The End of Fair Trade

Tariffs, currency manipulation, supply-chain circumvention, intellectual property theft, and more

Research
Reinvented

Smartkarma is a global investment research network, made up of independent Insight Providers who produce, curate, and publish unbiased intelligence for institutional investors.

The End of Fair Trade was written by Shaun Lin, edited by Michael Tegos, and designed by Jo Foster and Anastasia Leonny.

WELCOME TO

Smartkarma's spotlight on the global trade war.

Welcome to Smartkarma's spotlight on the global trade war. In this special report, we aim to cut through the noise and deliver clarity on what matters, and why.

For this purpose, we have drawn on Insights from Smartkarma's network of independent Insight Providers, with the view of attaining in-depth perspectives of what's at stake.

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How to Start a Global Trade War

Each day of Donald Trump's US Presidency brings more trade uncertainty to the global economy.

Since he was elected, Trump has spared no effort in expressing his disdain for the US trade deficit. Tariffs after tariffs, threats after threats, his single-minded crusade to take the world to task for "taking advantage" of the US on trade has made little distinction between friend and foe.

US$50.1b

US Trade Deficit
July 2018

Source: US Census Bureau

Not even close neighbours Canada and Mexico escaped his wrath, as Trump followed through with tariffs on them, and forced both parties to renegotiate NAFTA.

Elsewhere, tariffs imposed on steel and aluminium hurt metal-producing nations exporting to the US. A few of them responded by levying US goods while calling on the World Trade Organization (WTO) to conduct an official investigation.

US$481b

Worth of Trade Exposed
to Tariffs Imposed by G20 Nations
(mid-May to mid-October 2018)

Source: World Trade Organization

The highest stakes, however, still reside with the tenuous state of trade relations between the US and its two largest trading partners: the European Union and China.

The Eastern Front: US-China Trade Tensions

Of the multiple ongoing trade skirmishes, the US-China trade feud is by far the most contentious. Unlike the others, this one has all the makings of a full-blown trade war.

US$375.6b

US-China Trade Deficit (Goods)
2017

Source: US Census Bureau

Here's a run-down of events so far:

1. President Trump awoke the sleeping dragon in January 2018, when he unleashed tariffs on inbound washing machines and solar panels. China's solar sector, which dominates the global supply chain, took a direct hit.
2. Washington fired another shot in March 2018 by imposing tariffs on steel and aluminium imports, totalling an estimated US$2.8 billion. In retaliation, Beijing levied duties on US goods worth US$3 billion and filed a complaint with the WTO.
3. At the end of May, China announced it planned to cut tariffs on consumer goods in July. The announcement came just two days before US Commerce Secretary Wilbur Ross was due to visit Beijing for trade talks. Still, the categories selected covered few American goods.
4. July marked a significant escalation point in tensions. The US slapped further tariffs on US$34 billion worth of Chinese goods, triggering an equal response from China.
5. Trump also threatened to place levies on an additional US$200 billion in Chinese exports destined for the US. China filed a second complaint with the WTO in protest.
6. Another US$16 billion in tit-for-tat tariffs came into force in August.
7. Then, about a month later, Trump followed through on his earlier threat to levy US$200 billion worth of Chinese imports. He also said he was ready to impose further tariffs on US$267 billion in Chinese goods if Beijing hit back against US farmers and industries.
8. Undeterred, China retaliated by adding another $60 billion worth of US exports to its tariff list.

Going Tit for Tat

Neither the US nor China wants to turn the other cheek.

US IMPOSES TARIFFS	EFFECTIVE	CHINA RETALIATES
Up to 50% on Washing Machines; Up to 30% on Solar Panels	22 January 2018	
25% on Steel, 10% on Aluminium **Worth: US$2.8b**	23 March 2018	
	2 April 2018	25% on 128 Products **Worth: US$3b**
25% on 818 Products **Worth: US$34b**	6 July 2018	25% on 545 Products **Worth: US$34b**
25% on 279 Products **Worth: US$16b**	23 August 2018	25% on 333 Products **Worth: US$16b**
10% on 5,745 Products (to rise to 25% from 2019) **Worth: US$200b**	24 September 2018	5% and 10% on 5,207 Products **Worth: US$60b**

9. Fast-forward to early November 2018, when hopes of a truce briefly surfaced after the US President tweeted about a "long and very good conversation" he had with President Xi. The encouraging news broke less than a month before both leaders were due to meet on the sidelines of the G20 summit in Buenos Aires.
10. But the respite was short-lived. Glimmers of hope soon gave way to increasing hopelessness as protracted trade discussions between US and Chinese trade officials yielded little progress.
11. As if that wasn't bad enough, Vice President Mike Pence all but killed any chance of a deal when he sparred openly with the Chinese President over trade at the Asia Pacific Economic Cooperation (APEC) summit, just weeks before the G20.
12. And still, there was hope. President Trump and President Xi went on to work out a 90-day truce at the G20. Both nations agreed to pause the introduction of any new tariffs during this period and take trade negotiations into a higher gear.

Only time will tell how effective the US tariff "solution" will be. At the time of this writing, tariffs appear to be a futile attempt at narrowing the trade deficit. China's trade surplus with the US - in goods - surpassed US$40 billion in September 2018, jumping nearly 12 percent from January.

Who Has More to Lose?

China might end up the bigger loser in a drawn-out tariff war, owing to its relatively outsized trade exposure to the US.

