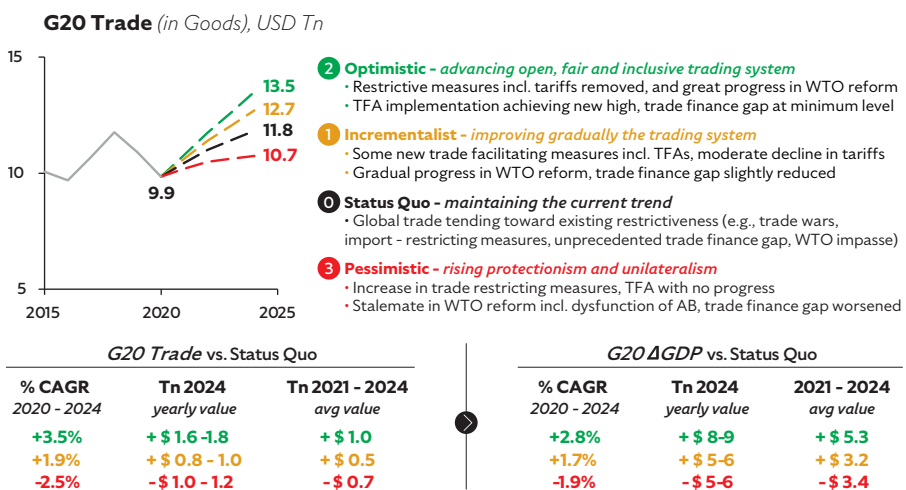
In addition to lockdowns as a response to the emergency crisis, we have also seen an unparalleled intervention by states in their domestic economies. Moreover, the longstanding gap between demand and supply of trade finance further widened, making it even more challenging for many MSMEs to operate and, ultimately, to stay in the business.

While FDI is falling worldwide, efforts to enforce higher social and environmental standards remain uneven across countries and regions, due to different levels of economic development, ambitions and implementation capacities. This increases the likelihood that carbon-border adjustment mechanisms and similar measures driven by sustainability objectives will be adopted in an uncoordinated manner.

The G20 and the global community must learn from the current crisis. An open, fair and inclusive trade and investment system would help recovery from the pandemic, as well as support sustainable growth in the longer run. Hence, the following four Policy Recommendations have been formulated:

- ♦ Promote open markets over protectionism and unilateralism, reform the WTO, and revitalize trade negotiations ensuring a level playing field;
- ♦ Enhance trade responsiveness against future disruptions, free cross-border transactions and enable more resilient Global Value Chains;
- ♦ Facilitate the participation of all businesses, in particular MSMEs, in global trade by removing barriers and improving their access to trade financing;
- ♦ Make trade and investment impactful drivers for a greener and more sustainable development, and increase FDI flows.

As highlighted below, trade-related policies have a tangible impact on G20 GDP. The study simulates exports and imports of goods across hundreds of trade corridors up to 2024 in four alternative scenarios.



**Exhibit 2**  
**Advancing the trading system would enable additional G20 trade up to USD 1.6-1.8 Tn, leading to up to USD 8-9 Tn G20 GDP in 2024, with positive externalities on employment**

Source: World Trade Organization (WTO); International Monetary Fund (IMF); United Nations (UN); Organization for Economic Co-operation and Development (OECD); Boston Consulting Group (BCG)Trade Model

In the optimistic one, the actions of the G20 would result in an additional G20 trade value of USD 1.6-1.8 Tn vs. status quo, corresponding to a USD 8-9 Tn G20 GDP increase in 2024. The impact on GDP is also considered to be positively associated with higher employment as largely demonstrated in literature<sup>3</sup>.

Accounting for 75% of the total trade and 85% of the global GDP, the G20 must take the lead in reshaping the future. To draw the way forward, the B20 details and offers the following Policy Recommendations.

<sup>3</sup> Growth, employment and poverty: An analysis of the vital nexus based on some recent UNDP and ILO/SIDA studies, Azizur Rahman Khan; 2007; United Nations (UN); The employment intensity of growth: Trends and macro-economic determinants, Steven Kapsos; 2005; International Labour Organization (ILO)

# Recommendation 1: Promote open markets over protectionism and unilateralism, reform the WTO, and revitalize trade negotiations ensuring a level playing field

## Policy Actions

- 1.1 Commit to the widest possible open market access, roll back existing restrictions and refrain from adopting new ones including on vaccines, medical goods and agri-food products
- 1.2 Reform the WTO and re-establish an improved dispute settlement mechanism to re-enable the organization’s role at the center of the rules-based multilateral trade and investment system
- 1.3 Foster and strengthen an open multilateral system by updating, revitalizing and accelerating ongoing negotiations and initiatives, as well as by addressing new emerging topics

## Leading Monitoring KPI

Owner: G20 Countries

	Baseline	Target
% of G20 Imports Impacted by Restrictive Measures <sup>1</sup>	<b>10.4%</b> (2019)	<b>5.0%</b> (2024)

<sup>1</sup>Trade remedies and COVID-19-related measures not included  
Source: World Trade Organization (WTO)



Recommendation 1 contributes to achieving UN SDGs **1: No Poverty**, **2: Zero Hunger**, **8: Decent Work and Economic Growth**, **10: Reduced Inequalities** and **17: Partnerships for the Goals**. In particular, Policy Action 1.1 contributes to the achievement of target **1.4** by committing to the widest degree of liberalization and market access, repudiating protectionism and committing to reduce current restrictions to trade. It also contributes to the accomplishment of target **1.5** by building the resilience of the poor and the vulnerable, encouraging open markets and free trade for necessary vaccine, agri-food and medical equipment supplies. Finally, it contributes to the achievement of target **2.B** by committing to the rolling back of temporary-implemented restrictions in food and agricultural products. Policy Action 1.2 contributes to the achievement of target **8.1** by sustaining per-capita economic growth in accordance to local and national circumstances, and target **10.A** by proposing to make Special and Differential Treatment more precise, effective and operational. It also contributes to the accomplishment of target **17.9** by supporting least developed countries in building capacity and adjust flexible requirements to fully implement all WTO commitments, and target **17.17** by enhancing and widening the dialogue with the business community. Finally, Policy Action 1.3 contributes to the achievement of target **17.6** by encouraging regional and international cooperation, including increased coordination among existing mechanisms, and target **17.10** by fostering multilateral dialogue, economic growth, and a global level playing field for all companies internationally.



Recommendation 1 contributes to addressing G20 Italy Priorities **People** and **Prosperity**. In particular, Policy Action 1.1 contributes to addressing the **People** priority by fostering collaboration and open markets and refusing protectionism on vaccines, agri-food and medical products, thus improving overall life quality



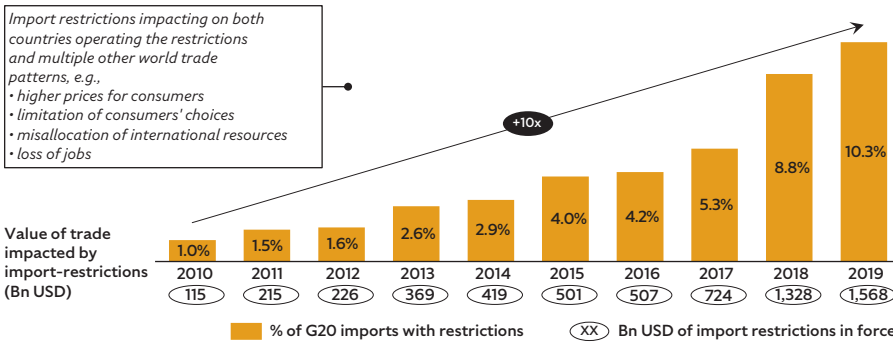
and health standards especially for the poor and the vulnerable. Policy Action 1.2 contributes to addressing the **Prosperity** priority by promoting effective monitoring and dispute settlement mechanisms as well as encouraging the dialogue and cooperation with the private sector. Finally, Policy Action 1.3 contributes to addressing the **People** priority by eliminating tariffs in the healthcare sector and avoiding export restrictions on health-related goods including vaccines; and the **Prosperity** priority by encouraging an open, fair multilateral trade system and promoting international collaboration and advancement on shared agreements and emerging topics such as e-commerce and data governance.

**Context**

Protectionism and unilateralism were already on the rise when the pandemic further accentuated this trend as new tariff and non-tariff barriers continue to be imposed, escalating trade frictions.

The trade coverage of G20 import restrictions<sup>4</sup> has seen an exponential growth in the last ten years increasing from around 1.0% in 2010 to over 10.4% in 2019, impacting some USD 1.5 trillion of trade<sup>5</sup>.

**Trade coverage of G20 import restrictions<sup>1</sup> in force since 2010**  
(% of G20 import impacted by protectionist measures)

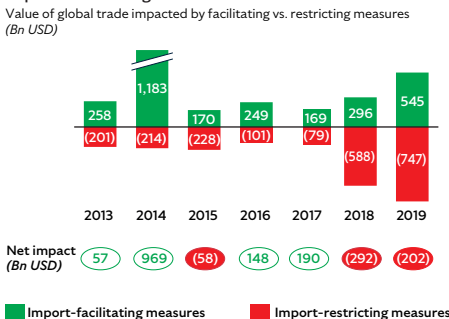


**Exhibit 3**  
Protectionism on trade increasing by over 10x in last 10 years

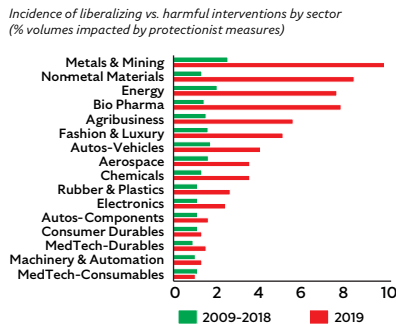
<sup>1</sup>Trade remedies and COVID-19-related measures not included; only formal import-restrictions reported  
Source: Report on G20 measures; 2020; World Trade Organization (WTO)

Trade restricting measures have been outpacing trade facilitating measures for a half decade now, and the trend is neither marginal nor relegated to a specific sector.

**Since 2018 more import - restricting measures than import - facilitating measures...**



**... covering all industries**



**Exhibit 4**  
Trade harmful interventions growing more than liberalizations

Source: Overview of developments in the international trading environment; 2020; World Trade Organization (WTO);  
Global Trade Alert: Global Dynamics; 2020 [accessed]; University of St. Gallen

<sup>4</sup> Trade remedies (i.e. Anti-Dumping, Subsidies and Countervailing Measures, and Safeguards) and COVID-19-related measures not included; 0.29% of G20 imports covered by trade remedy initiations from mid-May 20 to mid-Oct 20

<sup>5</sup> Report on G20 measures (mid-May 2020 to mid-October 2020); 2020; World Trade Organization (WTO)

In addition, containing the COVID-19 pandemic has affected the availability of essential goods, including key medical equipment. To promote trade and increase wealth-creating prospects post-COVID-19, the B20 should recommend the following:

- ♦ Governments should halt new protectionist measures and roll back existing import and export restrictions, including those introduced in response to the COVID-19 crisis;
- ♦ The WTO should be re-empowered promptly and effectively in its core functions, beginning with the dispute settlement system;
- ♦ Ongoing trade negotiations and initiatives should be revitalized, expanded in membership and concluded.

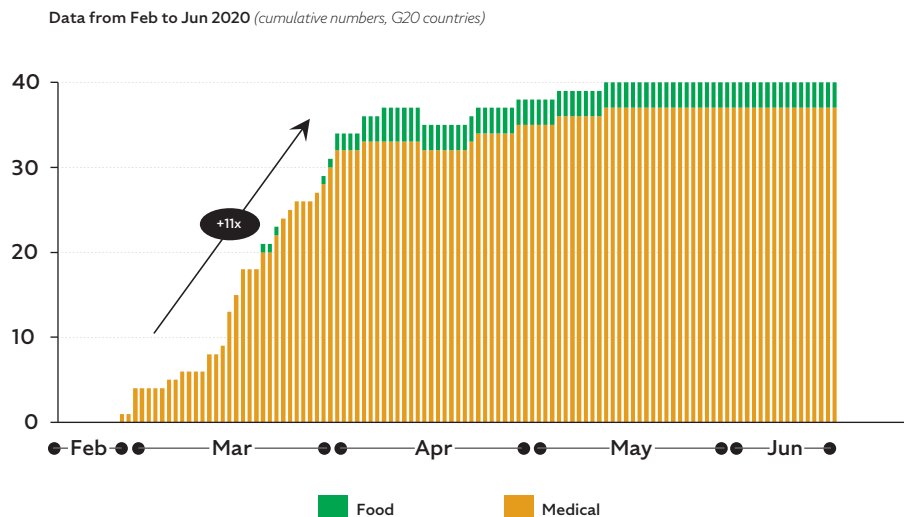
### **Policy Action 1.1: Commit to the widest possible open market access, roll back existing restrictions and refrain from adopting new ones including on vaccines, medical goods and agri-food products**

In light of the persistent health, social and economic emergency, the B20 urges the G20 to commit to a clear timeline for rolling back protectionist measures to trade and investment and to standstill on imposing any further barriers.

#### **Safeguard flows of essential goods and services, and personal protection equipment**

The production and exchange of COVID-19 related products has taken center stage since the outbreak of the pandemic, demonstrating that countries are widely interdependent. As the emergency surged, governments dealt with acquiring large quantities of Personal Protection Equipment (PPE), while introducing export restrictions on domestic PPE stocks. As a result, temporary export restrictions on critical supplies among G20 countries escalated between February and June 2020. To ensure that these temporary measures do not become permanent, they need to be closely monitored.

#### **Exhibit 5 G20 temporary export restrictions placed to contain COVID-19**



Source: *Market Access Map*; 2020; International Trade Centre

Export bans in medical equipment have increased prices<sup>6</sup> and interrupted trade routes, leading to global supply shortages affecting vital health systems for both emerging and developed countries around the world<sup>7</sup>.

<sup>6</sup> Export bans contributed to increased prices by 12.9% on average (22.2% in case of face masks); *Trade Policy Responses to the COVID-19 Pandemic Crisis*; 2020; World Bank

<sup>7</sup> *Trade policy responses to the COVID-19 pandemic*; 2020; Fiorini et al.

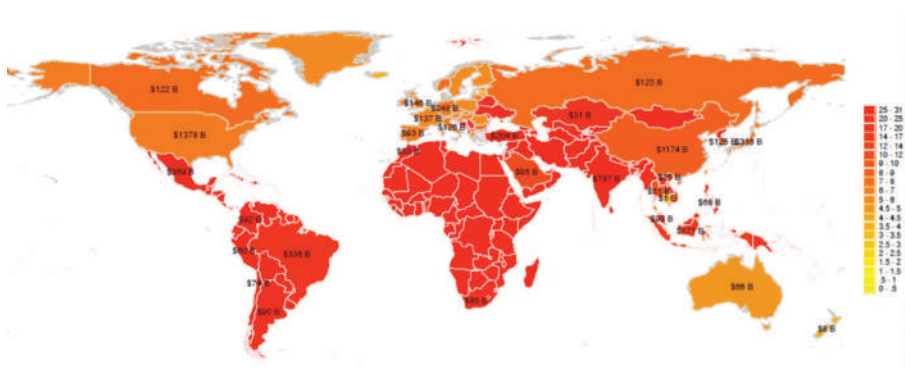
We urge the G20 to consider the adverse, long-term economic and health effects of such restrictive measures, to refrain from imposing new export curbs while rolling back existing restrictions, and to commit to avoid trade bans and any other tariff and non-tariff barrier as well as adopt trade facilitation policies for essential medical goods and services, and PPE.

**Refrain from export restrictions and commit to non-discriminatory distributions of vaccines among countries**

A fair global distribution of COVID-19 vaccines would defeat the pandemic faster for everyone: the IMF estimates that for every month we gain in the fight against the virus, the global economy collectively saves as much as USD 500 billion<sup>8</sup> in GDP.

Getting a few countries fully vaccinated may enhance their economies partially, but there is no scenario in which any country could return to full normalcy and prosperity if the virus is still widespread elsewhere. As long as Global Value Chains are impeded, borders are closed, and international travel is halted, trade will remain hindered and full global recovery will not be achieved.

If countries continue to follow an uncoordinated approach to vaccine distribution, the world risks global GDP losses in 2021 of as much as USD 9.2 trillion (assuming no access to vaccination in developing economies), equivalent to more than 7% of pre-pandemic global GDP<sup>9</sup>.



**Exhibit 6**  
GDP losses projection with uncoordinated approach to vaccine distribution

Source: *No economy can recover fully from the COVID-19 pandemic until we have secured equitable global access to effective vaccines* (ICC summary for Policymakers); 2021; International Chamber of Commerce (ICC)

We call on G20 countries to reject vaccine nationalism and protectionism, and commit to a fair, non-discriminatory, inclusive and more extensive supply and distribution of vaccines, modelled on principles of proportionality<sup>10</sup>. In this regard, we fully support all collaborative efforts, especially the Access to COVID-19 Tools Accelerator (ACT-A) initiative and its COVAX facility, and we urge G20 countries to backstop their statements with actions and financial support.

In the early phases of vaccine distribution, in February 2021, the WHO reported<sup>11</sup> that more than three-quarters of global vaccinations were initiated in just 10 countries (representing 60% of global GDP). As of 31 March 2021, North America had the highest rate of vaccination (18.8%), followed by Europe (12.7%), and Africa with the lowest share (14 million people, 0.6% vaccinated)<sup>12</sup>.

