Regional Cooperation on Trade and Transport Connectivity in the Age of Pandemics in Asia and the Pacific

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The pandemic significantly disrupted international trade

Real exports (% change, year on year)

Real imports (% change, year on year)

Real exports and imports—Asia refers to the weighted average of People’s Republic of China; Hong Kong, China; India; Indonesia; Japan; Republic of Korea; Malaysia; Pakistan; Philippines; Singapore; Taipei, China; Thailand; and Viet Nam. Source: CPB Netherlands Bureau for Economic Policy Analysis.
The pandemic also exposed vulnerabilities in trade facilitation

- Asia-Pacific lagging in implementing digital trade measures
- Gaps in automation, regional coordination, and emergency protocols exposed
- Persistent lack of access to trade finance for small businesses

Implementation of Trade Facilitation Measures

Note: Blue dots represent country scores; red lines are group averages.
Source: United Nations (UN). Global Survey on Digital and Sustainable Trade Facilitation 2019
Building sustainable and resilient transport and logistics

• Many travel restrictions continue
• 17% of households in the region earn income from the transport industry
• The disruption to flight schedules hurt many sea-locked countries
• International Transport Forum estimates global freight volumes to drop more than a third in 2020
Infrastructure coupled with logistics and technology are the lifelines of regional trade

Logistics as the interplay of infrastructure, services, and technology

Source: ADB (2020). Developing Multimodal Logistics Parks in India and Phnom Penh Logistics Complex
Regional cooperation crucial to post COVID-19 economic recovery

Supports trade-led economic recovery; broadens the base to increase resilience while mitigating shared health risks

Greater and higher quality connectivity between economies
Build health risk resilience into connectivity and logistics

Global and regional trade; investment opportunities expanded
Restart trade and investment; make it more inclusive
Help businesses adapt to a new normal

Regional public goods increased and diversified
Improve joint/cross-border public health preparedness and emergency response
Support “green” recovery, including ocean health

Build broader, long-term coordination between developing members to cooperate on medium-term economic recovery
### Post COVID-19: Changing how we handle connectivity, trade, and investment

#### Connectivity
- Invest in **enhancing health resilience of connectivity infrastructure** for airports/ports/transport corridors
- Policy reforms, using **subregional platforms and investments** to support private sector investments in connectivity
- Invest in **low carbon, green recovery**
- Policy reforms, technical assistance and investments to **bridge digital divide**

#### Trade and Investment
- Policy reforms and capacity building for **greater open regionalism in services**
- Invest in **multisector border area development** programs and decongest urban development along economic corridors
- Invest in **improving access to trade finance** for SMEs and women-owned enterprises

### Project samples
- Sri Lanka Health System Enhancement Project (Reallocation of 2018 Grant)
- ASEAN Catalytic Green Finance Facility (ACGF)
- Second Greater Mekong Subregion Corridor Towns Development Project
Post COVID-19: Digitalization in the “Next” Normal
Helping Businesses Adapt to the New Normal

- Investments and policy reforms to promote resilience and safety of regional value chains and support digitization of supply chain logistics and trade facilitation
- Regional mechanisms to ensure cross-country information exchange; accept digital copies of certificates exchanged through secured systems

Project examples
Implementing Trade Facilitation Initiatives under the SASEC Program TA
Capacity Building for Enhanced Safeguards, Anti-Corruption and Integrity Measures, Gender Equity Policies and Digitization of Trade Finance Program
Changing What We Do on Regional Public Goods

- Invest in **improving regional health infrastructure**; along with human, animal, and plant disease surveillance capacities
- Investment and policy dialogue to build **regional disaster risk resilience**
- Use technical assistance to **build ADB knowledge in new areas**
  - Ocean health
  - Support human development skills through regional delivery of telemedicine and online education

Project samples
Greater Mekong Subregion Healthy Border Special Economic Zones Project
RCEP: Enhancing regional integration

Regional Trade Groupings involving ASEAN+3

ASEAN = Association of Southeast Asian Nations; CPTPP = Comprehensive and Progressive Agreement for Trans-Pacific Partnership; Lao PDR = Lao People’s Democratic Republic; PRC = People’s Republic of China; RCEP = Regional Comprehensive Economic Partnership.

Source: Adopted from Economist Intelligence Unit.

Comparing Potential Benefits of Trade Agreements - Real Income Increases in 2030 ($ billion)

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Deepening regional cooperation for better connectivity would bring greater prosperity for the entire region.
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