According to Smartkarma Insight Provider Stewart Paterson, China depends more on merchandised trade for its GDP than the US. To be exact, that ratio amounts to 33 percent (China) versus less than 20 percent (US). This heavier reliance on exports ultimately makes Beijing more vulnerable in a trade war with Washington.

Increasing financial leverage in China's economy is also compromising its ability to withstand future tariff blows.

Paterson adds that the nation's debt-to-GDP ratio has risen from about 140 percent prior to the global financial crisis to more than 250 percent today. In other words, China now requires an incremental three dollars of debt to produce a dollar of growth in output.

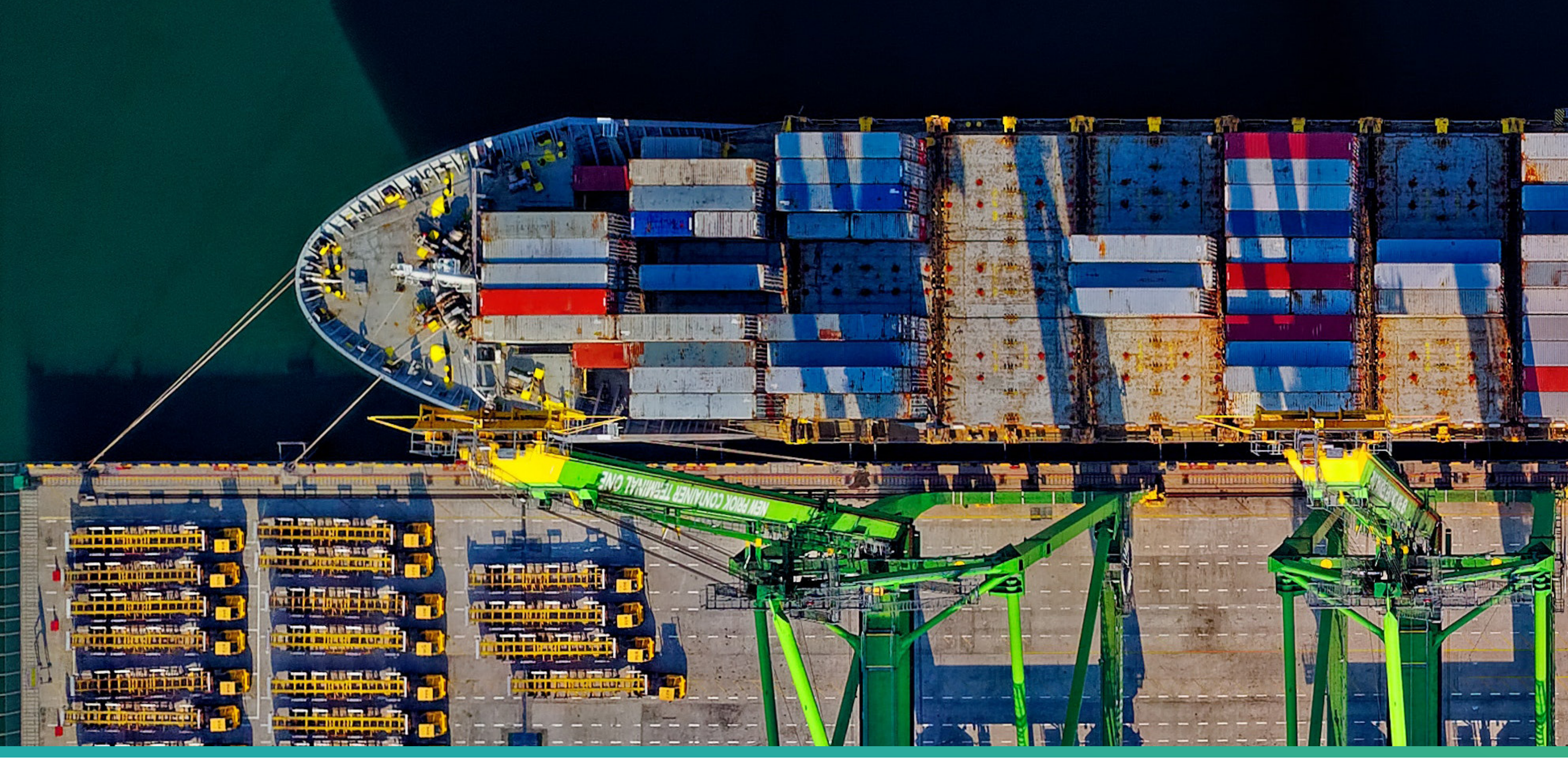
The Western Front: US-EU Trade Tensions

We just discussed the eastern front of the ongoing trade war. Now, let us take a look westward, at the US trade relationship with the European Union.

