

# Meeting the Challenge of the Coronavirus State of Play as Seen from the WTO

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For the multilateral trading system during the current crisis it is necessary to engage in a process of triage in **setting priorities**.

- The **first**, most pressing issue, is dealing with the **threat to public health**.
- The **second priority** is dealing with the calamitous decline of the global economy and preparing to **assist in the essential recovery** that must follow.
- The **third priority is to consider structural reforms for the WTO** and the world trading system to make it more effective.

**Today, we are dealing with the first** of these priorities, and I would argue, it is time to **plan for the second** priority. In addition, governments should be thinking about the third priority, even if action will only come later. We need to learn from our responses to the crisis and its aftermath and consider before too long what institutional reforms current experience will suggest.

## **Priority 1. DEALING WITH THE THREAT TO PUBLIC HEALTH**

On 3 April 2020 the WTO released a report on trade in medical products<sup>1</sup>. The salient points of the report are:

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<sup>1</sup> *Trade In Medical Goods In The Context Of Tackling Covid-19*,  
[https://www.wto.org/english/news\\_e/news20\\_e/rese\\_03apr20\\_e.pdf](https://www.wto.org/english/news_e/news20_e/rese_03apr20_e.pdf).

- **Medical products account for approximately 5% of total world trade (imports and exports); this is about \$2 trillion, more than half of imports are medicines;**
- **About one-third of total trade in medical products is described as critical and in severe shortage in the COVID-19 crisis; they total about \$597 billion (or 1.7%) of total world trade in 2019;**
- **Tariffs on some products remain very high.**
  - *For example, the average applied tariff for hand soap is 17% and some WTO Members apply tariffs as high as 65%;*
  - *Protective supplies used in the fight against COVID-19 attract an average tariff of 11.5% and is as high as 27% in some countries;*
- **The number of export restrictions on exports is substantial and growing.**
- The WTO coronavirus website points to two categories of measures that should be of particular multilateral concern, national export controls on medical supplies, equipment and medicines and those applied to food.
- The two categories are **dissimilar** in one major respect.
  - **Supplies of ventilators, personal protective equipment, and some medicines deemed relevant to treating Covid-19 symptoms, are in short supply.**
  - **Food is not in short supply.** In fact, global cereal production is headed toward the third highest level on record.<sup>2</sup>

## WHAT IS THE IMPACT OF THE PANDEMIC ON WORLD TRADE?

The WTO released its **Trade Forecast** yesterday, April 8. The forecast is sobering:

- **World trade is expected to fall by between 13% and 32% in 2020 as the COVID-19 pandemic disrupts normal economic activities ... around the world. UP TO A ONE THIRD DROP IN WORLD TRADE.**
- **The predicted decline ... will likely exceed the [decline] in trade brought on by the global financial crisis of 2008-09.**

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<sup>2</sup> Agricultural Market Information System. See the latest monitoring report here: [https://reliefweb.int/sites/reliefweb.int/files/resources/AMIS\\_CropMonitor\\_202004.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/AMIS_CropMonitor_202004.pdf)

- *Nearly all regions will experience double digit declines in 2020.*
- *Trade will likely fall more steeply in product sectors with complex value chains.*
- *Services trade will likely be very adversely affected, especially in transportation and travel.*
- *Estimates of the expected recovery are currently very positive for 2021 but are uncertain, with outcomes depending largely on the duration of the outbreak and the effectiveness and extent of the policy responses, and*
- *I would add, epidemiologists point out that every outbreak of influenza during the last 250 year had a second wave.<sup>3</sup>*

## Discussion

**What is behind the trade forecast? Of course, supply shocks and demand falling are two primary explanations. But there is more.**

- The **costs of trade** – moving goods from a factory or farm to the other side of an international border – increased by a staggering 25% estimated conservatively.

## **Why did this happen?**

- **The increase in trade costs is caused by a variety of factors -- global value chains being impaired, commercial travel being shut down, along with curtailed logistics.**
- To assess what increased trade costs of this magnitude means in terms of impact, consider that current applied global tariffs average 7.6% on the value of the imported goods; retail margins are well below that figure; online margins are often at under 1%, and for most retail sectors the margin is between 0.5% and 3.5% of cost of goods sold.<sup>4</sup>
- This means that to the extent producers cannot absorb the increase in trade costs, the consumers must do so to the extent that they are physically present in the market and can afford to pay more. Since demand is also strangled by half the globe's peoples being locked down, with many unemployed, the net effect is a dramatic fall in trade.

