

By:



INDONESIAN CHAMBER OF
COMMERCE AND INDUSTRY



B20
INDONESIA
2022 BUSINESS

ADVANCING
INNOVATIVE,
INCLUSIVE AND
COLLABORATIVE
GROWTH

TRADE AND INVESTMENT TASK FORCE

POLICY PAPER



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FOREWORD BY THE TASK FORCE CHAIR



The year 2022 started with an optimistic outlook – after two consecutive years of challenging growth due to the COVID-19 pandemic, most countries were projected to reach pre-pandemic economic output recovery by 2023. However, as the global economy is recovering from pandemic, the global economy is once again gloomy and uncertain due to various shocks. Global supply chain disruptions which we thought will fix itself once the pandemic is transitioning into endemic, appears to be persistent due to emergence of new COVID-19 variants, its seemingly endless outbreak, on-and-off lockdown, and lingering

restrictive measures. Higher-than-expected inflations in major G20 economies, especially the US and most part of Europe, coupled with worse-than-anticipated economic slowdown in China as well as the negative effects of the military conflict in Ukraine to global commodity market, altogether has dampen the global growth outlook in 2022. From an optimistic 4.4% global growth outlook at the beginning of the year to 2.9% by July 2022, many countries are on alert of being trapped in stagflation or being hit by recession in the next 12 months.

Such global economic landscape challenges us to rethink and reframe the role of Trade and Investment in supporting global economic recovery, withstanding disruptions --including how we may keep flows of goods, services, and investment open in times of crisis-- and ensuring the resilience and sustainability of global growth.

As B20 Indonesia 2022 declares “Advancing Innovative, Inclusive, and Collaborative Growth” as the vision of our presidency – which complements G20 Indonesia’s theme “Recover Together, Recover Stronger” – it is Indonesia’s leadership’s intentions to foster stronger, more coherent, and more concerted multilateral business cooperation among the G20 economies, particularly by tapping into every possible new growth opportunities and alleviating structural vulnerabilities in global economy through inclusivity.

In the Trade and Investment Task Force, we seek to operationalize these intentions through four priorities of actions:

- 1. Promote open, fair, inclusive, and efficient post-pandemic global trade and investment multilateral governance, including through reforming the World Trade Organization*
- 2. Facilitate innovation, digitalization, and technology adoption to support international development and mitigation of future global crises*
- 3. Amplify support to attain inclusivity in global supply and value chains*
- 4. Make trade and investment impactful drivers for a greener and more sustainable development in line with Sustainable Development Goals*

Naturally, if we want to utilize trade & investment as strategic instruments to drive recovery, growth, resilience and sustainability in global economy, the state of global trade and investment environment must be open, efficient, fair, and inclusive to help countries recover faster from the lingering effects of the pandemic and any subsequent challenges to growth. Reforming multilateral trading system, which is centralized on the WTO, and rolling back the accumulated restrictive measures to trade and investment needs to be done urgently to increase confidence among countries, traders and investors in the value and relevance of multilateral cooperation, thereby restoring trust in the global trading system.

At the same time, countries need to leverage innovation, technologies, and digitalization to multiply benefits from trade and investment, primarily to improve efficiency, maximize growth and to ensure resilience. Digitalization in cross-border trade and investment procedures as well as documentations has been proven to significantly increase efficiency, lower business costs, promote resilience and drive greater inclusivity in pandemic. Furthermore, recent global health crisis and geopolitical conflict have highlighted even more strongly the importance of global coordination framework to minimize chaos, exchange of data, sharing of technology and collaboration in innovation to overcome and mitigate global crisis. Hence, global coordination in cross-border digital trade interactions as well as collaboration to mitigate future crisis through exchange, strategic use and sharing of science, technology and data and should be encouraged and fostered.

Economic contractions and disruptions in global supply and value chain in the past 2.5 years of pandemic underline the necessity to increase the participation of MSMEs, the main contributors of economic growth and job creation both in developed and developing economies, in the global supply and value chain. MSMEs, including women-led businesses, must be empowered to tap as much opportunities as possible in the global economy through greater access to finance, digital technologies, as well as know-how to comply to typical requirements of cross-border business activities. A supportive regulatory environment and inclusive supply chain ecosystem models must be adopted to promote greater inclusion of MSMEs in the domestic, regional, and global supply and value chains. Only through these efforts we can ensure that the future global economy will be better equipped to create sustainable and resilient growth against any potential global value chains disruptions that may happen at any given time in the future.

Being mindful of the global urgency to speed up transition to a greener and more sustainable economy, trade and investment activities should be adjusted and developed to be impactful drivers to achieve the goals set out in the Paris Agreement and the SDGs. Countries need to work together, coordinate efforts to facilitate trade and investment that supports sustainable development, including by facilitating cross border voluntary carbon trade and FDI flows towards green business and sustainable business projects without neglecting observance to WTO rules, the Paris Agreement, and the consensus reached at COP26.

While these policy recommendations are formulated by taking into account of the military conflict in Ukraine and its objective implications to the global trade and investment activities, the recommendations in this Policy Paper are not meant to support or otherwise condemn any of G20 countries policy measures which are put in place or imposed in relation to the ongoing military conflict. Businesses at the Trade & Investment Task Force of B20 Indonesia are greatly saddened and regret the countless loss of lives, loss of livelihood, displacements of people, and all forms of destruction the conflict has brought. It is our collective desire that the conflict could end peacefully as soon as possible. We implore G20 leaders to collaborate and take actions which result in ensuring provision of humanitarian aid to those in need and securing adequate and affordable supply of commodities, primarily food and energy, as they attempt to facilitate the peaceful resolution to this conflict.

I hope that the recommendations formulated by the B20 community representatives in the Policy Paper of the Trade and Investment Task Force will contribute to shape the future of global trade and investment towards a stronger, resilient, and sustainable global economy.

Sincerely,

Arif Rachmat

*Task Force Chair, Trade and Investment
Executive Director of Triputra Group*

FOREWORDS BY THE TASK FORCE CO-CHAIRS

CO-CHAIR

FOREWORDS



Juan Jose Daboub

Director, Philip Morris International

Governments and the private sector should collaborate to foster an inclusive global economy, in three main ways: inclusion of business and all interested stakeholders in policymaking processes, evidence-based policymaking, and targeted support for micro, small and medium enterprises (MSMEs) to ensure their ability to compete and participate in global value chains.



Jackson Schneider

President & CEO,
Embraer Defense & Security

The present time underlines the vital importance of trade and particularly of the multilateral trading system in supporting economic recovery and growth. The B20's recommendations and calls for a robust international trade and investment agenda are key to contributing to G20's leaders' policy-formulation processes.



Leon Wang

Executive Vice
President, AstraZeneca

What COVID-19 has made clear is the need for greater health equity, with a shared commitment to improving population health beyond the pandemic. By implementing the recommendations in this Policy Paper, G20 governments can foster a more equitable, open, and sustainable trade and investment environment in which health equity can become reality.



Barbara Beltrame

National Vice President,
Confindustria

Geopolitics is increasingly obstructing trade and investment, putting additional strains on global supply chains while they are recovering from the pandemic shock. In this framework, the WTO is called to overcome a fire-test for multilateralism: there is an extreme urgency that the G20 works closely with business for a new paradigm of public-private partnership.

FOREWORDS BY THE TASK FORCE CO-CHAIRS

CO-CHAIR

FOREWORDS



Jianmin Miao

Chairman, China Merchants Group

In the context of the global fight against COVID-19, smooth trade and effective investment are critical for supporting world economic development.



Cameron McLean

Head, PayPal International

PayPal believes in the tremendous potential of trade and investment to help improve the financial health of individuals and increase economic opportunity for entrepreneurs and businesses of all sizes around the world, including SMBs, which constitute the backbone of our economies.



Lubna S. Olayan

CEO & Deputy Chairman, Olayan Financing Company

I believe the key to building a global trade and investment network that's capable of weathering future storms should focus on two areas: 1. adopting international standards that can be a catalyst for higher productivity, quality, and transparency and 2. embracing technology and creating tech-enabled and nimble supply chains.



Sanjiv Mehta

President of Federation of Indian Chambers of Commerce & Industry

Trade and investment relations need to be the foundation for engagement between G20 countries. In an effort to create an inclusive and resilient world economy, nurturing the MSME and Women Entrepreneurship eco-system can be a key factor for global economic growth.

TASK FORCE COORDINATION GROUP

DEPUTY CHAIR



Dharma Djojonegoro
CEO, Adaro Power

POLICY MANAGER



Sherly Susilo
Senior Associate,
Sintesa Group

KNOWLEDGE PARTNER



NETWORK PARTNERS



BUSINESSatOECD



INTERNATIONAL
CHAMBER
OF COMMERCE
The world business organization



RECOMMENDATIONS: EXECUTIVE SUMMARY

Recommendation 1: Promote open, fair, inclusive, and efficient post-pandemic global trade and investment multilateral governance, including through reforming the World Trade Organization

Policy Action 1.1: Roll back pandemic and non-pandemic trade restrictive measures and subsidies inconsistent with World Trade Organization rules, and refrain from implementing new ones

Policy Action 1.2: Support measures towards an inclusive, equitable and balanced economic recovery, recognizing different development levels between nations and within nations

Policy Action 1.3: Strengthen multilateral cooperation and modernize the multilateral trading system, through initiating a continuous reform of the World Trade Organization to support Sustainable Development Goals

Recommendation 2: Facilitate innovation, digitalization, and technology adoption to support international development and mitigation of future global crises

Policy Action 2.1: Encourage global coordination to facilitate safe and free cross-border data flows and foster conformity in digital trade

Policy Action 2.2: Promote further exchanges and strategic use and sharing of science, technology, and appropriate data for crisis detection, creating global coordination framework for future crisis mitigation

Recommendation 3: Amplify support to attain inclusivity in global supply and value chains

Policy Action 3.1: Increase access to finance and create regulatory environment that enables investors and lending institutions to support female entrepreneurs and Micro, Small, and Medium Enterprises to trade and scale up business

Policy Action 3.2: Promote further inclusion of Micro, Small, and Medium Enterprises and female led businesses in the domestic, regional and global supply chains through inclusive supply chain ecosystem models

Recommendation 4: Make trade and investment impactful drivers for a greener and more sustainable development in line with Sustainable Development Goals

Policy Action 4.1: Facilitate cooperation in voluntary carbon-trade consistent with World Trade Organization rules and Article 6 of Paris Agreement

Policy Action 4.2: Facilitate Foreign Direct Investment flows to work towards green business and circular business model

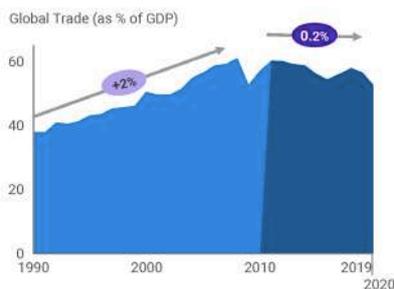
Policy Action 4.3: Leverage trade and investment measures to accelerate just transition

INTRODUCTION

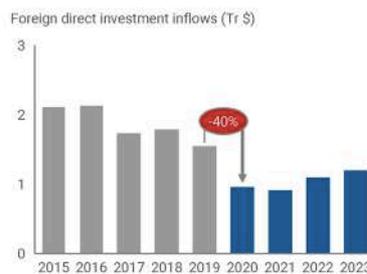
Trade and Investment have always been the backbone of global economic growth. For decades, innovation, employment, and human development have been propelled by trade and investment. Unfortunately, global trade and investment have been slowing down in the past decade, with contributions of global trade to Gross Domestic Product (GDP) declining at -0.2% compared to growing at +2% throughout the preceding three decades. The COVID-19 pandemic caused trade to decline, as GDP fell, and countries adopted more protectionist measures in trade and investment. During the pandemic, Foreign Direct Investment (FDI) fell 42% from \$1.5 trillion in 2019 to an estimated \$859 billion.¹

EXHIBIT 1 | SETTING THE STAGE: TRADE AND INVESTMENT GROWTH IS SLOWING DOWN, ACCENTUATED BY THE COVID-19 PANDEMIC

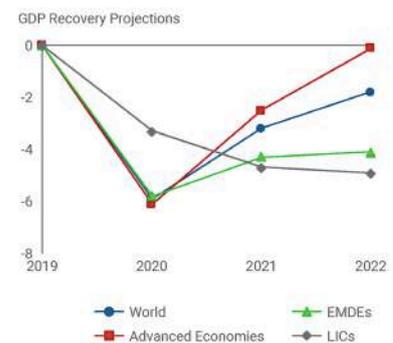
Global Trade has slowed down, COVID-19 accentuated it further



FDI inflows have also been declining with further dip in the pandemic



GDP forecasted to recover, however recovery is expected to diverge¹



“ Persistent GDP losses are anticipated for the emerging market and developing economy group due to slower vaccine rollouts and generally less policy support compared to advanced economies.

– IMF World Economic Outlook 2021

Source: World Bank, World Trade Organization, United Nations Conference on Trade and Development, and International Monetary Fund; 2021

FDI recovered to pre-pandemic levels in 2021 reaching nearly \$1.6 trillion but this course is unlikely to be sustained in 2022.² Almost three years into the pandemic, the path to recovery diverged for developed and developing economies.³ While the recovery benefitted all regions, almost three-quarters of the growth was concentrated in developed economies as FDI flows rose 134% and multinational companies posted record profits.⁴ Projections show advanced economies will have reached a full output recovery by 2023, while output in emerging and developing economies is expected to still be below pre-pandemic levels. Unfortunately, the military conflict in Ukraine is bringing uncertainty to global economic recovery, with implications for trade and investments extending beyond Europe and the Eurozone. In April 2022, the World Trade Organization (WTO) revised its global GDP growth projection to 2.8% in 2022 – down from earlier forecasts of 4.1%.

¹ Global foreign direct investment fell by 42% in 2020, outlook remains weak; 2021; United Nations Conference on Trade and Development (UNCTAD)

² World Investment Report 2022; 2022; United Nations Conference on Trade and Development (UNCTAD)

³ Global Economic Prospects 2022; 2022; World Bank

⁴ World Investment Report 2022; 2022; United Nations Conference on Trade and Development (UNCTAD)

In October 2022, the new WTO forecast estimates global GDP will grow by 2.3% in 2023 - down from earlier forecast of 3.2%. In October 2022, the WTO revised its world merchandise trade growth projection from an initial forecast of 3.4% to 1% in 2023,⁵ although these figures are subject to revision given the uncertainty surrounding the direction of the conflict.

The conflict has also caused severe disruptions to global supply chains, which are still recovering from the pandemic and brought volatility to commodity prices. Both Ukraine and Russia are major exporters of key commodities - energy, food, fertilizer, and certain raw materials -, comprising 12% of total calories traded worldwide. Blocked ports as well as sanctions and policy measures imposed in relation to the conflict are particularly putting the supply of key commodities from the two nations at risk, triggering higher prices, lower availability, and a global food crisis. The price of oil and gas has also increased sharply, contributing to rising inflation and concerns about the economic recovery, threatening countries with new socio-economic crises. Securing supply and stabilizing prices are imperative to ensure availability and affordability for key commodities in the market. This is critical to the world's poorest and most vulnerable economies which depend on imports of foods and other products to fulfill their needs and are at risk of severe socioeconomic consequences if left unfulfilled.⁶

EXHIBIT 2 | KEY RAW MATERIALS, TOP EXPORT MARKETS AND IMPACTED INDUSTRIES

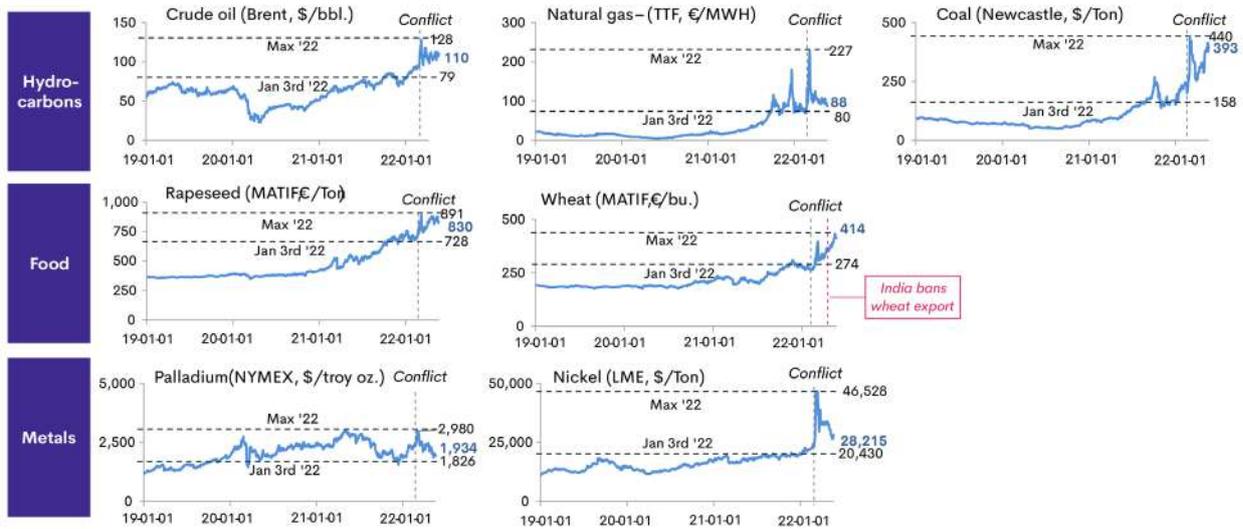


Note: Trade data from 2019; Based on HS6 level except for Nickel at HS4 level (7501.7502) Filtered for products w/export value >\$1B; Where no value for BY or UA; <1% of global exports 1. Analysis based on HS6 codes: 270111, 720110, 284420, 720711, 711021, 310520, 750210, 760110, 310420, 271121, 100199; 2. And its compounds 3. Mineral or chemical fertilizers containing nitrogen, phosphorous, potassium; Russia indicated they might halt exports; 4. Excludes impact of indirect sanctions i.e., on financing, transport, and sanctions on individuals 5. Hs4 level data (7501.7502) 6. Titanium on HS4 level (8108), OEC data 7. In gaseous state.

Source: USGS, FAO, UN Comtrade, EIA, OEC World, STATISTA 2020, US Energy Information Administration, BCG Analysis

5 Trade growth to slow sharply in 2023 as global economy faces strong headwinds; 2022 [accessed]; World Trade Organization (WTO)
 6 The Impact of the War in Ukraine on Global Trade and Investment; 2022; The World Bank

EXHIBIT 3 | INFLATION OF KEY COMMODITIES IN RESPONSE TO THE UKRAINE-RUSSIA CONFLICT



Source: S&P Capital IQ; BCG Analysis

Against this backdrop, challenges in four main areas of trade and investment need to be urgently addressed:

- Rising protectionism and accumulation of restrictive measures which have weakened the multilateral trading system and led to market fragmentation;
- Weak coordinated response to global crisis and limited use of innovation, digitalization, and technology on this front;
- Lack of global economic resilience due to low participation of Micro, Small, and Medium Enterprises (MSMEs) in the Global Value Chains (GVCs), as they are hindered by lower regulatory, technical, and operational capabilities as well as insufficient access to financing; and
- Lack of coherence in positioning trade and investment as drivers for a greener and more sustainable development

Protectionism in trade and investment

Protectionism in trade and investment has been consistently increasing in the past few years. This trend has been exacerbated by the COVID-19 pandemic⁷ and by the sanctions and policy measures imposed in relation to the ongoing military conflict, as countries seek to safeguard their domestic supply of medical supplies/equipment, vaccine and vaccine production inputs, food, fuel, and other critical goods. At the same time, the role of the WTO as the center of the multilateral trading system has been greatly undermined by unilateral actions taken by countries. Despite the broadly shared appetite

⁷ Since the outbreak of the pandemic, 144 COVID-19 trade and trade-related measures in goods have been implemented by G20 economies. Despite the low number of COVID-19 trade restrictions still in place by October 2021, their estimated trade coverage was almost double (USD 88.4 billion) that of trade-facilitating measures (USD 48.2 billion). Report on G20 Trade Measures (Mid-May to Mid-October 2021); 2021; World Trade Organization (WTO)

to reform the WTO, numerous efforts to do so are still handicapped by the diverging perceptions on how the WTO should be reformed and difficulties in reaching consensus, given the WTO's member-driven decision-making process. The business community can play a pivotal role in catalyzing the WTO reform and ensure the effectiveness of the multilateral trade system through concrete actions, including through the B20 Business Advisory Council, which has continuously advocated for the WTO to reform, and for active participation in the international trade policy making process.