<sup>8</sup> *Vaccine fairness will make us all safer*; 2020; Financial Times

<sup>9</sup> *No economy can recover fully from the COVID-19 pandemic until we have secured equitable global access to effective vaccines*; 2020; International Chamber of Commerce (ICC)

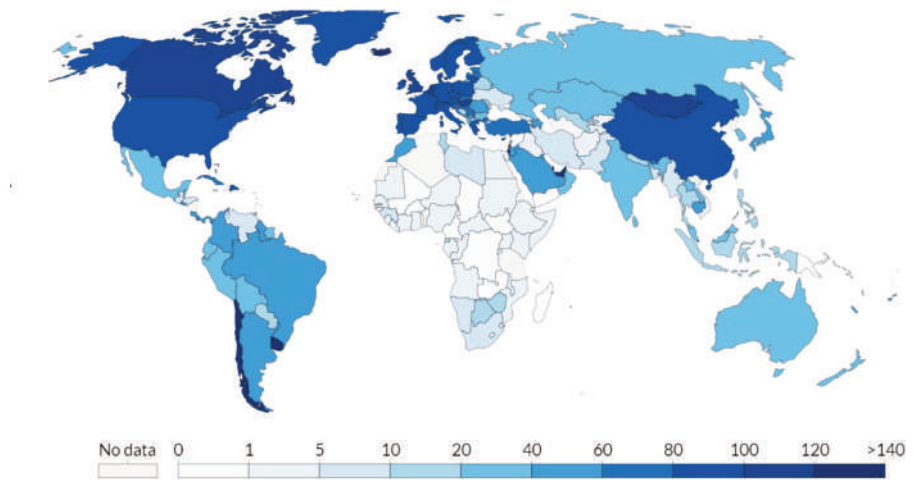
<sup>10</sup> *Policy and Allocation of vaccines: update, status and next steps*; 2020; COVAX - WHO's co-led initiative

<sup>11</sup> *WHO Director-General's opening remarks at the media briefing on COVID-19*; 2021; World Health Organization (WHO)

<sup>12</sup> *UNCTAD, based on data from Our World in Data*; 2021; United Nations Conference on Trade and Development (UNCTAD)

Even later, drastic disparities among countries in terms of vaccine doses delivered to individuals were evident.

**Exhibit 7**  
**COVID-19 vaccine dose administered per 100 people, as of May 27, 2021**



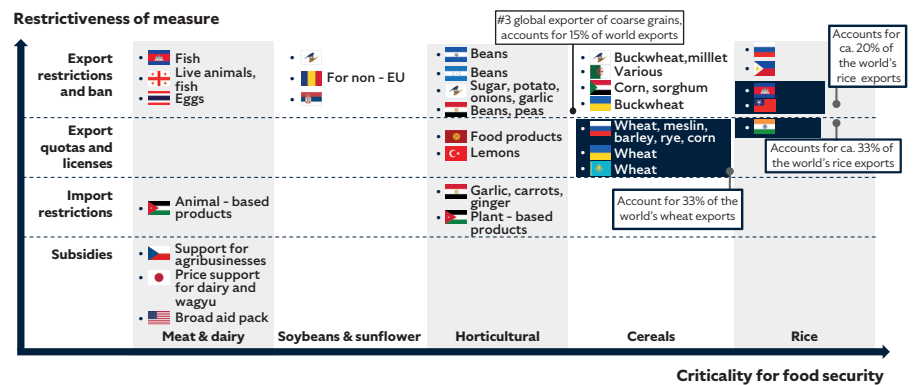
Source: *Statistics and Research Coronavirus (COVID-19) Vaccinations*; 2021; Our World In Data

In response, the WHO has publicly asked countries to share their vaccine stocks after covering their healthcare workers and elderly populations<sup>13</sup>. Unfortunately, despite the WHO’s global call, several export-control measures on vaccines have been adopted. Hence, we reinforce the call for solidarity and collaboration, not only for equity purposes, but to secure robust economic development. In this regard, the TRIPS agreement contains mechanisms and flexibilities that would allow an increase in vaccine manufacturing and availability.

**Avoid restrictions in trade of food and agricultural products**

Especially in its earlier phases, the COVID-19 pandemic introduced unexpected stresses on food systems, creating multiple challenges and causing shortages and stock-outs. Such shortfalls have impacted food safety and security, farm production, food processing transport and logistics, workers across the food value chain, and consumers’ demand<sup>14</sup>. Temporary export restrictions on food introduced in response to the emergency represent only a subset of wider trade measures on agriculture products.

**Exhibit 8**  
**Overall food-related restrictive measures in place during the COVID-19 crisis**



Source: *Food-related trade restrictive measures in place*; 2020; Boston Consulting Group (BCG) elaboration on official World Trade Organization (WTO) data, United States Department of Agriculture (USDA) and United Nations (UN) datasets

<sup>13</sup> WHO Director-General’s opening remarks at 148th session of the Executive Board; 2021; World Health Organization (WHO)

<sup>14</sup> OECD-FAO Agricultural Policy Monitoring and Evaluation; 2020; Organization for Economic Co-operation and Development-Food and Agriculture Organization

We call on the G20 to keep trade in food and agricultural products open across borders and institute emergency measures to counteract any and all bottlenecks and barriers, while protecting Intellectual Property Rights (IPR), including Geographical Indications (GIs).

### **Avoid misuse of national security measures**

National security objectives are being increasingly used as pretexts to pursue economic and competitiveness goals.

The pandemic has also, in certain cases, exacerbated their use to justify the adoption of tariffs, local content requirements, or other measures, including export restrictions. These practices may not be compliant with WTO rules and jurisprudence, and set a dangerous precedent as they raise concerns not only about their direct impact on the business, but also on downstream effects on consumers.

We call on G20 members not to misuse measures justified under national security purposes, and to carefully assess their implementation, in order to avoid undesirable and disproportionate second-order impacts. Dialogue and global cooperation should be further promoted to address concerns, including those related to FDI screening mechanisms and nations' Negative List for Foreign Direct Investment and with regard to the compatibility with the existing WTO discipline.

### **Policy Action 1.2: Reform the WTO and re-establish an improved dispute settlement mechanism to re-enable the organization's role at the center of the rules-based multilateral trade and investment system**

Previous B20 cycles have repeatedly called for a necessary reform of the WTO. B20 Italy urges the G20 to take swift action to agree on a reform roadmap before the next WTO Ministerial Conference and to engage with the widest WTO membership for its endorsement. The appointment of members of the Appellate Body should be concluded as soon as possible thereafter, and ideally by the next WTO MC12.

As B20 we welcomed the G20 Statement<sup>15</sup> launching the "Riyadh Initiative on the Future of the World Trade Organization (WTO)" aiming at identifying common ground and principles among all G20 members regarding the next 25-plus years of the WTO. We urge the G20 to sustain progress in discussions on WTO reform.

Improvements in WTO core functions would increase the overall effectiveness and legitimacy of the Organization. A better balance between the political organs, the dispute settlement bodies, and the Director General would mutually reinforce them all. Negotiations would benefit from a more precise, effective and operational Special and Differential Treatment for Developing Countries. Updated rules and more transparent policy formulation would deflect pressure from dispute settlement. Stricter processes of notification and improved monitoring mechanisms would provide better visibility to states and traders and would support fact-finding activities of litigation panels.

B20 welcomes the new WTO Director General. Her arrival in office is a good occasion to discuss her mandate and allow her to take a wider and more proactive role to foster initiatives for deliberation, promote the WTO core values and fundamental principles, cooperate with other multilateral institutions and enhance the contribution of trade policies toward the broader goals of the international community.

<sup>15</sup> G20 Addresses International Trade and Investment Priorities Including the Impact of COVID-19; 2020; G20 Statement, 2020

Amongst the several areas where improvements are needed, the B20 highlights the following:

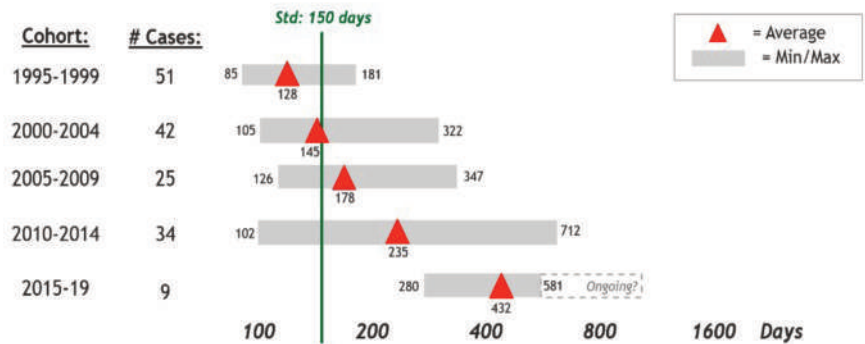
- ♦ Fill the vacant Appellate Body seats and re-establish an improved dispute settlement system;
- ♦ Make the notification and monitoring systems more effective;
- ♦ Ensure the effectiveness of Special and Differential Treatment;
- ♦ Improve the Trade Policy Review (TPR) mechanism;
- ♦ Strengthen the functions of the WTO Committees;
- ♦ Enhance the dialogue with the business community.

**Fill the vacant Appellate Body seats and re-establish an improved dispute settlement system**

Allowing the WTO membership to once again benefit from a trusted two-tier mechanism to resolve litigations and to retake control over interpreting WTO rules is an utmost priority, considering that only 4% of total cases reached the stage at which authorization for retaliation was granted<sup>16</sup>.

**Exhibit 9**  
**Dispute settlement takes much longer than it is meant to (1995-2019)**

**Example: Time between DSB Panel Reports and Appellate Body Report Circulation (1995-2019)**



Note 1: Time period calculated as days between date of "Panel report circulated" and "AB report circulated", for each dispute initiated during the respective 5yr. period (and completed)  
 Note 2: "Standard" defined per Article 17.5 of the DSU ("In no case shall the proceedings exceed 90 days"), plus the 60-day appeal period for Panel decisions per Article 16.4 of the DSU"

Source: Boston Consulting Group (BCG) elaboration on official World Trade Organization (WTO) data

In late 2019, with the expiration of the mandates of two Appellate Body members, the Organization was no longer able to decide on appeals in trade disputes. We are confident in the willingness of all WTO countries to move ahead with the appointment of new members, building on the draft General Council Decision on Functioning of the Appellate Body<sup>17</sup>. Business also calls on the G20 to support improvements in the WTO panels and appellate functions.

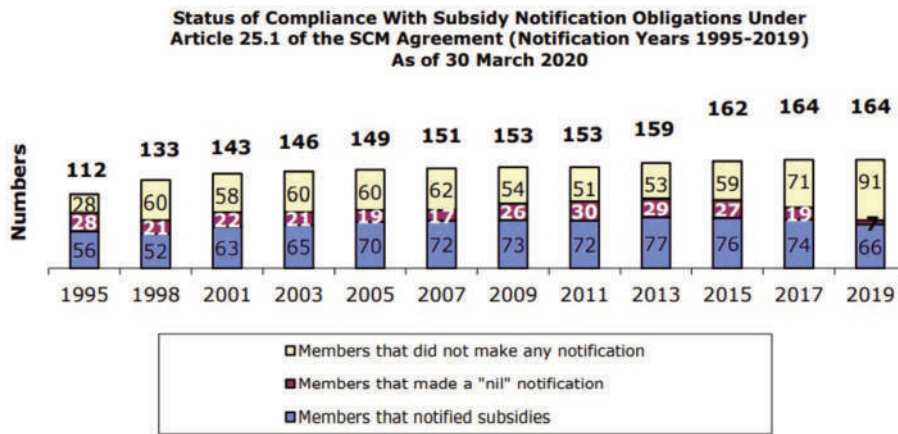
**Make the notification and monitoring systems more effective**

One of the key functions of the WTO is to monitor the compliance of national trade policies with its rules. The various WTO agreements contain notification requirements, however, the failure by many members to properly and promptly notify their trading partners has been a serious problem for years.

<sup>16</sup> As of 31 December 2020, WTO members had referred 598 disputes to the Dispute Settlement Body, out of which about 40% are still ongoing, while the remaining 60% have been completed. Since the inception of the Dispute Settlement in 1995, almost one-third of completed disputes have been terminated, and almost half has been solved with the respondents ending the non-compliant behaviors. Typically, such cases take 2-3 years to resolve. The average duration for these few disputes was 8 years. *Dispute Settlement activity: Some figures*; 2020; World Trade Organization (WTO)

<sup>17</sup> *Informal process on matters related to the functioning of the Appellate Body - Report by facilitator, H. E. DR. David Walker*; 2019; World Trade Organization (WTO)

**Exhibit 10**  
**Status of Compliance with**  
**Subsidy Notification Obligations as**  
**of March 30, 2020**



Source: *Status of Compliance with Subsidy Notification Obligations; 2020*; World Trade Organization (WTO)

Building on existing proposals<sup>18</sup>, a permanent monitoring committee should be established for promptly identifying trade barriers and solving emerging conflicts. A feedback mechanism would also enable businesses to directly provide the committee with information on trade barriers faced on the ground. A more accurate classification of Non-Tariff Barriers should be introduced, and additional resources should be devoted to internal data management, including the implementation of a clear and accessible Market Access Database. As for flexibilities, delays in submitting notifications should be allowed according to the capacity-building of Developing Countries and by providing them with the necessary technical assistance. The possibility of counter-notification from other members and the introduction of a bi-annual “*Notification Compliance Reporting System*” (NCRS) with the obligation to submit a report should also be considered. Furthermore, incentives should be introduced to make members more accountable.

**Ensure the effectiveness of Special and Differential Treatment**

The different levels of development among WTO members determine gaps in implementing WTO provisions, that must be assessed and considered. The G20 should agree on a common proposal for the WTO to review the implementation of the S&DT and make it more precise, effective, and operational. Business knowledge and suggestions can provide a useful support and should be considered in the process.

Looking at the precedent of the Trade Facilitation Agreement as a reference, and at the Generalized System of Preferences (GSP) Programs adopted by many members, efforts should be devoted to better address capacity gaps. We encourage the WTO to engage with developing countries to assess their national conditions and to mobilize support resources under the coordination of the Secretariat, so that their commitments are proportionate to actual capabilities.

**Improve the Trade Policy Review (TPR) mechanism**

The Trade Policy Review mechanism is a useful tool to provide transparency on members’ trade policies. TPRs consist of: (i) a report issued by the WTO Secretariat, (ii) a policy statement of the members under review, and (iii) a two-day Q&A session with the WTO membership<sup>19</sup>. The largest traders (currently the European Union, the United States, China, and Japan) are reviewed

<sup>18</sup> Such as the US proposals in WTO General Council in July 2017, the Communication from Canada in September 2018, the Chinese WTO reform document in November 2018 and May 2019, and the US-EU-Japan Trilateral Initiative in January 2020

<sup>19</sup> *Trade Policy Reviews; 2020*; World Trade Organization (WTO)

every three years, the next sixteen members every five years, the others every seven years, with even longer periods available for least developed countries. To upgrade the process and make members more accountable, reviews should involve business stakeholders, and their scope could be extended to cover trade-related measures having increasing impact on international competitiveness, such as those related to sustainability, Intellectual Property Rights, and digital trade.

### **Strengthen the functions of the WTO Committees**

Another challenge is to make the WTO's Committees more active and efficient. External experts from business, national administrations, academies, and other relevant bodies should be regularly involved to complement in-house expertise. Currently, WTO Committees mostly focus on compliance, exchange of information, data-collection and on overlooking notification processes. They should also assess new regulatory avenues, and initiate discussions on challenging issues not yet addressed in negotiations.

Committee Chairs must operate with the highest degree of knowledge and impartiality; at present, their average duration is one year, not long enough for implementing new and more resource-intensive tasks.

Hence, chairs should be assigned for a longer period such as two or three years with the possibility of extension to ensure continuity in ongoing processes.

### **Enhance the dialogue with the business community**

Business can provide in-depth added value, and can play a relevant role in promoting and in improving the WTO's core functions. A more active involvement of the business community should be pursued on a regular basis, including on the monitoring and assessment of the effects of trade barriers, on the progress across the most relevant negotiations, and on the drafting of Trade Policy Reviews.

Beyond its annual public forum event, the WTO should establish a permanent business advisory body that can provide feedbacks on negotiations, obligations and agreements based on business experience in engaging in cross-border trade and investment.

### **Policy Action 1.3: Foster and strengthen an open multilateral system by updating, revitalizing and accelerating ongoing negotiations and initiatives, as well as by addressing new emerging topics**

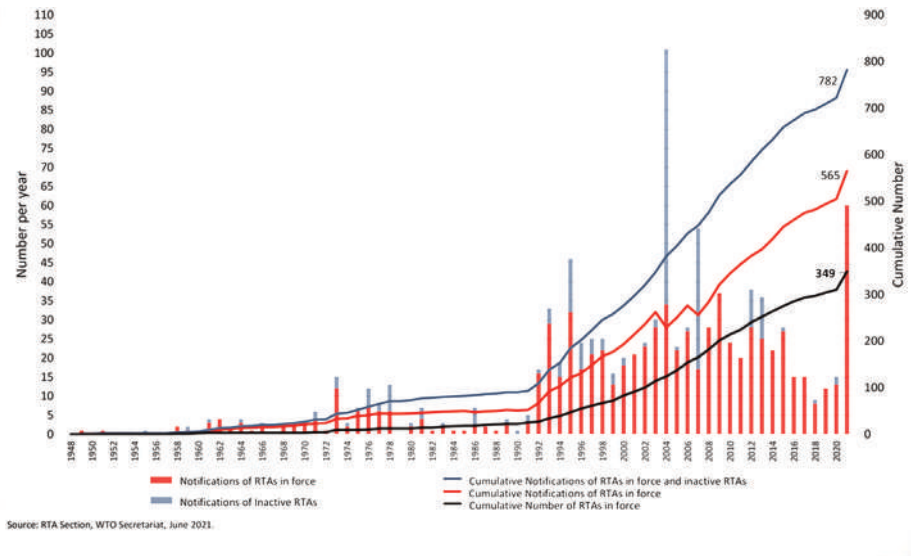
The Doha Development Agenda was based on ambitious targets to be achieved as a single undertaking, requiring consensus<sup>20</sup> of all WTO members. Nevertheless, negotiations over many years failed to achieve such compromise, impacting the centrality of the WTO and shifting the attention of both countries and businesses towards bilateral and regional agendas. As a result, Regional Trade Agreements (RTAs) and Preferential Trade Agreements (PTAs) have proliferated in the past decades.