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<sup>3</sup> Article citing U.S. National Academies Report. <https://www.nytimes.com/2020/04/08/health/coronavirus-summer-weather.html?action=click&module=Top%20Stories&pgtype=Homepage>.

<sup>4</sup> <https://www.investopedia.com/ask/answers/071615/what-profit-margin-usual-company-retail-sector.asp>

## THE POSITIVE TRADE POLICY FOUNDATION THAT IS ALREADY IN PLACE

- *Liberalized trade in medical products stems from:*
  - The **schedules of bound tariffs**, the results of almost a half century prior tariff negotiations;
  - The plurilateral zero tariffs **Agreement on Pharmaceutical Products** in the Uruguay Round and its four subsequent reviews;
  - The Expansion of the **Information Technology Agreement** in 2015.
  - **SPS** – rules based on international scientific standards are to be applied
  - **TBT** – technical regulations, standards, and conformity assessment procedures are to be non-discriminatory and not create unnecessary obstacles to trade.
- **Currently, positive responses have been made by individual Members:**
  - A number of major importing countries have eliminated tariffs on needed medical imports – EU according to press reports, US with respect to its China tariffs.
  - **New Zealand, Singapore, Australia** and four other regional countries have
    - Affirmed the importance of **refraining from the imposition of export controls or tariffs and non-tariff barriers** and of removing any existing trade restrictive measures on essential goods, especially medical supplies, at this time.
    - Committed to working with all like-minded countries to ensure that trade continues to flow unimpeded, and that critical infrastructure such as our **air and seaports remain open** to support the viability and integrity of supply chains globally.
- The WTO Secretariat is supporting the G20. It is also working with other international organizations – WHO, FAO and WCO -- suggesting appropriate policies, as well as establishing a business forum with the ICC.
- The WTO is informing its Members and the public of Covid-19 related trade measures on a dedicated website.

The urgent need to find a vaccine for medical supplies and medicines has some laudable aspects. Scientific information is being shared among researchers looking for a vaccine without pausing to publish in scientific journals to get the credit that may be due. Urgent attempts are being made by industry to ramp up production to overcome shortfalls in supply. Emergency airlifts are delivering supplies to affected areas, bypassing international borders and overcoming past and current enmities and other obstacles.

There are also substantial downsides. The market is not a perfect means of allocating scarce supplies when human lives are at risk. Governments are limiting exports and demanding that domestic production be reserved for national consumption. There is a rising chorus of cries of “foul” with current allocations, including claims of “modern piracy” when expected shipments are said to disappear en route.<sup>5</sup> Supplies are being priced out of the reach of developing countries and competing purchasers. In the scramble for procurement and to meet demand, substandard, nonfunctional goods are sometimes found.

Pre-emptive purchasing is not the kind of measure that the WTO traditionally looks at. If the actors are private, this is generally considered a matter for competition authorities and not within the scope of the WTO’s rules. This does not mean that there should not be international discussion in multilateral fora of this practice, and if Members wish, within the WTO. Pre-emptive purchasing certainly affects trade flows. When governments are involved, it is the opposite side of the coin from the conduct that the Government Procurement Agreement is designed to regulate, and arguably should receive international attention.

Importantly, the **WTO has tools** that are adaptable to meet a number of the current challenges.

- They go beyond providing transparency and a forum to discuss the trade aspects of the medical device coronavirus issues.
- All of the following would work in the same direction, serving the same laudable objective, namely, lowering the costs of trade –

## Tariffs

- The multilateral trading system provides the only forum for multi-participant tariff elimination.
- The Members can choose to take coordinated action. Speed might require actions in parallel rather than by negotiated agreement.
- Directly relevant:

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<sup>5</sup> <https://www.ft.com/content/03e45e35-ab09-4892-899d-a86db08a935c>.