Industry 4.0 for trade and investment

In the past several years, the world has seen real and rapid progress in "Industry 4.0", which encompasses advancing developments in automation, innovation, digitalization, and technology adoption. Unfortunately, in the realm of trade and investment, the use of innovation and digital technology is still limited, despite their high potential to contribute to a more open trade and investment system. To this end, services should be more at the heart of any trade and investment agenda as services trade is the largest source of economic output in many parts of the world as well as the greatest employer. Digital technology could help in eliminating red tape, reducing technical inefficiencies, and facilitating trade through digital remote inspections and electronic trade documentation, to name only a few. In addition, support to build more robust digital infrastructure, adjustments to the digital economy, and the adoption of Industry 4.0 technologies by MSMEs and female-led businesses are still weak, particularly in developing economies. Equally important, the future of trade and investment will be shaped by the rising importance of cross-border data flows, data privacy, as well as the broader digital trade, which requires greater international standardization and regulatory cooperation. As we move towards increased digitalization, consideration must be given to ensure only appropriate documents and data are shared. Multilateral regulatory coordination such as "Data Free Flow with Trust (DFFT)", which was advocated at G20 Osaka, is important to continue to foster e-commerce and ease trade in services.

Global value chains

The COVID-19 pandemic has also highlighted the vulnerability of GVCs. Participation of GVCs has stagnated since the 2008 financial crisis and nosedived further throughout the pandemic as trade among countries slowed dramatically. In addition, the pandemic exposed the need to better integrate MSMEs in GVCs. Among the primary challenges for MSMEs in joining GVCs are access to financing, know-how for compliance, and networking. As MSMEs are a critical part of the global economy, it is crucial to adopt inclusive policies to create a supply chain ecosystem that accommodate more MSMEs and women-led businesses into GVCs.

Trade and investment as drivers for sustainable development

Trade and investment can also boost global efforts in promoting and achieving a greener and more sustainable economy, among others, by allowing a more seamless and efficient cross-border flow and exchange of environmental goods and green services. Cooperation among countries is key to accelerating the clean energy transition, resource efficiency, and a circular economy. In addition, FDI flows can play a key role in ensuring countries have sufficient funding to reach their SDGs and

facilitate the cross-border transfer of green energy efficient technologies.⁸ Another aspect of trade that correlates with sustainability is the Emissions Trading Scheme (ETS). Despite its proliferation in recent years, ETS is still very much fragmented in the sub-national, national, and regional levels and would benefit from harmonization and mutual recognition of standards to increase effectiveness. Considering the current global landscape of trade and investment, countries across the G20 must:

- Promote open, fair, inclusive, and efficient post-pandemic global trade and investment multilateral governance, including through reforming the WTO
- Facilitate innovation, digitalization, and technology adoption to support international development and mitigation of future global crises
- Amplify support to attain inclusivity in global supply and value chains
- Make trade and investment impactful drivers for a greener and more sustainable development in line with SDGs

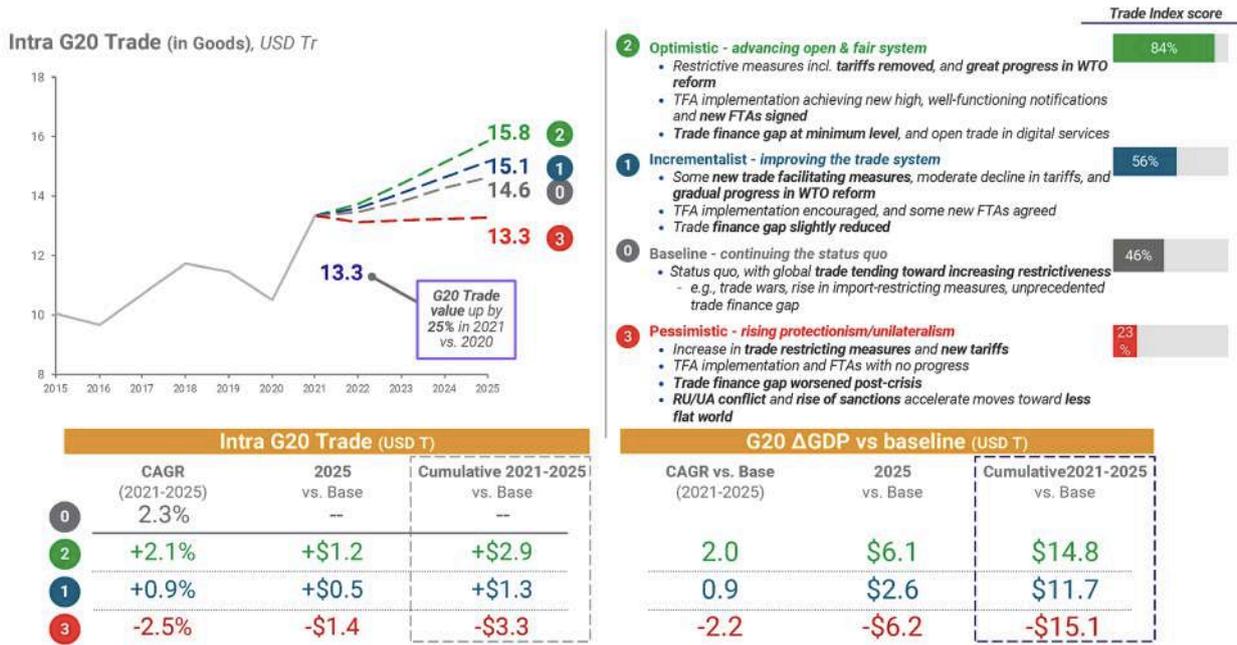
Trade-related policies have a significant impact on the GDP of G20 countries. To examine the potential impact of open and fair-trade policies, three different projections are included in this policy paper: optimistic, incrementalistic, and pessimistic.

- In the optimistic scenario, we show world trade becoming more open, based on actions by individual countries and trade blocs, and progress in reforming the multilateral trading system, centered on the WTO. In this scenario, total G20 trade is projected to be approximately \$15.8 trillion in 2025, representing an additional 2.1% Compound Annual Growth Rate (CAGR) vs. the baseline scenario.
- In the incrementalistic scenario, we expect the world to gradually open up, but not to the same extent as the optimistic scenario. With this incrementalistic approach, the G20 trade is projected to be approximately \$15.1 trillion in 2025 representing a 0.9% additional CAGR to the baseline scenario.
- In the pessimistic scenario, we expect sustained and increased trade wars/tensions, between countries, and military conflict to have lasting effects via sustainment and increases in sanctions and other restrictive trade measures. In this scenario, the G20 trade is projected to be stable at approximately \$13.3 trillion with -2.5% less CAGR vs. the baseline scenario.

This model is based on the forecasts from credible sources like the World Trade Organization (WTO), Organization for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), Peterson Institute for International Economics (PIIE), and International Monetary Fund (IMF). These forecasts include world-wide GDP, commodity prices, and other important relevant inputs. Given the developments in geopolitical relations and their impact on the current situation, we would note that the model output is subject to more volatility than normally would be the case.

⁸ The effect of FDI on environmental emissions: Evidence from a meta-analysis; 2020; Rotterdam University, Guelph University

EXHIBIT 4 | DIFFERENT SCENARIOS OF G20 TRADE 2021 VS. 2025

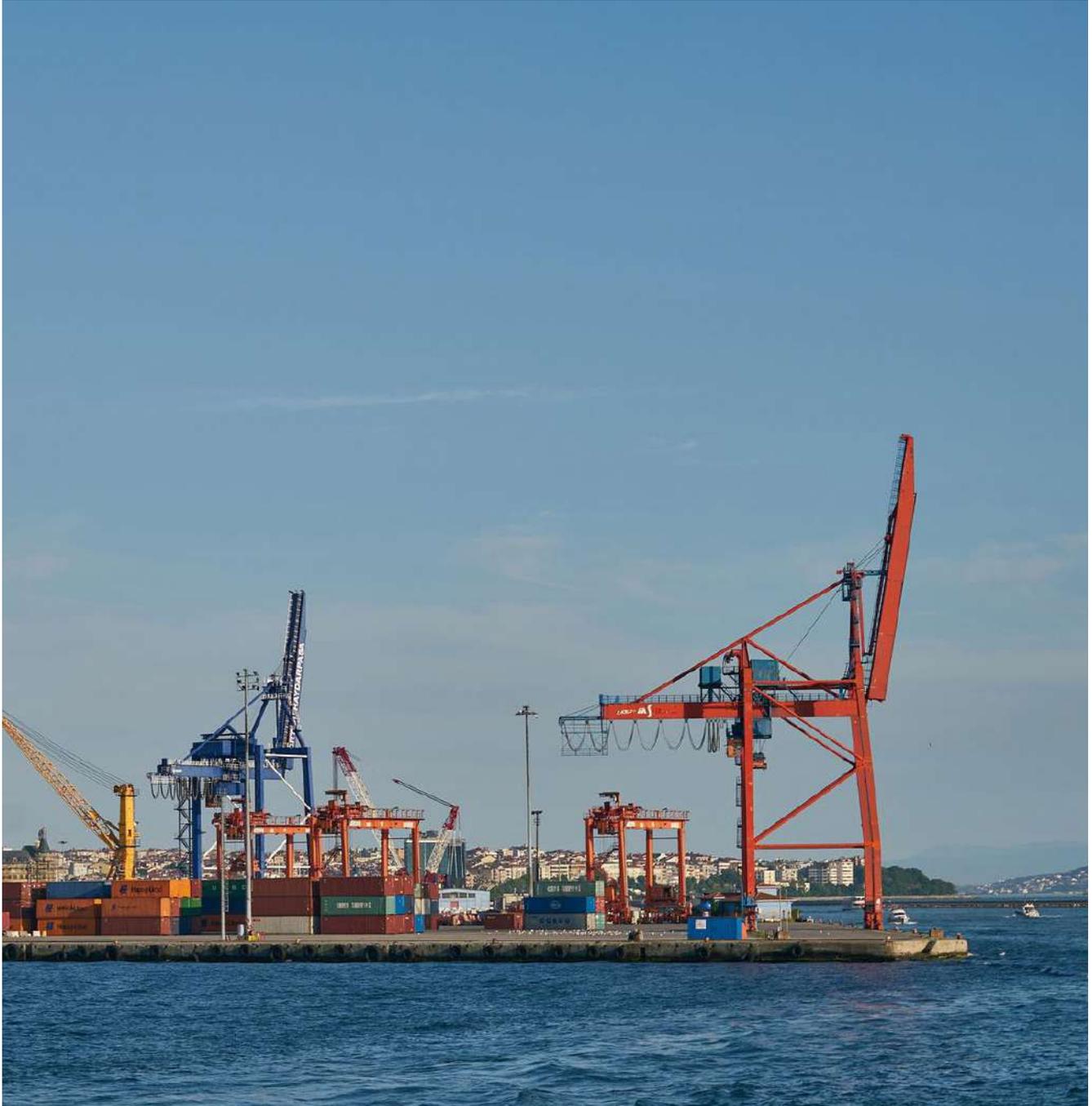


Note: The numbers might not add up due to rounding; The model only includes Germany, France, Italy, and Spain from EU members ; Baseline model was not adjusted by any geopolitical events that potentially impacts trade (e.g., US-China trade war, Russia-Ukraine conflicts)

Source: BCG Global Trade Model 2022, BCG analysis

DISCLAIMER

Given B20 Indonesia's respect to the divergent political views on the current military conflict in Ukraine, the recommendations in this paper do not refer to any sanctions or policy measures imposed in relation to the conflict. For further clarity, unless the military conflict in Ukraine is specifically mentioned, references to economic measures including protectionism refer only to the wide range of government policies initiated or imposed irrespective to the conflict that constraint international trade and investment activities with an aim to favoring domestic industry or achieving other policy goals.



RECOMMENDATION 1

Promote open, fair, inclusive, and efficient post-pandemic global trade and investment multilateral governance, including through reforming the WTO

POLICY ACTIONS

Policy Actions 1.1 – Roll back pandemic and non-pandemic trade restrictive measures and subsidies inconsistent with WTO rules, and refrain from implementing new ones

Policy Actions 1.2 – Support measures towards an inclusive, equitable and balanced economic recovery, recognizing different development levels between nations and within nations

Policy Actions 1.3 – Strengthen multilateral cooperation and modernize the multilateral trading system, through initiating a continuous reform of the WTO to support SDGs

LEADING MONITORING KPI	BASELINE	TARGET
% of G20 Imports Impacted by Restrictive Measures Source: World Trade Organization (WTO)	10.4% (2021)	5% (2024)
% of World FDI Covered by WTO Investment Facilitation for Development Source: World Trade Organization (WTO); World Bank	65.8% (2020)	90% (2024)

SDG IMPACTED



Recommendation 1 contributes to achieving UN SDGs: **1. No Poverty, 2. Zero Hunger, 3. Good Health and Well Being, 9. Industry, Innovation, and Infrastructure, 10. Reduced Inequalities, and 17. Partnership for the Goals.**

In particular, Policy Action 1.1 contributes to the achievement of target **1.5** by strengthening the resilience of those who are vulnerable to economic shocks. **3.b** by strengthening the development and provision of affordable vaccines primarily for developing countries. **3.d** by strengthening the capacity of all countries to cope with global health crisis. **9.b** by supporting domestic technology development, research, and innovation in developing countries, and **17.10** by promoting a universal, rules-based, open, non-discriminatory, and equitable multilateral trading system under the World Trade Organization.

Policy Action 1.2 contributes to the achievement of target **2.c** by strengthening the measures to limit extreme food price volatility, **10.b** by encouraging financial flows, including FDI, to least developed countries, and **17.5** by supporting investment promotion for least developed countries.

Finally, Policy Action 1.3 contributes to the achievement of target **10.a** by upholding and implementing the principle of special and differential treatment for developing countries in accordance with World Trade Organization agreements, and **17.10** by promoting a universal, rules-based, open, non-discriminatory, and equitable multilateral trading system under the World Trade Organization.

RELEVANT G20 INDONESIA PRESIDENCY PRINCIPLE



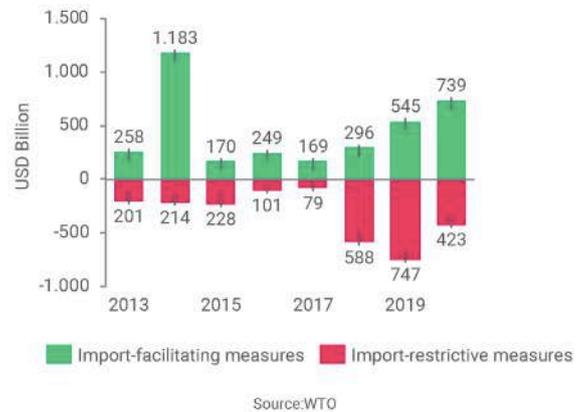
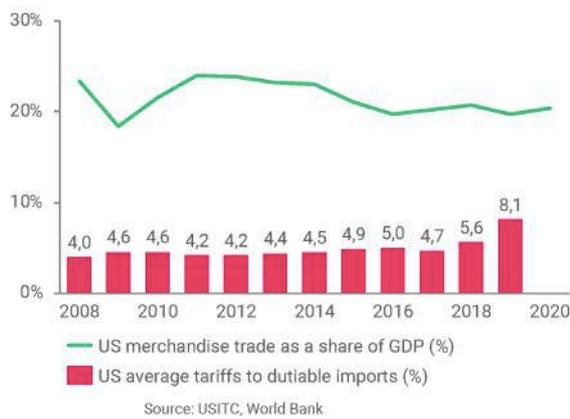
Recommendation 1 contributes and supports G20 Indonesia's priority in **strengthening global health architecture**, as it supports global cooperation on global health standards and supports stronger collaboration to ensure global resilience towards future pandemics.

In particular, **Policy Action 1.1** further supports the priority by promoting equitable access and distribution of vaccines and other critical medical goods, while Policy Action 1.2 supports the coordination among International Organizations, the private sector, governments, and other stakeholder to support recovery from crises, as well as in facilitating the flow of critical goods.

CONTEXT

Global trade has stagnated over the last decade as there has been a greater focus on implementing protectionist policies and bolstering economic nationalism. The number of G20 imports with restrictions has gradually been increasing in the past decade, amounting to 10.4% of all G20 imports in 2021.⁹ There was a slow-down in the proliferation of trade-restrictive measures related to the pandemic by the G20 between May–October 2021. However, the economic implication of these measures remains almost the same compared to 2019 with many temporary measures remaining in place beyond the envisaged termination date. Consequently, the amount of G20 imports affected by trade restrictive measures amounts to \$1.4 trillion in 2021.¹⁰

EXHIBIT 5 | GLOBAL TRADE AND TRADE MEASURES



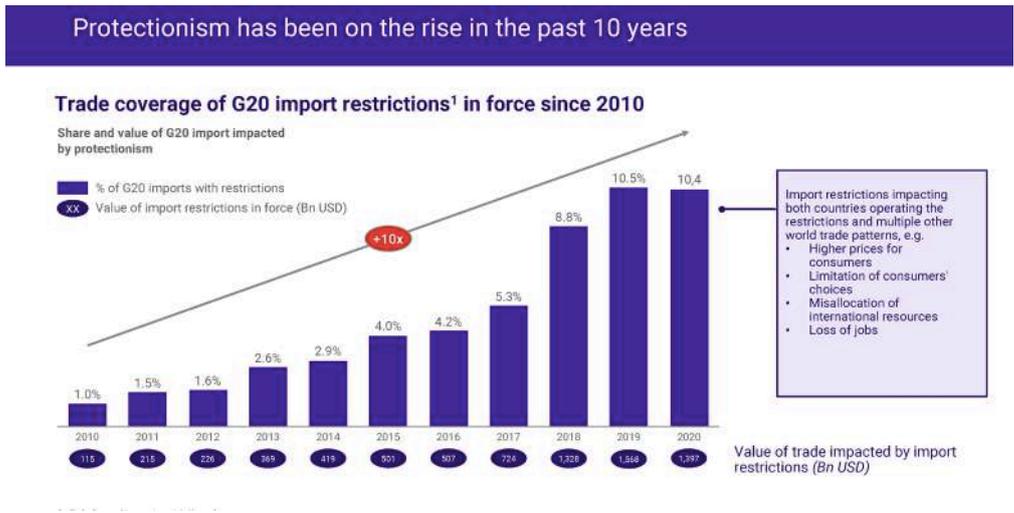
1. Two-way trade as a % of GDP 2. Measures are estimates, and represent the trade coverage of the measures (i.e. annual imports of the products concerned from economies affected by the measures) and not the cumulative impact of the trade measures. COVID-19 trade and trade related measures are not included.

Source: World bank, USITC, WTO ; BCG analysis

9 Report on G20 Trade Measures (Mid-May to Mid-October 2021); 2021; World Trade Organization (WTO)

10 Report on G20 Trade Measures (Mid-May to Mid-October 2021); 2021; World Trade Organization (WTO)

EXHIBIT 6 | TRADE COVERAGE OF G20 IMPORT RESTRICTIONS IN FORCE SINCE 2010



Source: World bank, USITC, WTO ; BCG analysis

The COVID-19 pandemic further accentuated the increase in trade restrictive measures as the introduction of quarantine and lockdown measures created additional challenges with the free flow of goods and services globally. While the number of changes in trade liberalizing regulations remained similar from 2019 to 2020, the number of changes in trade restrictive regulations drastically increased, including in services trade.¹¹

EXHIBIT 7 | CHANGES IN THE STRIS PER SECTOR, 2019-2020



Note: Sum of all the positive (restrictions) and negatives changes (liberalization) across all the measures over the period considered

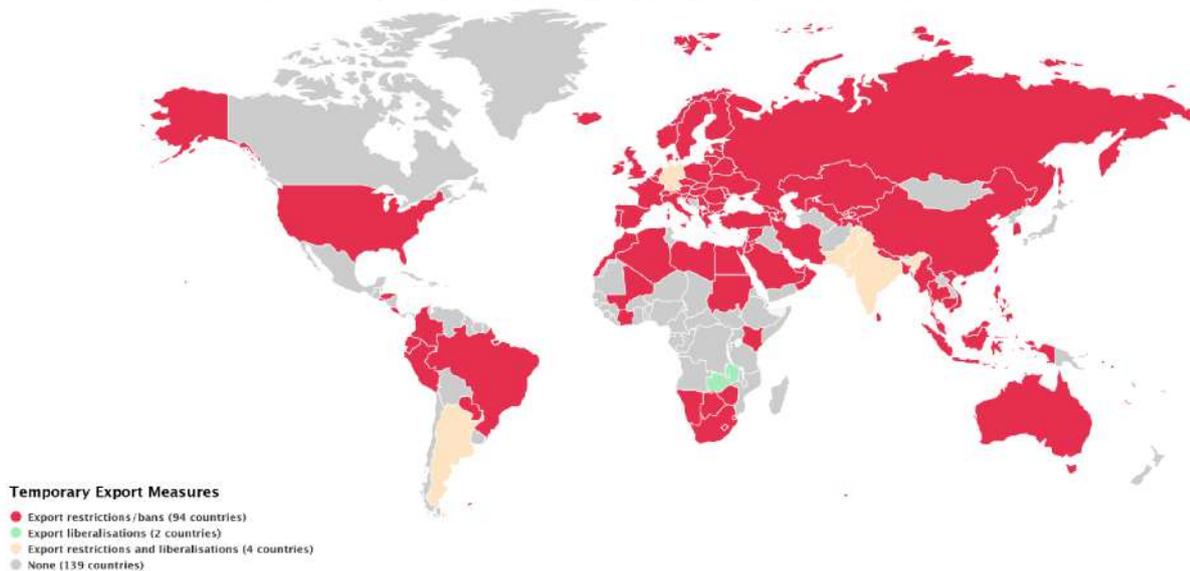
Source: OECD Services Trade Restrictiveness Index: Policy trends up to 2021; 2021; OECD

11 OECD Services Trade Restrictiveness Index: Policy trends up to 2021; 2021; OECD

Close to three years into the pandemic, countries still implemented higher export restrictions than export liberalizations, affecting the free flow of products such as medical masks, gloves, hand sanitizers, and pharmaceutical products, including vaccines¹² and lately, as a result of the conflict in Ukraine, food. Resilience in trade will come from deepening GVCs by reducing trade costs and distortions. A recent report from the World Bank shows that trade costs are higher for emerging markets and developing economies compared to advanced countries.¹³ The bulk of the trading costs come from inefficient shipping, logistics, and infrastructure, as well as complex trade procedures and excessive non-tariff barriers at the border.

