

## ESF Position on trade and health: “Don't forget essential services”

### ESF CALL TO CONSIDER ROLE OF CRUCIAL INTERNATIONAL SERVICES TRADE RELATED TO “TRADE IN HEALTHCARE PRODUCTS” IN TIME OF PANDEMIC CRISIS

The European Services Forum is the European private sector organisation that represents the interests of the European services' industries in international trade and investment negotiations.

When the Covid-19 pandemic emerged in March 2020, a large number of countries in the world took emergency measures to protect themselves, notably by closing their borders to people, but as well to trade in goods and services. These measures have seriously disrupted the global supply chain, including the trade of essential healthcare products that helped fighting the spread of the disease. Then, other measures were taken in many countries related to trade in goods, as well as in various services sectors to smooth out the operations during the crisis. Indeed, the WTO published a list of 115 measures (as of 18 November 2020) that have been taken by WTO members that were affecting the services sectors, or helping the services sectors (or the whole economy, i.e. for financial services). These measures clearly demonstrate that countries did encompass the importance of the good functioning of the services sectors during the Covid19 pandemic. This needs now to be incorporated in any future international trade agreement that would intend to set disciplines in case of future health crisis.

We took note that in the middle of the Covid-19 pandemic in 2020, the “Ottawa Group” called for a WTO agreement that would eliminate tariff and non-tariff barriers to trade in pharmaceutical and medical goods. The demarch is meant to contribute to an exploratory discussion on a possible initiative to facilitate “trade in healthcare products”. Such an agreement would include ease in handling technical regulations and standards, expedited customs clearance, non-discrimination in public procurement, smoother import licensing procedures (if any), general transparency rules, etc. ESF of course supports such an initiative. Unfortunately however, we noted that nothing was said about the need for keeping essential services to continue to function.

Our companies on the ground can testify that without measures facilitating transport and logistics, the best measures to facilitate trade in healthcare products will be totally inefficient to support the trade of medical supplies. We have seen at the start of the first lockdowns, borders were closed; ports and airports were subject to transportation restrictions; drivers, captains and pilots of trucks, vessels and air cargo planes were subject to border controls, to quarantine measures; customs or immigration officers were not in place to allow essential medical supplies to cross-borders, etc. Subsequent initiatives by authorities had then to be taken to address these operational challenges faced by the freight and cargo sector. But, if prepared in advance, these initial failures could have been avoided. There is a need to learn from what happened during the peak of the crisis, so as to ensure that this will not be replicated.

ESF welcomed the fast reaction of the WTO in monitoring countries' measures and in assessing the need to tackle trade and health at the World Trade Organisation. The appointment in June 2021 of Ambassador David Walker from New Zealand, as the facilitator to oversee the “horizontal and multilateral process” for preparing the WTO response to the COVID-19 pandemic at the next Ministerial Conference shows the willingness of the organisation to grasp this new issue.

We note that the various thematics discussed by the members on i) export restrictions; ii) trade facilitation, regulatory coherence and cooperation, and tariffs; iii) transparency and monitoring; iv) collaboration with other organizations and engagement with key stakeholders; and finally the discussion of a framework for future pandemics and crises are all of great importance.

We particularly warmly welcome that in the Facilitator's report to the General Council in October 2021, the importance of facilitating the international operations of services suppliers involved in the production and distribution of vaccines and other medical products in sectors such as logistics, transport and distribution was mentioned.

The European Services Forum therefore calls upon all WTO members to adopt a Ministerial Declaration at the forthcoming 12<sup>th</sup> WTO Ministerial Conference - that will take place in Geneva from 30<sup>th</sup> November till 3<sup>rd</sup> December 2021 – on trade and health. ESF urges them to ensure that, in the roadmap to be agreed, due consideration will be taken so that crucial services will continue to function properly in time of pandemic crisis to ensure smooth flow of essential healthcare products.