*[The] WTO Pharmaceutical Agreement ... came into force on January 1, 1995 and eliminated tariffs in signatory countries for all WTO members on a nondiscriminatory, Most Favoured Nation (MFN) basis.*

*The original list of 7,000 items has been updated periodically. The first update in 1996 saw duties eliminated on a further 496 pharmaceutical items; 642 items in the second update in 1998, and 823 items in the third update in 2006 ... There are now 34 signatories to the Pharmaceutical Agreement.*

*Given that WTO Pharmaceutical Agreement members such as the US, EU, Switzerland, and Japan are amongst the biggest players in the global pharmaceutical market, this implies that a large proportion of global trade in pharmaceuticals is tariff-free.*

*However, three major emerging pharmaceutical manufacturing nations, namely, China, India and Brazil, are notably absent from this agreement, as are major importing nations such as Russia, Mexico and Turkey.*

## **Export restrictions**

In a time of pandemic, the WTO rules accord great flexibility to limit exports of critical medical materials in short supply. GATT Article XI (2) 1 provides

*That the provisions of paragraph 1 of this Article [prohibiting export restrictions] shall not extend to the following:*

*(a) Export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party;*

While at some future point, there might be litigation as to whether short supply did exist for a particular product and whether the measure was otherwise applied in a justifiable manner, litigation is not a useful response in the present. As a practical matter, it is not the rules that will prevent what objectively might be seen as excessive use of export restrictions, it is self-restraint supported by full transparency.

As was the case for decades with the national security exception of the WTO/GATT, Members may not wish to create a potential precedent through litigation that narrowed the scope for emergency use of export restrictions. What is needed is mutual understanding among key exporting countries that export restraints are self-defeating. WTO notifications and consultations may not cure the problem of a resurgence of export restrictions but could lead to some mutual self-restraint.

I do not underestimate the political difficulties of rolling back export restrictions, which action would have to be justified to domestic audiences which are facing shortages of critical goods. Self-restraint would need to be seen as being reciprocated. In a pandemic, it is vitally important that global supplies do not go underutilized, fragmented into local hoardings. It is less selflessness than self-interest that will keep borders open.

One suggestion that has been made is to create a forum at the WTO for dealing with the current crisis:

*A WTO committee on crisis response should be established to minimize disjointed responses to crises and create a venue for coordinated action and discussion of trade measures taken— notified and not notified—in times of crisis. The WTO is a familiar venue for countries to assess foreign trade measures, request additional information, and head off disputes before they spiral out of control. As trade-restrictive measures proliferate, the WTO's ability to convene countries and offer a space for mediation prior to dispute settlement is more important than ever.<sup>6</sup>*

Going forward, it can be determined, whether there would be substantial Member support based on current experience for a **WTO Arrangement on Dealing with Short Supply**. This could logically encompass pre-emptive purchasing as well as the use of export controls.

## **Food and agricultural products**

As noted earlier, **there is no global shortage of food**, as evidenced by **cereal production** which is headed for attaining the third highest level since records have been kept. In addition, **stock levels** relative to consumption for major grains are 70-100% higher than in 2007/08. This does not mean that the agricultural sector is immune from the effects of the coronavirus pandemic. Export restrictions have been notified and others put into place that have not yet been notified. A few major producing and exporting Members have suspended exports of key food staples (e.g. wheat, wheat flour, buckwheat, rice, sunflower seeds and oil, eggs), processed food (e.g. pasta, sugar, animal feed, bran, salt, etc.), and some vegetables. Additional sanitary and phytosanitary requirements, especially with respect to live animals have been imposed. To date, the export restrictions in place will mostly have limited effects other than in local markets. The level of transparency regarding the introduction of temporary export prohibitions and restrictions is, however, short of what it should be.

At this point, the FAO does not anticipate major disruptions due to the export restrictions that have been put into place. Food prices have been declining due to demand being suppressed by measures taken to slow the spread of the coronavirus. Monthly sugar prices are down 19% and vegetable oil by 12%. Dairy prices are down by 3% due to supply chain disruptions affecting demand.

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<sup>6</sup> CSIS. <https://www.csis.org/analysis/trade-symptoms-pandemic>.

There are problems, however. Farm labor shortages due to restrictions on the movement of people are being experienced in a number of countries in Europe, North America, Latin America and Asia. In Latin America, labor shortages are affecting soybean and meat processing, and in Malaysia the palm oil harvest will reportedly be severely depressed due to labor shortages where workers have gone home to other countries<sup>7</sup>. Logistical issues are a major factor going forward, affecting both supply and demand. Offsetting these factors to an extent, are subsidies and increased plantings in the agricultural sector designed to increase supplies. Argentina lifted its export tax on rice and lowered the export taxes on other products. Australia is subsidizing air freight linked to the fall off of commercial service.

The World Food Program has warned<sup>8</sup> of dire effects on the poorest countries due to the strain on their economies, failing logistics and the potential for panic buying. The worries cited are not about a shortfall of global supplies, but about trade disruptions, the high levels of LDC public debt and potential price spikes. In 2008, cash crop farmers suffered substantial harm. It could be worse this time. Logistics can adversely affect not only shipments but plantings. The loss of most of the availability of air freight hurts high value exports.