EXHIBIT 8 | COVID-19 TEMPORARY EXPORT MEASURES

Affected products include personal protection equipment (e.g. masks, gloves), pharma products, hand sanitizer, food and certain other products



Source: COVID-19 Temporary Trade Measures; 2022; ITC Market Access Map

Between 2005 and 2019, countries continued to introduce restrictive policies towards international investment, albeit on a decreasing trend. In 2020, according to UNCTAD, the number of policy measures introduced that affected foreign investment increased by approximately 42% compared with the number in 2019. In 2021, the number of investment policy measures adopted has returned to pre-pandemic levels, decreasing by 28% from the number in 2020. However, the trend towards tighter regulation of investment continued, and the ratio of measures less favorable to investment over those more favorable was the highest on record.¹⁴ A significant trend recently emerged towards more investment rules related to national security, especially in developed economies.¹⁵ Higher business regulatory risk can lead to lower FDI in host economies.¹⁶ In fact, international investors are particularly sensitive to rising uncertainty due to protectionism, as shown by a recent survey by the World Bank.¹⁷

¹² Report on G20 Trade Measures (Mid-May to Mid-October 2020); 2020; World Trade Organization (WTO)

¹³ The Role of Trade in Ending Poverty; 2021; World Bank

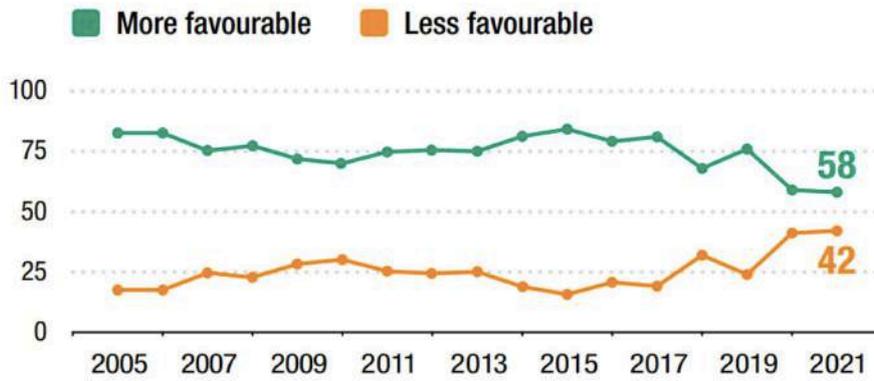
¹⁴ World Investment Report 2022; 2022; United Nations Conference on Trade and Development (UNCTAD)

¹⁵ World Investment Report 2022; 2022; United Nations Conference on Trade and Development (UNCTAD)

¹⁶ Global Investment Competitiveness Report 2019-2020; 2020; World Bank. Regulatory risk is related to select features of countries' regulatory framework that can reduce risks for investors and limit the potential for unexpected losses due to arbitrary government conduct. i.e. transparency in law making, investor legal protection, access to effective mechanism for recourse.

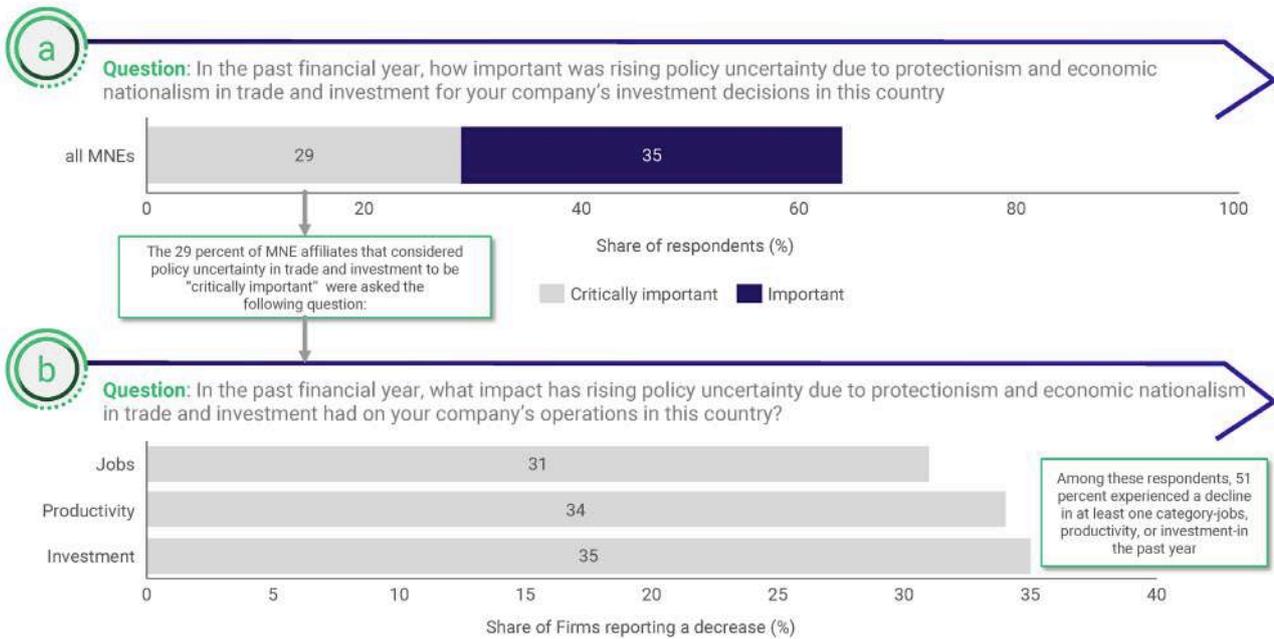
¹⁷ Global Investment Competitiveness Report 2019-2020; 2020; World Bank

EXHIBIT 9 | CHANGES IN NATIONAL INVESTMENT POLICIES, 2005-2021 (PERCENTAGE)



Source: World Investment Report; 2022; United Nations Conference on Trade and Development (UNCTAD)

EXHIBIT 10 | SURVEY OF AFFILIATES OF MULTINATIONAL ENTERPRISES IN 10 MIDDLE-INCOME COUNTRIES



Source: Global Investment Competitiveness Report 2019-2020; 2020; World Bank

The COVID-19 pandemic has left the world more fragmented and isolated, and contributed to a trend of growing protectionism in many parts of the world. A series of restrictive measures adopted in the first year of the pandemic significantly impacted the recovery and response in the second year of the pandemic, as there was a stark imbalance in the availability and distribution of medical products and critical goods across different geographies. However, there have been a select number of beneficial easements implemented during the pandemic, with regards to trade digitalization, which have helped keep trade flowing, including but not limited to paperless trade, electronic authentication, digital signatures, e-payments, and single-window. It would be advantageous to build on this progress.

In order to restore global trade and promote an equal recovery from the pandemic, the B20 recommends the following:

- Governments should collectively agree to roll back pandemic and non-pandemic related trade restrictive measures and refrain from adopting new ones
- Governments should work towards achieving a balanced, inclusive, and equitable economic recovery together with the private sector and other stakeholders
- Governments should work towards stronger multilateral cooperation to accelerate pandemic recovery, while strengthening the multilateral trading and investment system, create a level playing field for competition and encourage the reform of the WTO



Policy Action 1.1 Roll back pandemic and non-pandemic trade restrictive measures and subsidies inconsistent with WTO rules, and refrain from implementing new ones

Promote equitable access and distribution of vaccines and critical medical goods

At the beginning of the global vaccination campaign, there was a large disparity in access and distribution of vaccines between developed and developing economies. In February 2022, the UN Secretary General announced that the world is nowhere near meeting the World Health Organization (WHO) goal to vaccinate 70% of people in all countries by the middle of this year.¹⁸ As of April 2022, over 11.3 billion doses of COVID-19 vaccines have been administered worldwide resulting in 58% of the world’s population having primary vaccination.¹⁹ However, as of May 2022, almost one billion people in lower-income countries remain unvaccinated. Only 57 countries have vaccinated 70% of their population – almost all of them are high-income countries.²⁰ Only 16% of people in low-income countries have received a single vaccine dose – compared to 80% in high-income countries.²¹ Developing economies have had a harder time receiving vaccines due to production capacity restraints, lower purchasing power, which leads to lower capacity to procure vaccines, and an increase in trade restrictions. Yet, by the end of January 2022, COVID-19 Vaccines Global Access (COVAX) delivered its first billion vaccine doses, and by May 2022, 3.8 billion COVID-19 doses have been delivered to low- and lower-middle income countries.²²

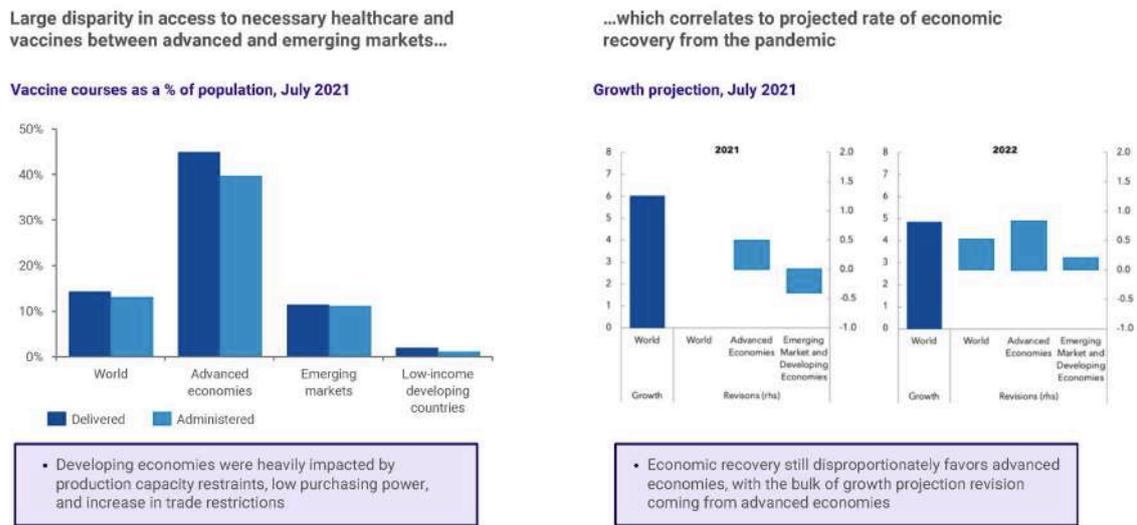
While international efforts have been made to facilitate an equitable distribution of vaccines through organizations and mechanisms such as COVAX, the Access to COVID-19 Tools (ACT) Accelerator, and the World Health Organization (WHO), they have all faced various regulatory and financial

18 Secretary-General António Guterres’ clarification on UNGA’s High-level meeting on Covid-19 vaccine, 25th February 2022; 2022; United Nations General Assembly
 19 Scaling up Vaccine Deployment; 2022; World Bank
 20 Covid-19 vaccines; May 2022; WHO
 21 COVAX calls for urgent action to close vaccine equity gap; May 2022; WHO
 22 COVAX calls for urgent action to close vaccine equity gap; May 2022; WHO

difficulties impeding their ability to provide sufficient doses of vaccines to developing countries.²³

The uneven access to vaccines and other critical medical goods necessary to combat the spread of COVID-19 is also a large contributing factor to the projected uneven economic recovery between countries and will contribute to future waves of COVID-19 being able to evolve and spread across the world. The difference in economic recovery can further exacerbate the disparity between developed and developing economies.²⁴

EXHIBIT 11 | DIVERGING PATHS OF RECOVERY IN DEVELOPING AND DEVELOPED COUNTRIES



Source: From *Worlds Apart to a World Prepared: Global Preparedness Monitoring Board report 2021; 2021*; World Health Organization (WHO)

Recognizing their leadership role in the international community, we encourage the G20 governments to strengthen international collaboration on crisis response and to develop their domestic capability and capacity to research, develop and manufacture at scale and at pace vaccines and other therapeutics that can address future health crises. We specifically call out the importance of innovative partnerships between government, academia, and private industry to develop and maintain this readiness, in line with the recently announced ambition by the Coalition for Epidemic Preparedness Innovations (CEPI) to collaborate internationally to deliver vaccines against new diseases in as little as 100 days.

In order to achieve this, WTO members should work together ensuring a balanced approach that improves collaboration in knowledge transfer and scaling up the manufacture of and ensuring timely access to lifesaving vaccines, pharmaceuticals and healthcare equipment at affordable cost. We welcome the outcome of MC12 which saw members reiterating their commitment to the TRIPS agreement and reaffirming that the Agreement can and should be interpreted and implemented in a manner supportive of WTO members' right to protect public health and, in particular, to promote access to medicines for all.

²³ From *Worlds Apart to a World Prepared: Global Preparedness Monitoring Board report 2021; 2021*; World Health Organization (WHO)

²⁴ From *Worlds Apart to a World Prepared: Global Preparedness Monitoring Board report 2021; 2021*; World Health Organization (WHO)

Refrain from implementing future restrictions on trade and investment

Protectionism and restrictive measures have been on the rise over the last decade, exacerbated by the outbreak of the COVID-19 pandemic and scarcities caused by sanctions and policy measures taken following the military conflict in Ukraine. Despite commitments to roll back, new trade and investment restrictive measures continue to be implemented. To help diminish protectionist measures, bilateral and plurilateral as well as regional trade agreements should be seen as building blocks to support and complement the multilateral trading system, which places an emphasis on rules-based and transparent arrangement, with business-friendly rules of origin very clearly laid out.

We call on the G20 to take concrete actions against protectionism and trade-restrictive measures. Restrictive measures which are currently in place should be monitored, notified, and assessed so they do not become permanent and/or discriminatory. Additionally, measures deemed discriminatory should be considered for removal. Countries must commit to a timeline to roll back the existing measures and refrain from implementing new and unnecessary restrictions to ensure equitable accessibility and availability of goods and services, capital and technologies, and a stable global supply chain.²⁵ Special attention should be devoted to new non-traditional barriers, including those relating to sustainability, to ensure that they do not restrict fair and open market access.²⁶

The G20 should also construct a more inclusive global investment environment by advocating countries to reduce institutional and legal barriers of inbound investment by other countries, and by defending a rules-based investment system that safeguards investor rights. Additionally, governments should maintain their policies open to foreign investment and provide investor protections and guarantees. Restrictions to investment such as screenings should be kept at the minimum and should only be introduced for matters such as national security. In order to avoid undesirable and disproportionate second-order impacts the concept of national security should not be abused.

FDI in green sectors can also provide opportunities for local MSMEs in developing countries who can become suppliers of environmentally sustainable goods and services, provided they can meet quality and environmental standards. G20 member countries should facilitate the linkages between FDI and local MSMEs and support efforts to build local MSMEs capacity.

Increase transparency in domestic measures which affect trade to better identify and address measures that are inconsistent with WTO rules

A key challenge in the multilateral trading system is the lack of transparency in trade policies and limited enforcement measures to address non-compliance. To address these challenges, we request the G20 to urge the WTO to increase compliance with notification and monitoring systems as well as commitments to conduct Trade Policy Review (TPR) evaluations more frequently especially in the case of subsidy programs for domestic industries, Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS), upgrade members' discipline in the TPR mechanism, and accelerate negotiations on domestic regulations.

²⁵ Monitoring report shows continued but slow roll back of COVID-19 related trade restrictions; 2021; World Trade Organization (WTO)

²⁶ Refer to Policy Action 4.3 on "Alleviate barriers to trade and investment in environmental goods and services to ensure the diffusion of best available environmental technologies" for more details

Building on existing proposals,²⁷ the monitoring mechanism should be upgraded to improve transparency and reinforce transparency measures to inform on any kinds of measures that may affect trade and investment, etc. Flexibility and support should be granted to developing nations if they are unable to fulfill their obligations in time. To increase visibility on trade policies, the TPR mechanism should be upgraded to increase the participation of business stakeholders.

In addition, governments should support multilateral efforts to create discipline on Services Domestic Regulation (SDR), including the efforts being made in the Joint Statement Initiative on SDR. In December 2021, negotiations were concluded on new disciplines relating to domestic regulation for services that seek to improve the business climate, lower trade costs, and cut red tape so as to facilitate services trade worldwide.²⁸ Members of the plurilateral agreement were committed to certifying the new commitments within 12 months.²⁹ The G20 should urge relevant WTO members to quickly implement the commitments and agree to extend their domestic regulation disciplines to as many sectors as possible. Additionally, G20 governments should continuously attempt to minimize issues on domestic measures which affect trade. The successful conclusion of the negotiations on services domestic regulations in December 2021 is an important confidence-building step to recharging energy into the WTO as a negotiating forum, particularly for services.

²⁷ Such as the US proposals in WTO General Council in July 2017, the Communication from Canada in September 2018, the Chinese WTO reform document in November 2018 and May 2019, and the US-EU-Japan Trilateral Initiative in January 2020

²⁸ Negotiations on services domestic regulation conclude successfully in Geneva; 2021; World Trade Organization (WTO)

²⁹ Negotiations on services domestic regulation conclude successfully in Geneva; 2021; World Trade Organization (WTO)



Policy Action 1.2 Support measures towards an inclusive, equitable and balanced economic recovery, recognizing different development levels between nations and within nations

Accelerate and conclude negotiations on investment facilitation for development

FDI has seen a downward trend over the last few years, dipping even further due to the pandemic. In addition, the least developed countries have been particularly impacted by the restrictive investment measures as a sharp drop in FDI to many industries, including the natural resources sector and tourism, has deprived them of a major source of capital to support economic growth.³⁰ Defining a robust framework for investment facilitation is key to strengthen the relationship between the public and private sector and foster inclusivity. In the multilateral spirit of the WTO agreement, we support G20 countries to have an investment facilitation agreement. We underpin the WTO pursuit to accelerate negotiations for the Joint Statement Initiative on Investment Facilitation for Development and conclude text negotiations by the end of 2022.

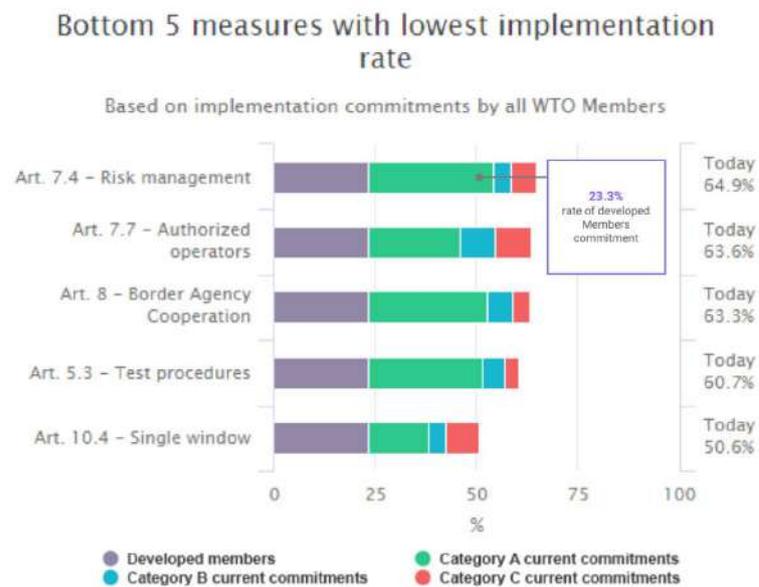
Efforts should be made towards developing policies that increase transparency in investment measures, improve efficiency and consistency in investment-related administrative processes, and provide necessary support for developing and least-developed countries. In doing so, it is important to avoid overlaps and conflicts with the Disciplines on Services Domestic Regulation. G20 leaders should also encourage public and private sector cooperation in implementing the anticipated agreement.

