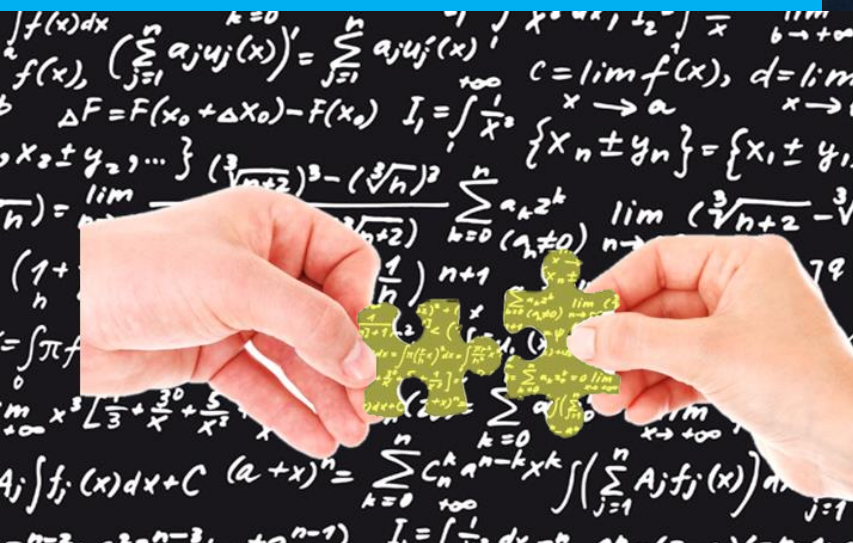




## Trade facilitation in times of pandemic: practices from the East and North-East Asia



Jiangyuan Fu



ASIA-PACIFIC RESEARCH AND TRAINING NETWORK ON TRADE

# Working Paper

No. 196 | 2020

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## Trade facilitation in times of pandemic: practices from the East and North-East Asia

Jiangyuan Fu<sup>1</sup>

**Please cite this paper as:**

Fu, Jiangyuan. (2020). "Trade facilitation in times of pandemic: practices from the East and North-East Asia", **ARTNeT Working Paper Series**, No. 196, August, 2020, Bangkok, ESCAP

Available at <https://artnet.unescap.org>

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## **Abstract**

The COVID-19 pandemic is considered the most serious health crisis and the greatest challenge to humankind since the Second World War. Although economies in East and North-East Asia (ENEA) were the first to be hit by COVID-19, they have so far been successful in controlling the outbreak with relatively low fatalities, partially thanks to various containment measures.

The ongoing impact of the pandemic and its local resurgences have caused major disruption to the global economy. The ENEA sub-region is no exception. In this context, the spotlight has been placed on trade facilitation measures to maintain the flow of trade in times of crisis. All ENEA economies have introduced various measures to facilitate trade, although details of how these measures are applied on the ground vary based on the different cultural, societal and economic contexts. This paper provides descriptive yet organized information on the trade facilitation measures taken by four selected countries in the sub-region in response to the pandemic with a focus on China and the Republic of Korea. Typically, these measures include: institutional cooperation to control the virus and facilitate the imports of critical supplies; the simplification of customs procedures and expedited clearance; measures to facilitate transport and logistics; facilitating trade through digital information technologies; measures to support businesses- especially SMEs and the agricultural sector; and cross-border trade finance support.

Based on accumulated lessons and practices in selected ENEA countries during COVID-19 pandemic, the paper assesses the measures that can be adopted by other countries in their battle against the pandemic. It also discusses measures that can be maintained in the post-pandemic “new normal,” as well as preparedness that should be institutionalized for future emergencies.

As countries in this sub-region begin to reopen and resume work, it is essential that we prevent a second wave of the pandemic, make supply chains more resilient and boost confidence in the global economy through strengthened coordination, as well as improved and holistic trade facilitation measures. Countries that have not yet implemented these trade facilitation measures should accelerate their process.