Measures that could be taken to reduce disruptions due to the pandemic that have been listed by experts at the World Bank, the FAO and other international institutions include: removing trade restrictions and refraining from introducing new ones; increasing technical guidance on sanitary standards; focusing on keeping global food chains fully functioning; moving approved imports through green channels; and labeling employment in the agriculture sector as “essential” and therefore unimpeded by economy wide restrictions.

## Services

The WTO Trade in Services and Investment Division is monitoring the services sectors that are suffering heavy losses due to the pandemic. There is a sharp drop of demand for services as industries and consumers relying on them are increasingly locked down. Some services require physical proximity between suppliers and consumers, such as tourism and passenger transportation (air, maritime, land). Some services require onsite work by suppliers, such as maintenance contracts, which cannot be fulfilled due to travel restrictions. The lockdown of consumers affects trade in demand for services closely related to goods trade as well, such as maritime freight transportation. Similarly, the curtailment of passenger flights cuts express delivery options.

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<sup>7</sup> Reuters, April 3. <https://www.reuters.com/article/health-coronavirus-malaysia-palmoil/malaysia-palm-growers-warn-of-bigger-labour-shortage-due-to-virus-curbs-idINKBN21L1D3>.

<sup>8</sup> COVID-19: Potential impact on the world's poorest people , A WFP analysis of the economic and food security implications of the pandemic, March 2020.



There are some offsets for services as a whole. Those that can be delivered online and those which facilitate delivery online are in increasing demand. This includes online retail, health, education, telecommunications and audiovisual services. All are working to expand online supply as well as consumption. This may result in a substantial permanent shift toward reliance on e-commerce.

There is a heightened awareness of digital-enabling services as the current boundaries of remote working conditions have tested. This should lead to a more public policy focus on the needs of the global digital economy. It would be costly to watch an accelerated growth of national and regional digital regulatory frameworks in isolation from international coordination. To do so would risk the same sorts of conflicting standards and differing requirements that travelers from Europe face when trying to plug an appliance into a socket in North America, Asia, Australia or New Zealand, and vice versa.

Eight national and regional organizations representing a substantial portion of the world's service providers issued a joint statement dated 1 April 2020 with suggested reactions to the current pandemic. The group notes that "Financial services, ICT services, retail and distribution, and transportation and logistics services are all examples, though not exhaustive, of critical enablers of trade in goods and agri-food products, as well as services that enhance social welfare."

In their joint statement, the eight associations make the following recommendations:

- *Cargo flights must be able to continue in order to move critical life-saving medical equipment and supplies, as well as other goods that consumers rely for daily sustenance.*
- *Government should also consult about **facilitating greater use of passenger aircraft** for essential deliveries of critical supplies.*
- *Sophisticated medical equipment and therapies cannot be put in place without key **medical services**.*
- *... the work of individual service suppliers, such as technicians that service (e.g. **maintenance & repair services**) critical medical equipment, is also crucial to fighting the pandemic. Governments should therefore ensure that travel restrictions justifiably put in place do not have unintended consequences that inhibit the cross-border movement of critical services.*
- ***Banks, insurers, reinsurers, electronic payment service suppliers, mutual funds and pensions, and related professions supporting them, including call centres and in-person customer support functions, must be allowed to facilitate the purchase and delivery of those goods and food supplies.***

- *Information and communications technology (ICT) services ... must remain available so that essential supply chains can continue to function. ... [B]usiness services allow continuous access to the goods and services that are needed to protect against COVID-19.*
- *Some ICT services are especially critical. They include: remote exchanges among research teams to fight against the virus and look for medicines and vaccines; e-health services to allow daily medical services be delivered to millions of patients; e-learning services to allow teachers to **continue** the education of millions of pupils and students; teleworking facilities to allow workers to stay at home but continue to sustain economic activity; and connectivity services that minimize the adverse effects of social distancing.*
- *Free flow of anonymous medical/health data among trusted partners should be ensured in this context.*
- *It is therefore vital that countries cooperate multilaterally to avoid constricting the global supply of these essential enabling services through an uncoordinated patchwork of country lockdowns.*
- *... [G]overnments [need] to be transparent about the measures that they are taking nationally to respond to COVID-19, including in services sectors.*