US151.4b

US-EU Trade Deficit (Goods) 2017

Source: US Census Bureau

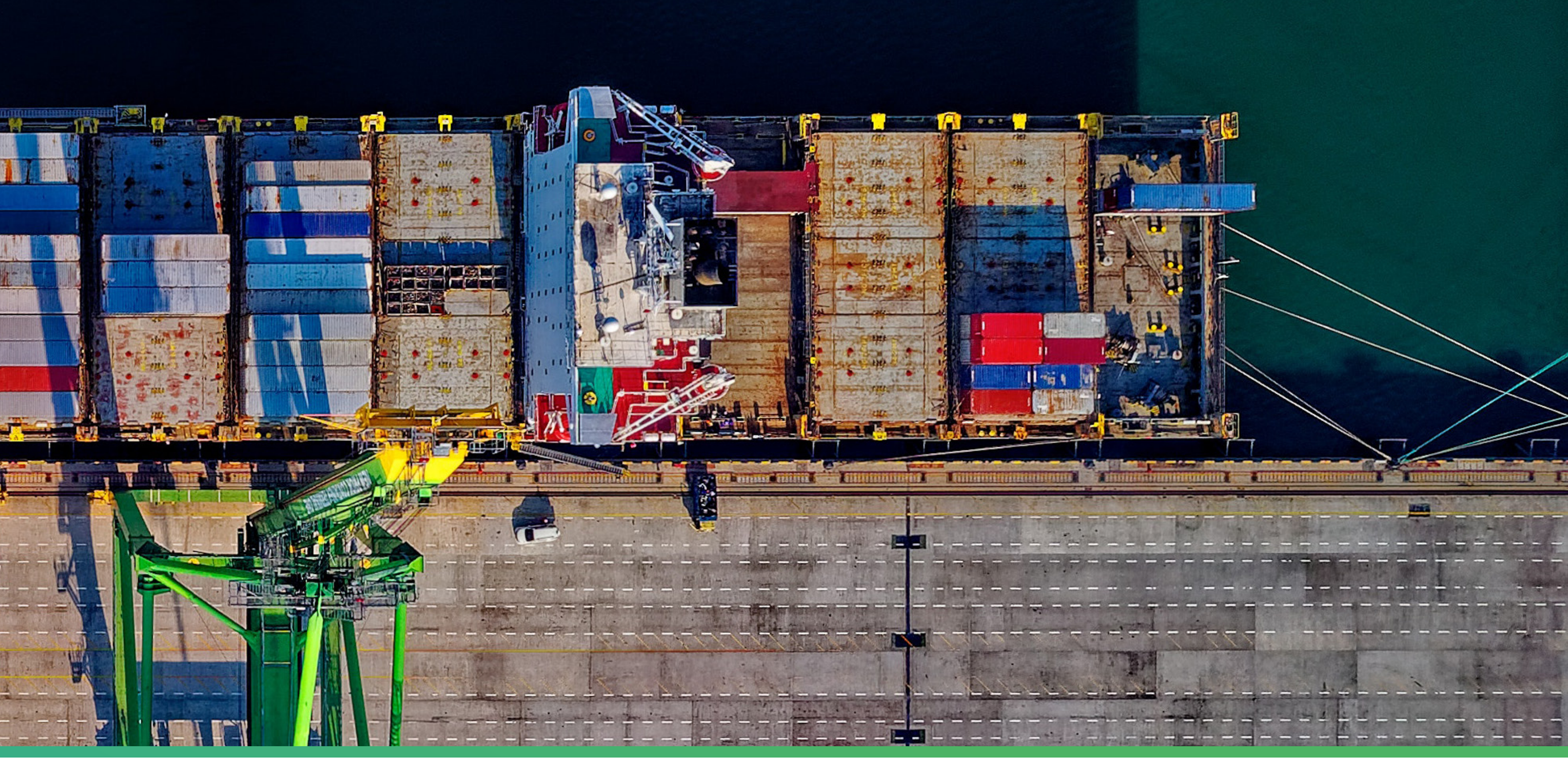


Here's a run-down of events so far:

1. When the US moved to tax all EU steel and aluminium imports in June 2018, the bloc responded by slapping tariffs of its own on US products, covering everything from Harley-Davidson motorcycles to Jim Beam bourbon.
2. Further US threats to levy EU-manufactured cars ensued and still more countermeasures were considered by the EU.
3. Then, a breakthrough: US President Donald Trump and European Commission President Jean-Claude Juncker struck a temporary truce end-July after both sides agreed to hold off further tariffs and resume trade negotiations. As a show of goodwill, Juncker even pledged to purchase more US soybeans and natural gas.
4. The EU had, at the end of August, offered to cut "car tariffs to zero" if the US did the same, but Trump still thought it was "not good enough".
5. Events took a slightly more positive turn in September. US Trade Representative Robert Lighthizer and European Trade Commissioner Cecilia Malmström met in Brussels, describing their encounter as a "constructive" and "forward-looking" one.
6. In October, the Trump administration took another step forward by notifying Congress of its intention to begin formal trade talks with the EU.
7. But negotiating a revised trade deal is far from straightforward. It requires "some painful concessions on both sides," a former senior US trade official said. A *Bloomberg* news report revealed this to be true, when it cited how France and other member states remained divided over the scope of the negotiations.
8. At the time of this writing, attention turns to the next meeting between Lighthizer and Malmström, which will be closely watched for any signs of a breakthrough.

US-EU trade relations certainly appear to be less tense than the US-China trade relationship. Nonetheless, a work in progress is still effectively a stalemate until both parties reach a concrete agreement.