Such regional and preferential agreements are supported by the business community and should remain complementary to, and not a substitute for, the multilateral trading system. It is important that these agreements are properly notified to the WTO to ensure that the organization keeps track of trade liberalization and whether the agreements comply with the WTO criteria.

<sup>20</sup> WTO Article IX The WTO shall continue the practice of decision-making by consensus followed under GATT 1947. Except as otherwise provided, where a decision cannot be arrived at by consensus, the matter at issue shall be decided by voting.



**Exhibit 11**  
**Evolution of Regional Trade Agreements in the world, 1948-2021**



Source: *Evolution of Regional Trade Agreements*; 2021; World Trade Organization (WTO)

### **Adopt the commitments set in the proposal for a WTO “Trade and Health Initiative” and update the Pharmaceutical Products Agreement (PPA)**

The next WTO Ministerial Conference should clearly show that the WTO is relevant to the recovery from the pandemic by adopting strong commitments in the framework of the “*Trade and Health Initiative*” launched in November 2020 by the Ottawa group<sup>21</sup> and by extending the participant countries and the coverage of the WTO “*Trade in the Pharmaceutical Products Agreement*” to medical supplies, equipment, technology and PPE<sup>22</sup>.

All WTO members should strive to eliminate tariffs in the healthcare sector, liberalize relevant logistics, distribution and transport services, and eliminate export restrictions on health-related goods including vaccines, while preserving the protection of IP rights. OECD members and candidates, high-income and sector export-leader countries could lead by example, by unilaterally removing tariffs and by strengthening their commitments on export restrictions. The scope of the negotiations should be assessed in close cooperation with the WHO and the WCO. To support a comprehensive and consistent mapping of all critical supply chains, a non-binding joint WTO-WCO monitoring mechanism should be established to complement the information available within the WHO by providing and integrating data on trade flows (including barriers and export bans on PPE, vaccines and medical equipment), shipping, and customs clearance.

### **Speed up negotiations on trade related aspects of e-commerce, and engage in a wider multilateral negotiation process**

Given the increasingly complex digital environment and the rise of protectionism coupled with security concerns, but also the growing opportunities that stem from the digital transformation for economies and societies as a whole, the G20 should build on the conclusions reached in Hamburg<sup>23</sup>, Buenos Aires<sup>24</sup>, Osaka<sup>25</sup>, and Riyadh<sup>26</sup>, and encourage the next WTO Ministerial Conference to reach an agreement on the Joint Statement Initiative on E-Commerce.

<sup>21</sup> *COVID-19 and beyond: Trade and Health*; 2020; World Trade Organization (WTO)

<sup>22</sup> Such as alcohol, syringes, gauze, reagents, other hospital and laboratory consumable, health devices, telemedicine services, hand sanitizer, face masks and protective spectacles

<sup>23</sup> G20 members will engage constructively in WTO discussions relating to E-commerce with the WTO MC11 in mind

<sup>24</sup> We welcome the G20 Repository of Digital Policies to share and promote the adoption of innovative digital economy business models; we recognize the importance of the interface between trade and the digital economy

<sup>25</sup> We reaffirm the importance of the Work Programme on electronic commerce; we note the ongoing discussion under the Joint Statement Initiative on electronic commerce

<sup>26</sup> We note the ongoing discussions under the Joint Statement Initiatives (JSI) at the WTO, including the JSI on E-Commerce, Investment Facilitation for Development, Micro, Small and Medium Enterprises, and Services Domestic Regulation

In particular, it is fundamental to develop clear balanced and ambitious rules on both e-commerce<sup>27</sup> and digital trade<sup>28</sup>, including on cross-border data flows and data localization, consumer trust supporting tools such as electronic payments, electronic signatures and digital currencies, and IP protection. Furthermore, the Ministerial Conference also provides the occasion to renew and consider making permanent the moratorium on custom duties on electronic transmission, that has enabled exponential growth in use of the internet and the flourishing of the digital economy, especially for MSMEs. The lack of common principles governing cross-border data flows represents an obstacle for the globalization of e-commerce. G20 members should make full use of the G20 Digital Economy Task Force to continue its work on data flows, legal frameworks on privacy protection and security standards. The Working Group should cooperate closely with the WTO Joint Statement Initiative on E-Commerce to share existing regulations of data protection with the aim of increasing convergence of privacy regimes globally and setting harmonized rules to make cross-border data transfer easier and more secure (e.g., building an international order for Data Free Flow with Trust; DFFT), while respecting countries' regulatory autonomy on privacy and data protection rights, and favoring the participation of least developed and developing countries. The negotiations on the WTO Joint Statement Initiative on E-Commerce should also be taken as an opportunity to expand the participants in the Information Technology Agreement (ITA) as well as establish a dialogue on the expansion of its list of products to keep pace with the latest developments in the digital economy. Moreover, G20 countries should consider jointly agreeing to include membership in the ITA in their bilateral trade agreements.

#### **Support the ongoing WTO negotiations on domestic regulation disciplines**

The global value of trade in services, despite remaining approximately three times smaller than trade in goods as a share of GDP<sup>29</sup>, has expanded faster in the last years<sup>30</sup>.

Moreover, although it is important to respect and take into account public policy concerns, the access of foreign companies to critical service sectors such as education and caretaking remains restricted, heavily-regulated and often supplied by the public sector.

An agreement on domestic regulation disciplines would improve transparency and streamline authorization procedures for services suppliers, facilitating the provision of services domestically and across borders, and ensure that qualification requirement and procedures, licensing requirements and standards do not constitute unnecessary barriers to trade in services.

The G20 should encourage the ongoing WTO negotiations to ultimately assess national conditions and conclude by the next WTO MC12.

#### **Update the WTO Agreement on Subsidy and Countervailing Measures (SCM)**

The G20 should urge WTO members to review the Agreement on Subsidies and Countervailing Measures (SCM) to improve the transparency and the effectiveness of its provisions as well as the compliance of countervailing measures adopted by members, so to avoid abuses.

<sup>27</sup> E-commerce as physical goods bought via digital platforms that may be shipped overseas and passed through customs

<sup>28</sup> Digital trade as transfer of data, products, or services by electronic means, usually the internet

<sup>29</sup> *World Bank World Development Indicators*; 2020; World Bank

<sup>30</sup> *Services trade in numbers, World Trade Report*; 2019; World Trade Organization (WTO)

The review should generally aim at ensuring a level-playing field and competitive neutrality conditions whereby no economic operator has privileged access to non-commercially available benefits or has been discriminated against, by deepening and clarifying the definition of all kinds of actionable subsidies, including for manufactured goods, energy, agricultural commodities and raw materials<sup>31</sup>.

### **Update the WTO Trade in Services Agreement (TiSA)**

Negotiations on the update of the Trade in Services Agreement (TiSA) are stalling and participation needs to be widened.

They must be reinvigorated extending the number of participating members to include new areas surrounding trade in services, such as financial services, reinsurance, telecommunications, maritime transport, and data flows, or advancements must be achieved in other ongoing WTO initiatives and negotiations.

### **Enlarge the participation in the WTO Government Procurement Agreement (GPA)**

The G20 should support the expansion of the Government Procurement Agreement (GPA) by enlarging the number of signatories and encouraging all WTO members to join.

We also urge GPA members not to roll back on their commitments.

### **Prioritize upcoming topics for open plurilateral negotiations and encourage participation**

The multilateral approach remains the first and preferred option. However, there is also a need to provide a stable framework for plurilateral agreements. The notion of “*critical mass*” as a percentage of global trade should be maintained, but not necessarily correspond to an inflexible numerical target, leaving room for case-by-case consideration.

Existing agreements and initiatives, such as the Working Group on MSMEs and others<sup>32</sup>, should expand their coverage and membership, and their capacity to address non-tariff barriers. Overall, negotiations should ensure that the rights of non-participants are preserved, that participation remains open, that in-built flexibilities allow to take on commitments in areas linked to capacity constraints, and that phase-in periods are awarded accordingly.

An ad-hoc WTO Committee representative of the broad membership and chaired by the Director General should be tasked with identifying new market access needs and proposing new disciplines. The Committee, supported by the WTO Secretariat, should ensure that non-participating members are fully aware of the process and are properly supported if they decide to join.

### **Make FTAs the building blocks to the Multilateral Trading System**

Some FTAs concluded recently<sup>33</sup> may inspire the future work in WTO. As many of the countries with a larger network of FTAs are members of the G20, there could be an incentive to build consensus around the topics<sup>34</sup> that could merit a WTO-level discussion. Therefore, we call the G20 to share best practices in most rewarding areas which could serve as useful references for the discussion of the WTO relevant Committees, ensuring greater coherence and shared accountability between the multilateral trading system and other international frameworks in the attainment of agreed global public policy goals.

<sup>31</sup> Potentially leading to global excess capacity in some sectors, as indicated by the G20 since the Final Declaration of the Hangzhou Summit in 2016; *G20 Leaders' Communiqué, 4-5 September 2016*; 2016; Hangzhou Summit

<sup>32</sup> Such as the Information Technology Agreement (ITA). In addition, at the Buenos Aires MC, many countries announced their participation in negotiations on Trade related aspects of Electronic Commerce and on Investment Facilitation for Development

<sup>33</sup> Such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CP-TPP), the agreements concluded by the EU with Japan, Canada, Vietnam, and Singapore, and the recent EU-China Comprehensive Agreement on Investment (CAI)

<sup>34</sup> For instance, provisions on MSMEs, sustainable development, and competition, present in some of the most recent FTAs

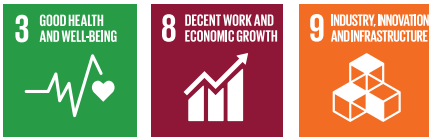
## Recommendation 2: Enhance trade responsiveness against future disruptions, free cross-border transactions and enable more resilient Global Value Chains

### Policy Actions

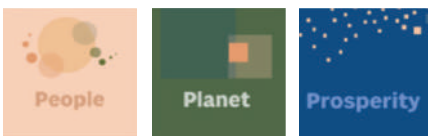
- 2.1 Adopt international trade-related strategies including green-lanes to ensure open cross-border flows and COVID-19-free mobility
- 2.2 Upgrade customs processes by aligning interpretation of nomenclatures, revitalizing the Harmonized System, harmonizing the customs origin procedures, promoting the mutual recognition of Authorized Economic Operators, and digitizing cross-border activities
- 2.3 Increase the resilience of Global Value Chains by promoting higher homogeneity of standards and by enhancing trade infrastructures

Leading Monitoring KPI	Owner: World Trade Organization	
% of Implementation of WTO Trade Facilitation Agreement	Baseline <b>69.7%</b> (2020)	Target <b>80.0%</b> (2024)

Source: World Trade Organization (WTO)



Recommendation 2 contributes to achieving UN SDGs **3: Good Health and Well Being**, **8: Decent work and Economic Growth** and **9: Industry, Innovation and Infrastructure**. In particular, Policy Action 2.1 contributes to the achievement of target **3.8** by promoting safe, high-standard quality and affordable access to essential goods and critical supplies, especially in the health and medical sector. It moreover contributes to the achievement of target **8.9** by proposing solutions for safer travel and tourism recovery, such as COVID-19-free passports and travel testing frameworks. Policy Action 2.2 contributes to the achievement of target **9.1** by stimulating cross-border efficiency and procedures and infrastructure development, while also fostering a wider homogeneity of standards and simplification of international regulations. Finally, Policy Action 2.3 contributes to the achievement of target **8.4** by encouraging the development of resilient and efficient global value chains, and target **9.2** by promoting inclusive, innovative and sustainable industrialization and cooperation among manufacturers and businesses in distant geographies.



Recommendation 2 contributes to addressing G20 Italy Priorities **People**, **Planet** and **Prosperity**. In particular, Policy Action 2.1 contributes to addressing the **People** priority by stimulating a COVID-19 free mobility and the suspension of cross-border tariffs on all critical supplies. It further contributes to addressing the **Prosperity** priority by adopting international contingency strategies such as green-lanes to ensure open cross-border flows. Policy Action 2.2 contributes to addressing the **Planet** priority by encouraging the digitalization of cross-border processes and the development towards fully paperless standards, while also promoting the **Prosperity** priority by harmonizing customs nomenclatures and interpretation of guidelines. Finally, Policy Action 2.3 contributes to addressing the **People** priority by strengthening global value chains and

thus advancing socio-economic opportunities and better life quality standards; the **Planet** priority by increasing the resilience of companies, including sustainable innovation, and enhancing transportation infrastructures and facilities; and the **Prosperity** priority by fostering cooperation and partnerships between corporations across value chains, thus advancing opportunities for overall output growth.

## Context

Since the early phases of the pandemic and during more recent infection waves, Global Value Chains (GVCs) have been confronted with significant disruptions and containment measures in the name of saving lives and livelihoods. The need to ensure additional health and safety measures limits the mobility of people and lockdowns have affected a significant variety of trade and investment processes<sup>35</sup>.

- ♦ Customs overload impacted shipping delivery efficiency, as the average time for clearance activities increased by almost 30 times worldwide<sup>36</sup>;
- ♦ Services trade costs have increased by 12% of export values across sectors and countries<sup>37</sup>.

In the face of ongoing disruptions, Global Value Chains have proven remarkably resilience, allowing for flexible adjustments of the production, as businesses across G20 countries have put significant efforts into better anticipating, earlier preparing and faster adapting their operations to ensure business continuity. Where shortages did occur during the crisis, they were mostly caused by unprecedented demand, rather than collapsing supply.

Ensuring access to COVID-19 goods and medicines became one of the most immediate priorities during the crisis. Yet, it is clear that no single country can produce efficiently all the goods it would need to fight COVID-19. Instead, international trade allows production to locate where it is most efficient, helping increasing access to more goods at more affordable prices. Therefore, a reduction of barriers on the flows of COVID-19 products and medicines is definitely needed.

Regrettably, the adoption of nation-first approaches has resulted in a growing number of uncoordinated - albeit often temporary - export restrictions<sup>38</sup>, some of which also prevented life-saving goods such as vaccines or components to move where they were needed the most. Furthermore, political practices aimed at preventing import of critical products from certain countries are increasing. The B20 is highly concerned about calls for policies to re-shore Global Value Chains, localize production and decouple our economies. Such a narrative does not reflect business reality. More regional diversification - and not less - increases the scope for businesses to cushion shocks, particularly those that may originate domestically. There is no evidence that economies would have fared better in the absence of GVCs, as emergency measures also affect the supply of domestic inputs<sup>39</sup>.

Many businesses have already started rethinking their risk mitigation strategies to increase responsiveness to shocks. However, this goes beyond the context of the COVID-19 pandemic, and considers - among others - advancements in digitalization and automation, threats of rising protectionism and policy uncertainties, and increasing risks of natural disasters.

<sup>35</sup> *Global foreign direct investment fell by 42% in 2020, outlook remains weak; 2021*; United Nations Conference

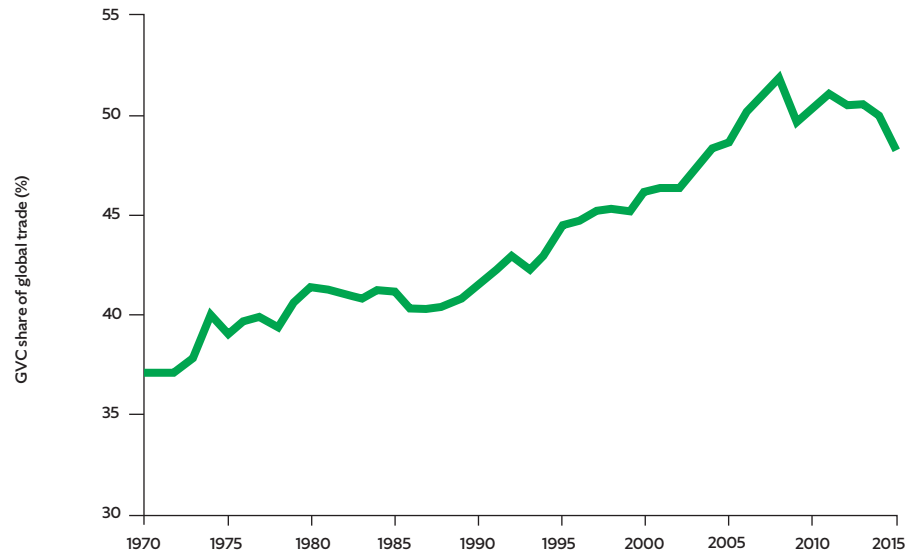
<sup>36</sup> *WCO Annual Report 2019-2020; 2020*; World Customs Organization (WCO)

<sup>37</sup> *The Impact of COVID-19 international travel restrictions on services-trade costs; 2020*; Organization for Economic Co-operation and Development (OECD)

<sup>38</sup> *Policy Responses to Coronavirus Trade interdependencies in Covid-19 goods; 2020*; Organization for Economic Co-operation and Development (OECD)

<sup>39</sup> *COVID-19 and Global Value Chains: Policy Options to Build More Resilient Production Networks; 2020*; Organization for Economic Co-operation and Development (OECD)

**Exhibit 12**  
**Global Value Chains trade growing**  
**over the past decades**



Source: *World Development Report*; 2020; World Bank Group

As the needs and risk profiles for each economic sector and even individual companies are different, Global Value Chain resilience-building cannot take a monolithic approach. In this context, governments should particularly encourage and support diversification strategies for MSMEs.

