

Speech by SCED at APEC MRT discussion session on Advancing APEC's Support for WTO (English only)

Following is the speech by the Secretary for Commerce and Economic Development, Mr Edward Yau, at the discussion session entitled "Advancing APEC's support for the WTO" of the Asia-Pacific Economic Cooperation (APEC) Ministers Responsible for Trade (MRT) Meeting in Chile today (May 17, Viña del Mar time):

I extend my appreciation to the Chairman, you yourself, and the country for hosting this Ministerial Meeting and I also admire the outside sunshine here in Viña del Mar. I must say that the global and regional trade outlook does not seem to be enjoying sunshine and in fact it looks much more gloomy than we are here today. According to WTO's (World Trade Organization) latest forecast, the growth rate of global trade will fall to 2.6 per cent this year, which is fast locking in a very worrying downward spiral against the growth rate that we had of 4.6 per cent in 2017, and that of 3 per cent in 2018.

The concerns expressed among ourselves last year at the APEC held in Papua New Guinea is still hanging around us. And our concerns, speaking from Hong Kong, China (HKC), are two-fold but they are also intertwined. Firstly, the headwind and trade disputes remain gusty with the resurrection of tariffs as a weapon of trade conflicts. This does not only bring harm to bilateral trade partners who are in dispute, but the collateral damages are actually felt by many, if not all, in this region as well.

Secondly, and in fact more importantly, is the harm being done in diminishing the role as well as the function of our multilateral trading system (MTS) (i.e. WTO), and would if not healed, create long-term pain to all of us.

HKC firmly supports a strong and effective rules-based MTS. It is of utmost importance that the conduct of international trade abides by transparent and non-discriminatory rules, and that WTO Members can settle disputes under the established mechanism of the WTO. In fact it is high time for APEC to sing in chorus to affirm our pledge to strengthening and defending the MTS. HKC stands ready to support an MRT statement signifying the strong and unwavering commitment of APEC to upholding the rules-based system.

HKC is also committed to working closely with all WTO Members to ensure that the MTS under the auspices of the WTO would continue to function well and remain relevant to the modern economy.

As many fellow Ministers said last year, the most urgent task of the WTO is to resolve the Appellate Body (AB) impasse. WTO Members should spare no

efforts in upholding the credibility and integrity of the WTO by preserving its dispute settlement mechanism. The idea echoed the voice of the DG (Director-General) of the WTO this morning. As Roberto mentioned, the deadline is real and imminent. It is imperative that constructive actions are taken to unblock the selection, lest the AB would become totally defunct by year end.

To preserve the credibility and relevance of the WTO, we also see the need to examine how to improve its functioning and to move forward with negotiating new rules that facilitate and bring positive impacts to the global trade and economic development.

Indeed, all these touch on the core pillars of the WTO. Some of them have been transformed into various WTO reform proposals. HKC appreciates the goodwill behind and is committed to working closely with all WTO Members and we stand ready to join our Canadian friends in the upcoming meeting to be held in Paris.

Looking ahead, APEC member economies can certainly join hands in playing a constructive role to support an effective rules-based MTS. Enhancing WTO notification compliance, for instance, could be a key area to look into for improving transparency. APEC should also explore ways to complement the WTO efforts in enhancing Members' capacity in fulfilling their obligations more effectively.

On this, we appreciate that Chile, the 2019 APEC host, has spearheaded discussions on actions that APEC may take to support the MTS, including hosting a retreat for Senior Officials on the topic at SOM1 (the First Senior Officials' Meeting). We look forward to similar dialogues among ministerial colleagues at this MRT.

HKC is firmly of the view that APEC with its long term standing commitment to promoting free trade and inclusive economic development, should remain a powerful engine behind the MTS. We in APEC should continue to demonstrate our collective leadership in implementing the Ministerial Decisions of, and moving forward with the multilateral trade negotiations in the WTO. In light of the uncertain global economic and trade environment, APEC's continuous and strong support for the MTS would be of utmost importance.

Thank you.