An obvious candidate for inclusion in any list of recommendations would be to make permanent the moratorium on the imposition of customs duties on electronic transfers. The moratorium, having been extended often for two-years at a time, is about to expire once again as of MC 12, the WTO Ministerial that was originally scheduled for June of this year, and not yet rescheduled.<sup>9</sup>

## Product standards

On 19 March 2020, Hoe Lim, Lauro Locks and Devin McDaniels of the WTO Trade and Environment Division, published an article via LinkedIn entitled *Facilitating trade to address Covid 19 crisis*<sup>10</sup>. It made the following key points, updated and summarized here:

- ◇ *Trade in medical products must continue to flow to fight the global covid-19 pandemic. No one country can alone produce the wide range of supplies, devices and drugs in adequate quantities. International exchange is the critical conveyor belt between excess demand and supply.*

<sup>9</sup> The text as originally delivered included the original expiration date of June 2020, the date that MC12 was to have taken place.

<sup>10</sup> <https://www.linkedin.com/pulse/facilitating-trade-address-covid-19-crisis-aik-hoe-lim/?trackingId=5HgWLvaHQwSvws30N7bOaw%3D%3D>

- ◇ *Even without a pandemic, suppliers of medical products must navigate and comply with a diverse range of measures and procedures. At the same time, medical products do pose complex risks and controls are often needed to mitigate them.*
- ◇ ***Can products which can prove conformity with international standards be allowed entry without additional checks?***
- ◇ ***Can duplicative testing be reduced*** – for instance, can trading partners accept tests from other countries instead of requiring re-testing in their own labs?
- ◇ ***Can inspection frequency be reduced*** based on risk assessment, so that only the highest risk shipments receive greater scrutiny?
- ◇ *Can an **audit** of a manufacturing facility (of the most risky and sensitive products) by your trading partner be relied upon **by national authorities of the producing country**, rather than conducting an additional repetitive audit?*
- ◇ *Trade-facilitating TBT measures can take the form for example **of special Conformity Assessment Procedures (CAP), Mutual Recognition Agreements or Arrangements (MRA), alignment with international standards**, or other schemes for expediting approval of, and thus quicker access to, novel medication, medical devices or medical supplies essential for combating the pandemic. These are expressly encouraged under Articles 6 and 9 of the Agreement on Technical Barriers to Trade (TBT Agreement).*
  - *Brazil recently notified a range of temporary and exceptional alternative conformity assessment procedures in response to covid-19, that streamline and expedite access for personal protective equipment, pharmaceuticals and medical devices, including by using remote assessment and recognizing audits carried out by trading partners.*
  - *Ukraine notified temporary and exceptional procedures that broaden market access for personal protective equipment and medical devices which otherwise would not comply with its technical regulations, but the use of which are considered necessary to protect health due to the pandemic.*
  - *Canada notified related measures in the context of previous pandemics or health emergencies.*
- ◇ *The TBT's **strong transparency obligations** are more flexible with respect of measures taken to respond to urgent situations, including "urgent problems of health". This means that governments can use this flexibility to apply measures as quickly as possible.*

- Peru recently notified a technical specification for a "textile face mask" for community use as an urgent measure.

## Priority 2. RESCUING THE WORLD ECONOMY

**While policy measures that may aid in the recovery are not the top priority for most governments at present, it is expected that they may be needed within a matter of weeks.**

Trade restrictions did not cause the Great Depression of the 1930s and trade restrictions certainly did not cause the plummeting of international trade during the coronavirus. Shocks to supply and a fall of demand were the principal factors. Nevertheless, trade restrictions contributed to the economic downturn in both cases, mercifully so far to a much lesser extent in the current crisis. **But as was true from 1934 onward, trade liberalization played an important part in the economic recovery.**

There a number of ways in which trade can be facilitated. Those that suggest themselves for inclusion in any list of potential measures to aid in the recovery:

- **Trade Facilitation Agreement Implementation.** Progress has been made toward this objective. It is, as one would expect, not uniform. An assessment should be made of current progress and deficiencies should be addressed. For LDCs and developing countries this may require receipt of substantial additional technical assistance which will in turn entail substantial funding by international financial institutions. Much of the implementation will be digital, and here the digital divide must be overcome.
- **Tariff reduction and elimination.** The clearest fiscal policy tools for which trade ministers have responsibility are the conditions for imports and exports. In a world of global value chains, which may be damaged and reduced but are on the whole unavoidable if both Adam Smith and David Ricardo's teachings are not to be tossed into an intellectual dustbin, making trade more costly makes little sense. Exports of a very large number of goods are dependent on inputs from a variety of sources. Testimony to this fact is available from the CEO of a major German producer of ventilators, which sources components from half a dozen different geographically diverse and distant sources.