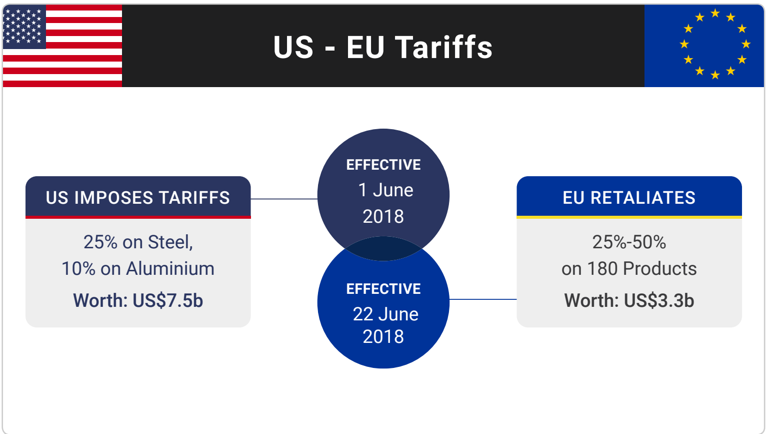
For now, investor sentiment and overall business confidence hang in the balance.

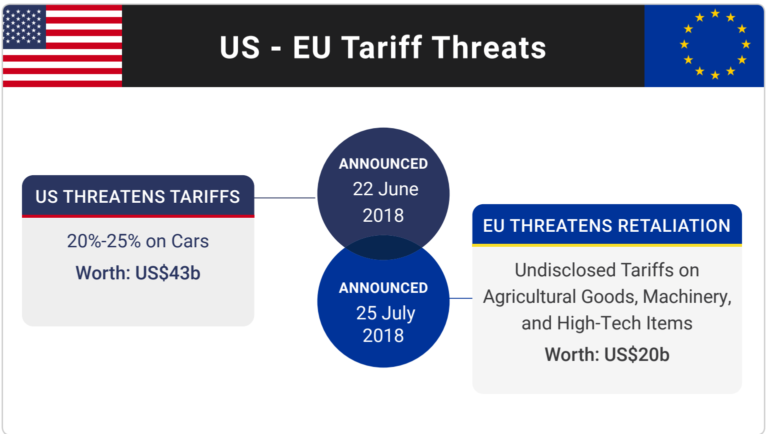


Made in Europe, Purchased in Europe

Will a no-deal outcome stifle Europe's economic growth? Not exactly. In fact, the EU's edge may be its own single market.

According to Sharmila Whelan, an Insight Provider who publishes on Smartkarma, rising domestic demand accounted for as much as 90 percent of euro-area GDP growth between 2016 and 2017. She expects this trend to continue well into 2018 thanks to a recovery in European purchasing power.





China Takes Aim at the Dollar's Pre-eminence

What was China thinking when it decided to engage in a tariff war with the US?

If 2017's trade statistics between two of the world's largest economies were anything to go by, the outcome should have been clear: China exported US$522.9 billion worth of goods and services to the US, while the US shipped US$187.5 billion in exports to China. That's more than 60 percent less.

Faced with the reality of being unable to match the US in tit-for-tat tariffs, and with Q3-2018 economic growth slowing to its weakest pace (6.5 percent) since the global financial crisis, China is revisiting its strategic playbook and deploying new tactics to defend its economy.

Currency is one front where a proxy theatre of war could help turn the tides and return some lost leverage.

Intentional Manipulation or Market Correction?

US President Donald Trump has long complained about an artificially weak yuan, claiming China has been manipulating its currency to provide an unfair price advantage for its exports.

He reiterated this long-held view in August during an interview with *Reuters*: "I think China's manipulating their currency, absolutely," he said explicitly.

US Treasury Secretary Steven Mnuchin also expressed his concerns in an October statement. He was subtler than his President, however, citing China's lack of currency transparency and the recent weakness in its currency as of particular concern.

And who can blame them?

According to data from the foreign-exchange website XE.com, the Chinese yuan was trading at 6.27 per US dollar on 12 April 2018, the strongest level recorded this year. By around mid-October, the yuan was reaching a key 7-per-dollar level, weakening more than 10 percent since the currency's year-to-date peak.

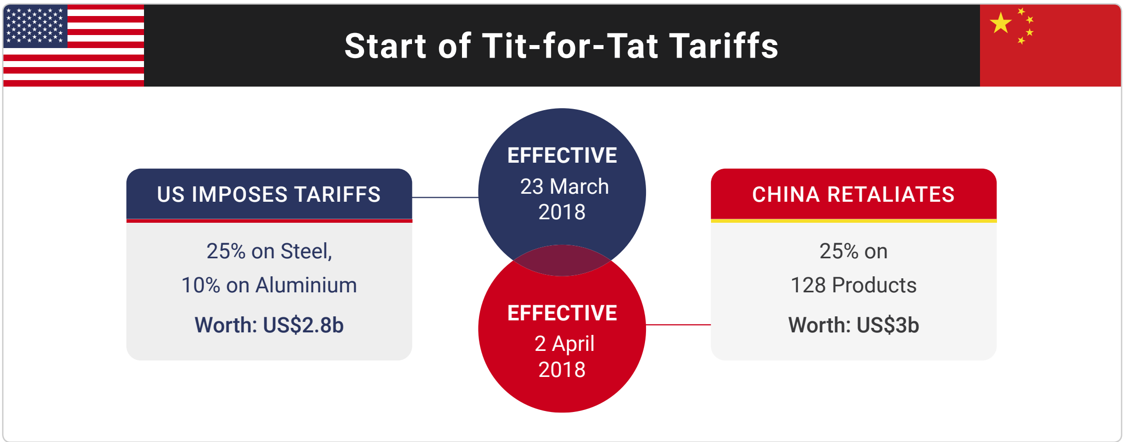
Chinese Yuan Weakens More Than 10 Percent in Six Months

April 12, 2018 (USD/CNY)	October 12, 2018 (USD/CNY)
6.27	6.92

Source: XE.com

What's even more interesting is how the start of the yuan's steep decline coincidentally began just weeks after China implemented its first wave of retaliatory tariffs.