³⁰ The Least Developed Countries Report 2020; 2020; United Nations Conference on Trade and Development (UNCTAD)

Provide technical assistance and capacity building for developing countries to facilitate the implementation of the WTO Trade Facilitation Agreement (TFA)

The TFA can significantly reduce transaction costs, provide transparency, and increase the speed and efficiency of administrative processes. The complete implementation of TFA reforms can lower trade costs by about 14.5%, and while emerging and developing economies are expected to see the highest reductions in trade costs, many of them have not been able to commit to the implementation due to a lack of assistance to undertake necessary adjustments.^{31,32} Although the TFA entered into force in February 2017, the status of implementation commitments is currently 74%.³³ The five measures with lowest implementation rate to date include: (1) risk management (63%); (2) border agency cooperation (61.5%); (3) authorized economic operators (58%); (4) test procedures (57.7%); and (5) single windows (46.9%).³⁴ To facilitate the full and robust implementation of the TFA, including the best practices that underpin the Articles of the Agreement, G20 countries should provide technical assistance and capacity building support for emerging and developing economies that require additional support, particularly to implement the five measures with the lowest implementation rates.³⁵

EXHIBIT 12 | TFA IMPLEMENTATION COMMITMENTS BY WTO MEMBERS



Source: WTO TFA Database

31 Trade Facilitation Agreement at a glance; 2022 [accessed]; Global Alliance for Trade Facilitation
 32 The World Trade Organization's Trade Facilitation Agreement at two: Where do members stand; 2019; United Nations Conference on Trade and Development (UNCTAD)
 33 Implementation commitments by grouping (developed, developing and LDC Members); 2022; WTO's TFA Database
 34 Implementation progress by measure; 2022; WTO's TFA Database
 35 G20 countries should promote the WTO communication for example on supporting the timely and efficient release of goods through accelerated implementation of the TFA; on calling for revisiting the need for global action to eliminate consular requirements (a consular invoice or visa for customs documentation) when importing goods, which has caused additional barriers during the COVID pandemic.

Promote the Mutually Recognized Agreements (MRAs) of Authorized Economic Operators

Mutual Recognition of Authorized Economic Operators (AEOs) is a key element of the World Customs Organization's (WCO) SAFE Framework of Standards (FoS) to strengthen end-to-end security of supply chains and to multiply benefits for traders. Cooperation among border authorities is key to developing robust AEO programs. However, many country level AEO programs still lack mutual recognition among them, thus limiting benefits to selected geographies only. Therefore, the wide implementation of the mutual recognition of AEOs, aligned with the WCO's Mutual Recognition Agreements (MRAs) guidance, is central to achieving universal acknowledgement of members. We urge a review of the procedures for admitting economic operators to AEO programs to streamline requirements and make them less cumbersome.

We recommend G20 countries expand the incorporation of additional benefits into the AEO program through close and ongoing cooperation between the government and the private sector. We also encourage G20 countries to promote the integration of other control bodies and agencies into the AEO program to remove the duplication of efforts, improve the use of resources and the coordinated management of borders, enhance the efficiency of controls, offer a transparent interface for companies, and improve the compliance and overall attractiveness of AEO programs.

Promote the role of international organizations, in coordination with the private sector, government and other stakeholders, to coordinate recovery from crisis and facilitate the flow of critical goods, including those supporting food security

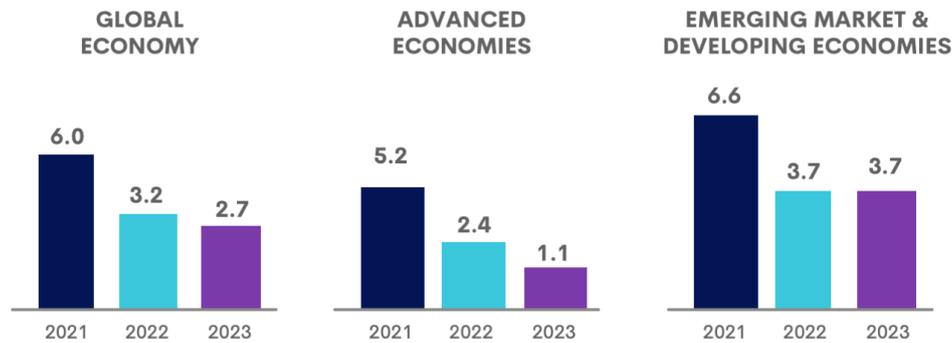
An increase in economic nationalism, disruptions in global supply chains, measures imposed to curb the pandemic, and the ongoing military conflict in Ukraine, have hindered the free flow of critical goods, such as vaccines, medical products, food, and inputs of production, contributed to heightened inflation, and resulted in a slower than expected economic recovery. In October 2022, the International Monetary Fund (IMF), through its World Economic Outlook (WEO), expected global growth to slow from an estimated 6.0% in 2021 to 3.2% in 2022 to 2.7% in 2023. This is 1.2 and 1.1 percentage points lower for 2022 and 2023 than projected in January.³⁶

36 World Economic Outlook; October 2022; IMF

EXHIBIT 13 | GROWTH PROJECTIONS OF GLOBAL ECONOMY 2021-2023

WORLD ECONOMIC OUTLOOK OCTOBER 2022

GROWTH PROJECTIONS



Source: WTO TFA Database

The lack of a coordinated response to the pandemic has also exacerbated the divide between developed and developing economies. The world is facing growing income inequality across and within countries. The COVID-19 crisis wiped out years of progress in poverty reduction.³⁷ Developing regions and transition economies were more affected than developed economies by the impact of the pandemic on investment in GVC-intensive and resource-based activities.³⁸ Although output and investment in advanced economies are projected to return to pre-pandemic trends next year, in emerging market and developing economies – particularly small states and fragile and conflict-afflicted countries – they will remain markedly below, owing to lower vaccination rates, tighter fiscal and monetary policies, and more persistent scarring effect from the pandemic.³⁹

The G20 should encourage a coordinated response to the pandemic to ensure a balanced recovery for all nations. The role of international organizations should be strengthened, along with that of the private sector. G20 members should also encourage the openness, stability, and resiliency of supply chains by aligning international standards on healthcare and customs procedures⁴⁰ with multilateral or plurilateral organizations operating within their scope and remit, such as the WTO, the WHO, and the WCO, and refrain from imposing new trade-restrictive measures to ensure the greatest ease of trade in critical goods.

Ensuring security of the food supply should be among the top priorities of all nations due to its immediate correlation to extreme poverty. The military conflict and blockage of ports have hampered the supply of key agricultural commodities, leading to major price hikes and threatening their availability in regions that depend on them most. Russia and Ukraine are major exporters of food and fertilizer, accounting for 20-30% of total exports. In March 2022, the Food and Agriculture Organization (FAO) Food Price Index recorded an increase of 12.6% from February 2022, when it had

37 Global Economic Prospects; 2022; World Bank

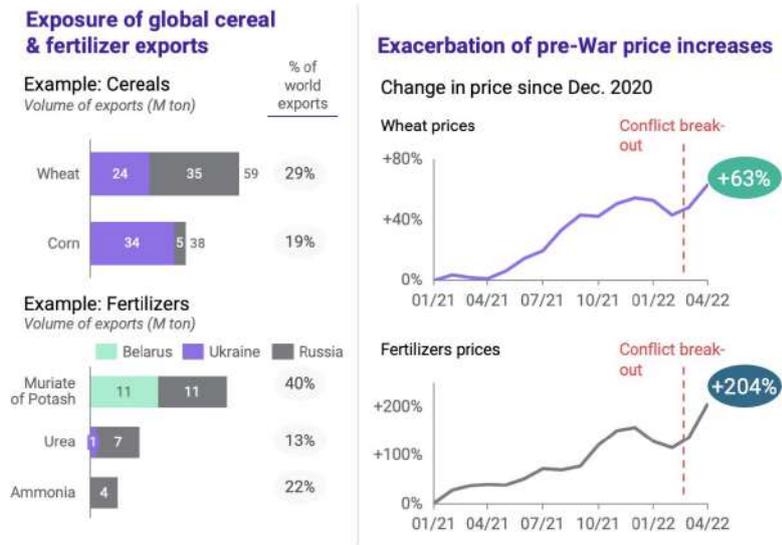
38 World Investment Report; 2021; United Nations Conference on Trade and Development (UNCTAD)

39 Global Economic Prospects; 2022; World Bank

40 The alignment should converge towards digital standards that allow a faster coordination, cooperation and information exchange in advance. Some of these digital standards are already available, such as the model on transferable electronic records and the UNCITRAL electronic invoice initiative, the UN/CEFACT recommendation on measures to facilitate the issuance of maritime transport documents, the IATA initiative on knowledge air transport and the standard for advance processing of cargo information, the text of the WTO Committee on Sanitary and Phytosanitary Measures on food import and export inspection and certificate systems.

already reached its highest level since 1990.⁴¹ In addition to high energy prices, curtailed supply of raw materials from impacted nations has triggered fertilizer prices to triple in the past year, raising concerns that the current situation may suppress harvests for both domestic consumption and for many parts of the world. This may have a huge impact on the global wheat, soybean, and corn supply chains – major sources of food for people worldwide.

EXHIBIT 14 | PRICE HIKE IN WHEAT AND FERTILIZER AS A RESPONSE TO THE CONFLICT



Source: Gro Intelligence; Global Data; Bloomberg Green Markets Fertilizer Index; BCG Analysis

Following the 12th WTO Ministerial Conference (MC12) outcome, we urge the G20 countries to take concrete steps to facilitate trade and improve the functioning and long-term resilience of global markets for food and agriculture, including cereals, fertilizers, and other agriculture production inputs. Particular consideration should be given to the specific needs and circumstances of developing countries, especially those least-developed and net food-importing.

We call on the G20 to promote cooperation among countries and work together to ensure enhanced productivity, production, trade, availability, accessibility, and affordability of food for those who need it, including easing disruptions in global trade logistics and supply chains caused by the pandemic and the ongoing conflict in Ukraine.

41 FAO Food Price Index; April 2022; FAO. FAO Food Price Index consists of the average of 5 commodity group price indices, which are: Meat, Dairy, Cereals, Vegetable Oil, and Sugar.



Policy Action 1.3 Strengthen multilateral cooperation and modernize the multilateral trading system, through initiating a continuous reform of the WTO to support SDGs

Restore proper functioning of the Appellate Body and reinstate trust in the dispute settlement system

A functioning and reliable dispute settlement system is a crucial component in ensuring compliance among trading nations and fostering trust in the global trade system. The Appellate Body plays a central role in trade dispute settlement, providing security and predictability to the multilateral trading system. However, the Appellate Body is currently unable to review appeals given its ongoing vacancies. The term of the last sitting Appellate Body member expired on 30 November 2020.⁴² We ask the G20 to advocate for a swift re-establishment of the WTO Appellate Body within an improved dispute settlement system with enhanced predictability and functionality and agree on a revision proposal roadmap before the next WTO Ministerial Conference.

As a part of the WTO reform, we envision the improved dispute settlement mechanism could ensure its independence and impartiality so as to provide security and predictability to the rules-based multilateral trading system. We welcome the WTO members agreement taken during the MC12 to conduct discussions on having a fully and well-functioning dispute settlement system accessible to all Members by 2024 and encourage G20 members to work constructively towards achieving this outcome.

⁴² Appellate Body; 2022 [accessed]; World Trade Organization (WTO)

Update the WTO Agreement on Subsidy and Countervailing Measures (SCM)

The G20 should urge WTO members to review the Agreement on Subsidies and Countervailing Measures (SCM) to improve member's compliance to it, the transparency and effectiveness of its provisions as well as the compliance of the SCM countervailing measures adopted by members, so to avoid abuses.

Considering the different starting points and local economic conditions between developed and developing countries, the review should generally aim at ensuring a level-playing field and competitive neutrality conditions whereby no economic operator has privileged access to non-commercially available benefits or has been discriminated against, by deepening and clarifying the definition of all kinds of actionable subsidies, including for manufactured goods, energy, agricultural commodities, and raw materials.

Ensure the effectiveness of Special and Differential Treatment (S&DT)

The different levels of development among the WTO members determine gaps in implementing WTO provisions, which must be assessed and considered. The G20 should agree on a common proposal for the WTO to review the implementation of the Special and Differential Treatment and make it more precise, effective, and operational. Business knowledge and suggestions can provide a useful support and should be considered in the process.

Looking at the precedent of the Trade Facilitation Agreement as a reference, and at the Generalized System of Preferences (GSP) Programs adopted by many members, efforts should be devoted to better address capacity gaps. In cognizance of developing countries limitations to fully abide to WTO commitments, we encourage the WTO to engage with developing countries to assess their national conditions and to mobilize support resources under the coordination of the Secretariat, so that their commitments are proportionate to actual capabilities.

Increase involvement and enhance the functions of the WTO Committees

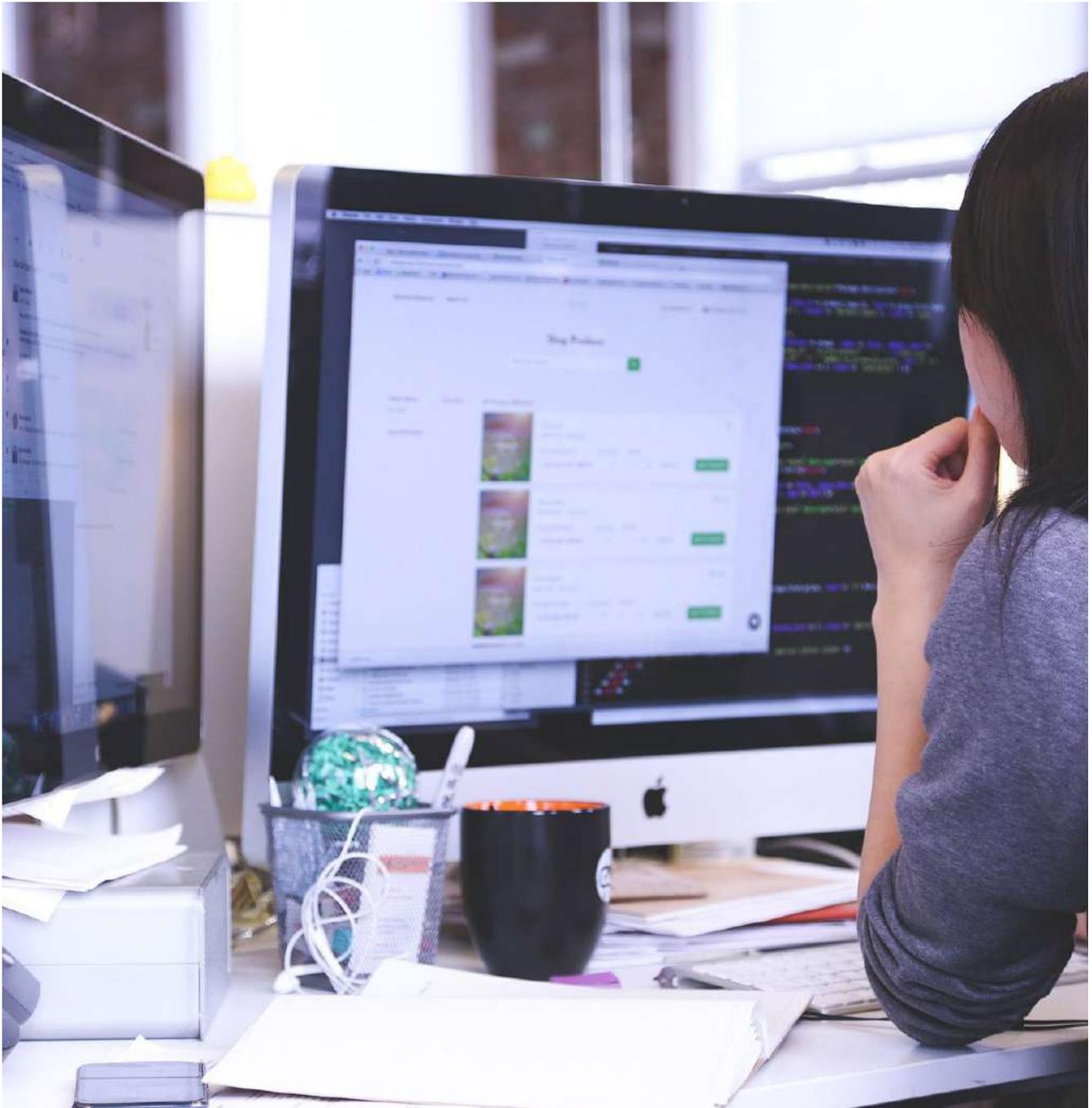
The WTO can benefit by increasing the involvement and participation of WTO Committees. Views from external experts from business, national administrations, academies, and other relevant bodies should supplement and complement in-house expertise. In addition, members should increase the scope of the role WTO Committees play, allowing them to assess new regulatory avenues and initiate discussions on pending challenging issues.

Encourage further participation of business community in the WTO reform process and trade policy making processes

Policies on global trade can have a drastic impact on the day-to-day activities of businesses of all sizes. An open and collaborative communication system between the WTO, governments, and the business community across all sectors, including MSMEs, can provide more visibility and enrich the

evidence-based policy making process. Additionally, the participation of the business community in the process will lead to outcomes on matters such as business priorities for any new trade negotiations, objectives, and preferred results for ongoing negotiations. Furthermore, businesses can use case studies on real-world business operations, broach matters concerning the operation of any WTO trade agreement, including plurilateral, entered into force and contribute to Trade Policy Reviews and other monitoring mechanisms. Collaborative policy making can be achieved through open dialogue among all interested and relevant stakeholders, public consultations, and joint task forces, among others.

We support the ongoing process of initiating a formal and permanent business advisory council in support of the WTO reform process, proposed and discussed in B20 Italy, that can comment on the respective impact of negotiations, obligations, and agreements pertaining to the private sector and encourage expanding participation from the business community to include representation from more organizations.



RECOMMENDATION 2

Facilitate innovation, digitalization, and technology adoption to support international development and mitigation of future global crises

POLICY ACTIONS

Policy Actions 2.1 - Encourage global coordination to facilitate safe and free cross-border data flows & foster conformity in digital trade

Policy Actions 2.2 - Promote further exchanges and strategic use and sharing of science, technology & appropriate data for crisis detection, creating global coordination framework for future crisis mitigation

LEADING MONITORING KPI

% of Implementation of WTO Trade Facilitation Agreement

BASELINE

74.8%
(2022)

TARGET

80.0%
(2024)

Source: World Trade Organization (WTO)

SDG IMPACTED



Recommendation 2 contributes to achieving UN SDGs: **4. Quality Education, 9. Industry, Innovation, and Infrastructure, and 17. Partnership for the Goals.**

In particular, Policy Action 2.1 contributes to the achievement of target **9.b** by supporting domestic technology development, research and innovation in developing countries, and **17.6** by supporting international cooperation on and access to science, technology and innovation and enhance knowledge-sharing.

Policy Action 2.2 contributes to the achievement of target **4.4** by ensuring that young people and adults are provided with relevant skills, and **17.6** by supporting international cooperation on and access to science, technology and innovation and enhance knowledge-sharing.

RELEVANT G20 INDONESIA PRESIDENCY PRINCIPLE



Recommendation 2 contributes and supports G20 Indonesia’s priority in **accelerating digital transformation**, including in ensuring an inclusive digital transformation, unleashing the full potential of digitalization, and supporting the post-pandemic global economic recovery by leveraging digitalization.

