Practical Responses to Pandemics: Evidence and recommendations from case studies of agri-food trade in the EU, Asia-Pacific and American regions during Covid-19

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Agenda

1. **Facilitating Trade:** Improving Crisis Management Capabilities
2. **Functional Trade:** Enabling Labor and Finance
3. **The Future of Trade:** E-Commerce & Agri-Food Products
4. **Trade Governance:** PTAs and Ad-Hoc Cross-Country Collaborations
5. **Conclusion**
Facilitating Trade: Improving Crisis Management Capabilities

COVID-19 has highlighted the limitations of existing crisis management mechanisms:

1. Inadequate coordination mechanisms (ASEAN).
2. Uncertainty and confusion (EU).

Ad-hoc crisis management measures were put in place under different geographic and institutional contexts.

We assessed the effectiveness and limitations of these initiatives in three case studies:

- Chapter 1: EU single market responses (5).
- Chapter 2: ASEAN crisis management and governance (19)
- Chapter 3: EU-Vietnam agricultural trade (37)

According to the analysis Ad-Hoc measures have included:

- Acceptance of scanned papers for customs clearance
- Implementation of ‘Green Lanes’
- Exemptions from restrictions on the cross-border movement of those working in critical professions

RTA Recommendations

Develop pre-defined and explicit actions regarding:

- Traders’ self-certifying for imports & exports / split of consignments.
- Incorporate regulatory measures & a governance body for crises management (task-force).
- Information sharing / database:
  - Role of UN as coordinator;
  - Digitalization and availability of ICT resources for updated trade database / centralization of database
Two transfers must be completed for trade to occur:
1. Movement of goods from producers to consumers.
2. Payments from consumers to producers.

COVID-19 disrupted both processes
We examined the effects and proposed solutions in two case studies:

- Chapter 5: All Policy is Trade Policy in a Pandemic – U.S. Agricultural Labor Policies during Covid-19 (68)
- Chapter 7: Financial Support during the Times of Crisis (99)

### Key Insights

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<th>Key Insights</th>
<th>RTA Recommendations</th>
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<td>Agricultural production costs in the U.S. are 19%-47% labor costs</td>
<td>• Ensuring stable supply of agricultural labor through virtual visas, farmworker wellness and essential inspectors.</td>
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**Businesses need:** Working capital; documented transactions; trade finance; compliance enforcement. All of which were interrupted by the pandemic

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<th>RTA Recommendations</th>
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<td>• Emergency facilitation funding, paperless transactions.</td>
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<td>• Expedited remote reviews can improve future trading environment.</td>
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**Incorporation of emergency clauses focusing on the management of capital, labor and services for expeditious, distanced, facilitation of international trade.**
The Future of Trade: E-Commerce & Agri-Food Products

Improving the effectiveness of E-commerce as a new channel to sell agricultural goods can address some of the supply disruptions created by the COVID-19 crisis.

In response to COVID-19 China promoted eCommerce as a new way to sell agri-food products.
- Incentives to encourage farmers to sell through eCommerce (promotion of locally grown brands via live streaming).
- eCommerce platforms (Alibaba or Taobao) put in place initiatives to grow transaction volumes of agricultural goods.

Replicating this success across regional agricultural markets requires:
- Improve access to online sales channels, cross-border logistics and payment services.
- Enable better visibility and digitization of the agricultural value-chain.
- Development of consumer protection and cross-border data flows standards that strengthen consumer trust and lower barriers to digital trade.
- Incorporate economic cooperation, digital trade and trade facilitation provisions in agreements like the Digital Economic Partnership Agreements (DEPA) or the CPTPP.

We examine the relevance and effectiveness of e-commerce and digitalization of agri-food value chain initiatives in a case study:

• Chapter 6: China’s measures to minimize the negative impacts of COVID on agri-food product markets (83)
Trade Governance: PTAs and Ad-Hoc Cross-Country Collaborations

Under the current environment the governance of Agri-Food trade is being shaped by:

1. Minimizing disruptions to agricultural supply chains.
2. Limitations of the WTO.
3. Growing Number of RTAs and ad-hoc initiatives.

We examined the strengths and limitations of those governance approaches:

• Chapter 4 – Ad-Hoc Cross-Country Collaborations (NZ – SG Declaration) - 51
• Chapter 8 – Depth and Coverage of RTAs (ATIGA, EVFTA, ACFTA, CPTPP) - 112

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<th>Policy Priority</th>
<th>RTA Recommendations</th>
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| Increasing transparency and curtailing the effect of export controls. | • Strengthen WTO commitments under GATT, AoA and TFA  
• Strengthen and support the implementation of WTO commitments through RTAs (CPTPP) |
| Lowering import costs to combat rising prices. | • WTO and Ad-hoc initiatives have been limited.  
• RTAs have been more successful in lowering tariff barriers on agricultural products.  
• Increase coverage and membership of RTAs |
| Lower frictions and barriers to trade in the use of PTAs | • Complex and overlapping ROOs may undermine tariff reductions  
• Streamline ROO and COO requirements (CPTPP) |
CONCLUSION

The development of a regulatory environment that guarantees the development of secure, resilient and sustainable agri-food supply chains requires a careful understanding of:

1. Flows of capital, goods, information, and people essential for the purchase, production, transportation and distribution of agricultural products.
2. Policy effectiveness in the context of established trading, macroeconomic and institutional contexts.

**Regulatory approaches** need to be coordinated and self-reinforcing efforts across multiple institutional and governance arrangements.