Trump thinks China is trying to dilute the impact of US-imposed levies with a weaker yuan. China, however, insists its currency's exchange rate is set by the market.



"We won't use policy to devalue the yuan and we won't use the exchange rate as a weapon to react to external pressures from trade conflicts," Li Bo, Director of the People's Bank of China's Monetary Policy Department, said in a *South China Morning Post* report.

The Fed and the PBoC Gang Up on Trump

A hawkish Federal Reserve has not made life any easier for Trump, either. Shoving aside the President's overt calls for more accommodative monetary policy, the US central bank in September raised benchmark rates by 25 basis points, the third hike in 2018 and the eighth since 2015.

Then, shortly after, the People's Bank of China (PBoC) slashed the reserve requirement ratio (RRR) for Chinese banks by 100 basis points, adding to a similar-sized cut in April and another (50 basis points) reduction in June.

This divergence in US-China monetary policy has undoubtedly dealt a body blow to Trump's trade-wrangling cause.

Liquidity, Glorious Liquidity

So what is the impact of the PBoC's latest RRR cut?

Economically, the move delivers a RMB750 billion (~US$108 billion) liquidity boost to China's battered financial system that may be key to restoring confidence - confidence that was lost as a result of the US trade feud.

Symbolically, the cut signals a departure from the central bank's previous emphasis on deleveraging the economy to combat shadow banking, and a return to increased bank lending.

This boost to Chinese liquidity was already building up months prior to the October RRR cut. It was originally signalled by President Xi Jinping's late-May statement favouring more domestic demand stimulus, according to independent Insight Provider Michael J. Howell of CrossBorder Capital, who publishes on Smartkarma.

Howell's chart (see Figure 1) clearly illustrates how the share of domestic assets in the PBoC's balance sheet has been steadily expanding. The slow decline of foreign assets since mid-2014 also suggests China is either tapering or no longer purchasing US Treasuries.

Topping off these findings, further analysis conducted by Howell reveals traditional lending has surged.

10.5%

Growth in Traditional Lending
6-Month Annualised Clip

Source: CrossBorder Capital

In the Making: Asia's Next Reserve Currency

Far from the distractions of Trump's heated trade rants and his accusations of currency manipulation, China might actually be positioning for a much larger play. And it all has to do with Asia's liquidity crunch.

Climbing US interest rates are raising dollar-denominated borrowing and debt-servicing costs in the region's emerging markets. The resulting capital shortfall creates an immense opportunity for China to deploy some of its surplus into foreign direct investment in credit-hungry, high-growth economies, and for the country to strengthen economic ties with these developing nations.

China has every incentive to do so. It has already funnelled billions into the Belt and Road Initiative, a state-supported program synonymous with extending China's influence across Eurasia and Africa.

With increased investment inflows, regional central banks are bound to respond by monetising, further boosting liquidity.

The overall result is what Howell calls an "emerging pan-Asian Liquidity Cycle".

"Already in 2018, the Chinese yuan has grabbed a sizeable chunk (8 percent) of the global oil market and is poised to do more as Belt and Road infrastructure projects are rolled out. The Chinese yuan is angling to become Asia's Reserve currency," he writes.

Figure 1: Chinese People's Bank Balance Sheet, 2012-18 (Billions of Yuan)