Governments should also work more closely with the private sector to build resilience, but should not seek to control supply chains. Instead, governments should ensure robust and predictable regulatory, trade, and investment policy to alleviate uncertainty about the framework conditions in which Global Value Chains operate, particularly during times of crisis.

To this end, the B20 calls for coherent and cooperative international approaches actions along:

- ♦ Promote effective international guidelines for crisis response;
- ♦ Upgrade customs processes and procedures to foster cross-border efficiency;
- ♦ Advance the interoperability of Global Value Chains for higher resilience.

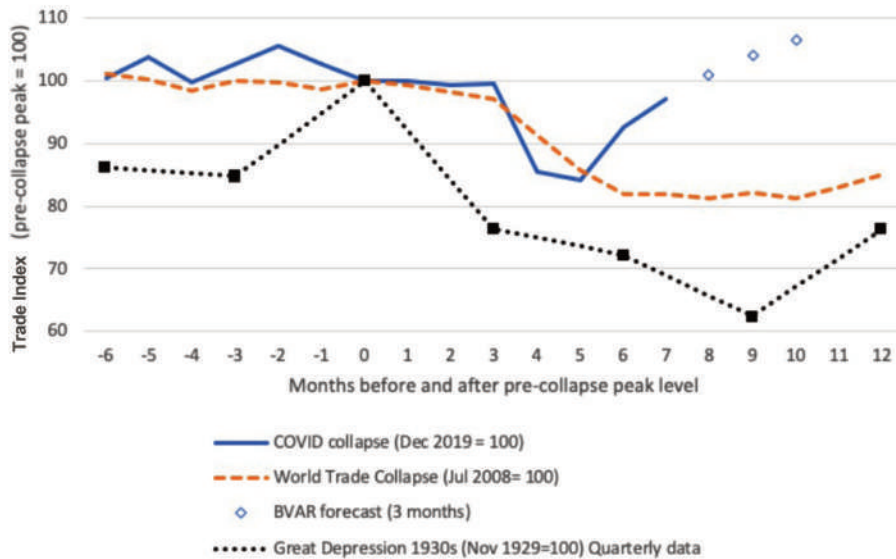
**Policy Action 2.1: Adopt international trade-related strategies including green-lanes to ensure open cross-border flows and COVID-19-free mobility**

International mobility and well-functioning cross-border flows are key to economic and social recovery<sup>40</sup>.

In the early phase of the crisis, the fall in world trade was exceptionally strong. However, the recovery started earlier in comparison to other past collapses in global trade. The exchange of goods seemed to recover sooner than most services, while for sectors such as business travel and tourism, recovery will take longer.

<sup>40</sup> *Building on 60 years of economic leadership to overcome COVID-19 and prepare for the future*; 2021; Business at OECD

**Exhibit 13**  
**Recession and Recovery path of**  
**modern economic crises**



Source: CPB World Trade Monitor; 2020; CPB World

### Establish contingency strategies and proactive trade response to crises, including green-lanes

The G20 should be equipped to face possible future disruptions in trade routes. Risk monitoring, crisis foresight, and enhanced predictability and transparency of public legislation and regulatory frameworks are critical for an effective crisis response.

We urge the G20 to carry out an ex-post review of trade measures adopted during the COVID-19 pandemic, to agree on a common definition of essential goods and services, to foresee temporary trade facilitation measures and the suspension of tariffs for critical goods release, and to prompt the implementation of emergency green-lanes, so that border crossings for freight vehicles and multimodal transport can function effectively. The definition and criteria for green-lanes should be consistent with the WTO Trade Facilitation Agreement (TFA)<sup>41</sup>.

### Establish a globally consistent regulatory framework for international COVID-19-free travels

A combination of travel bans, self-isolation and quarantines limiting travelling for business has been implemented to mitigate public health risks impacting severely on business and on international transports. Vaccination certificates are gaining increasing attention by several countries worldwide and may be part of the solution.

Meanwhile, enhanced information-sharing, mutual recognition on a travel testing blueprint, reciprocal acceptance of test regimes, including rapid antigen tests, as well as the establishment of a globally consistent regulatory framework for the resumption of cross-border movement of people, would help to alleviate the negative impact of the pandemic, including on business travel and tourism<sup>42</sup>.

A globally agreed framework is vital to easing travel restrictions, while continuing to require adequate safeguard measures, with national authorities fully retaining the possibility to snap back tighter requirements through a risk management-based approach.

<sup>41</sup> See Policy Action 2.2 for details

<sup>42</sup> *Why OECD work on tourism matters for business*; 2021; Organization for Economic Co-operation and Development (OECD)

To enable greater trust in international travel, the G20 should engage in common approaches for testing procedures in close cooperation with international organizations<sup>43</sup> building on existing agreements, avoiding duplication with works undertaken by other institutions, and involving stakeholders.

This framework should be open to all countries, be as simple as possible, and enable flexibilities for adaptation to Countries' specific epidemiological and logistical contexts. It should rely on the results of tests that provide the highest sensitivity and specificity for COVID-19 diagnostics, consider the prevalence of COVID-19 variants, and incorporate recommendations for travelers set out by the International Civil Aviation Organization (ICAO)<sup>44</sup> and the World Health Organization (WHO).

The amount of information requested from travelers to be transferred across borders should be reduced to strictly necessary data and protected in accordance with relevant domestic regulations. This can be done by leveraging innovative solutions, such as digital health passports<sup>45</sup> as a secure, verifiable, and tamper-proof way for travelers to provide the required medical information at immigration checkpoints.

Particular attention should be devoted to workers that regularly travel for work, including essential business travelers, crew changes, and repatriation of seafarers<sup>46</sup>. This can be done by developing an agreed list of essential business activities, allowing the approved list of travelers to move across borders with less stringent requirements. Similar digital health passports can also be applied for people using other modes of transportation, including automobiles, at a later stage.

Therefore, while pursuing the maximum vaccination access and coverage worldwide, the G20 should actively design a science-based system in a way that it can be implemented multilaterally.

### **Policy Action 2.2: Upgrade customs processes by aligning interpretation of nomenclatures, revitalizing the Harmonized System, harmonizing the customs origin procedures, promoting the mutual recognition of Authorized Economic Operators, and digitizing cross-border activities**

Well-functioning and reliable cross-border procedures are critical to facilitate the movement of goods across countries, and to ensure adequate security standards.

Customs administrations act as pivotal players and enablers of international trade. Cross-border agencies are, hence, increasingly required to work hand-in-hand with their counterparts in other nations, under the coordination of the World Customs Organization (WCO).

### **Foster the Implementation of the WTO Trade Facilitation Agreement (TFA)**

Bureaucratic delays and "red tape" pose a burden for moving goods across borders for traders. Estimates<sup>47</sup> show that the full implementation of the TFA could reduce trade costs by an average of 14.3% and boost global trade by up to USD 1 trillion per year, with the highest relative gains in the poorest countries. Nevertheless, after four years since the entry into force of the TFA (2017), the overall rate of commitments' implementation stands at only 69.7%, and could be improved.

<sup>43</sup> Such as International Civil Aviation Organization, World Health Organization, United Nations World Tourism Organization, International Maritime Organization, and the Organization for Economic Co-operation and Development

<sup>44</sup> *Public Health Risk Mitigation Measures*; 2020; International Civil Aviation Organization (ICAO)

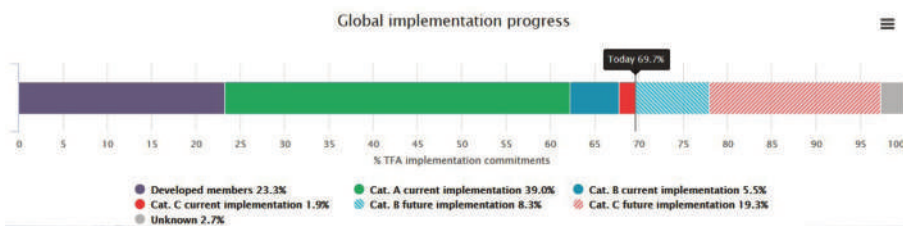
<sup>45</sup> *Coronavirus: Commission proposes a Digital Green Certificate*; 2021 [accessed]; European Commission

<sup>46</sup> International maritime transport sector accounts for over 70% and 90% of world trade in value and volume terms, respectively

<sup>47</sup> *Trade Facilitation Agreement Database*; 2021; World Trade Organization



**Exhibit 14**  
**Timeline of TFA implementation commitments by WTO members**



Source: *Trade Facilitation Agreement Database*; 2021; World Trade Organization (WTO)

The WTO Secretariat should continue to monitor closely the implementation process and identify shortcomings in close cooperation with members. In this context, the G20 should support developing countries, especially those that lag behind in their commitments, through technical assistance and training programs, exchange of customs officers and other capacity-building measures, in line with the WCO’s current commitment, to upgrade their systems and structures.

**Support World Customs Organization’s existing efforts in simplifying administrative procedures and operations at customs agencies level**

We urge the G20 to fully endorse the WCO in its endeavor to build a simpler, more transparent system to allow a level-playing field among its members. The Authorized Economic Operator (AEO) Compendium<sup>48</sup>, the Coordinated Border Management (CBM) Compendium, the AEO Implementation and Validation Guidance, and the AEO Mutual Recognition Strategy Guide should be further promoted and support should be granted for their full implementation. The enhancement of WCO mechanisms should aim at providing members with the necessary tools and measures to advance trade facilitation, reduce document collection and expedite clearance times across borders.

**Harmonize interpretation of nomenclatures, also ensuring a prompt adoption of the implemented standards, and implementation of Rules of Origin**

We urge the G20 to work in close cooperation with the WTO and the WCO to monitor the implementation of the main WCO Packages<sup>49</sup>. The Harmonized System (HS) is widely accepted as the nomenclature of international trade and is used as the basis of domestic customs tariffs to the 6-digit level. However, not all goods have been classified at the global level and not all countries have implemented the current version of the HS which can lead to divergent interpretations leading to potential contradictions and unnecessary burdens to trade.

We therefore call on the G20 to revitalize the Harmonized System<sup>50</sup> and its existing processes to remain up-to-date. In particular, we ask the G20 to express its support for the prompt implementation by all countries of the 2017 version of the HS, but also encourage the timely adoption of the HS2022<sup>51</sup>.

We urge the G20 to support the WCO in the effort to update the Specific Annex K<sup>52</sup> dedicated to Rules of Origin of the Revised Kyoto Convention (RKC) in relation with customs origin procedures. Business also reckons the need to advance towards a convergence on preferential and non-preferential Product Specific Rules of Origin (PSRO), as promoted by UNCTAD<sup>53</sup>.

<sup>48</sup> *Compendium of Authorized Economic Operator Programmes*, promoted by the World Customs Organization (WCO)

<sup>49</sup> Namely the Economic Competitiveness Package (ECP), the Compliance and Enforcement Package (CEP) and the Organizational Development Package (ODP) will speed up the achievement of a cohesive set of international standards.

<sup>50</sup> *Revitalizing the Harmonized System*; 2019; WCO Conference on the future direction of the HS

<sup>51</sup> Namely headings, subheadings, and legal notes of the HS Nomenclature

<sup>52</sup> *Review of RKC Specific Annex K*; 2020; WCO Committee on Rules of Origin

<sup>53</sup> *Towards Convergence on Rules of Origin Between Trade at the Regional and Multilateral Level*; 2017; Stefano Inama; Inter-American Development Bank (IADB) and International Centre for Trade and Sustainable Development (ICTSD)

### **Foster the Mutually Recognized Agreements (MRAs) of Authorized Economic Operators**

Mutual Recognition of Authorized Economic Operators (AEOs) is a key element of the WCO SAFE Framework of Standards to strengthen end-to-end security of supply chains and to multiply benefits for traders<sup>54</sup>. Cooperation among border authorities is key to develop robust AEO programs. Nevertheless, Authorized Economic Operators still lack mutual recognition on a global basis, thus limiting benefits to selected geographies only.

Therefore, the wide implementation of the mutual recognition of AEOs, following the WCO's MRA guidance, is central to achieving universal acknowledgement of members. We urge a review of the AEO status admittance procedure to streamline requirements and make them less cumbersome. It should also include the review of controls related to other agencies involved in the import and export processes.

### **Digitize activities to enable effectiveness and efficiency of cross-border processes**

Modern customs administrations need to operate through electronic clearance of goods, coordinated digitization and electronic transmission of certificates and documents, and data analysis-based risk management. Estimates<sup>55</sup> report that up to 7% of the total value of international trade is absorbed by the cost of documentation.

G20 countries should task single lead departments responsible for digitizing cross-border processes through the establishment of common approaches to the so-called "Single Window". This would increase transparency and interoperability between markets as well as lessen administrative burdens, enabling data sharing and reuse, and allowing parties involved in trade and transport to lodge standardized information and documents through a single-entry point<sup>56</sup>.

The G20 members should coordinate with the WCO to promote common approaches to Single Window, including digital technology applications, through interoperable single window systems.

### **Ensure readiness of customs processes to e-commerce transactions**

E-commerce has become a game changer in the international trade. Customs processes must keep pace and provide innovative solutions especially regarding the efficiency of clearance procedures<sup>57</sup>.

We urge the G20 to adopt the WCO "Cross-border E-commerce Framework of Standards", including the "E-commerce Package" and the "Resolution on the guiding principles for cross-border E-commerce". At the same time, we strongly encourage effective cross-border enforcement, information-sharing, and counter-measures to fight fraud, corruption, smuggling and illicit trade such as counterfeiting, piracy, intellectual property theft and other illegal goods and contraband across our markets and global supply chains.

### **Policy Action 2.3: Increase the resilience of Global Value Chains by promoting higher homogeneity of standards and by enhancing trade infrastructures**

GVCs have contributed to lifting hundreds of millions of people out of poverty and trading patterns created therein have given unprecedented access to goods and services, particularly for low income households in developing countries. Over the past decades, their growth concentrated in machinery,

<sup>54</sup> *Mutual Recognition and Cooperation with other government authorities*; European Commission

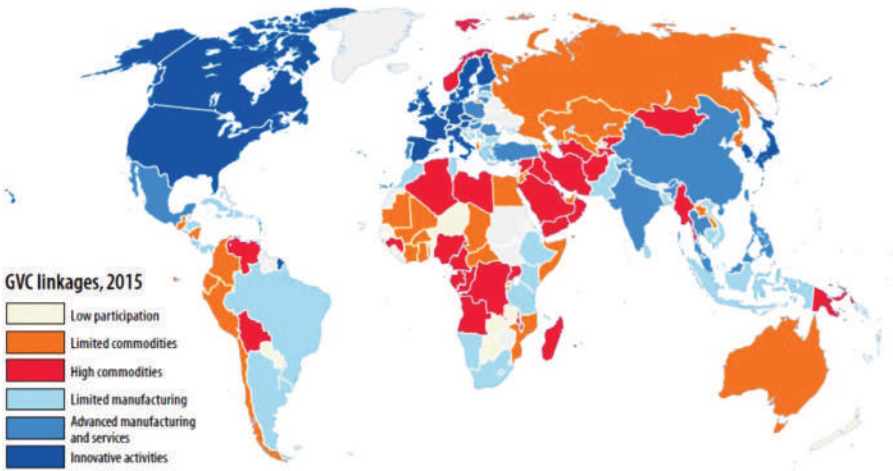
<sup>55</sup> *The Role of the harmonization of customs procedures in trade facilitation and regional integration Casablanca*; 2015; International Road Transport Union (IRU)

<sup>56</sup> *The Single Window concept: The World Customs Organization's perspective*; 2020; World Customs Organization (WCO)

<sup>57</sup> *Cross-Border e-commerce*; 2020 [accessed]; World Customs Organization (WCO)

electronics, and transportation where production involves advanced manufacturing and innovative activities largely driven by R&D investments and IP assets. However, their benefits are not distributed equally across and within countries, and their challenges differ from region to region<sup>58</sup>.

**Exhibit 15**  
Global value chain linkages worldwide



Source: *World Development Report*; 2020; World Bank

Promoting interoperability of standards and the use of big-data modeling and advanced analytics<sup>59</sup> is a priority to reduce vulnerabilities. We call on the G20 to increase cooperation in monitoring supply chains, especially those that are most critical, to ensure that they are not hindered by non-tariff, and regulatory barriers, and to act coordinately within the relevant WTO Technical Barrier to Trade (TBT) Committee for their prompt removal.

**Promote homogeneity of standards across borders and remove non-tariff barriers**

The proliferation of multiple and conflicting private and public standards can hamper trade, while harmonized regional and international procedures can promote cross-border exchanges<sup>60</sup>. Removing these non-tariff barriers also creates clear benefits for national economies, local consumers and businesses: reducing such barriers in the maritime transport sector, for instance, would generate notable gains in terms of GDP since it accounts for some 90% of global trade volume<sup>61</sup>.

The G20 should simplify and harmonize domestic regulatory requirements and procedures; in particular those related to essential goods, and those that can strengthen the interoperability of products, reduce trade costs and speed up processes. To achieve this, while keeping high standards to ensure human health and safety, G20 members should promote coherence among multilateral and/or plurilateral organizations<sup>62</sup>.