**Research initiatives** should include robust assessments of the depth, coverage and relative effectiveness of different types of trade provisions relevant for agri-food trade.
Annex: Chapter Summaries
Chapter 1: Intra-EU Trade and COVID-19: Challenges and Initiatives

- Already in place, but vague, leaving room for interpretation by member states
- Not focused on practical or innovative, alternative solutions
- Ignored how movement of people can affect trade

European Commission took action in below pillars
- Centralization of database concerning national temporary restrictions, updated daily
- Close tracking and enforcement of the ban for intra-EU import/export quotas
- Implementation of the “Green Lanes”
- Provision of exemptions from any restrictions on the cross-border movement of persons for those working in critical professions

Results:
- Uncertainty and confusion in the first 2 weeks, congestion of 30klm+ reported at borders
- Trade routes were safeguarded successfully after European Commission’s measures

Recommendations: Practical, pre-defined actions that involve technology should be incorporated in any future Trade Agreement, especially for trading partners conducting trade by land.
Chapter 2: ASEAN’s Role and Regulatory Measures for Agri-food Trade during Pandemics

Crisis management and governance is important to ensure food security and trade in ASEAN

- No best practice for COVID-19 nor ensuring continuity of agri-food trade.
- Food security & agriculture trade depend on political relations.
- Existing mechanism for mitigating food crisis only limited to rice stocking and price shocks.
- Inter-government cooperation through information sharing exists but responses for COVID-19 not as collective and effective as it was before.

Resulting impact of COVID-19 on Agri-food Trade in ASEAN

- Agri-food trade halted because of trade disruptions and industry movement restrictions.
- Inadequate and misaligned policy targets: employing military forces
- ASEAN Secretariat less coordinated and delayed—meeting only mid-April 2020.

Recommendations

1. Incorporate regulatory measures and a governance body for management of crises.
2. Digitalization and availability of ICT resources for updated trade database.
3. Customs clearance of essential critical goods and services be expedited/unnecessary border controls & SPS standards and conformity assessment procedures be simplified


• Trade disruption because of social distancing & movement restriction
• Ban of rice export
• Over-burdensome WTO-compatible measures for imports & exports

Ad-hoc measures by EU & Vietnam:

• Acceptance of scanned papers for customs clearance
• Lift of rice export ban

Recommendations:

1. Well-definition of “critical shortage of food” to avoid contradictory interpretations and application in practice.
2. Acceptance of traders’ self-certifying for imports & exports and split of consignments, at the WTO level
3. Information sharing/database on food security reserves. UN should play the role as coordinator in sharing statistics of food security reserves
Chapter 4: New Zealand – Singapore Declaration on Trade in Essential Goods – A Case of Ad-hoc Cross-country Collaboration

New Zealand - Singapore Declaration - a natural joint up of global trade reliant countries to protect their trade and supply links:

• Legally binding mechanisms unable to address the dynamic situation, lack of global trade leadership
• Smaller countries who are global trade reliant naturally gathered to do practical things to protect their trade and supply links

Limitations of the measure:

• The scope and depth the declarations do not improve existing RTA agricultural commitments, esp. in the market access and trade facilitation
• Those declarations do not include trade partners that have not made those commitments

Recommendations:

1. Special temporary provisions from ad-hoc initiatives should be incorporated into existing agreements
2. Expand the scope of agreements like the CPTPP. CPTPP has in place a Committee on Agriculture that can facilitate collective responses during a crisis

Food production is labor-intensive:\(^1\)

COVID-19 agricultural labor shortages two-fold:\(^2\)
1. Visa processing halts reduces migrant workforce:\(^3\)
2. Poor work conditions resulting in COVID-19 infections:\(^4\)

Recommendations:
1. Virtual Visas: Remote processing of visas for essential migrant workers
2. Farmworker Wellness: Build greater health protections into farm labor standards
3. Essential Inspectors: Designate workplace safety compliance inspectors essential workers
4. Building Back Better: Write conditional customs clearance into future RTAs, dependent upon compliance with above
Chapter 6: China’s measures to minimize the negative impacts of COVID on agri-food product markets

**Impact on Domestic Food Supply:** Covid-19 extensively disrupts the traditional food supply chains, resulting in sourcing prices in food and Agri-goods.

- Some firms had experienced input shortages like feed, difficulties in product delivery, and labor shortages due to the transportation blockages.

- Farmers and production companies were claiming that purchasing fertilizer, pesticides, and seeds were difficult during the pandemic time.

**Impact on International trade of food and agricultural goods:**

- The decline in its domestic production will lead to fluctuations in the global prices of agri-goods prices, as China is one of the world’s leading agri-food exporter in the world

**Recommendations:**

1. Using eCommerce as a new way to sell agri-food products
2. Streamline the shipping of agri-food products
3. Governmental policies to encourage farmers to sell through eCommerce
4. eCommerce platforms crafted a series of actions and measures to support the selling
Chapter 7: Financial Support during the Time of Crisis

The importance of financial support for trade during the time of crisis.

• Restriction of people prohibits original trade document verification.
• Financial Institutions’ reluctance to issue and accept finance instruments.
• Lack of working capital.
• AML/CFT and financial crime

Recommendations:

1. Provisions should include working capital availability and trade finance availability.
2. To become paperless is essential to enable trade, and provisions in other means of acceptable trade documentation should be in place to guide the stakeholders.
3. Provisions need consideration from the compliance angle to mitigate the related risks.
Chapter 8: Can FTAs Protect the Agri-Food Supply Chain During a Health Crisis