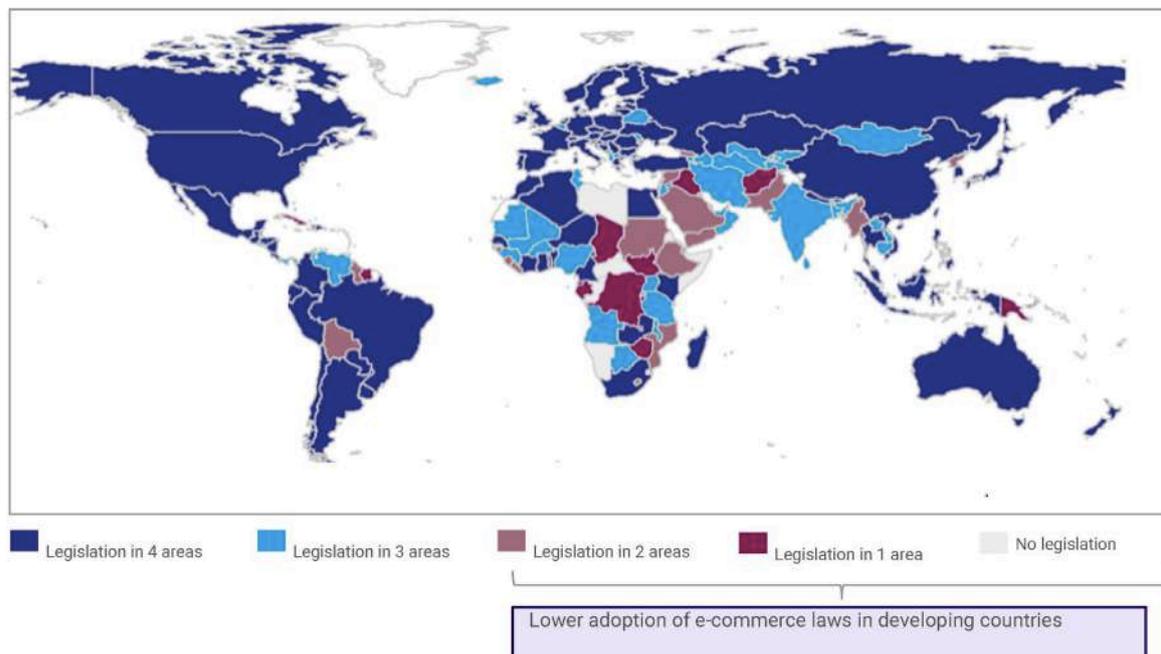
In particular, Policy Action 2.1 supports the priority by encouraging global coordination to facilitate safe and free cross-border data flow and foster conformity in digital trade, while Policy Action 2.2 supports the priority by leveraging digital technology in the recovery from the current pandemic and in mitigating future crises.

CONTEXT

Digital innovations are transforming the global economy. The decline in search and information costs, as well as the rapid growth of new products, services, and markets, and the emergence of new players, ushered in by digital technologies, have the promise of boosting global trade flows, including exports from developing countries. The continued growth of the digital economy and the opportunities it creates will require governments to address issues such as growing threats to privacy and security worldwide, as well as ensuring that developing countries have the tools to fully participate and compete in the new digital environment.⁴³ One of the most pertinent topics linked to reshaping modern-day trade is the role of digitalization. The pandemic has increased the capacity and scope of digital trade and has further emphasized the need to adapt new rules and review existing rules and regulations to make sure that legal frameworks can facilitate and keep up with the rapidly evolving nature of the digital ecosystem. A precondition to fostering a seamless flow of digital goods and services between nations is to establish a legal framework that businesses and governments can adhere to across the globe. Currently, fractured rulemaking across many countries is the main challenge. At the same time, there are different levels of digital development across nations, including varying levels of investment in digital infrastructure, differences in adoption of cyber and data protection laws, and an overall disparity in digital readiness which can make it challenging for organizations to conduct business across borders.

EXHIBIT 15 | ADOPTION OF E-COMMERCE LEGISLATION WORLDWIDE

Level of e-commerce legislation in the field of e-transactions, consumer protection, data protection/privacy, and cybercrime adoption



Source: *Summary of Adoption of E-Commerce Legislation Worldwide; 2021; United Nations Conference on Trade and Development (UNCTAD)*

⁴³ *Adapting to the digital trade era: challenges and opportunities; 2021; World Trade Organization (WTO)*

While global trade relative to global GDP has stagnated over the last decade, digital trade has grown faster than GDP, and is forecasted to continue growing significantly, given increased digitalization, adoption of 5G, and Internet of Things (IoT). Digitalization in trade processes and compliance procedures as well as the electronic exchange of trade documents should be improved, expanded, and streamlined globally to encourage and facilitate MSMEs participation in global trade.

Digitalizing the flow of information in trade would leave behind the current processes that are heavily paper based. Digitalizing the trade ecosystem would also reduce the cost of trade, which would increase financial inclusion of those who were previously excluded and had limited access to finance. Digitalization in the trade ecosystem will dramatically reduce the cost and complexity of trade and enable more MSMEs to participate in global trade. Additionally, harmonized systems will help MSMEs scale-up their businesses into international markets at lower cost with better access to supply chain opportunities. In addition, greater access to trade finance solutions could address 50% of the global trade finance gap and help MSMEs grow into international markets. Furthermore, digitalization can assist global coordination to ease or solve global crises such as the existing supply chain and health crisis.

However, the absence of a global data governance framework hampers countries' abilities to reap the benefits from the digital economy. Developing countries are paying the highest toll from the absence of global data governance, as they have to pay for the digital intelligence generated from the raw data that they produce. Modernization of trade by way of updating and aligning laws, regulations, and standards across countries would allow interoperability between systems. Greater transparency and monitoring of policies and regulatory changes that impact digital trade would also help fill the information gap in this rapidly changing domain, especially for small businesses who are seeking to enter new markets and engage in digital trade. It would also help to inform good digital policymaking and foster greater digital regulatory alignment to mitigate the challenges and friction currently experienced by businesses of all sizes in navigating fragmented digital markets. Currently the United Nations Commission on International Trade Law (UNCITRAL) has created a Model Law on Electronic Transferrable Records (MLETR)⁴⁴ that countries can use as a reference, when creating such laws. A recent report by the United Nations Conference on Trade and Development (UNCTAD) published in September 2021 calls for the establishment of a new UN data-related body.⁴⁵

To this end, the B20 calls for the G20 to:

- Align global governance on cross-border data flows and foster conformity that facilitates digital trade
- Promote further exchanges, strategic use and sharing of science, technology, and appropriate data for crisis detection
- Create a global coordination framework for future crisis mitigation
- Mandate greater transparency and monitoring on creating enabling policy environments for digital trade

44 Creating a Modern Digital Trade Ecosystem: The economic case to reform UK law and align to the UNCITRAL Model Law on Electronic Transferrable Records (MLETR); 2022 [accessed]; ICC UK

45 Digital Economy Report 2021; 2021; United Nations Conference on Trade and Development (UNCTAD)



Policy Action 2.1 Encourage global coordination to facilitate safe and free cross-border data flows & foster conformity in digital trade

Facilitate digital trade among trading nations through higher homogeneity of standards and the digitalization of the trading system⁴⁶

In order to operate in a digital economy, it is essential to have a set of multilateral laws and regulations that can enable a safe and seamless flow of digital transactions across borders. The digital trading system adheres to laws that were built to support a traditional goods-based trading system, so it is essential to adapt and modify these laws to create new standards more conducive to a digital trading system.

To ensure consistency and encourage secure digital trade, we urge the G20 to align legal frameworks with the United Nations Commission on International Trade Law's (UNCITRAL) Model Law on Electronic Transferable Records (MLETR), with other international guidelines.⁴⁷ A recognized system of laws and regulations can reduce costs of digital transactions, improve speed and efficiency in the transfer of goods, and foster safety and trust in the digital ecosystem.⁴⁸ We also call upon G20 leaders to lead the way in promoting greater transparency and monitoring on policies and regulatory changes that impact digital trade. This will help to inform better digital policymaking, and fills a critical information gap experienced by businesses, especially small businesses, who are looking to enter new markets and engage in digital trade. Additionally, we encourage G20 countries to strengthen regulatory cooperation on secure and orderly cross-border movement of data respecting the domestic legal framework of each country, paying special attention to intellectual property rights, data privacy as

⁴⁶ B20 Indonesia Trade & Industry Task Force supports the recommendations put forward by B20 Digitalization Task Force, especially Policy Action 2.1 – Unlock digital opportunities across the economy at large that prioritize ESG, to enhance competitiveness and drive inclusive growth

⁴⁷ Creating a Modern Digital Trade Ecosystem: The economic case to reform UK law and align to the UNCITRAL Model Law on Electronic Transferable Records (MLETR); 2022 [accessed]; ICC UK

⁴⁸ The Digital Economy Partnership Agreement (DEPA) among Singapore, Chile, and New Zealand is a reference on how a coherent international regulatory framework for digital trade could help advance digital trade.

well as confidential business information. Legal protections will continue to foster e-commerce and ease trade in services enabled by foreign investments as well as effective cross-border enforcement and information sharing to fight fraud and illicit trade.

We also call upon G20 leaders to support the digitalization of trade logistics and customs to improve resilience and efficiency of supply chain management. Cargo vessels can spend up to 70% of their port time at a berth, and yet there is very little communication or awareness on operating and reporting activities of these vessels.⁴⁹ The digitalization of cargo vessel records can help increase visibility on logistics information allowing for improved decision making, reductions in administrative costs and ships' turnaround time, and reduced CO₂ emissions.⁵⁰ Also, further digitalization of customs processes and procedures, and collaboration across borders may improve cargo efficiency, which in turn may further encourage traditional international trade as well as cross-border e-commerce. In addition, to promote a higher homogeneity of standards, G20 leaders should call for a WTO negotiation mandate on e-commerce. Finally, the G20 should recognize the importance of cross-border e-commerce, especially in the promise it holds for MSMEs.

Reach a multilateral consensus on trade related aspects of e-commerce

In a statement issued on 14 December, 2021, co-convenors of WTO e-commerce negotiations welcomed the substantial progress made in the Joint Statement Initiative on E-commerce with convergence achieved in eight articles so far.⁵¹ The G20 should encourage the WTO to accelerate the process on creating multilateral consensus on the trade related aspects of e-commerce including the Joint Statement Initiative (JSI) and achieve substantial progress by the end of 2022 in order to realize "Data Free Flow with Trust (DFFT)" which was advocated at G20 Osaka.⁵² Efforts should be made towards reaching decisive and impartial rules on trade related aspects of e-commerce raised by WTO members.⁵³

On the premise of respecting the national laws of each country, efforts should be made towards reaching balanced and pragmatic rules. The negotiations on trade related aspects of e-commerce should take into account the varying levels of digital development across nations and strive to reach a balanced agreement. The WTO should also encourage increased participation of developing countries and Least Developed Countries (LDCs) and strengthen capacity building and technical assistance for developing nations and LDCs, as the WTO sets a mandate on multilateral agreement on e-commerce, including cross border e-commerce.⁵⁴

In addition, the negotiations present an opportunity for G20 countries to look at the benefits of adopting measures and agreements that reduce tariffs on products related to information technology to keep pace with and adjust to the latest developments in the digital economy. The B20 proposes

⁴⁹ 5 ways to digitalize logistics and boost trade; 2020; World Economic Forum (WEF)

⁵⁰ 3 Smart Port Calls: streamlining ship calls through digitalization; 2021; Federated Network of Platforms

⁵¹ E-commerce co-convenors welcome substantial progress in negotiations; 2021; World Trade Organization (WTO)

⁵² Countries need to address free data flow, ensure a safe and orderly flow of the data, and respect domestic regulation that provides a stable environment for businesses to grow.

⁵³ Without prejudice to any future outcome of the negotiation on trade related aspect of e-commerce at the WTO, this paper would like to acknowledge all relevant aspects of e-commerce raised by the WTO members in the negotiation. Including but not limited to cross-border data flows and data localization, electronic signatures, data protection laws, and IP protection.

⁵⁴ What is at stake for developing countries in trade negotiations on e-commerce? The case of the Joint Statement Initiative; 2021; United Nations Conference on Trade and Development (UNCTAD)

the G20 commit to the future implementation of the G20/OECD inclusive framework to address the tax challenges arising from the digitalization of the economy and not implement unilateral measures.

Standardize and digitalize administrative processes to improve cross-border transactions

The use of country-specific policies adds complexity to international trade as businesses need to adhere to a varied set of regulations creating redundancies in procedures and increasing time and effort. Digitalizing administrative processes and encouraging standardization across borders can make trade more paperless, seamless, and efficient. In addition, a uniform set of regulations can ease the process of appropriate cross-border data sharing and reuse, enabling increased interoperability between nations. G20 countries should task single lead departments responsible for digitalizing cross-border processes and regulations from all bodies and agencies involved in cross-border trade to standardize regulations and increase interoperability through the establishment of common approaches to the so-called "Single Window"⁵⁵ as interoperable single windows that facilitate all transactions can simplify and accelerate administrative processes.

As governments have varying levels of digital maturity and thus have differences in data availability and regulatory processes, G20 members should also coordinate, where appropriate, with the WCO to promote common approaches to Single Window, including digital technology applications, which enable interoperable single window systems. In addition to coordinating with the WCO for a common single-window approach, G20 countries should commit to the implementation of a single window approach that contemplates the legislation and processes of all bodies and agencies that are involved in foreign trade. The G20 should also help reduce inequalities between developed and developing countries in access to technology that might impede effective cross-border transactions. The G20 should also promote establishing necessary legal and data frameworks, with the inputs of the trading community at the national level, as countries implement Single Window through capacity building and/or development support as well as other technologies.

Simplify and upgrade customs processes to facilitate cross-border digital transactions

Evidence shows that the imposition of customs duties leads to declines in domestic output and productivity and increases in unemployment and inequality. Moreover, customs duties on electronic transmissions are virtually impossible to implement and enforce, while the calculation of tariffs for electronic transmissions is unworkable. We call for the G20 to commit to the simplification of customs procedures for low-value shipments. We request the G20 to support the WTO on the e-commerce negotiations and the WCO) in its effort to build a simpler, more transparent, and non-discriminatory system that can increase efficiency in cross-border digital transactions and promote standardized regulations across countries. WTO guidelines and WCO policies should focus on providing members with required resources and measures to promote trade facilitation, reducing administrative processes like document collection, and ensuring speed in clearance times across borders.⁵⁶

⁵⁵ The Single Window Concept; 2003; United Nations Economic Commission for Europe

⁵⁶ Cross-Border E-Commerce; 2022 [accessed]; World Customs Organization (WCO)

We welcome the MC12 outcome to maintain the current practice of not imposing customs duties on electronic transmissions until MC13, which should be held by 31 December 2023. We also ask G20 leaders to encourage WTO members to implement and consider making permanent the moratorium on custom duties on electronic transmission, that has enabled exponential growth in the use of the internet and the flourishing of the digital economy, especially for MSMEs at the next MC.

Modernize border governance under the vision of "Smart Customs, Smart Borders, and Smart Connectivity"

We call on the customs of G20 to work and cooperate towards the vision of "Smart Customs, Smart Borders, and Smart Connectivity". Technological application, data management and innovative solutions lay the foundation for smart customs, which should work closely with other border agencies to foster smart borders, in an effort to eventually achieve smart connectivity among different stakeholders of the global supply chain.



Policy Action 2.2 Promote further exchanges and strategic use and sharing of science, technology & appropriate data for crisis detection, creating global coordination framework for future crisis mitigation

Foster innovation, investment and technology sharing within and across borders in both crisis and non-crisis times

The COVID-19 pandemic further highlighted the need for fast, efficient, and equitable cross-border technology and innovation sharing in critical products and sectors. A common framework across nations which incentivize technology sharing and collaboration can create conditions that are conducive for businesses to share their technology and innovations. Such a framework across nations would promote innovation and increase accessibility of new technology solutions within and across borders for crisis management and for critical products and sectors, such as health and climate change related technology and innovation.

G20 members should facilitate the joint use of technology and innovations through a framework that allows for proper protection of Intellectual Property (IP), data privacy, and market conditions justifying the human and financial capital required to create and sustain innovation on the premise of respecting the domestic legal framework of each country.

We also urge G20 members to adopt and introduce key policy principles to foster trade, transformative investments, and innovation. Such policies may focus on fostering investment and innovation in all industries at all phases of development, enable disruptive innovation by creating and maintaining competition in the marketplace, and support the creation of key innovation inputs (digital infrastructure, skilled workforce, and development/transfer of knowledge).⁵⁷ In addition,

⁵⁷ Principles of National Innovation Success; 2015; WIPO

G20 members should support measures for crisis prevention by promoting increased innovation, investment, and technology in critical industries such as healthcare systems, early detection technology, home-based care, and disease prevention.

G20 members should embrace inclusive, evidence-based policy making processes that support innovation. Stakeholders should provide fact-based input in a timely manner to ensure regulations keep pace with or foster investment and innovation and ensure smooth policy execution.

We support the MC12 outcome on the need for G20 countries to review and build on all the lessons learned and the challenges experienced during the COVID-19 pandemic, to build effective solutions in case of future pandemics including on balance of payments, development, export restrictions, food security, intellectual property, regulatory cooperation, services, tariff classification, technology transfer, trade facilitation, and transparency, in an expeditious manner. We support the WTO effort to analyze the lessons that have been learned and challenges experienced during the COVID-19 pandemic.

Create a crisis management committee that can commit to an open and frictionless flow of critical goods during future crises

The COVID-19 pandemic as well as the military conflict in Ukraine have demonstrated that tariff and non-tariff restrictions on goods, primarily critical healthcare supplies, food and raw materials, can further exacerbate the divide not only between developed and developing countries, but also within countries between income groups.⁵⁸ In efforts to ensure sufficient supply of medical goods and foods, countries resorted to export restrictions that led to a slowdown in transfer of goods, a weakened global supply chain, and higher prices on life-saving goods. As a result, LDCs without adequate manufacturing capabilities were unable to access life-saving medical supplies and fulfill basic life-sustaining food needs.⁵⁹

In this context, we ask the G20 to create a crisis management committee that includes the participation of the private sector in order to ensure reduced trade barriers and greater resiliency in GVCs. It is crucial for this committee to develop a framework that minimizes regulatory, budgetary, and political obstacles and enables the mobility of critical goods and raw materials across borders especially during times of crises. As part of the crisis management committee, we ask G20 leaders to align with multilateral organizations, such as the WTO, WCO, and WHO on a framework discussing the reduction or elimination of tariff and non-tariff restrictions in the healthcare sector. To protect the most vulnerable during the time of crisis, we also encourage G20 governments to reduce or remove tariff barriers on critical medical goods including assistive technology.

In addition, the framework should include an agreement on the definition of critical products, and the adoption of emergency green lanes to facilitate the transport of critical products while maintaining consistency with WTO rules.

⁵⁸ Trade in Healthcare Products; 2020; European Commission

⁵⁹ Trade in Healthcare Products; 2020; European Commission

Create robust guidelines on health emergency preparedness to ensure global coordinated response for future crises enhanced by a technology-enabled “always-on” global health infrastructure

The COVID-19 pandemic has taught us all the necessity to establish guidelines that can help provide a collaborative and inclusive response for future crises. Progress made during the pandemic in genomic sequencing, vaccine manufacturing, and rollout capacity can also provide a key opportunity to improve health and alleviate inequity – both to prevent and respond to future crises. Global collaboration of this scale has the potential to not only save millions of lives but also save the world economy billions of dollars in healthcare costs.

We urge the G20 to support the WHO’s efforts to negotiate and commit to implementing an international agreement on health emergency preparedness that can enable greater agility and foster coordinated actions during crises. Such an agreement should include a discussion on promoting universal and equal access to healthcare and medical supplies, incentivizing better information sharing, and increasing financial support for Low to Middle Income Countries (LMICs).⁶⁰

We urge the G20 to support trade & investment activities for the establishment of a digitally enabled global monitoring platform for pathogens on a voluntary basis by building genomic sequencing capacity and setting standards for information sharing of end-to-end workflow across multiple organisations. We also urge the G20 to adopt measures which serve to make vaccine manufacturing more diverse, accessible, and equitable by harnessing new technologies in vaccines and therapeutics, and to meet forthcoming demand for an increasingly diverse portfolio of vaccines and therapeutics, by leveraging cross-border trade and investment.

We urge G20 regulatory collaboration in critical industries, such as healthcare industry, to address infectious diseases and other global pandemics. We also urge G20 to leverage public-private collaboration in identifying current and future crises and how to overcome them. The WTO should also update the “Trade in the Pharmaceutical Products Agreement” by increasing the number of participating countries and by expanding the coverage of the WTO to include medical supplies, equipment technology, and other personal protective equipment.

Align on a global framework to promote and restore safe international travel

In an effort to safeguard the health of citizens, governments across the world have adopted varying measures of lockdowns, travel restrictions, and quarantine periods, which has severely impacted international travel.