We urge the G20 to promote the recognition and deployment of common international standards, especially on ESG<sup>63</sup> reporting and dataflows, and to prevent the misuse of non-tariff measures as a justification to impose protectionist barriers. Fostering the harmonization and improvement of existing non-financial disclosure standards would help to allocate sustainable financing

<sup>58</sup> *Trading for Development in the age of global value chains*; 2020; World Bank

<sup>59</sup> *Designing Resilience into Global Supply Chains*; 2020; Boston Consulting Group (BCG)

<sup>60</sup> *The Effects of Standards on Value Chains and Trade in Europe*; 2015; European Trade Study Group

<sup>61</sup> *Study on protectionism in maritime economies*; 2021; International Chamber of Shipping (ICS)

<sup>62</sup> For instance, production and hygiene standards in the food industry, and ICH/PIC standards in clinical trials, digital health and biotech innovation. Note: ICH/PIC stands for International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use; Pharmaceutical Inspection Co-operation Scheme

<sup>63</sup> Environmental, Social, and Governance

more efficiently, while ensuring higher standardization and transparency. On this, we encourage G20 governments to closely consult with private stakeholders by facilitating and advancing sector-based and technical discussions. Divergent regulatory approaches to issues ranging from Artificial Intelligence (AI) to privacy, and to digital taxation risk erecting digital walls around national cyber spaces, while global coordination, consistent and harmonized data-driven systems, and digital standards are key to ensure efficient global growth. In 2009, after the global financial crisis, the G20 established the Financial Stability Board as a forum for governments to reconcile their approaches to financial sector regulation. Similarly, we call on the G20 to establish a “Data and Technology Board” to forge consensus around policy principles, specific standards or regulatory approaches to avoid restricting or hampering the ability of people to use digital technologies to connect with the opportunities around them, and to foster international cooperation, data connectivity, and security of the entire digital system.

### **Support flexibility of Global Value Chains**

The B20 strongly believes that Global Value Chains can make significant contributions to global growth in trade, incomes, and quality of life for consumers, workers and citizens around the world.

Companies invest in auditing critical value chains by identifying, prequalifying, and onboarding backup vendors to benefit of the needed flexibility if a crisis strikes.

With the economic fallout from COVID-19, governments are sponsoring the re-shoring or near-shoring of supply chains<sup>64</sup>. However, limiting sources for critical components or raw materials can in fact make it harder to cushion external shocks.

Therefore, we encourage the G20 to adopt policies and promote fact-based discussions that take into account the market reality in close cooperation with business, supporting both individual companies and entire value chains to become less exposed to unforeseen external shocks to supply and more flexible to react to quick surges in demand.

### **Enhance international transportation networks**

Resilient and sustainable transportation infrastructures and facilities play a key role in enabling international trade and preserving global supply chains. The transportation industry has been among those worst affected in the last decade by the continuous slowdown in infrastructure spending (1.8% of GDP in 2016 versus 2.2% in 2009)<sup>65</sup>.

We therefore call on the G20 to prioritize and promote sustainable and long-term investments, including leveraging new digital technologies, in order to enhance international transportation networks.

<sup>64</sup> *Building on 60 years of economic leadership to overcome Covid-19 and prepare for the future*; 2021; Business at OECD

<sup>65</sup> *2018 Investment Report*; 2018; European Investment Bank (EIB)

## Recommendation 3: Facilitate the participation of all businesses, in particular MSMEs, in global trade by removing barriers and improving their access to trade financing

### Policy Actions

- 3.1 Foster the inclusiveness of MSMEs in global trade, by supporting the development of digital skills and digital infrastructures, and broadening the adoption of cross-border electronic transferable records
- 3.2 Facilitate the access of business to standardized trade finance instruments, by lowering transaction costs and regulatory burdens, while simplifying their processes
- 3.3 Support the participation of business in global trade by leveraging and updating the role of Export Credit Agencies and Development Finance Institutions

Leading Monitoring KPI	Owner: G20 Countries	
Tn USD of Trade Finance Gap (Supply-Demand)	Baseline <b>3.4</b> (2020)	Target <b>2.0</b> (2024)

Source: Asian Development Bank

Recommendation 3 contributes to achieving UN SDGs **8: Decent work and Economic Growth**, **9: Industry, Innovation and Infrastructure** and **17: Partnerships for the Goals**. In particular, Policy Action 3.1 contributes to the achievement of target **8.3** by promoting tailored activities to support digitalization, capability building and awareness for micro, small and medium enterprises. Policy Action 3.2 contributes to the achievement of target **8.10** by strengthening the capacity of domestic and international institutions to provide access to banking, insurance and trade finance products at reasonable conditions and affordable price. It also contributes to the achievement of target **9.3** by increasing MSMEs access to financing sources and credit and their integration into global trade markets. Moreover, it contributes to the realization of target **17.13** by enhancing global macroeconomic stability through policy coordination and coherence among countries. Finally, Policy Action 3.3 contributes to the achievement of target **17.9** by promoting effective capacity-building in micro, small and medium enterprises.

Recommendation 3 contributes to addressing G20 Italy Priorities of **People** and **Prosperity**. In particular, Policy Action 3.1 contributes to addressing the **People** priority by supporting MSMEs in their path towards affirmation in the global trade market, thus advancing opportunities for the development of wealth, life standards and work conditions. Policy Action 3.2 contributes to addressing the **Prosperity** priority by facilitating MSMEs and businesses' access to trade finance instruments, accelerating their growth and enhancing opportunities for cross-fertilization and exchange of best practices. Finally, Policy Action 3.3 contributes to addressing the **Prosperity** priority by mod-



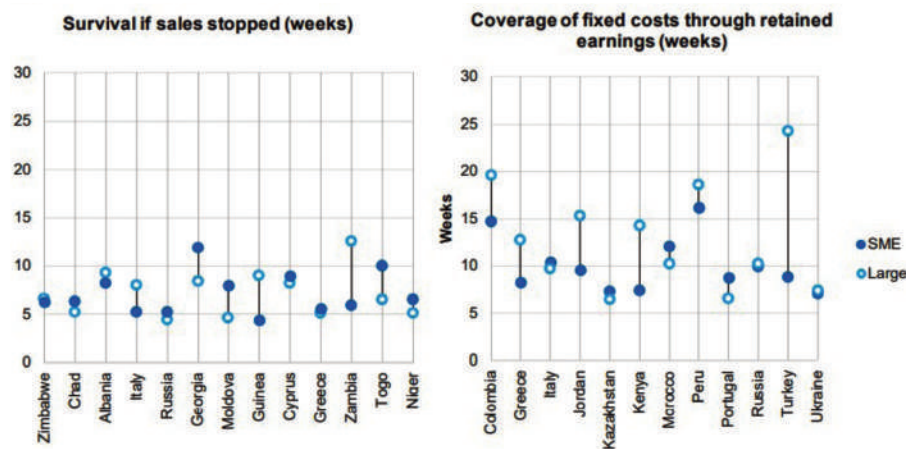
ernizing Export Credit Agencies and Development Finance Institutions in supporting MSMEs through advisory and counseling services, especially to build risk-management capabilities and to engage with international counterparts consciously.

**Context**

Small businesses have been severely affected by the crisis and remain vulnerable. Empirical evidence<sup>66</sup> shows that MSMEs have generally lower short-term survival rates to sales disruptions and a smaller coverage of their fixed cost structure than larger corporations.

If they only had to rely on retained earnings, the fixed cost coverage for MSMEs is around four weeks versus seven weeks for multinational companies<sup>67</sup>. Also, in the longer term, larger businesses perform better under distressed conditions, showing considerable extended resilience to economic shocks.

**Exhibit 16**  
MSMEs have shorter survival times than large firms to sales disruptions



Source: *Small and Medium Enterprises in the Pandemic*; 2020; World Bank Enterprise

Stronger participation by MSMEs in global markets delivers improvements in productivity spurring inclusive growth and creating jobs in both developed and developing regions.

Governments can contribute to MSMEs’ success by ensuring rules-based trade and a level playing field, by improving transparency across markets and by favoring their access to suitable and unbureaucratic trade finance instruments. The latter is a key enabling factor for MSMEs to engage in international activities, improve their performance, absorb new technologies and managerial competencies, broaden and deepen their skills, and scale up and strengthen their productivity<sup>68</sup>. Moreover, in countries where MSMEs have a higher share of exports, the average salary gap with larger firms is smaller<sup>69</sup>. Export Credit Agencies (ECAs) and Development Finance Institutions (DFIs) should also aim to help businesses of all sizes, but in particular smaller companies, expand internationally by supporting them in obtaining financing as well as contributing to building critical capabilities.

<sup>66</sup> World Bank Enterprise Follow-Up Surveys; 2020; Bosio et al.

<sup>67</sup> *Small and Medium Enterprises in the Pandemic Impact, Responses and the Role of Development Finance*; 2020; World Bank Group

<sup>68</sup> *Entrepreneurship at a Glance Highlights 2018*; 2018; Organization for Economic Co-operation and Development (OECD)

<sup>69</sup> *OECD SME and Entrepreneurship Outlook 2019*; 2019; Organization for Economic Co-operation and Development (OECD)

**Policy Action 3.1: Foster the inclusiveness of MSMEs in global trade, by supporting the development of digital skills and digital infrastructures, and broadening the adoption of cross-border electronic transferable records**

Globalization and international trade have created unprecedented opportunities for companies.

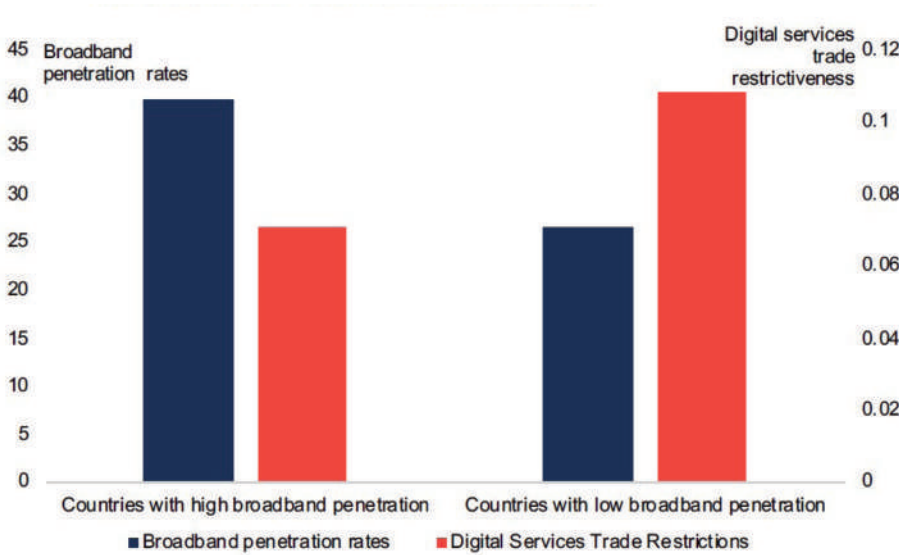
At the same time, inequalities have widened, unveiling disparity in access to critical resources and capabilities. In this context, public policies have a crucial role in setting the right framework for global trade and foreign investments to flourish, as well as in designing interventions targeted at MSMEs that have the potential to be part of Global Value Chains and digital markets.

**Support the development of digital skills and infrastructure, and promote awareness of and accessibility to digital channels**

Improving resource allocation increases productivity and makes growth more inclusive by allowing companies and workers to seize the benefits of the knowledge economy. New digital technologies (e.g., Cloud Computing, Blockchain, Big-Data, Artificial Intelligence, Robotics, Internet of Things) and well-functioning digital infrastructures offer unparalleled opportunities for MSMEs, especially in least developed and developing countries, to access national and global markets, serve new niches, directly engage with customers, and manage supply chains cost-effectively.

To this end, investments in technological and organisational know-how, adequate capital resources and access to finance are requested and should be supported.

Empirical evidence<sup>70</sup> suggests that countries with higher broadband penetration rates have lower trade restrictions on digital services. Nevertheless, many parts of the world are still struggling to access broadband services due to a substantial lack of primary infrastructure. Bridging the digital gap should be a priority.



**Exhibit 17**  
Higher broadband penetration rates convey lower digital services restrictions

Source: *Revitalizing Multilateralism*; 2020; Centre for Economic Policy Research Press

<sup>70</sup> *Revitalizing Multilateralism. Pragmatic Ideas for the New WTO Director-General*; 2020; Simon J. Evenett, Richard Baldwin; Centre for Economic Policy Research Press

The G20 should significantly scale up and enhance coordination of existing trade-related capacity-building programs to bridge such digital divides, actively facilitate MSMEs' access to on-the-ground advisors and to capacity-building programs on e-commerce, digital trade and new technologies among the others, supporting companies' upskilling and reskilling; as well as promote platforms to stimulate network-development and connectivity, leveraging cross-industry exchanges of best practices and making available mentorship programs.

#### **Promote the adoption of electronic transferable records in global trade**

For businesses engaged in global trade, adopting standardized documentation requirements for the import, export, and transit of goods would represent a great opportunity to reduce non-tariff barriers as well as facilitate the access to foreign markets. In an environment that is simpler, processes and systems talk to each other, trade happens in hours, not weeks or months, and costs are lower, for both the economy at large and in particular for MSMEs<sup>71</sup>. On this, we call on the G20 to actively promote an increased usage and acceptance of digital documentation relevant to cross border exchanges by encouraging the alignment of national laws and legal frameworks to the United Nations Commission on International Trade Law's (UNCITRAL) Model Law on Electronic Transferable Records (MLETR), consistent with other international standards. The alignment should address documents of transport, bills of lading, bills of exchange, promissory notes, and warehouse receipts.

#### **Advance the WTO discussions of the Informal Working Group on MSMEs**

At present, 94 WTO members are part of an Informal Working Group on MSMEs open to all countries<sup>72</sup>.

Members emphasized the importance of a coordinated global response to stabilize economies and help MSMEs affected during the current challenging period, and vowed to work together to facilitate trade, accelerate efforts towards trade digitalization, including access to digital tools, as well as improve MSMEs' access to trade finance and to trade-related information through on-line platforms<sup>73</sup>.

The WTO package includes a set of voluntary and non-binding recommendations. We call on the WTO to conclude the existing discussions before the next WTO MC12.

### **Policy Action 3.2: Facilitate the access of business to standardized trade finance instruments, by lowering transaction costs and regulatory burdens, while simplifying their processes**

The global trade finance market was long considered liquid and well-functioning. Nevertheless, more recently, it has been proven extremely vulnerable to economic shocks – particularly around the 2008 Financial Crisis<sup>74</sup>.

Over the last decade, there was an estimated USD 1.5 trillion<sup>75</sup> of unmet annual demand for global trade finance. Currently, this gap - measured as the difference between trade finance request and offer on a global scale - has approached USD 3.4 trillion<sup>76</sup>.

<sup>71</sup> Estimates for the UK suggest that digitising transferrable documents will generate GBP 25 Bn in new economic growth, including 25% extra MSME trade by 2024, free up GBP 224 Bn in efficiency savings which can be recycled into the economy, and GBP 1 Bn in additional trade finance (50% of the current UK gap). Source: *Creating a Modern Digital Trade Ecosystem - The economic case to reform UK law and align to the UNCITRAL MLETR*; 2021; International Chamber of Commerce (ICC UK)

<sup>72</sup> In December 2017, 87 WTO members accounting for around 78% of world exports issued a Joint Statement declaring their intention to create, multilaterally, an Informal Working Group on MSMEs at the WTO

<sup>73</sup> *Working group on small business reflects on topics for 2021 workplan*; 2020 [accessed]; World Trade Organization (WTO)

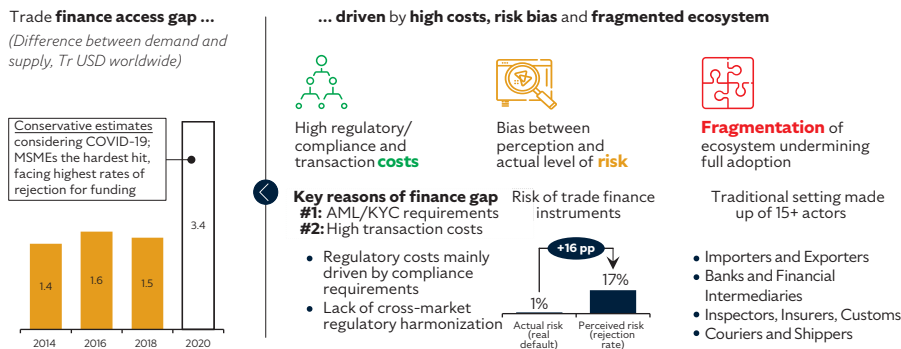
<sup>74</sup> *Advisory Group on Trade Finance: Awareness & Advocacy*; 2020; International Chamber of Commerce (ICC)

<sup>75</sup> *Trade Finance Gaps, Growth, and Jobs Survey*; 2019; Asian Development Bank

<sup>76</sup> *Global trade faces a USD 3.4 trillion financing gap*; 2020; Standard Chartered



In 2018, before the pandemic, the WTO reported that 60% of trade finance requests by MSMEs were rejected<sup>77</sup>, against just 7% for multinational companies<sup>78</sup>.



## Exhibit 18 Expanding trade finance gap and critical barriers to entry

Source: Trade Finance Gaps, Growth, and Jobs Survey; 2019; Asian Development Bank; Global trade faces a USD 3.4 trillion financing gap; 2020; Standard Chartered; Trade financing and COVID-19; 2020; International Chamber of Commerce

Today, access to trade finance products remains costly and scarce, especially for MSMEs, and is challenged along two main dimensions: (i) expanding gap between demand and supply of products, and (ii) barriers to entry such as high regulatory/transaction costs, risks misperception and fragmented ecosystems. Additional considerations and references are within the B20 Finance & Infrastructure Task Force.

### Address the current trade finance gap by enhancing the offer of standardized trade finance products

Trade finance products allow business to export on fair trading terms and with reasonable working capital requirements. The current offer, however, is not equally accessible, with substantial limitations for MSMEs, further exacerbated by the current economic downturn.