**Keywords:** Trade facilitation, COVID-19, East and North-East Asia, TFA, China, Republic of Korea, Japan, Mongolia

**JEL Codes:** F13, F55, I18

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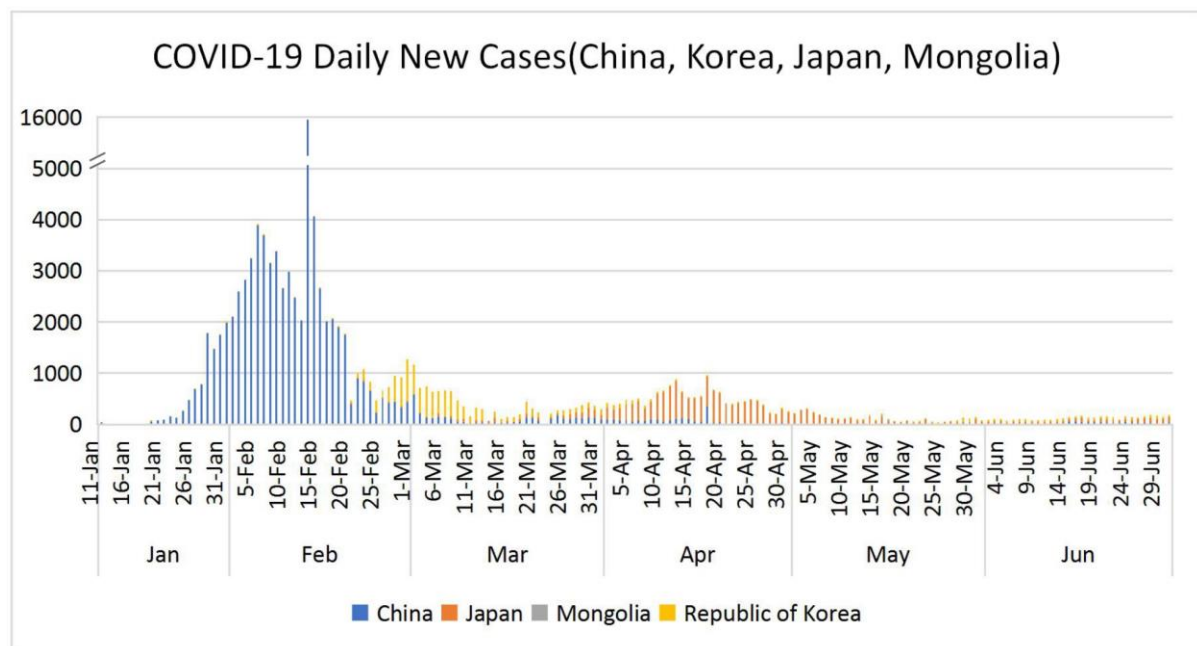
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## 1. Introduction and COVID Situation in the East and North-East Asia

The outbreak of COVID-19 was first identified in Wuhan in December 2019, and it turned into a global pandemic within a few months. The pandemic is considered to be the most serious global health crisis and the greatest challenge that humankind has faced since the Second World War (UNDP, 2020).

As of June 30, 2020, the total number of confirmed cases in the East and North-East Asia (ENEA) stands at 116,840, with China having over 85,000 cases; Japan over 18,000 cases; Republic of Korea 12,800 cases; and Mongolia 220 cases (WHO, 2020a).

**Figure 1. Daily confirmed cases in ENEA**








Source: WHO, 2020b

The ongoing pandemic and its local resurgence have not only led to loss of life, but also caused major disruption to the global economy. In order to restrict the further transmission of the disease, many countries have implemented complete lockdowns. Transport services have been suspended with exceptions for essential goods. The global lockdown has directly affected the economy of every country. Production has substantially fallen. Many countries are facing a severe twin threat of high inflation and increasing unemployment. The world economy is in recession. The International

Monetary Fund projected the global output to decline by 4.9% in 2020 (forecast dated June 2020) (IMF, 2020c). In June, UNCTAD forecasted a 20% annual decline of merchandise trade for 2020 (UNCTAD, 2020a).

**Figure 2. Projected annual GDP growth in selected ENEA countries in 2020**

				
China	Korea (Rep. of)	Japan	Mongolia	World
1.0%	-2.1%	-5.8%	-1%*	-4.9%

Source: IMF, 2020c (figure for Mongolia refers to the IMF April outlook)

The economic impact of the pandemic in ENEA is devastating. Unemployment rates have shot up, consumer demand has plummeted, trade has plunged, and investment has shrunk across the sub-region.