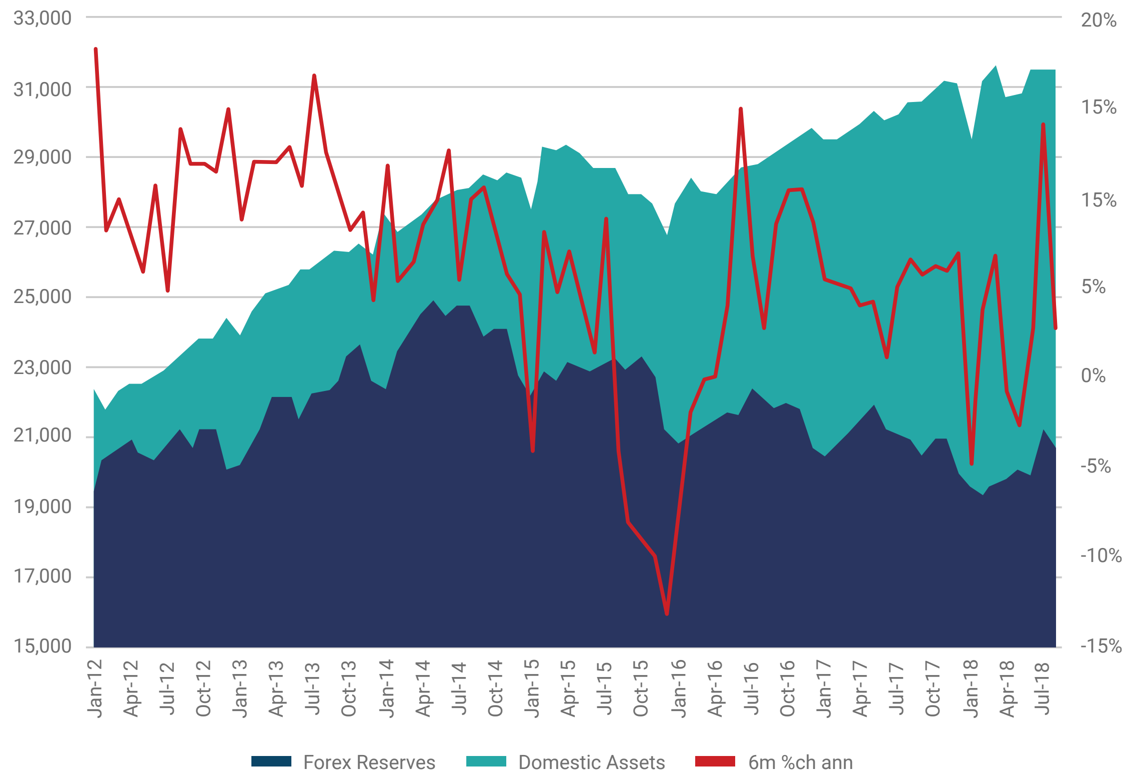


Chart compiled by Michael J.Howell

THE PRODUCTION GAME OF CAT AND MOUSE

Tariffs Spark a Global Supply Chain Reaction

Diversification often features as a risk-management staple in myriad facets of the modern-day economy. Whether in business decision-making or in determining asset allocations for investment portfolios, spreading risk is a good philosophy to subscribe to.

This holds especially true in the management of supply chains against the backdrop of the ongoing US-China trade dispute.

Done right, the current tariff-ridden climate could even be turned on its head to help operationally nimble companies gain a market edge against less nimble competition.

> "One of the core capabilities of Logitech from a supply chain perspective has always been to move our manufacturing in and out of our own factory… When and if we need to move a product line out – in this case, out of China entirely – we're more than capable of doing that."
>
> Bracken Darrell, Chief Executive Officer, Logitech International
> Source: Bloomberg

CASE STUDY

The Sino-US Solar Trade Conflict

While shifting supply chains in the face of imminent tariffs isn't new, it has never been done at the scale (and speed) of China's solar industry since the beginning of 2013.

The mass migration of solar production from the mainland to offshore facilities across Asia is by far the biggest and most successful Chinese attempt in recent memory to evade US tariffs.

Tariffs Imposed

Origins of this conflict trace back to a complaint filed by US-based solar companies in 2011. The firms had alleged at the time that Chinese producers were flooding the market with cheap solar imports and pricing out domestic players.

Their accusations were not unfounded.

By then, Chinese solar panels accounted for 69 percent of all US solar imports. Just two years earlier, they had accounted for none.

As if the alarming surge in Chinese market share wasn't enough to contend with, a probe by the US Department of Commerce went on to reveal yet another disturbing fact: Chinese solar companies were receiving unfair government subsidies that effectively allowed them to sell solar products below the cost of production.

These unfair trade practices left the US government little choice but to respond swiftly and decisively. And in 2012, the Commerce Department imposed punitive tariffs of at least 24 percent and under 36 percent on most Chinese-produced solar panels.

31%

Share of
US Solar Imports from Malaysia
2017

Source: Smartkarma

The fact of the matter is Chinese solar products still flood the US market to this day. They just don't come from the point of origin US lawmakers thought they would (China).

According to independent research published on Smartkarma, 65 percent of inbound US solar trade in 2016 came from China, Malaysia, and other parts of Southeast Asia. About two-thirds of these solar imports were said to be made in China, or by Chinese overseas factories.

Tariffs Circumvented

Did the tariffs work? Not exactly.

The one-dimensional nature of country-of-origin tariffs meant Chinese solar companies could easily circumvent levies by moving manufacturing operations abroad to tariff-free locations.

And that's what they did.

A regional Chinese solar production boom soon followed in countries like Malaysia, Taiwan, Vietnam, and the Philippines. Out of those, Malaysia ended up the star performer.

Solar panels from the Southeast Asian nation made up less than 1 percent of US solar imports in 2012. By 2017, that ratio had risen to 31 percent.

Dealing with Complexity

But not all manufacturing operations are created as nimble as solar panel production.

Manufacturers of more complex goods, such as automobiles, tend to be hindered by their need for thousands of specialised parts that can only be sourced through vetted third-party suppliers.

Not only are these suppliers hard to find (and vet), building a reliable network of them from scratch to service a single production facility is even harder to coordinate.

CASE STUDY

BMW's SUV Plant in the USA

BMW's SUV manufacturing operation in Spartanburg, South Carolina – the automaker's largest facility – presents a prime example of how a well-oiled supply chain keeps complex assembly lines chugging along.

Some background information: Around 1,400 BMW SUVs roll off the assembly line each day at the Spartanburg plant. Of the X3, X4, X5, and X6 models produced, about 70 percent of them are exported to fill orders in more than 140 countries.

The Sum of Many Parts

Meeting these ambitious production targets on a daily basis demands that vehicle parts be sourced in the most efficient and reliable manner possible.

With such high stakes involved, any hiccup in this sourcing ecosystem – no matter how small – could create disastrous effects on overall factory output.

Closer proximity helps to trim supply-chain risk, so not all vehicle components are made in faraway Munich. Instead, most of them are made in the USA by more than 300 domestic supplier companies.

US-produced parts include everything from door systems and transmissions to underbodies and aerodynamic plastic systems. Only in exceptional cases does BMW import components from overseas, such as the air-gate motor, which is manufactured in the Czech Republic.