We urge the G20 to fill the existing trade finance gap and to standardize key instruments, such as letters of credit, loan guarantees, standby letters, and collections.

To support in particular the certifications needed for ESG trade finance, G20 countries should develop a comprehensive framework harmonizing existing standards, procedures, and credit models.

### Cooperate with International Institutions to reduce regulatory burden and transaction costs

Regulations have increased significantly after the 2008 Financial Crisis, delivering higher stability, but also generating unintended consequences related to, *inter alia*, anti-money laundering (AML), know-your-customer (KYC), and increased cost-to-serve.

We call on the G20 to promote the harmonization and streamlining of KYC policies and standards, including screening and risk assessment requirements, to lower trade finance costs, especially for MSMEs. The G20 should also promote the collection of cross-country AML data to create a consistent, shared database to provide competent authorities with intelligence on suspicious/illegal transactions.

In addition, we call on the G20 to engage with national and international entities (e.g., Regulators, Export Credit Agencies) that provide financial services to smaller players to leverage increased automation and new digital technologies to ultimately reduce transaction costs, and thereby enable increased MSME participation in trade, while effectively managing risk.

<sup>77</sup> Financial inclusion in trade: Reducing the global trade finance gap; 2018; World Trade Organization (WTO)

<sup>78</sup> Advisory Group on Trade Finance: Awareness & Advocacy; 2020; International Chamber of Commerce (ICC)

To further lower the most cumbersome requirements, an option worth exploring is the viability of a *Legal Entity Identifier* to serve as a mutually recognized credential for counterparty identification and verification towards financial intermediaries<sup>79</sup>.

In this context, the B20 Saudi Arabia and Business at the OECD have assessed the notion of *GVC Passport*<sup>80</sup> to provide an authenticated, authoritative, verifiable financial fingerprint of a given entity, enabling it to operate within GVCs without the need to reproduce the same documentation on multiple occasions, nor undergoing duplicative verifications. Although aimed at all firms, it may particularly benefit MSMEs who face a proportionately higher regulatory and administrative burden relative to their resources.

In parallel, we encourage exploring the opportunity to adopt and extend the *Hub-and-Spoke*<sup>81</sup> model for due diligence purposes of MSMEs engaged in Global Value Chains (GVCs) to facilitate their access to trade finance products.

### **Mitigate the misconception on trade finance risk and promote the assessment of Basel III requirements**

The moderate risk nature of trade finance is widely supported by datasets<sup>82</sup>. And yet, the high rejection rates for trade finance transaction inquiries suggest that financial intermediaries treat such transactions as substantially high risk<sup>83</sup>. Moreover, the stricter financial regulatory requirements introduced further to the last decade's crisis have tightened the lending capacity and rendered trade finance increasingly unattractive to commercial banks, ultimately narrowing the access of MSMEs to export credit. The Basel III agreement, which regulates the minimum capital requirements for banks as percentages of Risk-Weighted Assets (RWAs), neither addresses the concerns of trade finance nor it provides any specific impact assessment of them.

Therefore, we reiterate the B20 Saudi Arabia request to the G20 to promote trade finance as a stand-alone asset class to allow in new sources of liquidity, while exploring the opportunity to differentiate and reduce its RWA requirements to reduce capital absorption and provision costs.

### **Simplify the trade finance ecosystem by leveraging Distributed Ledger Technologies**

Rules and procedures for trade finance are labor-intensive and predominantly paper-based, making them cumbersome, slow and prone to errors. Documentation requirements, multiple checks or duplicate bills lead to complexities and delays and involve a multitude of entities.

<sup>79</sup> *Trade Finance, a flywheel effect to boost the economic recovery post COVID-19 pandemic*; 2021; B20 Italy, Business at OECD (BIAC) and International Organization of Employers (IOE)

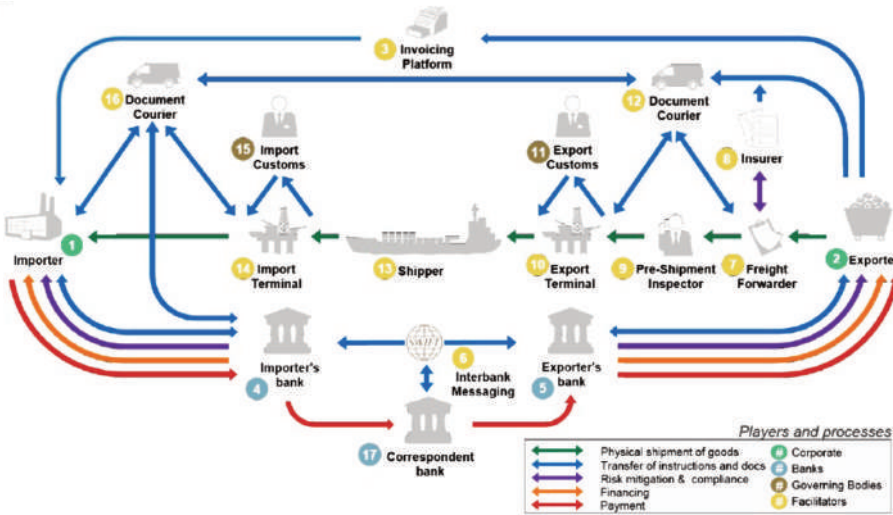
<sup>80</sup> *GVC passport on Financial Compliance, a pragmatic concept to strengthen inclusive and sustainable growth*; 2020; B20 Saudi Arabia and Business at OECD (BIAC)

<sup>81</sup> In the evaluation of the credit risk of a smaller (spoke) company participating in a GVC with a larger (hub) corporation, the credit rating may consider the higher standards (e.g., in terms of transparency, sustainability, solvency among others) which typically govern GVCs worldwide.

<sup>82</sup> Default rates for trade finance products from 2008–2018 average 0.36% for import letters of credit (LCs), 0.04% for export LCs, 0.73% for loans for import/export, and 0.45% for performance guarantees. The short-term nature, typically ranging from 60 to 180 days, should also obviate perception and concerns typically of higher-risk financial instruments. *Why do trade finance gaps persist*; 2017; World Trade Organization (WTO); *ICC Trade Register*; 2019; International Chamber of Commerce (ICC)

<sup>83</sup> Recent data shows a 23% decline in the number of banks providing trade credit in Africa between 2013 and 2019, and the situation has become even worse after the outbreak of the COVID-19 pandemic; *Trade Finance in Africa*; 2020; African Development Bank Group

**Exhibit 19**  
**Traditional trade finance ecosystem highly fragmented across multiple entities**



Source: Digital Innovation in Trade Finance; 2017; Boston Consulting Group (BCG) elaboration on official SWIFT data

A single trade finance transaction generates on average as much as 5,000 data field interactions<sup>84</sup>, increasing the risk of miscommunication and fraud. The variety of documents and data fields involved in the process creates a chain of discrepancies, with only 1-2%<sup>85</sup> of the data entered generating real added value. The typical cost-to-income ratio in traditional trade finance is 50-60%, meaning that more than half of the price charged to clients for trade finance needs to cover operational expenses<sup>86</sup>.

Blockchain technologies provide less vulnerable processes and offer new opportunities especially for MSMEs. Distributed Ledger Technologies (DLTs) are getting increasing attention as they offer a faster, cheaper and safer alternative to manual systems by operating on secure and shared databases.

Therefore, we call on the G20 to promote the adoption of Distributed Ledger Technologies to support trade finance processes by establishing well-defined security principles and minimum cyber-security requirements consistently applied across international Global Value Chains.

**Policy Action 3.3: Support the participation of business in global trade by leveraging and updating the role of Export Credit Agencies and Development Finance Institutions**

Export Credit Agencies (ECAs) and Development Finance Institutions (DFIs) aim at increasing export volume of domestic producers through financial risk-reducing services and products.

To face the pandemic crisis, several countries have increased the capacity of their ECAs<sup>87</sup>and DFIs, expanding working capital programs and facilities to support import-export operators<sup>88</sup>.

<sup>84</sup> Digital Innovation in Trade Finance; 2017; Boston Consulting Group (BCG) elaboration on official SWIFT data

<sup>85</sup> Digital Innovation in Trade Finance; 2017; Boston Consulting Group (BCG) elaboration on official SWIFT data

<sup>86</sup> GVC passport on Financial Compliance, a pragmatic concept to strengthen inclusive and sustainable growth; 2020; Organization for Economic Co-operation and Development (OECD)

<sup>87</sup> Trade Finance in Times of Crisis - Responses from Export Credit Agencies; 2020; Organization for Economic Co-operation and Development (OECD); The impact of COVID-19 on SME financing: A special edition of the OECD Financing SMEs and Entrepreneurs Scoreboard; 2020; Organization for Economic Co-operation and Development (OECD)

<sup>88</sup> Export credit insurance industry response to COVID-19; 2020; Berne Union

Companies would benefit from an enhanced offering from ECAs<sup>89</sup>. Thus, ECAs should promote matchmaking services to stimulate new business opportunities, support the build-up of management capabilities to deal with trade risks, disseminate a risk-aware culture supporting export, and commit to expanding the portfolio of risk-reducing products to protect cross-border flows from country risks<sup>90</sup>.

### **Ensure a level playing field among national ECAs**

The G20 should closely cooperate to ensure a level playing field among national ECAs by reforming current rules and limitations across multiple areas such as financing terms and conditions (e.g., repayment terms, minimum interest rates), tied and untied financing, transparency and trust.

### **Promote business matchmaking, support MSMEs risk management capabilities and enhance the offer of products against currency fluctuations**

Business matchmaking plays a vital role in facilitating business access to global trade as it creates visibility on the potential counterparties and give guidance on identifying most profitable end-markets, especially in some sectors<sup>91</sup>.

To increase their reach and expand their range of services, ECAs and DFIs should be sufficiently capitalized<sup>92</sup> with appropriate transactions limits and seek the widest possible geographical coverage. ECAs in particular should enhance re-insurance agreements via inter-ECAs arrangements and streamline and fast-track the intra-ECA approval processes for multi-sourced transactions.

Cross-border trade in goods and services includes a variety of risks for both buyers and sellers, including currency risks associated with the transit and delivery of goods across borders.

We call on the G20 to task and properly support their ECAs and DFIs to scale up their capacity to provide adequate liquidity, risk management and mitigation products, and flexible export support guarantees instruments to protect business against the volatility of currency fluctuations, especially for MSMEs.

<sup>89</sup> In the US, more than 90% of 2016 transactions supported small businesses; *The Facts About EXIM Bank*; 2017; Export-Import Bank of the United States; In Europe, 80% of ECAs have been tasked for allocation of funds to SMEs; *Competitiveness Report*; 2017; EXIM

<sup>90</sup> *The impact of COVID-19 on SME financing: A special edition of the OECD Financing SMEs and Entrepreneurs Scoreboard*; 2020; Organization for Economic Co-operation and Development (OECD)

<sup>91</sup> *Matchmaking at the heart of the exhibition industry*; 2019; The Global Association of the Exhibition Industry (UFI)

<sup>92</sup> *Advisory Group on Trade Finance: Awareness & Advocacy*; 2020; International Chamber of Commerce (ICC)

## Recommendation 4: Make trade and investment impactful drivers for a greener and more sustainable development, and increase FDI flows

### Policy Actions

4.1 Advance the WTO contribution to trade and environment, foster liberalization of trade in green goods and services, promote regulatory cooperation to accelerate clean energy transition, resource efficiency and circular economy

4.2 Facilitate and support Foreign Direct Investment flows, with a special focus on sustainability and inclusiveness

Leading Monitoring KPI	Owner: World Trade Organization	
% of World FDI <sup>1</sup> Covered by WTO Investment Facilitation for Development	Baseline <b>66.5%</b> (2020 <sup>2</sup> )	Target <b>90.0%</b> (2024)

<sup>1</sup>Inward FDI;

<sup>2</sup>WTO participation at 31/12/2020; 2016-2019 FDI;

Source: *World Trade Organization (WTO); World Bank*

Recommendation 4 contributes to achieving UN SDGs **5: Gender Equality, 7: Affordable and Clean Energy, 8: Decent Work and Economic Growth, 10: Reduced Inequalities, 12: Responsible Consumption and Production, 13: Climate Action, 14: Life below Water, 15: Life on Land** and **16: Peace, Justice and Strong Institutions**. In particular, Policy Action 4.1 contributes to the achievement of target **7.A** and **7.B** by leveraging public procurement to accelerate cleaner energy transitions, also committing to harmonize international standards on environmental criteria and requirements. It also contributes to the achievement of target **12.5** by removing obstacles across borders in goods for repairment, refurbishment and recycling, thus reducing waste and ineffective consumption. It finally contributes to the achievement of target **13.2** and **15.3** by advancing the WTO work on Trade and Environment, and to target **14.4** and **14.6** by condemning subsidies connected with illegal and unreported fishing, while also strengthening monitoring mechanisms and enforcing rules setting. Policy Action 4.2 contributes to the achievement of target **5.5** and **5.B** by promoting the inclusiveness of women in global trade, also supporting awareness on opportunities from digitalization. It also contributes to the achievement of target **8.A** by reinforcing the WTO initiative on “Aid for Trade” to enhance least development countries’ participation in international markets; and **10.B** by promoting financial assistance and investment flows - such as Foreign Direct Investment - to all countries, and emerging economies in particular. Finally, it contributes to the achievement of target **16.7** and **16.8** by ensuring responsive and inclusive participation of least developed countries in international institutions, and during relevant decision-making and policy formulation processes.

Recommendation 4 contributes to addressing G20 Italy Priorities **People, Planet** and **Prosperity**. In particular, Policy Action 4.1 contributes to addressing the **Planet** priority by claiming attention on the uneven commitment to climate and environment, and proposing concrete actions to contain negative externalities related to global markets, such as fostering debate on shared



carbon-border adjustment mechanisms and on circularity principles. Moreover, it contributes to addressing the **Prosperity** priority by fostering a fair, transparent and sustainable competition through the removal of harmful subsidies and by stimulating a debate on green schemes. Policy Action 4.2 contributes to addressing the **People** priority by promoting gender equality and fair opportunities for personal growth and development, regardless of sex, race and financial capabilities. It further contributes to the promotion of the **Prosperity** priority by facilitating and supporting FDI flows and funding opportunities, especially in emerging economies and least developed countries.

## Context

The United Nations' 2030 Agenda<sup>93</sup> puts significant emphasis on the role of global trade and investment and seeks to catalyze the contribution of the private sector towards the achievement of the Sustainable Development Goals (SDGs).

Trade and Investment have helped pull millions of people out of extreme poverty and constitute key enablers for promoting higher environmental and social standards worldwide. At the same time, as the global population increases and stresses the planet's carrying capacity, there is a growing debate on the sustainability of economic models primarily based on resource extraction. Firms are incorporating alternate models that facilitate reuse, repair, recycling, and remanufacturing that are supported by government regulations and changes in consumer preferences.

The COVID-19 crisis made clear that only sustainable approaches deliver a long-run economic growth<sup>94</sup> in the face of global challenges such as pandemics, biodiversity loss or natural disasters. Climate change alone will negatively affect most of the trade and investment infrastructure, with uneven regional effects, some commodities more impacted than others, and the strongest damages in Africa and Asia<sup>95</sup>.

The G20 has the overall responsibility to promote and support all initiatives aimed at fostering climate preservation, sustainability and the development of Least Developing Countries (LDCs). The most relevant areas for action include: liberalization of trade in environmental-related goods and services, promotion of clean energy transition and circular economy, and dialogue and regulatory cooperation.

Foreign Direct Investment creates jobs in recipient markets<sup>96</sup>, supports higher labor standards, promotes technology transfer and increases the participation in Global Value Chains. FDI flows also benefit the investors' home country, generating revenue, exports, tax receipts, and enhancing competitiveness. Nevertheless, the lack of harmonized global frameworks and current market access barriers contribute to the lower trend in FDI flows, which has persisted since the 2008 Financial Crisis. In addition, the ongoing health emergency has exacerbated this declining trend, and further weakened its outlook<sup>97</sup>.

<sup>93</sup> *The 2030 Agenda for Sustainable Development*; 2020; United Nations (UN)

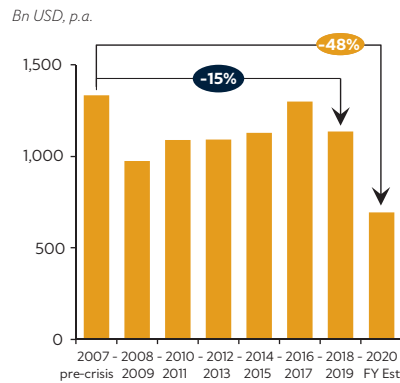
<sup>94</sup> COVID-19: We call on all EU institutions and Member States for an ambitious recovery plan for a sustainable, resilient and socially-just Europe, which leaves no places and no people behind; 2020; European Committee of the Regions

<sup>95</sup> *Work on Trade and Climate change*; 2021; Organization for Economic Co-operation and Development (OECD)

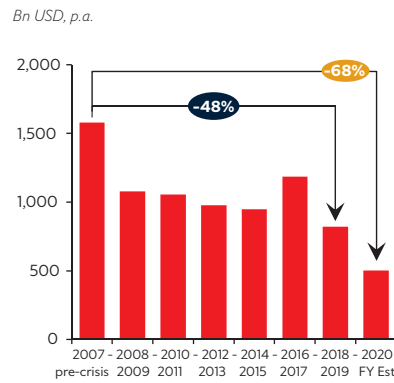
<sup>96</sup> *How does foreign investment affect jobs?*; 2014; World Economic Forum

<sup>97</sup> *Global foreign direct investment flows are forecast to decrease by up to 40% in 2020*; 2020; World Bank

G20 FDI inward flows still below pre-financial crisis level ...