Although there was a 58% increase from 2020 in international tourist arrivals in the three months leading up to 30th September 2021, the recovery of international travel has been slower than expected and is still far from reaching pre-pandemic levels.⁶¹ In January 2022, the total of international

⁶⁰ From Worlds Apart to a World Prepared: Global Preparedness Monitoring Board report 2021; 2021; World Health Organization (WHO)

⁶¹ This is how the COVID-19 crisis has affected international tourism; 2021; World Economic Forum (WEF)

tourist arrivals were still 67% below 2019 levels.⁶² In addition, with the proliferation of the most recent COVID-19 variant, Omicron, travel restrictions are tightening again, and the prospects for international travel have dropped once again after a short-lived spike in the third quarter of 2021.⁶³

Recognizing the importance of international air travel to the global economy, the G20 in 2021 called upon member states to develop a common set of standards for travel that address testing requirements and results, vaccination certificates, and the interoperability and mutual recognition of digital systems. Utilizing a data-driven, risk-based approach to overcome the current health crisis creates the foundation for a safe, reliable, and resilient response in the future. The B20 agrees that member states should direct Health and Transport Ministries to implement specific, uniform, data-driven, risk-based approaches to health crisis management in the air transport sector in 2022. Reference should be made to the guidance and recommendations on International Civil Aviation Organization (ICAO)'s COVID-19 Response and Recovery Platform, as the foundation for those policies. All these measures should be taken alongside the efforts by G20 members in rolling out vaccination programs, especially by reaching the most vulnerable and those in need, to ensure that the safety of cross-border travel is guaranteed.

The G20 should promote a standardized testing and vaccine certificate recognition by concluding and implementing the G20 Indonesia's initiative on Digital Vaccine Certificates harmonization in order to promote safe travel. Digitalization should also be leveraged to facilitate administrative travel processes. Automated processes can significantly increase efficiencies and reduce redundancies in cross-border travel. Promoting the ease of travel can boost the tourism sector and stimulate economic recovery. Thus, it is vital for the G20 to agree on a set of rules that foster simplified yet safe international travel.

Implement and extend the mutual recognition of COVID-19 vaccines

Ten COVID-19 vaccines were granted Emergency Use Listing (EUL) by the WHO. As of October 2022, there are 172 vaccines in clinical development and 199 vaccines in pre-clinical development.⁶⁴ With the G20 Declaration in Rome, leaders of the G20 pledged to cooperate towards the "recognition of COVID-19 vaccines deemed safe and efficacious by the WHO and in accordance with national legislation and circumstances". Moreover, the G20 leaders pledged to "strengthen the WHO's ability to approve vaccines, broadening the list of vaccines authorized for emergency use (EUL), while continuing to protect public health and ensuring privacy and data protection."⁶⁵

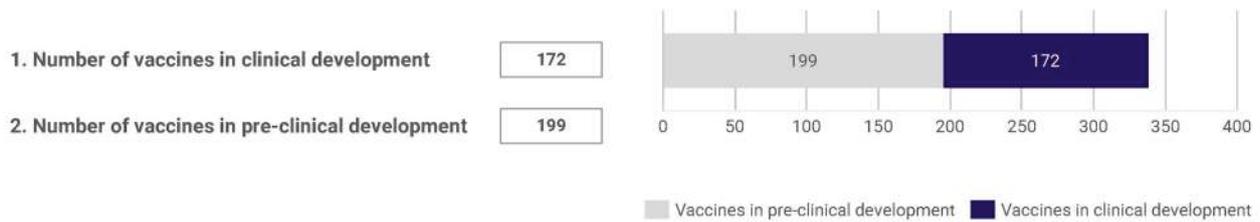
We call on the G20 to swiftly recognize WHO-approved vaccines and extend the mutual recognition of COVID-19 vaccines to facilitate the normalization of global travel and strengthen G20 support for expedited WHO approval processes for vaccines under development.

⁶² World Economic Forum's Travel and Tourism Development Index ; May 2022; UN Tourism Organization

⁶³ This is how the COVID-19 crisis has affected international tourism; 2021; World Economic Forum (WEF)

⁶⁴ COVID-19 vaccine tracker and landscape; October 2022; World Health Organization (WHO)

⁶⁵ G20 Rome Leaders' Declaration; 2021; G20 Italy 2021

EXHIBIT 16 | SUMMARY INFORMATION ON VACCINE PRODUCTS IN CLINICAL DEVELOPMENT

Source: COVID-19 Vaccines Tracker; 2022 [accessed]; World Health Organization (WHO)

Adopt the Digital Documentation of COVID-19 Certificates

Digital vaccination certificates are immunization records in an electronic format that are accessible by both the vaccinated person and authorized health workers, and which can be used to ensure continuity of care or provide proof of vaccination.⁶⁶

The WHO proposed the concept of Digital Documentation of COVID-19 Certificates (DDCC) as a mechanism by which a person's COVID-19-related health data can be digitally documented via an electronic certificate. We call on the G20 to adopt the DDCC as recommended by the WHO to ensure continuity of care and proof of vaccination.

Establish a uniform platform for skilling, re-skilling, and upskilling focusing on trade and investment skills⁶⁷

The COVID-19 pandemic has had enormous impacts on workers, especially in developing countries, where women, youth, and workers with lower education suffered the highest cost.⁶⁸ Multinational Enterprise (MNE) affiliates in developing countries confirmed adverse effects of the pandemic on employment and worker productivity.⁶⁹ Skills mismatch is a key factor affecting two out of five employees, and countries with higher skills mismatch tend to face lower productivity and innovation⁷⁰ as well as higher obstacles to trade and investments.

The G20 Members should encourage the establishment of a uniform platform for skilling, re-skilling, and upskilling workers, focusing on the skills demanded by investors, and needed by firms to integrate in international supply chains (such as problem solving, managerial, analytical, service, technical, and social skills).⁷¹

⁶⁶ WHO Digital Documentation of COVID-19 Certificates: Vaccination Status; 2021; World Health Organization (WHO)

⁶⁷ B20 Indonesia Trade & Industry Task Force supports the recommendations put forward by B20 Future of Work & Education

⁶⁸ These types of workers were most impacted by the COVID-19 pandemic; 2021; Jobs and Development Partnership

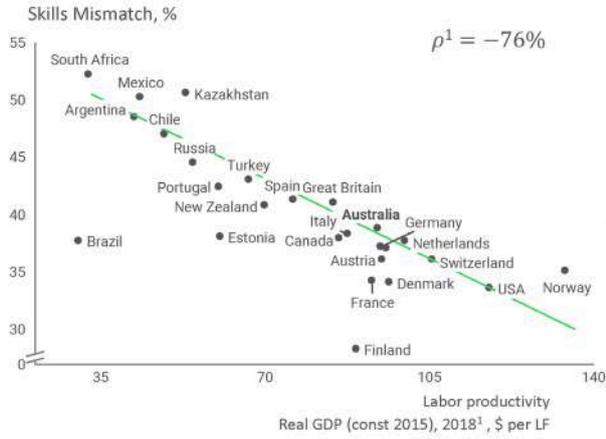
⁶⁹ The Impact of COVID-19 on Foreign Investors: Evidence from the Quarterly Global Multinational Enterprise (MNE) Pulse Survey for the First Quarter of 2021; 2021; World Bank

⁷⁰ The Future of Jobs in the Era of AI; 2021; Boston Consulting Group (BCG)

⁷¹ The Impact of COVID-19 on Foreign Investors: Evidence from the Quarterly Global Multinational Enterprise (MNE) Pulse Survey for the First Quarter of 2021; 2021; World Bank

EXHIBIT 17 | COUNTRIES WITH HIGHER SKILLS MISMATCH FACE LOWER PRODUCTIVITY AND INNOVATION

Skills mismatch directly impacts productivity, progress and innovation...and correlation analysis proves it



1. Correlation coefficient 2. GDP, PPP exchange rate, real, US\$ in 2015 prices

- 98%

Global Talent
Competitive-
ness Index

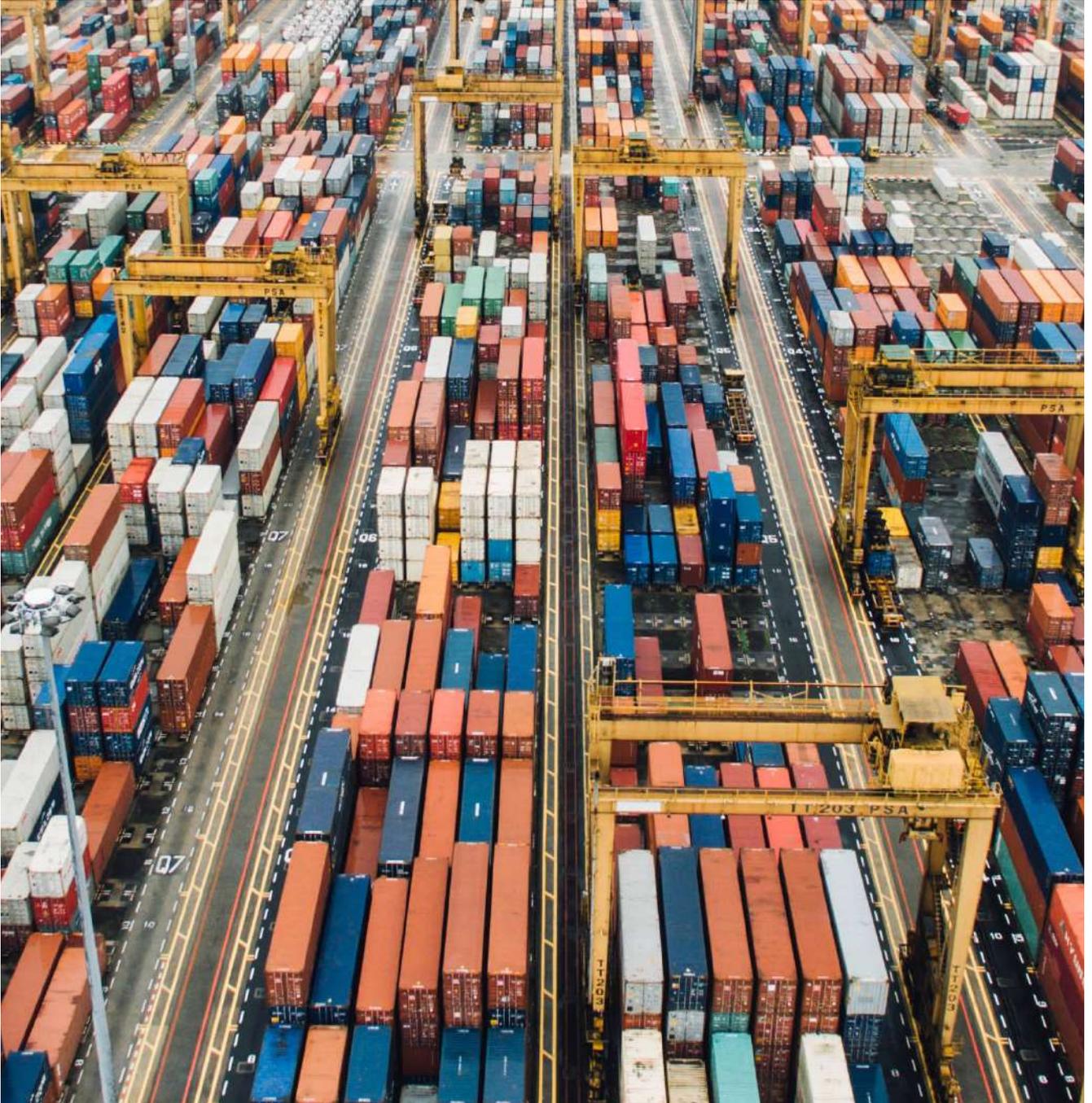
- 87%

Global
Innovation
Index

- 73%

Sustainable
development
goals

Source: Source: OECD Data, skills mismatch, 2016; EIU, Real GDP (US\$ at 2010 prices), 2016; ILO Stat; SAMA; GASTAT; BCG analysis



RECOMMENDATION 3

Amplify support to attain inclusivity in global supply and value chains

POLICY ACTIONS

Policy Actions 3.1 – Increase access to finance and create regulatory environment that enables investors and lending institutions to support female entrepreneurs and MSMEs to trade and scale up business

Policy Actions 3.2 – Promote further inclusion of MSMEs and female led businesses in the domestic, regional and global supply chains through inclusive supply chain ecosystem models

LEADING MONITORING KPI

BASELINE⁷²

TARGET⁷³

Tn USD of Trade Finance Gap (Supply-Demand)

1.7 Tn

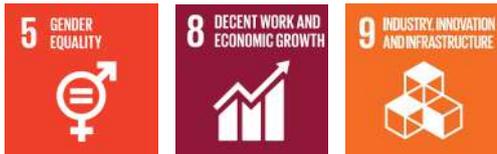
1.5 Tn

Source: Asian Development Bank

(2020)

(2024)

SDG IMPACTED



Recommendation 3 contributes to achieving UN SDGs: **5. Gender Equality, 8. Decent Work and Economic Growth, and 9. Industry, Innovation, and Infrastructure.**

In particular, **Policy Action 3.1** contributes to the achievement of target **5.a** by ensuring equal rights for women to economic resources, including financial services. **8.3** by encouraging the growth of MSMEs, including through access to financial services, **8.10** by strengthening the capacity of domestic financial institutions to encourage and expand access to financial services for all, and **9.3** by increasing the access of MSMEs, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

Policy Action 3.2 contributes to the achievement of target **5.c** by promoting gender equality and the empowerment of all women, **8.3** by encouraging the growth of MSMEs, and **9.** by increasing the access of MSMEs, in particular in developing countries, to be better integrated into value chains and markets.

72 The baseline used in B20 Italy’s Trade and Investment Policy Paper was USD 3.4 Trillion, based on annual ADB data and a one-off ICC data. This year, B20 Indonesia decided to use ADB data as the sole data source for the baseline, due to the consistency of ADB data.

73 The target is revised to USD 1.5 Trillion, indicating the intention to return to the pre-pandemic level.

RELEVANT G20 INDONESIA PRESIDENCY PRINCIPLE



Recommendation 3 contributes and supports G20 Indonesia's priority in **accelerating digital transformation**, including in creating a more inclusive digital transformation, supporting the acceleration and inclusion of MSMEs into the digital ecosystem, fostering digital entrepreneurship, and revitalizing the role of women in the workplace by increasing their digital capabilities.

In particular, **Policy Action 3.1** supports the priority by leveraging digital technologies to reduce regulatory burden and transaction costs for MSMEs, including for women-led MSMEs. **Policy Action 3.2** supports the priority by further enabling MSMEs through digital skills and greater access to digital infrastructure.

CONTEXT

GVCs have been severely impacted by the COVID-19 pandemic, as international trade declined in 2020 due to declining GDP and the increased imposition of trade restrictions by countries around the world. GVCs participation had already been stagnating since the 2008 financial crisis with further stagnation accentuated as a result of the pandemic. UNCTAD recorded that trade fell by about 9%⁷⁴ and FDI fell by 42%⁷⁵ in 2020.

The highly interdependent nature of modern-day society has been significantly disrupted by the unprecedented challenges brought by the pandemic.⁷⁶ As a result, many value chain models are readjusting either towards diversified or regionalized archetypes. In the traditional value chains, GVCs establish a cross-country presence for cost or other economic reasons. In the diversified model, GVCs migrate to new geographies to reduce geopolitical and concentration risk exposure. Meanwhile, in the regionalized model, GVCs move closer to end-markets, due to government incentives and/or risk mitigation.

The COVID-19 pandemic has also exposed the need to better integrate MSMEs in GVCs. This is unfortunate given that MSMEs represent about 90% of businesses and more than half of employment worldwide.⁷⁷ In emerging economies, formal MSMEs contribute up to 40% of national income (GDP) – and these numbers are significantly higher when informal MSMEs are included.⁷⁸ Aside from their quantitative importance, MSMEs are qualitatively important as well, as they employ within local communities, are embedded in the fabric of local communities, and are owned locally. However, MSMEs may have less access to instruments, technology, and skills for fully engaging in the national and global economies. Access to finance is a primary barrier for MSMEs, especially in emerging markets and developing countries. MSMEs are less likely to be able to obtain bank loans than large firms. Instead, they rely on internal funds, or cash from friends and family to launch and initially run their enterprises.⁷⁹ Women-owned MSMEs encounter even bigger obstacles in financing, as 70% of women-owned MSMEs in emerging countries are unserved or underserved by financial institutions.⁸⁰

In addition to that, while even before the pandemic, trade finance requests by MSMEs were overwhelmingly rejected by trade finance providers,⁸¹ the likelihood of trade finance applications being rejected rose significantly during the pandemic.⁸² The pandemic has diminished the risk appetite of the private market, which results in limited availability of trade finance for exporters.⁸³ This causes a shift towards governments acting through Export Credit Agencies (ECAs) as they seek to alleviate barriers caused by the pandemic to the short-term and medium- and long-term trade finance.⁸⁴ An Asian Development Bank (ADB) survey in 2021 revealed that public sector support in providing greater access to finance is identified as necessary and plays a key role in the post-pandemic recovery for the respondents surveyed.⁸⁵

The International Finance Corporation (IFC) estimates that 131 million firms, or 41% of formal MSMEs in developing countries, have unmet financing needs of \$5 trillion annually, which is equivalent to 1.3 times the current level of the global MSMEs lending.⁸⁶ In addition, there is an estimated \$2.8 trillion

⁸⁶ MSME Financing Gap; 2018/19; International Finance Corporation (IFC)

potential demand for finance from informal enterprises in developing countries, which is equivalent to 11% of the GDP in these countries.⁸⁷

The global finance gap is highest in East Asia and the Pacific which accounts for 43% of the global figure. They are followed by South Asia (26%) and Sub-Saharan Africa (15%).⁸⁸ About half of formal MSMEs do not have access to formal credit. The financing gap is even larger when micro and informal enterprises are considered.⁸⁹

This is unfortunate given that besides contributing to GDP, MSMEs also play a role in reducing unemployment worldwide. According to the World Bank, 600 million jobs will be needed by 2030 to absorb the growing global workforce.⁹⁰ The development of MSMEs becomes a high priority for many governments around the world as most formal jobs in emerging markets are generated by MSMEs, which create 7 out of 10 jobs.⁹¹

To this end, the B20 calls for the G20 to:

- Agree to provide support for MSMEs and to ensure that the supporting policies and incentives are utilized by targeted MSMEs beneficiaries
- Improve funding and access to finance for all businesses, in particular women entrepreneurs and MSMEs
- Increase the resilience of GVCs by promoting higher homogeneity of standards
- Leverage automation and digitalization in reducing regulatory burdens and transaction costs for all businesses, especially MSMEs
- Promote lower cost of doing business and incentivize MSMEs, including women-led MSMEs and the broader informal sector to join global trade
- Adopt inclusive closed loop frameworks and supply chain models
- Promote a level playing field among ECAs by discussing the international rules of officially supported exports credit.

87 *MSME Financing Gap*; 2018/19; International Finance Corporation (IFC)

88 *MSME Financing Gap*; 2018/19; International Finance Corporation (IFC)

89 *Small and Medium Enterprises (SMEs) Finance*; 2022; World Bank

90 *Small and Medium Enterprises (SMEs) Finance*; 2022; World Bank

91 *Small and Medium Enterprises (SMEs) Finance*; 2022; World Bank



Policy Action 3.1: Increase access to finance and create regulatory environment that enables investors and lending institutions to support female entrepreneurs and MSMEs to trade and scale up business ⁹²

Promote standardized trade finance products to address trade finance gap for MSMEs, female entrepreneurs, and the informal sector

In 2020, the value of unmet annual demand for global trade finance reached an estimated amount of \$1.7 trillion.⁹³ About 80% to 90% of world trade relies on trade finance (trade credit and insurance/guarantees), mostly of a short-term nature.⁹⁴ Even before the pandemic, the WTO reported that 60% of trade finance requests by MSMEs were rejected.⁹⁵ In comparison, trade finance requests by multinational companies are overwhelmingly accepted, with only 7% rejection rate.⁹⁶

Trade finance products enhance the capability of businesses to export on fair trading terms and with reasonable working capital requirements. Unfortunately, the current trade finance offer is not equally accessible to all businesses. MSMEs are facing a particular challenge in accessing trade finance. The current COVID-19 pandemic has further exacerbated this situation. G20 members should address the trade finance gap by standardizing key instruments, including letters of credit, loan guarantees, standby letters, and collection and further enhancing trade facilitation offerings either directly through local Export and Import Banks (Exim banks) or through Multilateral Development Banks' Trade Facilitation Programs.

⁹² B20 Indonesia Trade & Industry Task Force supports the recommendations being out forth by the B20 Indonesia Women in Business Action Council, especially recommendation 1-Empowering women entrepreneurs.

