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Subject: **ESF call to consider role of crucial international services trade related to “trade in healthcare products “ in time of pandemic crisis**

Dear Director General,

Allow me first to take this opportunity to once again¹ congratulate you for your appointment as Director General of the WTO. We wish you all success and look forward to working with you in the coming years.

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. It comprises major European service businesses and European service sector federations covering service sectors including (but not limited to) financial services, telecommunications and IT services, maritime transport, business and professional services, construction, distribution, postal and express delivery, audio-visual and education services. Our membership is formed, directly or indirectly, of businesses of all sizes and associations from all EU member states.

We would like to draw your attention on the need to consider the role of crucial international services trade in time of pandemic crisis. Indeed, in the course of the current Covid-19 pandemic, despite the evidence that without services (health, transport, logistics, IT, etc.), no trade of essential medical equipment or pharmaceutical products can take place during a pandemic crisis, it seems that most WTO countries, when planning for future crisis, only consider trade in healthcare products as essential, without thinking about the services around these products.

At the peak of the crisis in March 2020, we welcomed the fact that trade ministers of the G20 mentioned the idea that it would be important to take measures to ensure better flow of medical supplies and protective equipment. Since then, the WTO has produced many documents and reports on the Covid19, notably this Information Note entitled “[Trade in medical goods in the context of tackling Covid-19](#)”. On 21st May, the WTO Secretariat published an information note that looked at [how the COVID-19 pandemic has affected trade in services](#), from tourism and transport to retail and health services. The note provided an overview of the impact of COVID-19 on various modes of supply and services sectors that have been heavily affected by the crisis.

¹ ESF Press release [here](#) and ESF co-signed joint letter [here](#).

A large number of countries in the world, including European countries and the European Union, took emergency measures in the 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.

On 11th June 2020, the European Commission published a [“Concept Paper”](#) that calls for a WTO agreement among at least a subset of members that would eliminate tariff and non-tariff barriers to trade in pharmaceutical and medical goods. This paper is meant to contribute to an exploratory discussion on a possible initiative to facilitate “trade in healthcare products”.

The deal 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, and easier trading conditions for re-manufactured goods, etc. ESF of course supports such an initiative. But **unfortunately, nothing is said about the need for keeping essential services to continue to function.**

Governments can take the best measures to facilitate trade in healthcare products, but **without measures facilitating transport and logistics, they 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, etc. Subsequent initiatives by authorities aimed to address these operational challenges faced by the freight and cargo sector. But, if prepared in advance, these initial failures could have been avoided. Therefore, with an exclusive focus on healthcare products, we felt that, unfortunately, the EU “Concept Paper” for a WTO agreement lacked consideration of the need for crucial services to continue to function properly in time of pandemic crisis.

We take note that on 15 June 2020, the European Commission presented the Concept Paper to the “Ottawa Group”² as an initiative to address the ongoing international discussion on how to facilitate access to affordable pharmaceutical and medical goods and avoid trade disruptions in times of crisis. Such discussion could form part of an international agreement open to all WTO members. We reckon that the countries of the Ottawa Group welcomed the initiative but recommended “to advance analysis and consideration in order to identify what steps WTO members could take to facilitate trade in medical supplies to help ensure that the world is better positioned to deal with future health emergencies”.

The European Services Forum also welcomes this initiative. However, in the framework of this “advance analysis”, **the European Services Forum would like to urge all WTO members not to forget to include the services dimension of any future pandemic crisis.** We need to acknowledge that the world will likely face future similar (or worst) emergencies. It is therefore important to examine, in a manner that respects the principles of the WTO GATT **and GATS**, if current trade rules should be adapted or built upon or if new ones should be developed to guide collaborative policy responses by WTO members in order to help ensure that the world will be better prepared to deal with similar

² The 13 members of the Ottawa Group are Australia, Brazil, Canada, Chile, the EU, Japan, Kenya, the Republic of Korea, Mexico, New Zealand, Norway, Singapore, and Switzerland.

future crises, including by looking at necessary measures in the services sectors that contribute to the efficiency of the healthcare supply chain as a whole.

With this in mind, allow us to provide you with 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 relating to medical supplies 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; 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.
- Facilitated rules on financial services for exports and imports of medical supplies (documentary credits, payment facilities, etc.).

We recommend the initiative builds on the various already existing guidelines and reports from the EU and international organisations in relevant areas³.

We want to emphasise here that this call for international disciplines relating to essential services in time of crisis relates only to keeping the relatively restricted area of “healthcare products” (medical supplies, protective equipment, pharmaceutical products, etc.). But 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 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.

ESF and its members remain at your disposal to discuss our recommendations, and wish to work constructively towards reflecting on Disciplines relating to essential services in crisis situations. We shall be grateful, should you consider it appropriate, to consider circulating this letter to all WTO members in the format that you would find most relevant.

Yours sincerely,

Noel Clehane

Noel Clehane
ESF Chairman

³ See notably World Health Organisation (WHO), International Civil Aviation Organisation (IACO), International Maritime Organisation (IMO), Bank of International Settlement (BIS), etc.

List of members supporting the above position

- Amfori
- Apple
- 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
- European University Association – EUA
- Fédération de l'Industrie Européenne de la Construction – FIEC
- FratiniVergano European Lawyers
- General Council of the Bar of England & Wales
- Google
- HSBC Group
- Huawei Europe
- IBM Europe, Middle East & Africa
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Inmarsat
- 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