... and for G20 FDI outward flows, the gap is even larger



**Exhibit 20**  
FDI flows still below 2007;  
COVID-19 accelerating  
the reduction

**Predictable regulation is crucial for FDI's facilitation**

-  **Non-discrimination**
  - Transparent access to market
  - Protection from unfair treatment
-  **Contract enforcement**
  - Access to dispute settlement
  - Commercial arbitration conventions
-  **Protection of property rights**
  - Protection of land tenure
  - Protection of intellectual property
-  **International FDI agreements**
  - Access and protection of FDI's
  - Standards of treatment

Source: Global foreign direct investment fell by 42% in 2020, outlook remains weak; 2021; United Nations Conference on Trade and Development (UNCTAD)

Tackling trade and environmental challenges together can only be done through openness, global engagement and cooperation. Regional and bilateral trade agreements can help incentivize a level playing field in the environmental area, often reaching more tailored ambitions. Three policy actions should guide the G20 in making trade and investment impactful drivers for a greener and more sustainable development:

- ♦ Leverage trade and investment to accelerate the transition to cleaner energy and circularity, and foster the liberalization of environmental-related goods and services, while coordinating the introduction of coherent carbon-border schemes;
- ♦ Facilitate and support FDI flows, especially for least developed countries.

**Policy Action 4.1: Advance the WTO contribution to trade and environment, foster liberalization of trade in green goods and services, promote regulatory cooperation to accelerate clean energy transition, resource efficiency and circular economy**

The green transformation of the economy will create significant challenges in terms of access to capital, technological solutions, and markets. Trade can play a decisive role to support the process, accelerating the deployment of technologies, goods and services that are necessary to reach carbon neutrality. In this light, the next WTO MC12 should seek to integrate the SDGs into the 1995 WTO Agreement. The core objective should be to ensure that multilateral trade rules support the global transition towards a carbon neutral, and resilient economy, consistent with the objective and principles set by the UN Framework Convention on Climate Change (UNFCCC) and its Paris Agreement. To effectively link trade and climate agendas it is necessary to ensure a careful balance between the global level playing field, free market access, and compliance with domestic climate-related measures. Therefore, initial building blocks should be agreed in close cooperation with business stakeholders and be based on the sustainability triangle of climate action, liberalization, and regulatory cooperation. Unilateral measures to address climate change should not result in arbitrary or unjustifiable discrimination or disguised restriction of international trade.

### Join and advance the WTO contribution to trade and environment

A revived WTO should put sustainability and climate at the heart of its modernization agenda. The Trade and Environmental Sustainability Structured Discussions (TESSD) and the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP)<sup>98</sup> launched in November 2020 are a welcome start to intensify the WTO work on trade and environment.

In parallel, Environmental Goods Agreement (EGA) negotiations that came to a halt in December 2016 must be revamped and its scope widened to include other low-carbon goods and enable the transition, for each country, to a resilient circular economy through sustainable supply chains. To ensure a level playing field and adequate market access in the environmental sector, non-tariff barriers, standards and rules in key areas like Intellectual Property should also be considered.

Services that ensure climate mitigation and adaptation should fall within the scope of the liberalization as well. Overall, new administrative burdens should be avoided, and the list of relevant sectors should be regularly updated, *inter alia*, to consider the technological developments and innovations likely to enhance environmental benefits, reduce greenhouse gas emissions and impact the decarbonization of industrial processes. The participation of developing countries should be prioritized and reflect the principle of “common but differentiated responsibilities and respective capabilities and their social and economic conditions”<sup>99</sup>.

The WTO Trade and Environment committee should be used as platform to consolidate the work of other WTO work streams, stimulate systematically and formally the cooperation with other international organizations such as the UNFCCC, and provide the necessary assistance to developing countries. The WTO Environmental Database contains close to 20,000 environment-related measures notified under WTO Agreements or Trade Policy Reviews. This would help identify most critical areas to work on.

In seeking a broader WTO agreement, initiatives such as the Agreement on Climate Change, Trade and Sustainability (ACCTS)<sup>100</sup>, the COP26 Forest and Agricultural Commodities Trade (FACT) dialogues, and the EU’s initiative on Trade and Climate<sup>101</sup> should be closely followed and supported.

We call on the G20 to agree at the next WTO MC12 on how to systematically phase out inefficient fossil fuel subsidies – amounted to USD 478 billion in 2019<sup>102</sup> – that inhibit positive environmental outcomes in accordance with the above-mentioned principle of “common but differentiated responsibilities and respective capabilities and their social and economic conditions”<sup>103</sup>. In this context, it is important that WTO members notify measures being taken on sustainability, with an impact on trade and investment.

### Conclude negotiations on Fisheries Subsidies under the WTO

Diverging rules on subsidies not only create significant market distortions, but also have meaningful impact on local production intensities and consequently environmental impact. Concluding the fisheries subsidies negotiations would be an important step towards solidifying the WTO’s contribution to sustainability as well as its credibility. This agreement is of importance not only as the first multilateral agreement in years, but also as the one contributing to a full SDG (#14 Life Below Water) as its core.

<sup>98</sup> *New initiatives launched to intensify WTO work on trade and environment*; 2020 [accessed]; World Trade Organization (WTO)

<sup>99</sup> United Nations Framework Convention on Climate Change; 1992; United Nations (UN)

<sup>100</sup> New Zealand with Costa Rica, Fiji, Iceland, Norway and Switzerland

<sup>101</sup> *European Commission non-paper on possible trade and climate initiative in WTO*; 2020; European Commission

<sup>102</sup> *Making the green recovery work for jobs, income and growth*; 2020; Organization for Economic Co-operation and Development (OECD)

<sup>103</sup> United Nations Framework Convention on Climate Change; 1992; United Nations (UN)



Subsidies contributing to illegal, unreported, and unregulated fishing should be prohibited, and mechanisms to monitor and enforce new rules should be put in place at the earliest time possible. We call on the WTO to finalize negotiations and to achieve an ambitious agreement on fisheries subsidies.

### **Coordinate the introduction of coherent carbon-border schemes in accordance with the Paris Agreement**

Over the past years, a growing debate on the introduction of carbon-border adjustment mechanisms has spread among several countries and regions. However, if not adopted in coordination with all parties and in accordance with the “common but differentiated responsibilities and respective capabilities and their social and economic conditions”<sup>104</sup>, carbon-border adjustment measures may result in trade and investment barriers inconsistent with WTO obligations leading to litigations and possible retaliations.

To avoid potential conflicts, the G20 should act as a platform to facilitate the introduction of coordinated and coherent carbon-border schemes in accordance with the consensus under the Paris Agreement.

### **Leverage public procurement to accelerate cleaner energy transitions**

Public procurement amounted to USD 11 trillion in 2018<sup>105</sup>, accounting for 12% of global GDP, and representing a key lever for government and international organizations to boost innovation and production in cleaner energy technologies. However, third-country bidders are not always eligible to participate in public tenders, and are subject to different security, labor and environmental standards<sup>106</sup>.

To catalyze the transformation into CO<sub>2</sub>-free production, increased demand for green products has to be created, and public procurement is well-suited to help foster such demand. As mentioned previously, participation in the WTO GPA must be widened, while maintaining and reinforcing the principles of equal treatment and of non-discrimination. This would boost climate action by leveraging public procurement and increasing the opportunity to adopt cleaner processes, technologies, systems and services.

Greater efforts should be devoted to agreeing upon and to promoting standards in multilateral financial institutions as well as in national contracting institutions that guarantee the quality of infrastructure investments<sup>107</sup>, and including full life cycle costs in the comparison of tenders.

### **Converge national quality standards of materials for repair, refurbishment, and remanufacturing while removing possible barriers to trade across borders**

Fragmented domestic policies are unlikely to achieve a sound transition towards a global resource-efficient and circular economy<sup>108</sup>. Currently, the production of materials, products and food accounts for about 45% of total CO<sub>2</sub> global emissions. Measures such as waste prevention, eco-design and resource efficiency could save companies’ financial resources while also reducing greenhouse gas emissions.

Moving towards a more circular economy could deliver tangible impact in reducing environmental pressure, stimulating green technologies and innovation, as well as boosting economic growth. Promoting a circular ecosystem would unlock 700,000 new jobs in the EU alone by 2030<sup>109</sup>. The adoption of

<sup>104</sup> *United Nations Framework Convention on Climate Change*; 1992; United Nations (UN)

<sup>105</sup> *How large is public procurement?*; 2020; World Bank

<sup>106</sup> *New guidance on the participation of third country bidders in the EU procurement market*; 2019; European Commission

<sup>107</sup> Following the G20 “Principles on Quality Infrastructure Investment” and the Charlevoix G7 “Declaration on Innovative Financing for Development and Equator Principles”

<sup>108</sup> *Climate Policy Leadership in an Interconnected World: What Role for Border Carbon Adjustments?*; 2020; Organization for Economic Co-operation and Development (OECD)

circular setups in manufacturing could yield material cost savings of USD 340-630 billion per year<sup>109</sup>.

We urge the G20 to harmonize quality standards of materials, remove barriers to trade in goods meant for direct reuse, facilitate the transboundary movements of products for recovery operations as well as promote industrial symbiosis for cross-sector exchanges of recovered materials and energy sources. Relevant regulations should be implemented and monitored to guarantee that transboundary movements are facilitated for proven reutilization purposes to ensure their effectiveness to avoid disposal of waste in economies that lack real capacities to reuse or refurbish, to improve the coordination of national industrial policies' strategies, and to limit cross-border impact on climate and trade.

#### **Policy Action 4.2: Facilitate and support Foreign Direct Investment flows, with a special focus on sustainability and inclusiveness**

The cumulative Foreign Direct Investment flows over the past decades have driven globalization, boosted trade, and fostered the interconnection of economies through Global Value Chains<sup>111</sup>, generating positive externalities for both businesses and local communities. Empirical evidence shows that FDI can reduce environmental emissions through the transfer of green energy efficient technologies across borders that would curb environmental emissions worldwide<sup>112</sup>.

G20 countries should lead by example by removing obstacles and barriers for companies to freely invest across borders. Consistent FDI facilitation schemes and reinforced Investment Promotion Agencies (IPAs) can foster higher economic and environmental standards, with FDI representing a social vehicle for increased integration, and laying the foundation for a more sustainable world economy. In light of the urgent need to put economic growth back on track after the pandemic crisis, the B20 highlights the recovery of FDI as a standing item on its agenda.

As FDI can play a crucial role in making progress toward achieving the UN SDGs, availability and transparency on datasets regarding their impact on sustainable development is required to drive and monitor their contribution.

In this regard, we call on international organizations, such as UNCTAD and OECD, to define guideline indicators to measure the social and environmental impact of FDI on areas such as greenhouse gas emissions and capacity building, innovation, employment and job creation, and gender equality.

#### **Advance the negotiations of the WTO Joint Initiative on Investment Facilitation**

To meet the United Nations' Sustainable Development Goals (SDGs) by 2030, huge investments will be required. According to UNCTAD, the total annual investments in SDG-relevant sectors in developing countries will need to be up to USD 4.5 trillion. This translates into an annual investment gap of USD 2.5 trillion<sup>113</sup>.

<sup>109</sup> *Circular Economy: definition, importance and benefits*; 2020; European Parliament

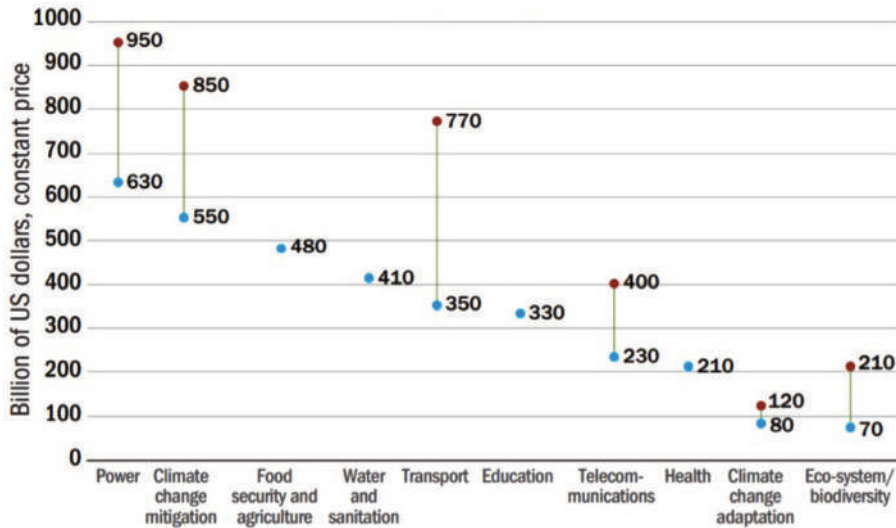
<sup>110</sup> *Eurostat Input/Output tables for EU-27 economies*; 2019; Eurostat

<sup>111</sup> *World Bank Database*; 2020 [accessed]; World Bank

<sup>112</sup> *The effect of FDI on environmental emissions: Evidence from a meta-analysis*; 2020; Rotterdam University, Guelph University

<sup>113</sup> *Developing countries face USD 2.5 trillion annual investment gap in key sustainable development sectors*; 2014; United Nations Conference on Trade and Development (UNCTAD)

**Exhibit 21**  
Investment gap in key SDG sectors



Source: *Investment gap in key SDG sectors*; 2019; International Finance Corporation; World Bank Group

A more favorable business environment requires that bottlenecks and inefficiencies that refrain companies to from investing be removed. The current participation of 106 WTO members<sup>114</sup>, accounting for an average of 66% of the world inward FDI over the period 2016-2019, in the *Joint Initiative on Investment Facilitation for Development* is encouraging and should be further promoted.

Moreover, established FTAs and/or national FDI frameworks lack harmonized principles and consistency. More than 1,000 new investment facilitation policies have been set up over the past decade, only 24% of them involved concrete and actionable investment facilitating measures<sup>115</sup>.

The G20 should encourage participating members to conclude the investment facilitation negotiations by the next WTO MC12, and work together for a coherent and integrated set of rules, addressing critical regulatory aspects such as market access, non-discrimination, protection of foreign investors and transparency of legal and administrative requirements.

**Reinforce Investment Promotion Agencies (IPAs) to promote FDI flows, especially those sustainability-oriented**

Relaunching global FDI flows would promote the transfer of knowledge and technology, foster job creation, and enhance the development of human and business capital. Effective investment promotion policies aim at attracting and retaining inward flows. While IPAs may at times compete with each other, they share similar challenges, including how to structure incentive programs and packages consistent with international trade rules. Therefore, we call on G20 countries to ensure cooperation amongst IPAs.

This could equip IPAs and other policy makers with an actionable tool to mobilise FDI maximizing inclusive and sustainable growth and thereby advance convergence on Sustainable Development Goals.

<sup>114</sup> *Investment facilitation agreement negotiators wrap up productive year*; 2020 [accessed]; World Trade Organization (WTO)

<sup>115</sup> *Division on Investment and Enterprise: Results and Impact*; 2017; United Nations Conference on Trade and Development (UNCTAD)

### **Enhance the Aid for Trade WTO initiative for the integration of Least Developed Countries in the global economy**

The 2015 WTO-led Aid for Trade Initiative<sup>116</sup> was launched to help developing countries, and particularly least developed countries, to engage in international trade. A new Work Programme for 2020-2022 was issued in 2020 under the theme of “Empowering Connected, Sustainable Trade”, seeking to maximize the opportunities that digital connectivity and sustainability offer for economic and export diversification.

We call on the G20 to support the enforcement of the renewed Work Programme and encourage additional investment flows and technical assistance to strengthen regulatory cooperation especially with Africa and other developing countries<sup>117</sup>.

Bilateral, regional and multilateral donors should meet LDCs’ capacity-building needs to support their integration into sustainable Global Value Chains. The WTO should monitor the barriers preventing LDCs from fully benefitting of assistance programs provided by international organizations such as UNICEF, UNCTAD, FAO, and WFP.

### **Leverage trade to promote the inclusiveness of women in the global economy**

Trade and investment can be powerful drivers of gender equality, with the potential to expand women’s role in the economy, decrease inequality, and expand their access to skills and education<sup>118</sup>.

The under-representation of women in international trade and investment should be addressed with concrete initiatives as women can contribute to boosting innovation, competitiveness, and productivity. In this regard, both domestic policy actions and cooperation between relevant global organizations, in consultation with the private sector, are needed to identify practical initiatives for higher inclusiveness. The availability of data for policy making and to secure trading opportunities should be assessed.

In particular, we welcome the *SheTrades Initiative*<sup>119</sup> - launched by the International Trade Centre - which seeks to connect three million women entrepreneurs to market by 2021, by providing women entrepreneurs and women-owned MSMEs around the world with a unique network and platform to connect to markets. We also champion the *eTrade for Women Initiative*<sup>120</sup> - sponsored by United Nations Conference on Trade and Development, and widely support any affiliated actions advancing such an important topic, driving opportunities and unlocking additional growth potential in the female workforce.