⁹³ 2021 Trade Finance Gaps, Growth, and Jobs Survey; 2021; Asian Development Bank (ADB)

⁹⁴ Trade Finance; 2022 [accessed]; World Trade Organization (WTO)

⁹⁵ Financial inclusion in trade: Reducing the global trade finance gap; 2018; World Trade Organization (WTO)

⁹⁶ Advisory Group on Trade Finance: Awareness & Advocacy; 2020; International Chamber of Commerce (ICC)

In the past decade, MSMEs have been facing increasing challenges in gaining access to export credit due to the introduction of stricter financial regulatory requirements which have, in turn, tightened the lending capacity of commercial banks. In relation to this, the Basel III agreement that regulates the minimum capital requirements for banks as percentages of Risk-Weighted Assets (RWAs) does not address the concerns of trade finance or provide any specific impact assessment of them. In light of this, we reiterate B20 Saudi Arabia and B20 Italy's call on the G20 to promote trade finance as a stand-alone asset class to allow in new sources of liquidity, while exploring flexibility in RWA requirements to reduce capital absorption and provision costs.

Trade finance is especially important in facilitating MSMEs inclusion in global supply chains. According to the International Chamber of Commerce and the Global Credit Data Consortium, the risk associated with trade finance has remained consistently low, as measured by stand-alone default rates, despite global economic uncertainties. However, since trade finance is not yet considered a stand-alone asset class, its default rates are blended with potentially higher-risk products, effectively curtailing available capacity for trade finance products. B20 Indonesia reiterate the B20 Saudi Arabia and B20 Italy requests to the G20 to promote trade finance as a stand-alone asset class to create more capacity for banks to support MSMEs export opportunities.

Furthermore, the sales of goods and services are exposed to a significant number of risks, many of which are not within the control of the supplier. The highest risk among them is the failure of a buyer to pay for the goods or services it has purchased. Trade credit insurance can contribute to cover this risk, assuring the supplier that their trade is protected, market intelligence on the financial viability of the supplier's customers, and, in the case of buyers in foreign countries, on any trading risks peculiar to those countries.⁹⁷

In this context, to decrease financial vulnerability, G20 leaders should also facilitate and increase the accessibility and affordability of trade finance solutions and financial products such as trade credit insurance for MSMEs, female-owned businesses, and businesses which are owned by or employ disabled people. Additionally, public funding schemes should be made easy to understand and unnecessary bureaucracy must be reduced.

Promote collaboration with domestic and international entities to leverage automation and digitalization in reducing regulatory burdens and transaction costs for MSMEs

There are several key challenges impeding the growth of MSMEs including increased administrative and transaction costs and complicated regulatory processes. An increase in access to digital resources can significantly help MSMEs improve efficiency and foster inclusivity in GVCs. To facilitate this, we call on the G20 to coordinate with national and international entities (e.g., regulators, ECAs, banks) to use digital technologies and automation tools that can help MSMEs reduce company set up and registration costs, lower transaction costs, and enable increased participation in the global trading system.

⁹⁷ Trade Credit Insurance; 2010; World Bank

Current trade regulations and procedures are heavily paper based, increasing the risk of errors, cumbersome processes, and potential fraud. New digital technologies such as distributed ledger technologies (DLTs) offer a more reliable and efficient alternative to reduce regulatory burdens and transaction costs, particularly for MSMEs. We ask the G20 to promote the adoption of DLTs to support standardized trade finance processes by establishing clear and comprehensive security rules and minimum cyber-security requirements consistently applied across GVCs.

B20 Indonesia acknowledges the work initiated under B20 Saudi Arabia, and further developed by B20 Italy in collaboration with the Business at the OECD (BIAC) and the International Organization of Employers (IOE) in evaluating the concept of a GVC Passport that aims to provide a secure, verifiable, and traceable financial fingerprint of a given entity, that is recognized by all countries in GVCs avoiding the need for repeated and duplicative processes.⁹⁸

In addition to reducing the regulatory burden for MSMEs, we request the G20 to establish consistent Know-Your-Customer (KYC) policies, including screening and risk assessment requirements, to reduce administrative processes and lower trade finance costs for MSMEs.

Promote level playing field among national Export Credit Agencies (ECAs)

Export Credit Agencies (ECAs) have played a critical role in supporting export and import activities during the pandemic⁹⁹ by way of expanding working capital programs and other effective tailor-made supporting solutions.¹⁰⁰ Firms in the trade industry are looking for alternative (non-private) sources of short-term trade financing and official export credits for medium and long-term projects. In response to these concerns, governments are turning to their ECAs to fill the financing gaps, as they did in response to the 2008-2009 crisis. A survey conducted by the OECD shows that OECD countries and their ECAs have reacted quickly and have taken measures aimed at bridging financing gaps, such as increasing the capacity of support for ECAs, expanding working capital programs, introducing new facilities to support exports and exporters, and introducing more flexibility to the terms and conditions of official support.¹⁰¹ However, contrary to developed countries, ECAs in developing economies often do not have enough resources and capability to provide adequate support to firms.

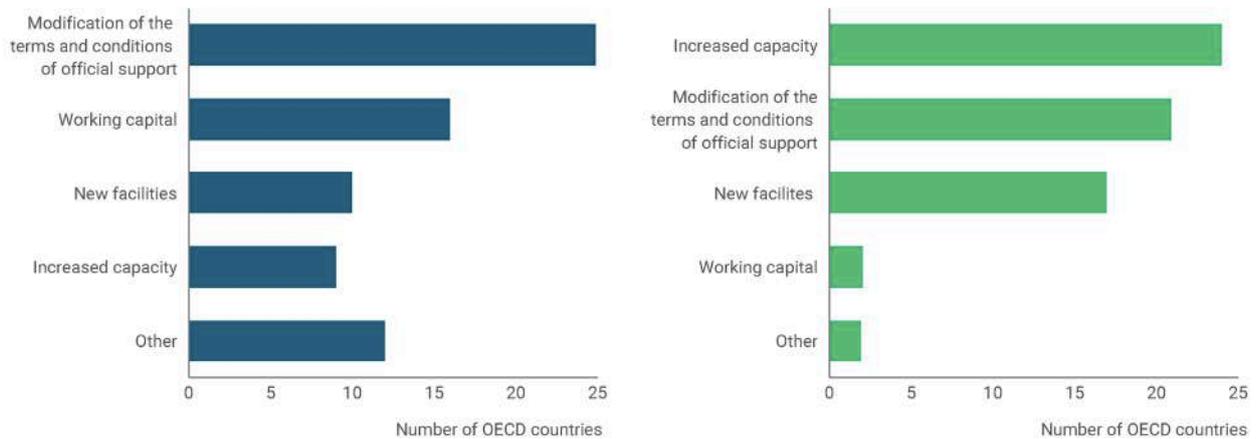
98 "GVC Passport" on financial compliance, a pragmatic concept to strengthen Inclusive and Sustainable Growth; 2020; Business at OECD & B20 Saudi Arabia 2020

99 Trade Finance in Times of Crisis – Responses from Export Credit Agencies; 2020; OECD, The impact of COVID-19 on SME financing: A special edition of the OECD Financing SMEs and Entrepreneurs Scoreboard; 2020; OECD

100 Export credit insurance industry response to COVID-19; 2020; Berne Union

101 Trade Finance in Times of Crisis – Responses from Export Credit Agencies; 2020; OECD

EXHIBIT 18 | NATURE OF MEASURES TAKEN BY OECD COUNTRIES IN RESPONSE TO COVID-19 COMPARED TO THE 2008-2009 FINANCIAL CRISIS



Source: OECD

Enhanced offerings from ECAs would further support companies in carrying out their export-import activities as they recover from the pandemic.¹⁰² The B20 Indonesia reiterates our support to B20 Italy's call on the G20 members to enhance cooperation and coordination to ensure a level playing field among national ECAs, by improving current rules and limitations on financing terms (e.g., repayment terms, minimum interest rates), tied and untied financing, transparency, and trust. In addition, the G20 should help build the capacity of ECAs in developing countries. Due to the capacity gaps between developed and developing countries, while trying to realize a level playing field among ECAs, specific national conditions and development levels should also be taken into consideration.

We call for G20 countries that are still not part of the OECD Arrangement on Official Exports Credits to work together, when appropriate, to discuss the international rules of officially supported exports credits.



Policy Action 3.2 Promote further inclusion of MSMEs and female-led businesses in the domestic, regional and global supply chains through inclusive supply chain ecosystem models

Strengthen the development of inclusive supply chain ecosystem models¹⁰³

MSMEs play a critical role in driving strong and sustained global economic growth. Moreover, increasing the number of suppliers in international production networks increases the level of competition, with positive impacts on the cost, delivery, and quality of available supplies, reducing transaction costs and the overall procurement bill. To this end, the B20 calls on the G20 to work towards making the international trade and investment system more accessible to MSMEs in order to accelerate the economic recovery and create a more robust global supply chain.

To promote inclusivity in the global supply chain and ensure a level playing field between all organizations, governments, and businesses, these entities should work towards bridging the gap and empowering MSMEs by providing access to the required resources needed to catalyze growth and help businesses scale up.

Beyond targeted approaches by government and companies, inclusive supply chain ecosystem models need to take into consideration all aspects of the ecosystem surrounding MSMEs to ensure support and address their pain points towards sustainable development. Governments should promote initiatives such as the Inclusive Closed Loop program in Indonesia which aims to provide MSMEs with a supportive ecosystem that covers all aspects of their supply chain from access to input materials, as well as financial institutions for loans and insurances, offtake market coordination, and regulatory support from the government. To ensure that support for MSMEs is effective, efficient, not misused by large corporations, and that competition is not distorted, we strongly recommend that

103 B20 Indonesia Trade & Industry Task Force supports the efforts being exercised in the B20 Indonesia Women in Business Action Council

G20 members articulate at the domestic level – as some have already done – a clear definition of MSMEs. A definition that refers to several key elements of MSMEs are, for instance, the enterprise's assets, sales turnover, capital, annual revenue, and number of employees.

We call on G20 members to promote the development of strong local and international inclusive supply chain ecosystems by encouraging large corporations to work together across industries to provide ecosystem solutions to support the sustainable development of MSMEs and the exchange of best practices between large corporations and MSMEs. These ecosystem solutions should consider all key aspects of MSMEs development needs such as access to affordable quality inputs, access to offtake/purchasing channels, access to financing, supporting quality and capability development towards international standards, facilitating strong partnerships nationally and internationally, and coordination of upskilling and re-skilling development programs. In addition, multi-stakeholder initiatives can be leveraged to promote public-private collaboration and dialogue in support of inclusive supply chains. For instance, the electronic World Trade Platform initiative included in the 2016 G20 Leaders' Communique has connected MSMEs from developing countries to consumers, working with partners to share experience, deploy advanced technology, and consult on policy in support of global trade. The G20 Innovation League, a unique initiative unveiled by Italy in 2021, is another example of a public-private collaboration designed to bring together promising start-ups from G20 countries together with institutions and investment funds so they can collaborate and develop innovative, sustainable business projects. The G20 should build on and contribute to expanding initiatives such as the electronic World Trade Platform (eWTP) and the G20 Innovation League in support of inclusive supply chains.

Enable MSMEs to access export market through capacity building to meet international standards

When seeking to access international markets, MSMEs are forced to comply to higher standards, which are beyond their means of compliance, and face fierce competition from multinational companies. MSMEs not only have to meet compulsory standards to secure the bare minimum market access in a given export country. MSMEs also often need to observe and comply to various market standards that are voluntary in nature, yet strongly determine their capability to be accepted in the global market, such as voluntary sustainability standards (VSS) or certifications of business best practices which are both unaffordable and difficult to comply with.

Unlike large companies, most MSMEs do not have adequate resources, technical expertise, and have a lower threshold to absorb risks in trying to meet the ever-evolving standards set by national governments, private certification bodies, and leading GVCs firms. Such challenges need to be considered along with the provision of financial support for MSMEs e.g., reimbursement of certification fees, as the key enabler to promote MSMEs inclusivity in global trade and GVCs. Government and business can help enable MSMEs towards complying to international standards by facilitating access to information and technology, strengthening MSMEs capacity to implement requirements, and facilitating trade through international mechanisms.¹⁰⁴ Thus, the B20 calls on governments across the G20 to collaborate with the private sector in providing capacity building,

¹⁰⁴ SME Competitiveness; 2016; ITC

technical assistance, and guidance to MSMEs to improve their compliance to international standards on labor, quality, and product safety, as well as environmental and social practices.¹⁰⁵

Support WTO discussions on the Informal Working Group on MSMEs

The Informal Working Group on MSMEs comprises 94 WTO members¹⁰⁶ and aims to support its members in coordinating efforts to recover from the pandemic, especially in providing support for MSMEs, which have been severely impacted by the pandemic. The Informal Working Group on MSMEs also aims to facilitate trade and advance trade digitalization, which includes giving MSMEs access to digital tools, as well as increased access to trade finance and to trade-related information through online platforms.¹⁰⁷

In December 2020, the Working Group endorsed a package of six recommendations and declarations aimed at addressing challenges smaller businesses face when they trade internationally, which was sponsored by 97 WTO members.¹⁰⁸

Recent initiatives for MSMEs include the launching of Trade4MSMEs web platform in December 2021 to provide trade-related information for small businesses seeking to reach international markets and relevant information for policy makers, as well as the Digital Champions for Small Business initiative. New topics under discussion include digitalization issues, such as cyber-readiness, facilitating imports of low-value shipments, innovative policies for MSMEs, and issues facing rural-based MSMEs.¹⁰⁹

The Working Group finalized a draft declaration in September 2021 stating their commitment to address challenges facing MSMEs seeking to trade internationally and recognizes the negative impact of COVID-19 on small businesses as well as the need for a global coordinated response to help MSMEs recover from the pandemic.¹¹⁰

We request the G20 to push the WTO to adopt the declaration of the Working Group at the next MC and to accelerate the discussions on the new key topics before the next MC.

Promote development of digital literacy and increased access to digital infrastructure for MSMEs¹¹¹

The latest digital technology developments offer new opportunities to empower and accelerate the economic development of MSMEs. The rapid pace of digitalization is bringing new technologies such as Cloud Computing, Blockchain, Big Data, Artificial Intelligence, and Internet of Things that

¹⁰⁵ *SMEs & Entrepreneurship Task Force Policy Paper*; 2015; B20 Turkey 2015

¹⁰⁶ *As of December 2021, these participants cover all regions of the world and all levels of development, accounting for around 80 per cent of world exports. The MSME package of recommendations and declarations, adopted in December 2020, was sponsored by 97 WTO members. As is the case for all the joint initiatives, participation in the MSME Informal Working Group is open to all WTO members.*

¹⁰⁷ *Working group on small business reflects on topics for 2021 workplan*; 2022 [accessed]; World Trade Organization (WTO)

¹⁰⁸ *Informal Working Group on Micro, Small and Medium-sized Enterprises (MSMEs)*; 2022 [accessed]; World Trade Organization (WTO)

¹⁰⁹ *Informal Working Group on Micro, Small and Medium-sized Enterprises (MSMEs)*; 2022 [accessed]; World Trade Organization (WTO)

¹¹⁰ *Working group on small business finalizes MC12 draft declaration*; 2021; World Trade Organization (WTO)

¹¹¹ More details is covered in the Digitalization Task Force Policy Paper

have the potential to expand market access, enhance communication systems with customers, and manage supply-chain costs effectively. However, if not supplemented with necessary digital infrastructure and skills, adequate capital resources and sufficient funding, MSMEs are at risk of being left behind.

G20 members should better coordinate existing trade-related capacity building programs to bridge digital gaps and actively facilitate MSMEs' access to capacity building programs on e-commerce. Additionally, G20 should also support the development and implementation of cyber security tools to ensure safe trade in GVCs. Governments should support efforts towards upskilling and reskilling programs to ensure that human capital is empowered by new digital technologies.



RECOMMENDATION 4

Make trade and investment impactful drivers for a greener and more sustainable development in line with SDGs

POLICY ACTIONS

Policy Actions 4.1 – Facilitate cooperation in voluntary carbon-trade consistent with WTO rules and Article 6 of the Paris Agreement

Policy Actions 4.2 – Facilitate Foreign Direct Investment flows to work towards green business and circular business model

Policy Actions 4.3 – Leverage trade and investment measures to accelerate just transition

SDG IMPACTED



Recommendation 4 contributes to achieving UN SDGs: **7. Affordable and Clean Energy, 9. Industry, Innovation, and Infrastructure, 12. Responsible Consumption and Production, 13. Climate Action, and 17. Partnerships for the Goals.**

In particular, **Policy Action 4.1** contributes to the achievement of target **13.2** by supporting the integration of climate change measures into national policies, strategies, and planning. **13.a** by supporting the implementation commitment undertaken by developed-country parties to the UNFCCC to jointly mobilize \$100 billion annually by 2020 to address the needs of developing countries. **13.b** by raising the capacity for effective climate change-related planning and management in least developed countries, including by focusing on women, youth, local, and marginalized communities, and **17.10** by promoting a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization

Policy Action 4.2 contributes to the achievement of target **9.4** by encouraging industries to shift towards sustainability, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, **10.b** by encouraging financial flows, including FDI, to least developed countries, **12.5** by supporting the reduction of waste generation, **12.6** by encouraging companies, especially large and transnational companies, to adopt sustainable practices, and to integrate sustainability information into their reporting cycle, **17.5** by supporting investment promotion for least developed countries, and **17.17** by encouraging and promoting Public-Private Partnerships.

Finally, **Policy Action 4.3** contributes to the achievement of target **7.1** by ensuring universal access to affordable, reliable and modern energy services, **7.a** by enhancing international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology, **7.b** by upgrading technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, **9.4** by encouraging industries to shift towards sustainability, with increased resource-use efficiency and greater adoption of clean

and environmentally sound technologies and industrial processes, **12.5** by supporting the reduction of waste generation, and **17.7** by promoting the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms.

RELEVANT G20 INDONESIA PRESIDENCY PRINCIPLE



Recommendation 4 contributes and supports G20 Indonesia's priority in **accelerating sustainable energy** transition towards cleaner energy sources, while at the same time ensuring energy sustainability.

In particular, Policy Action 4.1 supports the priority by facilitating cooperation in voluntary carbon trade, Policy Action 4.2 supports the priority by facilitating FDI for green business and circular business model, Policy Action 4.2 supports public private partnership (PPP) in energy transition, and leveraging data in improving resource efficiency, while Policy Action 4.3 supports the priority by ensuring just transition especially in developing countries and least developing countries (LDCs), as well as by alleviating barriers to trade and investment in environmental goods and services to ensure the diffusion of best available environmental technologies.

CONTEXT

Trade and investment have directly and indirectly played a role in pulling hundreds of millions of people out of extreme poverty. Trade and investment have also played a role in boosting the green transition through Environmental, Social, and Governance (ESG) investments as well as increased trade in environmental goods and green services.

In the past few years, sustainable finance for the transition to clean energy, impact investments, and decarbonization have been gaining ground. The biennial average of global climate finance in 2019–2020 was \$632 billion, up by more than 170% from the 2011–2012 rate, which was \$364 billion.¹¹² However, this level of investment remains insufficient to reach the 1.5°C scenario. As much as \$1.6 to \$3.8 trillion would be needed annually for supply-side energy system investments alone,¹¹³ while another \$180 billion will be needed annually for adaptation costs.¹¹⁴

The private sector is currently the biggest actor contributing to climate financing, with about 56% of total global climate finance coming from the private sector.¹¹⁵ This leaves the remaining 44% coming from the public sector – which is mostly supported by Development Finance Institutions (DFIs).¹¹⁶

Of the total global climate finance, 61% of those funds goes to non-OECD countries.¹¹⁷ However, investments are not yet flowing to emerging markets at scale. Only about 10% of total clean energy investments flow to low-income countries and lower-middle income countries, excluding China.

As 74% of climate finance received by non-OECD countries comes from domestic sources, international cooperation to increase investment in this area is imperative.

Moreover, in acknowledgment to inputs made at the B20-G20 Public Dialogue on Trade & Investment in September 2022, there are a huge untapped potential for sustainable growth from the ocean. The ocean covers 71% of the earth's surface and provides both renewable and non-renewable resources. It is a critical source of livelihoods for billions of people, offering huge opportunities for driving economic growth, jobs, and innovation. The value of key ocean assets has been estimated at \$24 trillion and the value of derived services at \$2.5 trillion per year, or \$1.5 trillion without non-market benefits, equivalent to 3–5% of global GDP. Trade & investment in marine resources, or the so-called ocean economy, should be further explored and tap into as part of global efforts to drive sustainable growth, green transition & SDGs achievement.

