

28 March 2020

Dear G20 Trade Ministers,

**Re: a roadmap for G20 countries to use trade policy to fight COVID-19 and rebuild for the future**

I am writing to you on behalf of the International Chamber of Commerce (ICC), the institutional representative of more than 45 million businesses in over 100 countries, about how you can immediately and powerfully take steps to fight the COVID-19 pandemic and limit its economic effects.

***1. Use trade policy to speed the health response to COVID-19***

The speed with which COVID-19 crosses borders demands equally fast international trade in medical equipment and associated personnel. Given that medical equipment often uses very sophisticated technology and is composed of parts sourced from many countries, supply chains can easily break down. In this context, and in order to operationalise G20 leaders' commitments to ensure the flow of vital medical supplies, we call on G20 trade ministers to:

- a. Eliminate tariffs on essential products. G20 countries must do all they can to ensure the accessibility and affordability of necessary medical supplies. Trade ministers should immediately remove tariff duties on all goods required to fight COVID-19, including test kits, protective garments (such as face masks and gloves), thermometers, disinfectants and sterilisation products, soap, relevant pharmaceuticals, medical devices (such as scanners and ventilators) and general hospital equipment (**essential products**).

78 governments tax imports of soap at rates of 15% or more – incoherent in normal times, immoral in our extraordinary times. Equally important, trade ministers should pledge not to impose any trade restrictions on essential products for the duration of the COVID-19 pandemic. While governments would forego some customs revenue, these would pale in comparison to the costs of inadequately fighting the spread of the virus and the broader fiscal costs associated with the response.

- b. Expedite trade facilitation for essential products. An effective health response requires essential goods to jump to the front of customs queues. Trade ministers should establish 'green lanes' to provide for rapid inspection and release of essential products.

Relatedly, while governments will understandably seek to limit the cross-border movement of people to combat COVID-19, such restrictions must not apply to: personnel whose travel is necessary to:

- (i) scale up the production of medical supplies;
- (ii) develop, test, produce and distribute vaccines; or
- (iii) transport internationally such products.

Ministers should consider adopting special visas, work permits and more flexible regulations to allow for health and transport workers to move across borders as quickly as possible.

- c. Eliminate export curbs on essential products. While we understand why many countries have limited their exports of medical necessities (such as face masks, medicines and their ingredients), such measures are misguided. The fundamental problem is a supply shortfall, which can only be addressed by increasing production. *Export curbs do the exact opposite:* they remove incentives for companies to massively produce medical equipment by shutting off export markets. A potential market for 7.8 billion people becomes the size of the domestic population. Furthermore, export curbs raise prices, discourage investment and provoke retaliation. And, importantly, export curbs deprive many countries unable to produce ventilators (especially in Africa, the CIS region, Latin America, the Middle East and South Asia) of access to life-saving medical equipment.
- d. Suspend all national public procurement regulations and state-required localisation measures that frustrate the cross-border sourcing of essential medical supplies. Continuing to enforce local preferences for procurement will only limit domestic access to supplies given the interconnected nature of medical supply chains. Trade ministers should liberalise, at least temporarily, public procurement rules in order to facilitate greater investment in production of essential medical supplies.

## **2. Keep trade flowing to restore growth and safeguard jobs**

We are seeing an unprecedented collapse of value chains in many sectors – with major implications for employment and the supply of goods. Alongside efforts to deploy trade policy measures to advance health goals, policy interventions are also essential to keep trade moving and secure jobs. We therefore call on G20 trade ministers to:

- a. Keep cargo and transport moving. Logistics providers such as air cargo and shipping facilities, and the services that support them, must remain operational throughout, both to transport essential goods but also to minimise damage to the global economy. While appropriate public health measures are needed to protect workers at ports, airports, borders and customs facilities, such measures should be proportionate and facilitate the movement of goods across borders. Some countries have completely closed borders not only for passengers but also for freight. Such policies may not stop the virus but will certainly prevent people from receiving essential goods. Trade ministers must call on countries to keep borders open for the movement of goods and to strike the right balance between trade facilitation and security. Similarly, trade ministers must address the shortage of air cargo pilots caused by quarantine requirements.
- b. Extend timeframes for payments of duties and fees. Many traders, especially small businesses, are facing severe cash flow problems and difficulties operating due to lower demand and longer customs processing times. Trade ministers should ease the burden on companies by extending the payment of all customs duties, taxes and fees (starting with a 90-day extension, subject to further review as appropriate), similar to the tax deferrals many countries are implementing to improve business cash flow. Equally, trade ministers should extend the time for companies to respond to all ‘paper-based’ processing deadlines and other regulatory requirements.
- c. Keep trade finance flowing. Bank-intermediated finance underpins around 30% of global trade and plays an outsized role in vital commodity markets and developing economies. We are seeing early signs of stress in the trade finance market that could result in important trade flows drying up, as has occurred in previous economic crises. As an immediate priority, G20 governments should take steps to ensure that banks can

process trade finance transactions effectively despite workplace disruptions. This could be achieved by promoting the use of digital documents, even on a temporary basis, waiving legal prohibitions on the use of digital trade documentation and removing the reliance on paper-based processing of transactions.

We also encourage G20 trade ministers to be mindful of the possible need for early policy interventions to maintain liquidity in the trade finance market (for example, scaling-up existing multilateral and regional development bank support schemes and/or a relaxation of macroprudential requirements for certain trade assets).

### ***3. COVID-19 must not inhibit long-term reform of the trading system***

It is increasingly clear that the economic downturn caused by the pandemic will necessitate a significant rebuild. In this time of uncertainty, leadership requires not only responding to the crisis at hand, but providing a clear vision for the future. In this context, we ask G20 trade ministers to recommit to pre-COVID-19 efforts to:

- a. Comprehensively reform the WTO. The pandemic has not undermined the case for broader reform of the multilateral trading system. If anything, the crisis only highlights how global trade rules are increasingly out-of-step with the realities of today's economy. Trade ministers should affirm their commitment to continue advancing the multilateral trade reform agenda – with renewed vigour.
- b. Speed up the transition to digitally enabled trade. The COVID-19 pandemic is a reminder of the importance of developing an ambitious global framework to enable digital trade. The world's unplanned lurch to remote working, cross-border e-health services and online delivery services demonstrate the urgency of taking WTO rules on the digital environment into the twenty-first century. Trade ministers should therefore recognise the imperative of achieving a high-standard agreement on the trade-related aspects of e-commerce, built around common rules to ensure open, non-discriminatory access to digital and digitally enabled markets. This is no longer just a matter of livelihood, but of lives.
- c. Enable digital trade through standardisation. The COVID-19 crisis is also an opportunity for the G20 to promote greater economic inclusion through the development of open trade standards. There are major cross-industry efforts already underway, such as the ICC's Digital Trade Standards Initiative (**DSI**), that can help move trade from analogue to digital. ICC's DSI promotes digital trade through the development of open trade and technology standards to promote interoperability – it is all the more important to connect digital islands given the world is now increasingly trading online.

Your meeting comes at a critical time in the fight against coronavirus. This roadmap offers a path to maximising health outcomes while minimising economic damage.

We trust you will find this helpful. ICC stands ready to assist however we can, consistent with our purpose to enable business worldwide to secure peace, prosperity and opportunity for all.

Yours faithfully,



John W.H. Denton AO  
ICC Secretary General