<sup>116</sup> *Aid for Trade*; 2020 [accesses]; World Trade Organization (WTO)

<sup>117</sup> *The power surplus*; 2021; EUI CEPS Policy Insights

<sup>118</sup> *Women and Trade: The Role of Trade in Promoting Women’s Equality*; 2020; World Bank

<sup>119</sup> *SheTrades.com*; 2020 [accessed]; International Trade Centre (ITC)

<sup>120</sup> *Empowering women entrepreneurs in developing countries*; 2020 [accessed]; eTradeForWomen

## Distribution of Members

Country	#	Country	#	Country	#	Country	#
Italy	32	United Kingdom	6	Spain	2	Qatar	1
China	9	Saudi Arabia	5	Tunisia	2	Serbia	1
Russia	9	South Africa	5	Canada	1	Singapore	1
United States	9	Australia	4	Egypt	1	Switzerland	1
Argentina	8	Turkey	4	India	1		
France	8	Brazil	2	Korea South	1		
Belgium	6	Japan	2	Kuwait	1		
Germany	6	Mexico	2	Macau	1		

## Task Force Members

Name	Company/Organization	Country	Deputy
<b>CHAIR</b>			
Barbara Beltrame Giacomello	Confindustria	Italy	Marco Felisati
<b>CO-CHAIRS</b>			
Ajay Banga	Mastercard	United States	Sahra English
Levent Çakiroglu	Koç Holding	Turkey	Ali Utku Atalay
Shinta Widjaja Kamdani	Sintesa Group	Indonesia	Maria Sutanto
Masakazu Kubota	Keidanren	Japan	Teruko Wada
Paolo Rocca	Techint Group	Argentina	Fernando Landa
Ingrid Sinclair	Sims Lifecycle Services	United States	Patricia Whiting
Livio Vanghetti	Philip Morris International	Global	Andres Guggiana
Jianlong Yu	China Chamber of International Commerce	China	Shan Ming

## Schedule of Task Force Meetings

#	Date	Event	Location	Theme
1	21-22 January 2021	Inception Event	Virtual	Review of Inception Document
2	25 February 2021	TF Videoconference 1	Virtual	Review of 1 <sup>st</sup> Draft Policy Paper
3	25 March 2021	TF Videoconference 2	Virtual	Review of 2 <sup>nd</sup> Draft Policy Paper
4	29 April 2021	TF Videoconference 3	Virtual	Review of 3 <sup>rd</sup> Draft Policy Paper
5	3 June 2021	TF Videoconference 4	Virtual	Review of last version Draft Policy Paper
6	17 September 2021	B20-G20 Dialogue	Virtual	Meeting with Italy Minister of Foreign Affairs and International Cooperation
7	7-8 October 2021	B20 Summit	Hybrid; Rome	Presentation of TF Policy Paper

Name	Company/Organization	Position	Country
<b>MEMBERS</b>			
Mark Agnew	Canadian Chamber of Commerce	Senior Director International Policy	Canada
Nissreen Al Bakri	Bupa Arabia	Manager Asset Management and Treasury Operation	Saudi Arabia
Abdulaziz Albabtain	Himmah Group	President	Saudi Arabia
Mauro Alfonso	SIMEST	Chief Executive Officer	Italy
Asma Aljoaib	Aljoaib group	Board Member	Saudi Arabia
Khalend Alohali	Saudi Arabian Mining Company	Senior Vice President, Ma'aden Corporate Affairs	Saudi Arabia
Nouf Alrakan	Alimtiiaz Consulting	Chief Executive Officer	Saudi Arabia
Ahmad Al-Saleh	EQUATE Petrochemical Company	Vice Chairman GPCA International Trade Committee	Kuwait
Khalifa Al-Thani	Qatar General Insurance and Reinsurance	Vice Chairman	Qatar
Sandra Alvera	Panasonic Europe	Head of Government Affairs EU	Belgium
Igor Andryushchenko	VTB Bank PJSC	Head of Department for External Relations, Research and Analysis	Russia
Sergio Arzeni	INSME International Network for SME	President	France
Artem Asatur	Aluminium Association	Co-Chairman	Russia
Anton Bazulev	RUSAL	Director for International Projects	Russia
Martin Berardi	Ternium Argentina	President	Argentina
Lorenzo Berho	Vesta	Chief Executive Officer	Mexico
Denver Berman-Jacob	Sweet-Orr and Lybro	Executive Director	South Africa
Alberto Bianchi	ASK Industries	Chief Executive Officer	Italy
Constanza Biasutti	CNI National Confederation of Industry Brazil	Trade Policy Head	Brazil
Marta Blanco	Spanish Confederation of Industries and Employers	Chief Executive Officer	Spain
Natalie Blyth	HSBC Holdings PLC	Group General Manager, Global Head of Global Trade	United Kingdom
Sebastián Bonals	Unión Industrial Argentina	Head of Department of Trade and International Negotiations	Argentina
Jihen Boutiba Mrad	Union of Mediterranean Confederations of Enterprises	Secretary General	Tunisia

Name	Company/Organization	Position	Country
<b>MEMBERS</b>			
Leonard Brad Smith	Global Federation of Insurance Associations	Chair Trade Working Group and Chief International Officer	United States
Craig Burchell	Huawei Technologies	Senior Vice President Global Government Affairs	China
Emmanuelle Butaud-Stubbs	ICC France	Secretary General	France
Gianfranco Carbonato	Prima Industrie	President and Chief Executive Officer	Italy
Andrea Casini	UniCredit	Co-Chief Executive Officer Commercial Banking Italy	Italy
Giovanni Cerchiarini	TERNA	Head of the International Operations	Italy
Enrico Cereda	IBM	Italy Country Chief Executive Officer	Italy
Bryan Clark	Australian Chamber of Commerce and Industry	Director, International Chamber of Commerce Australia	Australia
Stefano Crehici	Modiano Industrie Carte da Gioco e Affini	President	Italy
Marco De Angelis	GDA marble and Granite	President	Italy
Donato Del Vecchio	BAT	Group Head of International Trade and Fiscal Affairs	United Kingdom
Matteo Dell'Acqua	Adflex	Chief Executive Officer	Italy
Shaun Donnelly	United States Council for International Business	Senior Director, Investment, Trade and Financial Services	United States
Sergio E Contreras P	Consejo Empresarial Mexicano de Comercio exterior	Executive Vice President	Mexico
Elisabetta Fabri	Starhotels Group	President and Chief Executive Officer	Italy
Francesco Fattori	Casa Optima	Chief Executive Officer	Italy
Helga Flores Trejo	Bayer	Vice President, Global Public Affairs International Organizations	United States
Maurizio Forte	ICE	Director Promotion of Made in Italy	Italy
Michele Frisoli	Manta Group	Chief Executive Officer	Italy
JianGuo Fu	Nam Kwong Group	Chairman of Board	Macau
Rian Geldenhuis	Trade Law Chambers	Chief Executive Officer	South Africa

Name	Company/Organization	Position	Country
<b>MEMBERS</b>			
Ari Giovenco	Amazon	Senior Manager,	United States
Praveen Golash	Avaada Energy	General Manager	India
Patrícia Gomes	Brazilian Machinery Builders' Association	Foreign Trade Executive Director	Brazil
Gerd Götz	European Aluminium	Director General	Belgium
Catherine Grant Makokera	Business Unity South Africa	Trade Committee Member	South Africa
Alessandra Chiara Guffanti	Tricodor	Business Development Director	Italy
Karine Guenan	Airbus	Vice President Financing and Guarantees	France
John Hannagan	Rusal Australia	Chairman	Australia
Ping Hao	China National Machinery Industry Corporation	General Manager	China
Tom Harley	Dragoman PTY	Managing Director	Australia
Junichi Horie	Advantage Partnership Lawyers	International Arbitration Counsellor and International Mediator	Japan
Yongqi Hu	Lenovo Group	Director	China
Jianroung Huang	Shanghai Haicheng Resources Group	Chairman	China
Chang-Soo Huh	The Federation of Korean Industries	Chairman	Korea South
Julia Jasinska	Nokia	Head of International Relations and Trade Policy	Belgium
Olav Jones	Insurance Europe	Deputy Director General	Belgium
Yurika Kamitani	Sony Group Corporation	VP, Senior General Manager, External Relations Department	Japan
Fatih Kemal Ebiclioglu	Arcelik	Board Member	Turkey
Melanie Kerst	IHK Magdeburg	Head of Division International Markets	Germany
Farida Khan	Sasol South Africa	Head of Policy and Regulation	South Africa
Aleksej Kljetsko	Gruppa Cerkizovo	Director of Strategy	Russia
Matthias Krämer	Federation of German Industries	Head of Department External Economic Policy	Germany
Dominik Kummerle	BIAC	Policy Manager	France
Cinzia La Rosa	La Rosa Energy	General Director	Italy
Eric Le Corre	Michelin	VP Public Affairs Director	France
Christoph Leitl	Global Chamber Platform	Chairman and President	Belgium



Name	Company/Organization	Position	Country
<b>MEMBERS</b>			
Eric Lenoir	Euler Hermes France	Chief Executive Officer	France
Valeria Leone	Pirelli	EVP Investor Relations	Italy
Fulvio Liberatore	Easyfrontier	President	Italy
Zhen Liu	Xiaomi Corporation	General Counsel of Legal Department	China
Giulio Lombardo	Brachi Testing Services	Marketing Director	China
Andrea Mangia	Aeroviaggi	Membro del Consiglio di Amministrazione	Italy
Marco Mansani	Menarini	Corporate Grants and Funding Manager	Italy
Jose Manuel Rodriguez	Iberdrola	Head of International Affairs	Spain
Yuankai Mao	China Global New Technology Import and Export	Chief Executive Officer	China
Alfredo Mariotti	CEU	General Manager	Italy
Javier Martinez Alvarez	Tenaris	President Tenaris Southern Cone	Argentina
Mario Mattioli	Confederazione Italiana Armatori	President	Italy
Louise McGrath	Australian Industry Group	Head Industry Development and Policy	Australia
Albrecht Merkle	Alfred Kärcher	Manager Global Customs and Trade Compliance	Germany
Sergey Mikhnevich	Russian Union of Industrialists and Entrepreneurs	Director of the Center for Multilateral Cooperation	Russia
Wendy Miles	Twenty Essex	Barrister	United Kingdom
Andreas Moraitis	Nokia Network Hellas	Lead Account Manager	Italy
Alexey Mordashov	JSC Severstal	Chairman of the Board of Directors	Russia
Innocentia Motau	The Young Entrepreneur South Africa	President	South Africa
Jerry Mpufane	South African Tourism Board	President North America	United States
Ettore Nicoletto	Bertani Domains	Chief Executive Officer	Italy
Julia Nielson	OECD	Counsellor, Director's Office, Trade and Agriculture Directorate	France
Wenze Ning	CRRC Corporation Limited	Assistant President	China
Giovanni Ottati	Vuetel italia	Chairman	Italy
Erich P Cossutta	Dragon Maritime Group	President	Serbia

Name	Company/Organization	Position	Country
<b>MEMBERS</b>			
Giorgio Palmucci	Hotelturist	Executive Vice President	Italy
Francesco Paolicelli	Thegg domotica	General Manager	Italy
Peter Pedersen	World Trade Organization	Head of Trade Monitoring	Switzerland
Rodrigo Pérez Graziano	Argentine Chamber of Commerce and Services	Secretary General	Argentina
Edgardo Phielipp	GEMAS	President	Argentina
Luigi Pio Scordamaglia	Inalca	Chief Executive Officer	Italy
Marco Piredda	Eni	Head of Political Scenarios and Institutional Business Support	Italy
Evgeniya Pomerlyan	NLMK	Head of Division	Russia
Steven Pope	Deutsche Post DHL Group	VP Head of Go Trade	Germany
Delia Raquel Flores	GEMA Grupo Empresarial De Mujeres Argentina	President	Argentina
Lamia Riabi	Attijari Bank Tunisia	General Manager	Tunisia
Mustafa Rifat Hisarciklioglu	Union of Chambers and Commodity Exchanges of Turkey	President and Chairman	Turkey
Rada Rodriguez	Schneider Electric GmbH	Member of the Executive Board	Germany
George Salis	Vertex	Principal Economist and Tax Policy Advisor	United States
Monica Santini	Santini Maglificio Sportivo	Chief Executive Officer	Italy
Marcelo Santoro	Banco Santander	International Desk Manager	Argentina
Luisa Santos	BusinessEurope	Deputy Director General	Belgium
Giancarlo Schisano	Leonardo	Managing Director of Leonardo's Aerostructures Division	Italy
Lisa Schroeter	Dow	Global Director of Trade and Investment Policy	United States
Tamer Sen	TUSIAD	Global Economic Relations Department	Turkey
Koray Sokullu	Tofas Türk Otomobil Fabrikası FCA Turkey	Customs Operations Administrator	Turkey
Debin Song	China Communications Construction Company	General Manager Italy	China
Chris Southworth	ICC United Kingdom	Secretary General	United Kingdom
Greg Stofko	FedEx Corporation	Staff Director, Regulatory Affairs	United States

Name	Company/Organization	Position	Country
<b>MEMBERS</b>			
Mohamed Tarek Tawfik	Federation of Egyptian Industries	Vice Chairman	Egypt
Luis Tendlarz	Federación de Industrias Textiles Argentinas FITA	President	Argentina
Luisa Todini	Comitato Leonardo Italian Quality Committee	Chairman	Italy
Volker Treier	Association of German Chambers of Industry and Commerce	Chief Executive of Foreign Trade, Member of the Executive Board	Germany
Elena Ublieva	Russian Union of Exhibitions and Fairs	Executive Director	Russia
Tunc Uyanik	World SME Forum	President and Chief Executive Officer	United States
Naboth van den Broek	WillmerHale	Partner and Chair WilmerHale International Group	United Kingdom
Helio Vicente	International Chamber of Shipping	Senior Advisor	United Kingdom
Nina Vilikova	ICC Russia, Russian Foreign Trade Academy, ICAC	Enterim Chairman of the Commission on Arbitration	Russia
Lys Vitral	MEDEF	Deputy Director for International Affairs	France
Yi Young Lam	Singapore Business Federation	Chief Executive Officer	Singapore
Stefano Zecchinato	Rollon	General Manager	Italy

Function	Name	Company/Organization
<b>COORDINATION GROUP</b>		
B20 Secretariat	Giovanni Dioguardi Silvio La Torre Laura Travaglini Diana Frattale	Confindustria
Knowledge Partner	Davide Corradi Edoardo Palmisani Michael McAdoo Elena Benussi Niccolò Bogianchino Lorenzo Bertoni	Boston Consulting Group
Scientific Partners	Claudio Dordi	Università Bocconi
	Pierfrancesco Rossi	LUISS Guido Carli
	Cristina Mele	Università degli Studi di Napoli Federico II
Network Partners	Dominik Kummerle Winand Quaedvlieg	Business at OECD
	Andrew Wilson Damien Bruckard	International Chamber of Commerce
	Rachel Bellegry Chazelas	Global Business Coalition
	Sean Doherty	World Economic Forum
	Helio Vicente	International Chamber of Shipping

## Annex

### Acronyms

ACCTS	Agreement on Climate Change, Trade and Sustainability
ACT-A	Access to COVID-19 Tools Accelerator
AEO	Authorized Economic Operator
AML	Anti-Money-Laundering
B20	Business 20
CAI	EU-China Comprehensive Agreement on Investment
CP-TPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DFI	Development Finance Institution
DLT	Distributed Ledger Technology
ECA	Export Credit Agency
EGA	Environmental Goods Agreement
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
G20	Group of 20
GDP	Gross Domestic Product
GPA	Government Procurement Agreement
GVC	Global Value Chain

HS	Harmonized System
ICC	International Chamber of Commerce
IMF	International Monetary Fund
IP	Intellectual Property
ITA	Information Technology Agreement
KYC	Know-Your-Customer
LDCs	Least Developed Countries
LEI	Legal Entity Identifier
MC	Ministerial Conference
MRA	Mutual Recognition Agreement
MSMEs	Micro, Small, and Medium Enterprises
MLETR	Model Law on Electronic Transferable Records
NCRS	Notification Compliance Reporting System
OECD	Organization for Economic Co-operation and Development
PPA	Pharmaceutical Products Agreement
PPE	Personal Protective Equipment
PSRO	Product Specific Rules of Origin
RoO	Rules of Origin
RKC	Revised Kyoto Convention
RTAs	Regional Trade Agreements
RWAs	Risk-Weighted Assets
R&D	Research & Development
SCM	Subsidy and Countervailing Measures
SDGs	Sustainable Development Goals
SPS	Sanitary and Phytosanitary Measures
S&DT	Special and Differential Treatment
TBT	Technical Barrier to Trade
TESSD	Trade and Environment Sustainability Structured Discussions
TF	Task Force
TFA	Trade Facilitation Agreement
TiSA	Trade in Services Agreement
TPR	Trade Policy Review
UN	United Nations
UNCITRAL	United Nations Commission on International Trade Law
UNFCCC	UN Framework Convention on Climate Change
UNICEF	United Nations International Children's Emergency Fund
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollar
WCO	World Customs Organization
WFP	World Food Programme
WHO	World Health Organization

## List of impacted SDG Targets

SDG Target	Description
<b>1.4</b>	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
<b>1.5</b>	By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.
<b>2.B</b>	Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round.
<b>3.8</b>	Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
<b>5.5</b>	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
<b>5.B</b>	Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.
<b>7.A</b>	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.
<b>7.B</b>	By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support.
<b>8.1</b>	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

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- 8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
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- 8.4** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.
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- 8.9** By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.
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- 8.10** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
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- 8.A** Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to least developed countries.
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- 9.1** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
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- 9.2** Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.
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- 9.3** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.
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- 10.A** Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements.
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- 10.B** Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes.
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- 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
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<b>13.2</b>	Integrate climate change measures into national policies, strategies and planning.
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<b>14.4</b>	By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.
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<b>14.6</b>	By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation.
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<b>15.3</b>	By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.
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<b>16.7</b>	Ensure responsive, inclusive, participatory and representative decision-making at all levels.
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<b>16.8</b>	Broaden and strengthen the participation of developing countries in the institutions of global governance.
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<b>17.6</b>	Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge-sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism.
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<b>17.9</b>	Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the Sustainable Development Goals, including through north-south, South-South and triangular cooperation.
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<b>17.10</b>	Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda.
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<b>17.13</b>	Enhance global macroeconomic stability, including through policy coordination and policy coherence.
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<b>17.17</b>	Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.
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Knowledge partners



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