**Included in my talk to WITA on 1 April 2020<sup>11</sup> was the idea of there being mutual autonomous coordinated tariff reductions (ACTR),** with a goal for all industrialized nations to achieve a cut in applied MFN tariffs to an average level of below 5%. For developing countries that are not industrialized, the envisaged cut would be to an average tariff of 10% *ad valorem*. The least developed countries could aim for a reduction in their bound tariffs by 10%, if possible. These targets are solely for the purpose of discussion. The largest developed

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<sup>11</sup> [https://www.wto.org/english/news\\_e/news20\\_e/ddgaw\\_01apr20\\_e.htm](https://www.wto.org/english/news_e/news20_e/ddgaw_01apr20_e.htm).

countries actually have average tariff levels below 5% and would each still need to contribute. The 10% target level for developing countries may be too difficult to reach, so another number at a still moderate resulting tariff level might be chosen. The 10% cut in LDC tariffs might not fit all LDCs, but some contribution would be welcome. The tariff reductions would through suspensions of existing tariffs and not a contractual obligation. Negotiating tariff reductions in a timely manner would not be feasible. The duration of the suspension could be for a year or two and could be renewable.

In two areas, it should be possible to **go further than the autonomous cut program**.

- First, **making permanent zero duties on all health-related goods** (including medical equipment, medical supplies, hazardous materials handling clothing, soap, disinfectant and pharmaceuticals<sup>12</sup>).
- Second, **goods that were listed in the suspended Environmental Goods and Services Agreement (EGA)** could be cut to zero. The rationale would be that these goods were already vetted for duty elimination.
- A third area would be to **update duty free treatment of information technology goods**. The coverage of the ITA was to have been reviewed in 2018, but this did not occur.

## Trade finance

Trade finance for small and medium enterprises never fully recovered from the Financial Crisis. **The WTO has for several years been engaged in an initiative to increase the availability of trade finance for small and medium-sized enterprises**, by developing ways to address shortages of trade finance. This has included meetings with representatives of multilateral development banks involved in trade finance, the Financial Stability Board Secretariat, leading private sector financial institutions and companies, and professional associations such as the Bankers Association on Finance and Trade, the International Chamber of Commerce, the Berne Union, Factoring International and G-NEXID.

The WTO proposals are to: support multilateral development banks' trade finance facilitation programs by way of advocacy; help increase capacity- building support; maintain an open dialogue with trade finance regulators; and continue to track trade finance gaps.

A very large share of the trade finance market supports transactions in developing countries and between developing countries. As we know from the Asian Development Bank's Trade Finance Gap survey, this is where the trade finance gaps are the largest.

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<sup>12</sup> Since the last updating of the Pharmaceutical Agreement was in 2011, its coverage can readily be expanded, as lists exist of more recent drugs in which there is substantial international trade.

The shutdowns to fight the spread of Covid-19 have a particularly disastrous effect on **small businesses**. When asked recently what should be done for small business, an official of the OECD said by way of preamble: “Well, for small businesses, if there are any . . .”. Urgent attention should be paid to meeting the needs of small business. It should be noted that initiatives aimed at the empowerment of women will disproportionately benefit small businesses (and vice versa), and so are mutually reinforcing objectives.

### **Priority 3. WTO STRUCTURAL REFORM**

**The world is balanced on a knife’s edge, between increasing nationalism and international cooperation. Solid arguments can be made as to which of these opposite courses of action will prevail. The jury is out on which will provide the new standard for the world trading system. Dystopia or closer cooperation.**

**It is not too early to consider what lessons are being learned now during the pandemic, and what experience from the prior 25 years of the WTO’s history suggest areas of improvement – for the rules and the processes, for how negotiations are conducted and how disputes are settled, for the way in which the Members organize their activities, and for the kind and amount of support that the Members would expect from the WTO’s professional secretariat.**

**The G20 called for WTO reform before the Covid-19 crisis arrived. The crisis has not reduced the need for reform, it has made it ever more necessary. It will take place after more urgent needs are met, but the reform effort should not be put off for long. There is nothing to prevent consideration now. Governments actually do have the capacity to address more than one aspect of trade policy at a time. A shut down of facilities during this health emergency does not require a shutdown of planning for what should follow.**

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