Firmly Rooted

In view of such supply-chain complexity, what's the likelihood of BMW pulling off a Chinese-style factory migration for its Spartanburg plant?

Extremely unlikely, not to mention costly.

BMW has already invested US$8 billion in the facility and is investing another US$600 million from 2018 to 2021 to accommodate future BMW X models.

Not even the threat of new Chinese tariffs forcing higher prices on SUVs sold on the mainland has weakened BMW's resolve to stay.

As a more pragmatic response, the German automaker has opted instead to expand a manufacturing agreement with Chinese partner Brilliance Automotive. The goal is to increase overall China vehicle production to 520,000 by 2019, with some new capacity allocated to produce more SUVs.

The Key Takeaway

If there is anything to be grasped from the aforementioned analogies, it is that companies need not fear the negative impact of a protracted trade war so long as they sufficiently diversify their supply chains and build strong manufacturing alliances during times of economic calm.

Pursuing this long-term goal requires one key ingredient: foresight.

>300

No. of US Suppliers Supporting BMW's Spartanburg Plant

Source: BMW

1,400

No. of SUVs Produced Each Day at BMW's Spartanburg Plant

Source: BMW

Trump Started It, But China Gave Him Every Reason To

Following months of tit-for-tat tariffs between the world's two largest economies, the world is slowly discovering that the confrontation extends far beyond a lopsided trade balance.

Smartkarma unveils two lesser-known factors that have indelibly contributed to escalating the US-China trade feud.

1. The Crackdown on IP Theft

Ongoing trade tensions appear to spring partly from a spillover of US intolerance toward corporate espionage conducted by China.

This hard line was clear to see in November 2018. The US Department of Justice (DOJ) indicted Chinese DRAM startup Fujian Jinhua Integrated Circuit, Taiwanese foundry United Microelectronics Corporation, and three former employees of US semiconductor giant Micron Technology.

All were charged "with crimes related to a conspiracy to steal, convey, and possess stolen trade secrets" of Micron for the benefit of Jinhua, a company controlled by the Chinese government, according to a statement released by the DOJ.

While it was the outright theft of intellectual property (IP) from a single company that led the Justice Department to prosecute the case, this ruling carries a broader significance that might not be obvious to most people following the saga.

"This latest decision by the DOJ marks a major setback for China's ambitious plans to develop an indigenous semiconductor industry," writes independent semiconductor analyst William Keating in an Insight published on Smartkarma.

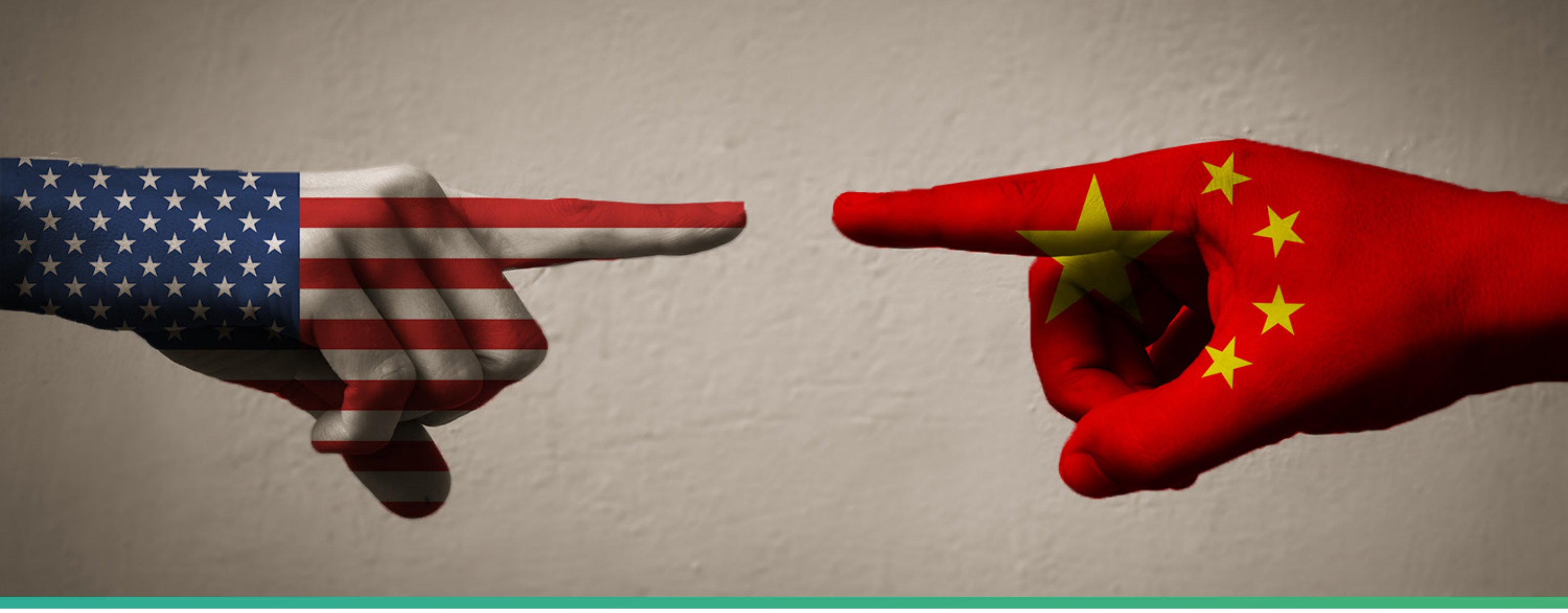
"Jinhua represents a US$5.5 billion investment bankrolled by state coffers to build DRAM chips in a bid to bolster the country's self-reliance when it comes to critical semiconductor chips."

