

## **Trade Renewal and the Future of Multilateralism: A Global Perspective from Hong Kong**

In the roundtable jointly organized by the International Chamber of Commerce (ICC) - Hong Kong and the Asia Global Institute, speakers explored the critical necessity of revitalizing the global trade architecture amidst rising geopolitical tensions and technological disruption. The discussion centered on the premise that the world is at a historic inflection point where the rules-based international order, which has underpinned prosperity since 1945, requires urgent renewal to remain relevant in the 21st century. Panelists argued that Hong Kong, through its unique legal standing and financial expertise, remains an indispensable neutral ground for orchestrating global supply chains and pioneering digital trade standards.

### **The Three Cs of Multilateralism and the Rule of Law**

The Guest of Honor, Paul Lam, Secretary for Justice of The Government of the HKSAR, outlined the core elements of multilateralism as cooperation, compromise, and coordination. He emphasized that an international rule of law is the essential foundation for these elements to function effectively. Key takeaways from his address included:

- **Hong Kong's WTO Legacy:** As a founding member of the WTO and a separate contracting party to GATT since 1986, Hong Kong has maintained an impeccable record of adhering to international legal obligations.
- **Accession to Regional Blocks:** The government is actively seeking accession to the Regional Comprehensive Economic Partnership (RCEP) and negotiating investment protection agreements with diverse economies including Bahrain, Saudi Arabia, and Peru.
- **Legal Harmonization:** Hong Kong is aligning its domestic laws with international standards, specifically through the proposed adoption of the UNCITRAL Model Law on Electronic Transferable Records (MLETR) to facilitate the digitalization of trade documents.
- **Global Governance Initiatives:** The city supports broader initiatives such as the Global Governance Initiative (GGI) proposed by the Chinese Mainland to promote a more equitable global governance system.

### **Project Phoenix and the Path to Systemic Renewal**

John Denton, Secretary-General of the ICC, argued that the ICC must function as an institution capable of creating normative standards rather than acting merely as a business association. He introduced the three-pillar strategy of the ICC to address current global challenges:

- **De-escalation:** Arguing against retaliation, which is viewed as economic self-harm, the ICC seeks to reduce trade conflicts by providing political and data-driven support to prevent downward spirals in global trade flows.
- **Stabilization:** Maintaining the integrity of existing systems like the WTO and the World Customs Organization is vital, particularly as the collapse of trade systems could lead to a 25% to 45% drop in trade flows for developing economies.
- **Renewal (Project Phoenix):** This initiative aims to make the WTO fit for purpose in the digital age, specifically by advocating for the permanent extension of the e-commerce moratorium to prevent tariffs on cross-border data transfers.

The panel reinforced John Denton's keynote by placing the ICC's three-pillar strategy in the wider context of renewing multilateralism. Moderated by Heiwai Tang, the discussion showed that systemic renewal is not only about institutional reform, but also about building practical resilience in a world shaped by fragmentation, sanctions, and digital disruption. Several key themes emerged:

- **Defending multilateralism as the foundation of trade's future.** John Denton argued that preserving and updating the multilateral system remains essential if global trade is to stay open, predictable, and development-oriented, especially for developing and emerging economies. Edward Yau similarly stressed that without renewing the rules-based multilateral system, the future of trade itself would become increasingly uncertain and vulnerable to geopolitical division.
- **Strengthening resilience and preparedness in finance and commerce.** David Eldon highlighted the growing impact of sanctions, geopolitical risk, and regulatory fragmentation on business decision-making, emphasizing that firms and financial institutions must build resilience into their planning through scenario exercises, better intelligence, closer regulatory communication, and stronger operational readiness. Denton added that renewal cannot come from governments alone, and that the private sector must be more actively engaged in keeping trade and finance functioning under stress.
- **Closing the gap between digital innovation and legal frameworks.** Loke-Khoo Tan focused on the widening mismatch between borderless digital innovation and nationally bounded legal systems, particularly in areas such as AI, authorship, copyright, and cross-border IP enforcement. His intervention suggested that renewing multilateralism in the digital age will require greater coherence across legal frameworks if innovation is to scale without creating deeper uncertainty for cross-border business. Denton echoed this broader point by noting that the WTO rulebook has not kept pace with the digital economy and must be updated to remain relevant.

## **Digital Trade, Finance, and Connectivity**

The second panel highlighted that the future of trade depends not only on technological innovation, but also on better alignment across law, finance, and data infrastructure. Speakers focused on the operational barriers that continue to slow digital trade, particularly for SMEs, and stressed that the challenge is now less about inventing new tools than about connecting fragmented systems and building trust across institutions. Several key themes emerged:

- **Bridging the trade finance gap.** Howard Lee discussed how the Hong Kong Monetary Authority's Commercial Data Interchange and related initiatives are designed to connect fragmented data sources and support more transaction-based lending, particularly for SMEs that may lack traditional collateral.
- **Integrating fragmented data systems.** Lee, Ivy Tse, and Anson Suen all emphasized that one of the biggest barriers to digital trade is the persistence of "data islands" across logistics, banking, customs, and insurance. Rather than a single technological breakthrough, progress depends on making these systems interoperable and usable across multiple actors in the supply chain.
- **Reducing operational bottlenecks for SMEs.** Ivy Tse and Anson Suen noted that many smaller firms still face delays because trade processes remain paper-heavy and manually coordinated. Better use of real-time logistics and transaction data can improve verification, speed up financing decisions, and lower barriers to cross-border participation.
- **Building trust through institutions as well as technology.** The discussion suggested that digital trade requires not only better tools, but also trusted frameworks and platforms that allow participants to share data securely and act on it with confidence. In that sense, initiatives such as CDI and CargoX were presented as important institutional steps toward a more connected digital trade ecosystem.

## **The Enduring Role of Hong Kong**

The concluding remarks reinforced the idea that the world needs Hong Kong to remain an entrepreneurial, neutral, and rules-based platform. By combining its strengths in international arbitration, trade finance, and logistics, the city is well-positioned to lead the transition from analog to digital trade. The successful revitalization of ICC-Hong Kong serves as a signal that the community is ready to re-engage with the global agenda and defend the multilateral system.