With this in mind, allow us to provide some views on what should be required. These proposals are only a preliminary assessment from our side and not an exhaustive list. We will continue to reflect on this and our respective members might also contribute directly. We believe that future Disciplines - on the manner WTO members should prepare themselves for future health crisis - should include notably:

- Facilitated rules on air transport and express courier transport;
- Facilitated rules on international maritime transport;
- Facilitated rules on international road transport (“green lanes”);
- Facilitated rules on support services for transport (customs agents, airport services, port services, road station services, etc.);
- Facilitated rules for easing cross-border mobility of “essential workers” (i.e. service providers) to ensure their mission (exceptions to quarantine rules – with respect of workers health; continuation of visa services; of custom clearance services, etc.). This might include aircraft crews, vessels crews, truck drivers, doctors, healthcare personnel and researchers, maintenance and repair service providers for medical equipment and essential IT and telecom equipment, etc. and also immigration and customs officers, and other essential public services at the borders;
- Facilitated rules on financial services for exports and imports of medical supplies (documentary credits, payment facilities, etc.).

We want to emphasise here that this call for international disciplines relating to essential services in time of crisis relates primarily to keeping the relatively restricted area of “healthcare products” (medical supplies, protective equipment, pharmaceutical products, vaccines, etc.). However, looking from a broader perspectives, having scenarios where borders are shut except for medical equipment would be problematic. Carriers and couriers will not be able to fly or drive quarter or half loads of goods across the borders. All goods, including medical devices, must be allowed to flow during pandemics as far as possible, otherwise supply chain networks will not work. A sentence along those lines should be added to the Disciplines. ESF reserves the right to come back on these specific aspects in a separate position.

The Covid19 pandemic showed us as well that any significant confinement measures have much broader impact and that other emergency measures need to be taken during crisis regarding international trade of goods **and services** (supply of food and other essential goods and services to the population, etc.) and after the crisis to boost the recovery of the economy. We would therefore emphasize the need for any new rules to be enhanced for all goods in all settings, not just for medical goods during a public health crisis.

We take note notably about the on-going discussion in the OECD, which analyses that the economic fallout from Covid-19 has brought into focus the need to strengthen supply chain resilience, where much of the significant disruptions and containment measures were due to an halt to the transport and logistics services and not only because of lack of availability of the products.

Further reflection on the impact on trade in services of these aspects will therefore also need to take place in due time. We also need to emphasise that, once conditions permit in various WTO Members, COVID-19-related public health measures that inhibit or restricted services trade will need to be removed, notably in the area of tourism. It will greatly contribute to the recovery of the world economy.

ESF and its members wish to work constructively towards reflecting on Disciplines relating to essential services in crisis situations.

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## List of members supporting the above position

- Amfori
- Architects' Council of Europe –ACE
- British Telecom Plc
- BDO
- Bureau International des Producteurs et Intermédiaires d'Assurances – BIPAR
- BUSINESSEUROPE
- BUSINESSEUROPE WTO Working Group
- BSA The Software Alliance – BSA
- Conseil des barreaux de la Communauté Européenne – CCBE
- Danish Shipping
- Deutsche Post DHL
- DI – Confederation of Danish Industries
- Digital Europe
- EK - Confederation of Finnish Industries
- EuroCommerce
- European Banking Federation - EBF
- European Community Shipowners' Associations – ECSA
- European Express Association – EEA
- European Federation of Engineering and Consultancy Associations – EFCA
- European Satellite Operators Association – ESOA
- European Public Telecom Network – ETNO
- FratiniVergano European Lawyers
- General Council of the Bar of England & Wales
- Google
- Huawei Europe
- IBM Europe, Middle East & Africa
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Insurance Europe
- Irish Business and Employers' Confederation - IBEC
- Le Groupe La Poste
- Microsoft Corporation Europe
- Mouvement des entreprises de France – MEDEF
- Oracle Europe, Middle East & Africa
- Orange
- PostEurop
- Prudential Plc.
- Svenskt Näringsliv (Confederation of Swedish Enterprise)
- TechUK
- Telenor Group
- TheCityUK
- UPS
- Vodafone
- Zurich Insurance