But the thieving didn't stop with Micron. There were others, too.

In a separate indictment, the DOJ accused Chinese intelligence officers of conspiring to break into the computer systems of aviation and aerospace companies, targeting confidential information of jet engines for commercial airliners.

The wide-reaching scope of the operation zeroed in on US, UK, and French companies. China planned to use this stolen knowledge to engineer and manufacture its own commercial aircraft.

"No country presents a broader, more severe threat to our ideas, our innovation, and our economic security than China," said FBI Director Christopher Wray in a statement.



US$600b

Estimated Annual Cost of IP Theft to the US Economy

Source: Commission on the Theft of American Intellectual Property

“The Chinese government is determined to acquire American technology and they’re willing [to] use a variety of means to do that – from foreign investments, corporate acquisitions, and cyber intrusions to obtaining the services of current or former company employees to get inside information.”

Now, the scales have tipped. Adding to the spate of DOJ crackdowns, the Trump administration has adopted measures of its own to combat IP theft.

One such measure is a plan aimed at tightening technology exports by building a great wall of scrutiny over foreign investment - notably from China.

To lay the groundwork, the President signed a bill in August that expanded the operating powers of the Committee of Foreign Investment in the United States (CFIUS). The law also made filing with the CFIUS mandatory for foreign acquisitions deemed sensitive to US interests.

This was swiftly followed by a Treasury Department announcement in October, which listed certain technologies as critical to national security - from semiconductors to missiles and batteries. Those shortlisted would come under more intense review by CFIUS.

With the US legal arsenal firing on all fronts, it looks like the dog days of summer have arrived for the IP thieves of China.

2. Battling Mercantilism

President Trump has often been criticised for his one-sided view of international trade – directed mostly at China – as a zero-sum game, alluding to how cheap imports threaten the very survival of his great nation’s homegrown enterprises.

To a certain extent, he’s right.

Industrial subsidies, an undervalued yuan, and enhanced capital controls, among other state-induced measures, demonstrate the concerted manner in which China allocates resources to create wealth and employment at the expense of other economies.

The dramatic loss of domestic market share caused by the invasion of cheap solar imports from China is one such example. It was highlighted in detail in the previous article: Tariffs Spark a Global Supply Chain Reaction.

Few market observers realise these unfair trade practices actually reflect an outright "mercantilist" approach to economic growth, which has expanded significantly since China's accession to the World Trade Organization.

This winner-take-all attitude poses a serious problem for the existing global trade order.

"International trade in subsidised goods produces inequitable outcomes in the destination country that then erode the moral foundation of capitalism," asserts Stewart Peterson, who publishes on Smartkarma as an independent Insight Provider.

"The survival of market-orientated economics depends upon restoring the sense that the outcomes it produces are fair, and trade made with a mercantilist China makes this impossible."

In this light, perhaps protectionism should be seen as an economic response aimed at helping nations level the playing field at home when faced with unfair foreign competition.

A Silver Lining?

Intensifying scrutiny on the world stage has all but forced China to re-examine its foreign economic policies.

Once seen as the world's exporter, the world's number 2 economy is now on a charm offensive to promote itself as the opposite.

President Xi reinforced this stance at the 2018 China International Import Expo. He said the event "demonstrates China's consistent position of supporting the multilateral trading system and promoting free trade."

And furthermore, "it is a concrete action taken by China to advance an open world economy and support economic globalisation."

The US can certainly learn a thing or two from China's measured response. Rather than muscle trade partners into submission, a commitment to resolving trade disputes via dialogue might prove more favourable in the grander scheme of preserving diplomatic ties.

After all, good relations are a prerequisite to negotiating new trade deals. And as such, vital to reducing the current US trade deficit.

Finger Pointing Is Pointless

So who really started this trade war? After considering the aforementioned arguments, the answer to this seemingly simple question is still a tangled web.

True, it was President Trump who first provoked Beijing into a tit-for-tat tariff exchange. He might have even overstated the significance of the US' enormous trade deficit with China in an effort to drum up mass support for his aggressive tariff measures.

Closer examination of the surrounding circumstances, however, reveals the trade deficit has merely been a symptom of larger, more entrenched issues at play.

There's more to this US-China trade war than meets the eye. Before casting blame, it's time free-trade advocates took a step back and saw things for what they are.

Epilogue

2018 will go down as the year the promise of free trade reached a tipping point, and tipped.

It will also go down as the year a stark realisation dawned on a great many people: Free trade does not always result in fair trade. When left to their own devices, rogue players still find ways to game the system just so they can gain the upper hand.

The stakes to even the trading field have never been higher. History shows trade feuds often spill into other forms of conflict, even military confrontation. So not only does global economic prosperity hang in the balance, so do international peace and stability.

The time to act is now.

Import-restrictive measures introduced by G20 nations already cover more than US$480 billion worth of trade, according to a November 2018 report compiled by the World Trade Organization (WTO).

“Further escalation remains a real threat. If we continue along the current course, the economic risks will increase, with potential effects for growth, jobs, and consumer prices around the world. The WTO is doing all it can to support efforts to de-escalate the situation, but finding solutions will require political will and it will require leadership from the G20,” WTO Director-General Roberto Azevêdo said.

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