

Speech by SCED at discussion session of 2018 APEC Ministers Responsible for Trade Meeting in Port Moresby (English only)

Following is the speech by the Secretary for Commerce and Economic Development, Mr Edward Yau, at the discussion session themed "Supporting the Multilateral Trading System" of 2018 Asia-Pacific Economic Cooperation (APEC) Ministers Responsible for Trade (MRT) Meeting in Port Moresby, Papua New Guinea today (May 25):

Thanks to Roberto (Director-General of the World Trade Organization (WTO), Mr Roberto Azevêdo,) for sharing his views on the latest developments on multilateral front.

Not long after we met in Buenos Aires last December the global trade scene has got on a roller-coaster. From the surprised unilateral tariff hikes imposed globally by one economy, to the threats of retaliation from different corners of the world, and the recent bilateral resolution of two economic giants restoring some hope of peace, the APEC family has been shrouded in anxiety. We took some comfort from the efforts of both parties concerned, their joint statement on co-operation last week has kept the danger of an imminent trade war at bay. We can take a breath of relief, but the pain inflicted by the unilateral trade measure still remains for many of us on both sides of the Asia-Pacific rim.

Trade disputes, if loomed large, do not only hurt the rival parties, but world trade and economic development also suffer collateral damage. Given our interdependence in the closely-knit world economy, we are all vulnerable, and we all have our part to play to redouble our support for the predictability of the rule-based multilateral trading system with the WTO at its centre.

As a free trader, Hong Kong, China (HKC)'s support for the multilateral trading system is unconditional. And it goes back a long way. We became a separate contracting party to the General Agreement on Tariffs and Trade in 1986. We were a founding Member of the WTO in 1995. For the past 23 years, our steadfast support for it has never wavered. Sure, the WTO is not perfect, but it is second to none as a powerful force in countering the current of protectionism. This rule-based international system helps sustain a dynamic but stable international market environment, in which our goods and services can compete on a level playing field. And in the event of disputes, it allows a fair hearing for all, regardless of size and economic power.

WTO, as a member-driven organisation, is as good as we, members, want it to be. As a loyal member and a responsible custodian, HKC stands ready to discuss its imperfections and work with the other 163 WTO members to make the WTO a stronger ship to brave the storm and current of protectionism. However,

we cannot have a meaningful discussion if any one of us behaves like a captain getting ready to abandon its ship. I believe HKC is not alone in conveying the above message. And I heard and would echo the views of ABAC Chair (Chair of the APEC Business Advisory Council) along similar lines, which I believe are widely shared by the wider business community amongst us.

As a staunch supporter of the multilateral trading system (MTS) and a free trade practitioner, HKC is deeply concerned about the prolonged impasse in filling the vacancies in the Appellate Body (AB) of the WTO. All APEC and WTO Members should spare no efforts to preserve this key pillar in the dispute settlement mechanism and uphold the credibility and effective functioning of the MTS. At this critical juncture, we urge all member economies to redouble our efforts in pushing forward the process for filling in the AB vacancies at the WTO.

While APEC member economies account for a little more than 12 per cent of WTO membership, the APEC accounts for 48 per cent of total world trade and 59 per cent of global real GDP (Gross Domestic Product). HKC firmly believes that we APEC members staying steadfast to our mission to promote free and open trade would continue to be the powerful stabilising force in the global economy.

Turning to the negotiation work in the WTO, HKC has been working closely with WTO Members on the unfinished businesses at MC11 (11th Ministerial Conference) with a view to producing concrete work plans to pave way for substantive outcomes at the next MC. The starting point are subjects on which Ministerial Decisions have been made at MC11, such as e-commerce and fisheries subsidies. As a well-known demandeur for services negotiations, HKC will continue to advance the discussions on domestic regulation.

For initiatives that do not have a work programme, such as MSMEs (micro, small and medium enterprises) and investment facilitation, HKC is glad to see growing momentum among WTO Members to engage in active discussions on the future work plan. We will play our part to ensure that the process is open and inclusive. At the same time, we consider it pragmatic to stay open-minded in developing building blocks for an ultimate multilateral outcome.

Flexibility and pragmatism are keys to success in advancing the negotiations and discussions at the WTO. HKC will continue to work with APEC and other WTO Members to exercise flexibility and creativity in finding solutions to those issues where wider divergence exists.

We believe that APEC, being a powerful driving force behind the MTS, has a significant role in preserving and strengthening the MTS. APEC should show our firm support to the MTS by expressing our collective commitment through the issue of a strong statement of the APEC in support of the MTS.

To this end, I call upon member economies to once again demonstrate our strong support for the MTS in the MRT Statement so as to give timely impetus to the various important issues in Geneva.

Thank you.