

World Leaders Summit - Dialogue I
Global vulnerabilities - Call from a
vulnerable place

4 October 2021

Statement by

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Organization**

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Dialogue I: Global vulnerabilities - Call from a vulnerable

Session running order

- Introductions by Ms Amina Mohammed, Deputy-Secretary General, United Nations
- Honourable Carlos Alvarado Quesada, President of Costa Rica
- Honourable Prime Minister Gaston Browne – Antigua and Barbuda and Chair of AOSIS
- Ms Inger Andersen, Executive Director, UNDP
- Dr Ngozi Okonjo-Iweala, Director General

Excellencies, our host, Prime Minister Mia Mottley, ladies and gentlemen, dear friends, and participants.

Let me start by thanking the Deputy Secretary General, my dear sister, Ms Amina Mohammed for the kind introduction, and for setting out some of the key issues. It is indeed a pleasure to be with you today although it would have been better to be with you in sunny Barbados.

Today the world stands at a crossroads. An inflection point that presents us with a clear choice. A choice between intensifying cooperation on some of the most critical issues of our time, or becoming more insular, more siloed, more inward looking to the detriment of the global good.

It is the acceptance of the value of cooperation that led to the creation of the Bretton Woods system. Of course, prior to Bretton Woods, failure to dialogue and cooperate led to chaos.

This is why trade was seen as a central component of the post-war architecture. This is the reason behind the Havana Charter and ultimately the Marrakesh agreement creating the World Trade Organisation.

Trade is critical to solving the current problems of the Global Commons that confront us today, including the climate crisis. The preamble of the Marrakesh agreement, setting out the purpose of the WTO, stresses the importance of promoting trade in a manner that optimises the use for the world's resources in accordance with the objective of sustainable development. In other words, trade has a decisive role in promoting sustainability and in the context of this discussion, helping to address the climate and health crises.

But unfortunately, trade is more often seen as part of the problem, not part of the solution. With respect to climate change, the image is of trade logistics contributing to greenhouse gas emissions or trade in certain goods leading to the destruction of tropical forests carbon sinks or destroying biodiversity. These are real problems that should of course be solved to make trade a positive rather than negative force in the climate crises.

But in very tangible ways, trade can be a force for good, supporting efforts aimed at mitigation and adaptation in the face of climate change. And trade can assist to address the multi-dimensional vulnerability of many countries, including small island developing states.

First, international trade can support the development of renewables and a low carbon emission development pathway. It is trade that enables the transfer of innovative goods and services from one part of the globe where these goods and services reside to another where they are needed. Trade for example supports global value chains that connect raw materials such as lithium, nickel, manganese, and cobalt to manufacturers of lithium-ion batteries, a key plank of our renewable energy drive. This presents a unique opportunity for some developing and least developed countries to participate in value chains necessary for electric vehicles, for example - with the prospect

that they can further add value to these raw materials and increase their share and standing in the global value chain. So importantly, trade opens up economic opportunities for countries.

Open trade can contribute to mitigating greenhouse gas emissions and increasing the availability and affordability of environmental goods and services. It is my hope that we can soon take steps in the direction of increasing the visibility of trade through an environmental and social governance lens.

In recent years, the cost of renewable energy such as solar panels and wind turbines has declined dramatically, making the wide adoption of renewables feasible. For example, the price of crystalline-silicon PV modules used for solar panels has fallen at an average rate of 35% per year since the late 1990s.

A large part of this cost reduction has been attributed to global value chains, which allows developing countries to acquire the production technology. Open trade creates better access and lowers the cost of clean and renewable technologies.

Being from a developing country myself, as I said earlier, I want to see developing countries move up the value chain and explore the possibility of value-added services in green sectors, or even vertical integration of elements of production nodes, from extraction to manufacturing and logistics.

Second, trade plays a crucial role in helping countries adapt to changing supply patterns brought about by climate change. For example, in the agriculture sector, yields could be negatively impacted by climate change which can lead to food and nutritional insecurity. Open trade allows producers to supply regions that face some of the negative externalities related to a changing climate. For the Caribbean, this could be a source of food security after the passage of a hurricane or for people in certain parts of Asia and Africa, trade can fill the supply gap for those impacted by desertification.

Therefore, trade also provides a means to address natural disasters and other types of climate change-related shocks as well as allow countries to build resilience to climate change by enabling economic diversification.