To date, four selected ENEA countries have managed to control the outbreaks and are looking to get their economies back on track while keeping a wary eye out for a second wave of infection. Some places are slowly experimenting with reopening their borders to selected travellers and allowing the kind of regular travel that is essential for mitigating the impact of COVID-19 on the economy.

In such a challenging and uncertain situation, there is a clear need to keep trade flowing, to ensure the supply of essential products and to send a signal of confidence to investors. However, in the context of the severe economic strain that has resulted from COVID-19, trade tensions which existed earlier prevailed if not deepened. The international trade flows are now subject to an increased number of new restrictions and resulting distortions, including export restrictions on essential products such as personal protective equipment (PPE), medical devices, pharmaceutical products, test kits, sanitary products and agriculture commodities, as well as import restrictions on live animals and other products. It is more important than ever to avoid escalating current trade tensions and to facilitate trade amidst the ongoing crisis. ENEA countries are actively promoting international solidarity based on mutual trust as part of the

response to COVID-19 and therefore have introduced various measures to facilitate trade, despite delivery of goods continuing to be very difficult.

In this context, this paper focuses on practices in trade facilitation in ENEA in response to the COVID-19 pandemic. The paper analyses four countries: China, Republic of Korea, Japan and Mongolia.<sup>2</sup> The paper provides organized information on the trade facilitation measures taken by those countries in response to the pandemic with a particular focus on China and the Republic of Korea given the availability of data. The measures covered are those taken amid the COVID-19 crisis, based on the commitments included in the WTO Trade Facilitation Agreement and the instruments contained in the 2019 UN Global Survey on Digital and Sustainable Trade Facilitation. The measures are categorized into six groups: institutional arrangements and inter-agency cooperation; simplification of customs procedures and expedited clearance; transport, logistics and transit facilitation; digital trade facilitation; measures for business facilitation and supporting small and medium enterprises (SMEs); and trade finance facilitation. Information is collected from secondary data sources, including government reports, national information updates to relevant international organisations including the WTO, the WCO, UNCTAD, the ITC, and the ICC, the national or local public information disclosure websites as well as from mainstream media reports. It is also supplemented by information received from experts attending the Expert Group Meeting organized by ESCAP on July 29, 2020.

## **2. Case Study of China**

### **2.1 Introduction**

The virus causing the disease was first discovered in China. The initial reaction was slow. However, when human-to-human transmission was confirmed, the Government imposed an unprecedented lockdown on Wuhan, a city of 11 million people, on January 23<sup>rd</sup> and one day later expanded this to Hubei province (of which Wuhan is the capital). This took place just before the Chinese New Year in order to reduce