To address these challenges, in support of the B20 Energy, Sustainability, and Climate Task Force, the B20 Trade and Investment Task Force calls for the G20 to:

- Promote sustainable finance for clean energy transition, impact investment, and decarbonization

¹¹² *Global Landscape of Climate Finance 2021*; 2021; Climate Policy Initiative

¹¹³ *Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty*; 2018; Intergovernmental Panel on Climate Change

¹¹⁴ *Tracking Adaptation Finance: Advancing Methods to Capture Finance Flows in the Landscape*; 2019; Climate Policy Initiative

¹¹⁵ *Global Landscape of Climate Finance*; 2019; Climate Policy Initiative

¹¹⁶ *Global Landscape of Climate Finance*; 2019; Climate Policy Initiative

¹¹⁷ *Global Landscape of Climate Finance*; 2019; Climate Policy Initiative

- Support transition to climate-resilient and responsible supply chains, and promote better financial viability for green businesses and circular business model
- Encourage and support increased participation in the Voluntary Carbon Markets
- Define and foster liberalization of trade in environmental goods and green services and promote regulatory cooperation to accelerate the clean energy transition, resource efficiency, and circular economy to support SDGs
- Facilitate and support FDI flows especially with circular economy conditions attached to it
- Promote better coordination to establish homogenous standards where appropriate and mutual recognition for cross border carbon trade
- Support further exploration and advocacy to tap into the benefit of sustainable ocean economy



Policy Action 4.1: Facilitate cooperation in voluntary carbon-trade consistent with WTO rules and Article 6 of the Paris Agreement

The Voluntary Carbon Markets (VCMs) is a system designed to enable businesses to initiate and support projects that reduce greenhouse gases. B20 perceives VCMs as an excellent alternative source of funding for the green transition enabling companies to tap into the efforts and commitments countries have made under the Paris Agreement, but only if VCMs can expand and collaborate across borders. To generate significant impact and ensure that VCMs can work along the commitments of the Paris Agreement and the consensus reached at the COP 26, the G20 needs to support efforts for VCMs to scale up and enable them to work across borders within, or beyond, the context of the National Determined Contributions (NDCs) achievement.

Establish homogenous standards in Voluntary Carbon Markets

While VCMs have seen an annual compound growth rate of roughly 30% since 2015, there is still significant potential for growth.¹¹⁸ There are several aspects that require further maturity for the market to continue to grow including: increased transparency, standardized regulations, sophisticated infrastructure, and consistent compliance measures. Creating a set of standardized principles across products, accounting rules, ETS market regulations, and trading regulations can foster greater trust in VCMs and encourage increased participation in the system from the private sector.¹¹⁹

The G20 should support the ongoing endeavors to promote the homogeneity of standards in VCMs, such as those made by the Task Force on Scaling Voluntary Carbon Markets (TSVCM), to enable

¹¹⁸ *An Outlook for the Voluntary Carbon Market*; 2021; Shell & Boston Consulting Group (BCG)

¹¹⁹ *Unlocking the Potential of Carbon Markets to Achieve Global Net Zero*; 2021; Global Financial Markets Association (GFMA) & Boston Consulting Group (BCG)

ease of cross-border carbon trade through consistent and uniform regulations that exercise non-discriminatory acceptance of various carbon credit types and address challenges such as data and price transparency, double counting, and the use of proper accounting methods. The G20 should ensure that these homogeneous standards can be achieved across VCMs, while acknowledging and respecting local policies on carbon across countries and regions, as well as a country's rights to value carbon independently.

Grow and enable interoperability across carbon markets

Improving interoperability between markets is a key factor that can contribute to the growth of the carbon market and boost global decarbonization. Current inconsistencies in VCMs result from varied registries, verification processes, and the quality of credits, which prevents organizations from being able to transfer carbon instruments, such as allowances and credits, between markets. The ambiguity and fragmentation prevent businesses from participating in VCMs.¹²⁰

Increased interoperability of VCMs can increase liquidity of carbon instruments, expand options of decarbonization, and create greater demand for high-quality credits. The G20 should coordinate efforts to link systems, enabling the creation of a larger carbon market, increasing cross-border participation in the VCMs and fostering greater harmony across VCMs, while respecting the principle of common but differentiated responsibility and taking into consideration specific conditions and different marginal costs of decarbonization for developing countries.

Capacity building and exchange of best practices on VCMs

Developing countries accounted for more than 50% of total global carbon emissions in 2020¹²¹ and are still heavily reliant on traditional energy sources as they have not yet fully transitioned to green energy. Historical data on carbon emissions by country confirms the close correlation between economic growth and increases in carbon emissions,¹²² a trade-off that developing countries often have to make in their fight to eradicate poverty. With the target to curb emissions and build resilience to climate change outlined in the Paris Agreement, international carbon markets are an important means towards reaching this goal.¹²³

However, it requires maturity to build and grow carbon markets as well as to ensure interoperability between markets in line with commitments from the Paris Agreement and the consensus reached at COP26, a key challenge for developing countries in building VCMs. We call for the G20 to promote VCMs' development and cooperation across countries through the exchange of best practices and support capacity building, primarily for developing countries, to build and scale up carbon markets.

120 *Unlocking the Potential of Carbon Markets to Achieve Global Net Zero*; 2021; Global Financial Markets Association (GFMA) & Boston Consulting Group (BCG)

121 *Carbon emission anywhere threaten development everywhere*; 2021; [accessed], United Nations Conference on Trade and Development (UNCTAD)

122 *Carbon emission anywhere threaten development everywhere*; 2021; [accessed], United Nations Conference on Trade and Development (UNCTAD)

123 *The Paris Agreement's New Article 6 Rules*; 2021 [accessed]; International Institute for Sustainable Development



Policy Action 4.2: Facilitate Foreign Direct Investment flows to work towards green business and circular business model

Encourage and support commitments from corporations, banks, and capital market players to develop capabilities to support growth of VCMs

Corporates, banking institutions, and capital market firms have an extensive network of relationships, enabling them to play a critical and extensive role in promoting the growth of the carbon market. Their relationships with multiple players in the private and public sector give them the opportunity to play various roles including providing access to a trading platform for customers, serving as a trading counterpart, offering advisory services for corporates and investors, and increasing access to public and private capital.¹²⁴

However, there are several areas of development required for corporates and banks to effectively carry out these roles including engaging the right talent and expertise, strengthening relationships with market participants, and increasing the range of carbon market product offerings.¹²⁵

The G20 should encourage corporations, banks, and capital market firms to commit to developing capabilities required to support the growth of VCMs.

¹²⁴ *Unlocking the Potential of Carbon Markets to Achieve Global Net Zero; 2021; Global Financial Markets Association (GFMA) & Boston Consulting Group (BCG)*

¹²⁵ *Unlocking the Potential of Carbon Markets to Achieve Global Net Zero; 2021; Global Financial Markets Association (GFMA) & Boston Consulting Group (BCG)*

Promote FDI flows and linkages with local MSMEs, especially with green transition and circular economy conditions attached to it

FDI flows have increased global economic interdependence through GVCs, boosting trade, and driving globalization. In addition, FDI can facilitate the transfer of technology in energy efficiency that in turn contributes to the reduction of emissions worldwide.

The transition to a green and circular economy, especially in developing countries, requires direct investment. The United Nations Conference on Trade and Development (UNCTAD) finds that the total annual investments in SDG-relevant sectors in developing countries will need up to \$4.5 trillion in funding. This translates to an annual investment gap of \$2.5 trillion.¹²⁶ A global coordinated effort driven by a consistent set of principles is required to address this finance gap. Public sector investment will not be enough to meet the green investment gap; private sector FDI will be required. Therefore, G20 nations should engage closely with industry in a public-private partnership to learn about the barriers the private sector faces promoting green investments in emerging economies. They should also defend a rules-based investment system that safeguards investor's rights, provides a rules-based approach for dispute resolution, and provides a welcoming environment to attract more private investment.

In the spirit of a just transition, we encourage the G20 to assist developing economies in the form of low-interest loans for eligible projects and to provide a green fund or grant for developing economies to incentivize their private sectors to roll-out green energy and green industry projects. Developing economies will require further support in bridging the financial gap to fund critical green transition projects, especially when it pertains to technology acquisition and know-how.

The G20 should actively promote the unification of global green and sustainable finance standards, and better provide financial support for trade and investment that promotes the global energy transition through common green and sustainable finance standards, especially in less developed countries, which do not have sufficient resources and technologies.

We also call on the G20 to support and accelerate negotiations on the Joint Initiative on Investment Facilitation for Development and urge participants to arrive at conclusive outcomes by the next WTO MC. Furthermore, in light of increased awareness among countries to the importance of trade in fisheries and management of marine resources at the multilateral level, B20 would support further exploration to tap into the benefit of sustainable ocean economy in future B20 presidencies.

Encourage Public-Private-Partnerships (PPPs) for a green transition and circular economy

PPPs potentially provide a useful framework under which the public and private sectors can pool and coordinate their financial and technological resources more efficiently. At the same time, climate change creates novel forms of risk which are difficult to quantify and will present unique challenges to public and private sector parties seeking to negotiate an appropriate allocation of risk between

¹²⁶ World Investment Report 2014; 2014; United Nations Conference on Trade and Development (UNCTAD)

themselves.¹²⁷ G20 members should encourage PPPs as a tool to finance the green transition, while bearing in mind the potential risks associated with them.

Improve data, indicators and accounts on resource efficiency and waste

Sufficient information is required to effectively support natural resources and materials management, resource productivity and circular economic policies. Significant data and knowledge gaps remain across countries, sectors and material types which makes it difficult to get the full picture of materials used and their related environmental impacts.¹²⁸

We call on the G20 to strengthen work on data, indicators, and accounts on resource efficiency and help develop and mainstream circular economy metrics.

127 *Climate-Smart PPPs; 2022* [accessed]; World Bank

128 *Towards a more resource-efficient and circular economy: The role of the G20; 2021*; OECD



Policy Action 4.3: Leverage trade and investment measures to accelerate just transition

Support developing economies and LDCs in promoting a just transition to a sustainable economy

In efforts to address environmental challenges, we should promote balanced agreements, consider different starting points for the transition to a sustainable economy, and ensure negotiations and policies facilitate a just transition for all nations.

The transition to a more sustainable economy has varying impacts across countries and industries and it is important to adopt the principle of common but differentiated responsibilities. Governments should support initiatives that promote sustainable business practices while ensuring no sacrifices are made to the livelihoods of affected individuals. To balance the tradeoffs, sustainable business practices should be pursued in parallel with projects that can foster social and economic inclusion such as creating new job opportunities, facilitating reskilling, and upskilling of displaced workers, and increasing access to green economic stimulus and funding packages.

The Work Program under the Aid for Trade initiative called "Empowering Connected, Sustainable Trade" can help developing economies identify ways in which economic growth objectives can correspond with sustainability goals.¹²⁹ The G20 should ensure the effectiveness of the Work Program and support the WTO in encouraging additional investment flows, technical support, and consistent monitoring of the initiative.

The G20 should also support ongoing discussions at the WTO on the Trade and Environmental Sustainability Structured Discussions (TESSD) and ensure proper compliance and implementation

¹²⁹ Aid-for-Trade Work Programme 2020-2022: Empowering Connected, Sustainable Trade; 2020; World Trade Organization (WTO)

of the anticipated outcomes, recognizing the challenges and the need for capacity building and technical assistance for developing countries.¹³⁰

In addition, it is important that G20 members maintain an inclusive dialogue on the WTO sustainability agenda to develop a common approach through aligned industrial policies, including green industrialization, resource efficiency, and the broader structural reforms to support a green and just transition. Inclusive discussions on ocean economy & sustainable management of marine resources, as expressed in B20-G20 Public Dialogue on Trade & Investment, can further support green and just transitions efforts among G20 countries. For this purpose, B20 supports future cross stakeholders, cross sector & cross countries collaboration which involve the private sector to promote sustainable ocean economy.

Alleviate barriers to trade and investment in environmental goods and services to ensure the diffusion of best available environmental technologies

Barriers to trade in environmental goods and services, limits the diffusion of the best available environmental technologies and reduces the scope and scale of resource efficiency improvements globally.¹³¹ A reduction of tariffs and non-tariff restrictive measures on environmental goods and services would facilitate trade by decreasing the cost of environmental technologies, increasing their usage, and stimulating green innovation and technology transfer. To ensure a level playing field and adequate market access in the environmental sector, tariff and non-tariff measures, standards, and rules should also be considered.

Eighteen participants representing 46 WTO members have been engaged in negotiations seeking to eliminate tariffs on several important environment-related products through the Environmental Goods Agreement (EGA). The G20 should reinvigorate these negotiations by leading in defining the scope of the goods and services to include in this agreement. Furthermore, the agreement should include products and services that can help achieve environmental and climate protection goals, such as generating clean and renewable energy, improving energy and resource efficiency, controlling air pollution, managing waste, treating wastewater, monitoring the quality of the environment, and combatting noise pollution.¹³²

We call on the G20 to resume negotiations under the WTO EGA. The business community should make itself very clear on what goods and services should be included in the agreement. We call on the G20 to include the low carbon goods, services, and technologies in this global trade liberalization effort.

¹³⁰ Participants discuss work plan for new trade and environmental sustainability talks; 2022; World Trade Organization (WTO)

¹³¹ Towards a more resource-efficient and circular economy: The role of the G20; 2021; OECD

¹³² Environmental Goods Agreement (EGA); 2022 [accessed]; World Trade Organization (WTO)

Harmonize environmental labels and information schemes

The last two decades have seen the multiplication of environmental labelling and information schemes (ELIS), including circular economy labels and information schemes.¹³³ The growing amount of ELIS tends to discriminate against businesses in developing countries which have less understanding of complex environmental labelling and information systems and bear increased compliance costs for producers to meet the requirements and thus impact international trade and competitiveness. For consumers, the growing label landscape can create confusion. Competition may also drive down the stringency of labels and standards, as different schemes bid for market share.

The G20 should support harmonization efforts of ELIS, with the objective of maintaining non-discriminative environmental standards and allowing increased mutual recognition of schemes. One of the most promising areas of ELIS harmonization and development in terms of carbon footprint disclosure could be its use on exchanges.

Emphasize the need for coordinating measures needed in the event of introduction of coherent carbon-border schemes in accordance with the Paris Agreement and WTO Rules

With a growing trend on carbon-border adjustment mechanisms to pursue National Determined Contributions (NDCs) and to reach net-zero goals faster, it is important to ensure these mechanisms do not restrict fair and open market access, nor discriminate against products and services of countries which have less capability to perform a speedy green transition. If mechanisms were discriminatory, this could further exacerbate the socioeconomic divide between countries and undermine countries' efforts, capabilities and merit in meeting their NDCs' commitment under the Paris Agreement. If not adopted in coordination with all parties and in accordance with the "common but differentiated responsibilities and respective capabilities and their social and economic conditions", carbon-border measures may result in new forms of trade and investment barriers inconsistent with WTO obligations.

Studies suggest that carbon-border measures can create adverse distributional effects for countries subject to the measure and exacerbate regional inequality. Developing economies, in particular, would be faced with significant tariffs considering the carbon emissions associated with their products.¹³⁴ To this effect, G20 countries should act as a platform to enforce coordination and coherence in the event of countries introducing carbon-border schemes so as to remain in accordance with the consensus under the Paris Agreement and the WTO rules.

¹³³ *Labelling and Information Schemes for the Circular Economy*; 2021; OECD

¹³⁴ *A European Union Carbon Border Adjustment Mechanism: Implications for developing countries*; 2021; United Nations Conference on Trade and Development (UNCTAD)

ANNEX

The Inclusive Closed Loop Pledge

Our Mission:

We, the companies undersigned, as members of B20 community, recognize the importance of an open, fair, and sustainable cooperation ecosystem among the government, the private sector, micro, small, and medium enterprises (MSMEs), and other related stakeholders. In upholding this vision, we seek to:

1. foster the economic and sustainable growth and development of micro, small, and medium size enterprises (MSMEs) and boost their involvement in global supply chains
2. be a collective voice in support of the private sector's role in building a more inclusive, resilient, and sustainable future for the world

Our Commitment:

We, the companies undersigned, as members of B20 community, commit to continue evolving and adopting practices that promote inclusivity, resilience, and sustainability for organizations small and large; and to support the economic growth of MSMEs and advocate for their inclusion in the global supply chains. We put forth our pledge to progressively support the Inclusive Closed Loop Ecosystem model by:

1. supporting MSMEs with the right skills, support skilling, upskilling and reskilling
2. connecting leading domestic and global business leaders to relevant MSMEs, enabling them to network with potential investors and build better partnerships
3. promoting equal gender opportunity within organizations and industries, and encouraging more women led MSMEs to be part of global supply chains
4. promoting and leading by example and supporting well-being of employees within MSMEs
5. supporting sustainable business practices within large organizations and MSMEs

Call for Government Action:

We call on governments of the G20 to support and participate in the Inclusive Closed Loop Model. We urge governments to work and involve all interested stakeholders in the private sector without discrimination to provide regulatory, financial, and technical support to boost the development of MSMEs. We ask governments to work towards policies, in line with the B20 Indonesia Trade and Investment Task Force policy paper, to help ease regulatory burdens for MSMEs and create an environment conducive for MSMEs to conduct and grow their businesses and to become competitive players in the domestic and global economies. To ensure that the supporting policies, incentives, and enablement programs for MSMEs are utilized by the intended beneficiaries, we urge governments to establish clear target recipients.

Signatories of Inclusive Closed Loop Pledge:



Acronyms

ACT Accelerator	Access to COVID-19 Tools Accelerator
ADB	Asian Development Bank
AEO	Authorized Economic Operator
B20	Business 20
BIAC	Business at OECD
CEPI	Coalition for Epidemic Preparedness Innovations
COVAX	COVID-19 Vaccines Global Access
DDCC	Digital Documentation of COVID-19 Certificates
DFI	Development Finance Institution
DFFT	Data Free Flow with Trust
DLT	Distributed Ledger Technology
ECA	Export Credit Agency
EGA	Environmental Goods Agreement
ELIS	Environmental Labeling and Information Schemes
ESG	Environmental, Social, and Governance
ETS	Emissions Trading System
EU	European Union
EUL	Emergency Use Listing
eWTP	Electronic World Trade Platform
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FoS	Framework of Standards
G20	Group of 20
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
GVCs	Global Value Chains
HS	Harmonized System
ICAO	International Civil Aviation Organization
ICC	International Chamber of Commerce
IMF	International Monetary Fund
IOE	International Organization for Employers
IoT	Internet of Things
IP	Intellectual Property
JSI	Joint Statement Initiative
KYC	Know-Your-Customer
LDCs	Least Developed Countries
LMICs	Low to Middle Income Countries
MC	Ministerial Conference
MRAs	Mutual Recognition Agreements
MSMEs	Micro, Small, and Medium Enterprises
MLETR	Model Law on Electronic Transferable Records

NDC	Nationally Determined Contribution
OECD	Organization for Economic Co-operation and Development
PPE	Personal Protective Equipment
RTAs	Regional Trade Agreements
RWAs	Risk-Weighted Assets
R&D	Research & Development
SCM	Subsidy and Countervailing Measures
SDGs	Sustainable Development Goals
SDR	Services Domestic Regulation
SPS	Sanitary and Phytosanitary Measures
S&DT	Special and Differential Treatment
TBT	Technical Barrier to Trade
TESSD	Trade and Environment Sustainability Structured Discussions
TF	Task Force
TFA	Trade Facilitation Agreement
TPR	Trade Policy Review
TSVCM	Task Force on Scaling Voluntary Carbon Market
UN	United Nations
UNCITRAL	United Nations Commission on International Trade Law
UNFCCC	UN Framework Convention on Climate Change
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollar
VCM	Voluntary Carbon Market
WCO	World Customs Organization
WHO	World Health Organization

Schedule of Task Force Exchanges

#	Date	Event	Location	Theme
1	11 February 2022	Task Force Call 1	Virtual	Review of 1st Draft Policy Paper
2	14 March 2022	Task Force Call 2	Virtual	Review of 2nd Draft Policy Paper
3	12 April 2022	Task Force Call 3	Virtual	Review of 3rd Draft Policy Paper
4	23 May 2022	Task Force Call 4	Virtual	Review of 4th Draft Policy Paper
5	23 June 2022	Task Force Call 5	Virtual	Review of 5th Draft Policy Paper
5	22 Sept 2022	TIIMM	Offline - Bali	Presentation of Policy Paper by B20 and T&I TF Chair
6	23 Sept 2022	B20-G20 Dialogue	Hybrid – Labuan Bajo	Meeting with Government Stakeholders
7	13-14 November 2022	B20 Summit	Hybrid - Bali	Publication of TF Policy Paper

Distribution of Members

Country	#	Country	#	Country	#	Country	#
Indonesia	38	France	6	Japan	5	Tunisia	1
United States	11	Germany	6	Canada	4	Philippines	1
India	10	United Kingdom	6	Mexico	4	Spain	1
China	7	Italy	6	Turkey	3	Belgium	1
Russia	7	Argentina	5	Switzerland	3		
Saudi Arabia	7	South Africa	5	Singapore	2		
Brazil	6	Australia	5	South Korea	2		

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