In sum, trade can, and should play an essential role in mitigating and responding to the climate crisis. This certainly does not happen automatically, government policies, especially coordinated efforts at a global level, are essential to ensure green and sustainable trade.

Let me quickly also touch on the role of trade in responding to the health crisis.

There is no doubt that trade has played a critical role in the global response of the COVID-19 pandemic. What the pandemic also confirmed, is that binding rules are important, particularly in a crisis. Multilateral trade rules have an important role to play in 'checking' and holding back some of the policy impulses that could frustrate a global response. You would recall that in the early days of the crisis some countries imposed export restrictions on a host of essential goods required to respond to the global public health emergency. Some countries imposed export restrictions on medical supplies, including personal protective equipment and ventilators. Without trade, but more critically, without multilateral trade rules, there would be nothing to curb the worst policy or nationalistic impulses of countries.

The rules-based system made it possible for poor countries, and even rich import dependent countries, that rely on food imports and external supply of key health care equipment to have access.

WTO rules require that export restrictions be notified (for example, they must be transparent) temporary and proportionate to the circumstances. These rules and their implementation though not perfect, provide a measure of predictability and clarity that allows essential goods to reach those in need.

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To illustrate the durability and importance of trade rules, in 2020, even as the value of global merchandise trade shrank by more than 7%, the value of trade in medical goods rose by 16% - and by nearly 50% for personal protective equipment. Trade in agricultural products held stable.

Supply chains helped ramp-up the production of goods that were urgently needed – think back to how masks went from being scarce and expensive to abundant and affordable.

As scientists developed vaccines at record speed, multi-country supply chains came together to provide the specialized inputs and capital goods needed for vaccine production at scale.

Even though manufacturing volumes remain far short of where we need them to be, we would not have been able to reach 6 billion doses in people's arms without trade.

Pfizer/BioNTech's COVID-19 vaccine supply chain involves 280 components from 86 suppliers across 19 countries. The numbers are similar for Moderna.

For the Johnson & Johnsons vaccine, it's 180 components from 67 suppliers in 12 countries.

And the AstraZeneca supply chain cuts across more than 15 countries.

We now live in a world of increased interdependence, where the effects of economic and environmental policy choices cross borders as easily as deadly viruses.

We are currently working with COVID-19 vaccine manufacturers and other stakeholders to keep supply chains functioning, boost vaccine production volumes, and in the longer term, de-centralise global vaccine manufacturing to make supplies more resilient and more equitable. We see trade as a very

important part of the solution to inequity of access to vaccines. Boosting vaccine production, assuring equitable access and eventually getting those vaccines distributed, all require trade.

Looking ahead, the global community needs to be prepared for the next health crisis. This requires an integrated approach to speed up the innovation cycle for new vaccines, therapeutics, and diagnostics. It means open supply chains and more open trade in pharmaceuticals and components, and a globally coordinated system for the monitoring and early reporting of health risks. I have reminded repeatedly that while finance is crucial for the preparedness for the next pandemic, non-financial factors impinging on trade especially supply chains are just as important. This is the nexus where the WTO can, without a doubt, play a role.

This is why one of the key outcomes that we are targeting for the forthcoming 12th WTO Ministerial Conference, is an outcome on Trade and Health or as we term it, Response to the Pandemic. This outcome will seek to ensure that issues related to supply of essential goods as well as the bottlenecks in the supply of vaccines and therapeutics witnessed in the early days of the crisis do not happen again. Furthermore, WTO members are working hard on IP issues exploring how the TRIPS agreement can be used to address the vaccine inequity that the world now confronts. This is work that must be done if we are to live up to our obligation to help address the needs of peoples around the world, and in particular, those of poor people.

It is at this intersection of health and climate that – we must seize the opportunity at the upcoming WTO Ministerial to get a deal that will help reduce the negative impact on our fish stocks and our oceans, of harmful fisheries subsidies. Sustaining global fish stocks is critical to securing the health of the world's oceans. Oceans are carbon sinks. And healthy oceans filled with nature's biodiversity, including fish, are critical to the wellbeing of human-kind. If we are unable to secure our oceans, we will likely be unable to secure our planet.

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Finally, looking at these existential crises that confront the world today and reflecting on what it would take to solve them, it is very clear that the question we should be grappling with is not whether we are willing or able to change development paths for the future, but how soon and how urgently we should begin to do this.

I hope that at the WTO's 12th Ministerial Conference, trade ministers will do their utmost to solve problems that could help save our planet.

Thank you.

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