

LAUNCH OF THE ASIA-PACIFIC TRADE FACILITATION REPORT 2021

Supply Chain Resilience and Trade Facilitation
amid the COVID-19 Pandemic

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Concept note

The COVID-19 pandemic has been unprecedented in its scale of impact. Global GDP fell by 3.3% in 2020, nearly double the fall in 2009 during the global financial crisis. Global working hours fell by nearly 9% relative to last quarter of 2019 as a result of the pandemic, four times greater than during the global financial crisis, and resulted in an increase in the unemployed of 33 million.

The pandemic made all stakeholders revisit the strengths and weaknesses of Global Value Chains (GVCs) that drove export-led industrialization and reduced poverty since the 1980s. Border closures, lockdowns, quarantines, and other means to control the virus spread exposed vulnerabilities in the fragmented production structure spread over multiple countries. Impacts were felt due to closure of production facilities, disruption in cross-border and local transport network, temporary trade restrictions, stringent border requirements for customs clearance and restrictions on movement of people. Such disruptions also affected the trade of essential goods such as food, personal protective equipment, and vaccines.

The COVID-19 pandemic highlighted the role of trade facilitation to mitigate some of the adverse impacts of the supply chain disruptions. Increased transparency and streamlined border procedures fastened the processing time at the border. Greater efforts towards trade digitalization, including exchange of electronic data and documents, electronic payment, digital certificates, e-signature and others, contributed to reducing physical contact. Many countries also implemented trade facilitation measures in the areas of transparency and institutional coordination, simplification of customs procedures, and expedited clearance. Operationalization of 'green lanes' supported by increased digitalization contributed to speed up handling of border procedures for essential goods.

The 2021 UN Global Survey on Digital Sustainable Trade Facilitation shows that countries across the globe are continuing to move towards a seamless and efficient trading environment, within and beyond national borders, by simplifying and digitalizing formalities in international trading, helping to sustain international trade despite the disruption caused by the COVID-19 pandemic. However, implementation of measures to achieve cross-border paperless trade remains much lower than that of others in large, partly because these measures require trust and closer collaboration among countries. The Survey, covering 144 countries, shows the global average implementation rate of overall trade facilitation measures at 65 per cent, while the implementation rates of paperless trade and cross-border paperless trade merely at 19 per cent and 7 per cent respectively.

Much work needs to be done between countries in coordinated fashion. The lack of predictability in the administration of import and export restrictions makes it difficult for manufacturers of critical medical goods to plan and execute the sourcing of critical inputs, while differences in regulatory frameworks, procedures, and timelines add complexity to efficient processes in trade. A lack of critical trade finance in essential goods also prompted multilateral agencies to declare a crisis in trade finance and allocate resources to mitigate the problem.

At the launch of the Asia-Pacific Trade facilitation Report 2021, trade facilitation issues emerged during the pandemic will be discussed and way forward will be proposed. Experts from ESCAP, ADB, government offices, and other institutions will discuss good practices in implementing digital trade and enhancing international cooperation towards a more responsive global trading system.