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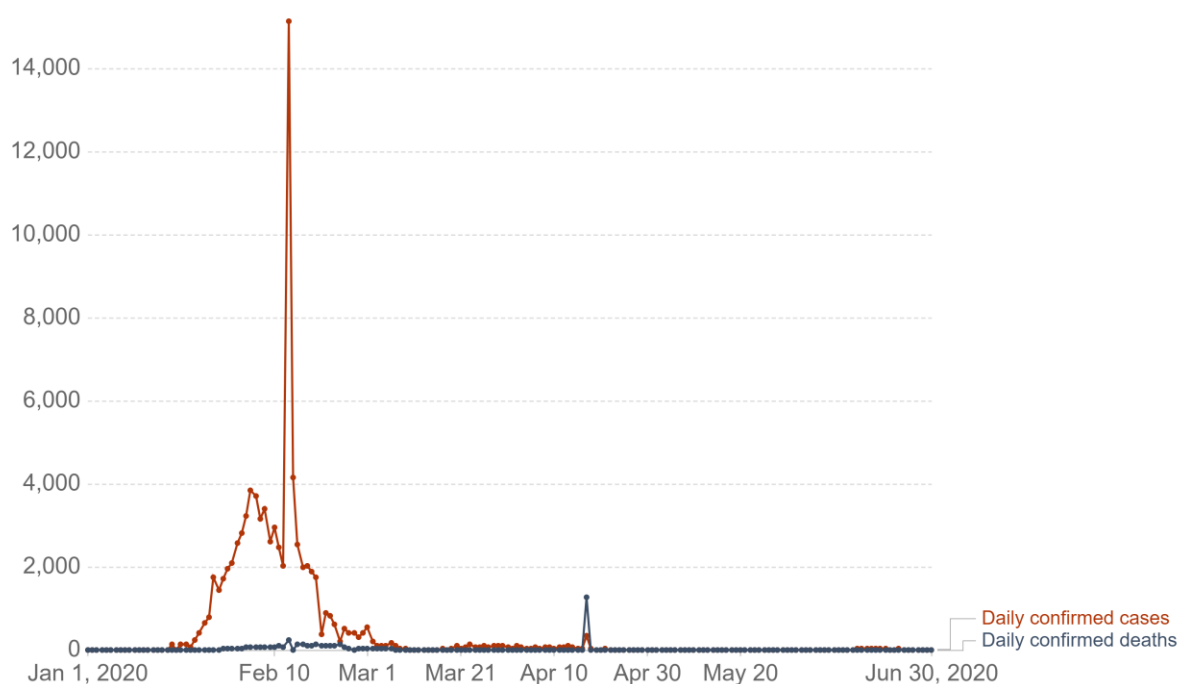
<sup>2</sup> ENEA in the ESCAP context includes also Democratic People's Republic Of Korea, and SAR Hong Kong, China and SAR, Macao China but they were not included in the analysis due to limited data availability.

holiday travel, thus cutting transmission channels for the disease. All public transport, including buses, trains, flights and ferry services were suspended. The residents of Wuhan were also not allowed to leave the city without permission (Government, China, 2020d). More aggressive measures followed, including community-wide temperature screening and comprehensive public health measures that forced the sick to isolate.

The rapid rise in the number of infected cases put local health care systems under tremendous strain. The Government built two new special coronavirus hospitals with a capacity for more than 2,500 patients in ten days (Xinhua, 2020a) and set up quarantine stations and mass quarantine centres in public service areas to accommodate new patients. 346 emergency medical teams from across the country and armed forces, with more than 46,000 medical staff, were mobilized and deployed to Wuhan (Chinanews, 2020). By May 2020, nearly 10 million people had been tested for the virus in Wuhan (Government, China, 2020a).

In a little over a month the spread of the virus had been contained, and in two months the daily increase in confirmed cases had fallen to single digits. The strict quarantine measures, including severely restricted movement within and across borders, curtailed the spread of the virus within mainland China and successfully brought the virus under control. In April, China lifted its 76-day lockdown on Wuhan. At the time of writing, the total number of infections in the country is 85,000, with Hubei province accounting for more than 80% of total confirmed cases. The centralized nature of the strategy and the well-coordinated prevention and control measures that involved all sectors of society have made a significant contribution to the economy bouncing back in the second quarter of 2020.

**Figure 3. Daily confirmed COVID-19 cases and deaths in China**



Source: Our World in Data, 2020

In the initial months of outbreak (Q1 of 2020), Chinese exports dropped significantly by 11.4% in the first quarter, and imports went down by 0.7%. However, in June 2020, both import and export growth turned positive, and businesses which were the most affected by the outbreak have since resumed operations. China's Q2 GDP growth has improved on forecasts and has recovered to 3.2% (NBS, China, 2020). That being said, critics argue this recovery will be short-lived due to the sharp fall in overseas demand, disruption to the global supply chains and increases in cross-border trade costs due to restrictions in movements and delayed shipments.

In the 2019 UN Global Survey on Digital and Sustainable Trade Facilitation (as shown in figure 4). China achieved an overall trade facilitation score of 82%, with significant room for improvement, especially in institutional arrangements, paperless trade and cross-border paperless trade. The trade facilitation measures introduced amid the COVID-19 crisis, although temporary, have paved the way for more digital and sustainable trade, and there is potential for converting successful practices into long-term measures in the post-pandemic future.

**Figure 4. China's implementation of Digital and Sustainable Trade Facilitation Measures, 2019**



Source: United Nations SDSTF, 2019

## 2.2 Institutional Arrangements and Inter-Agency Cooperation

According to the official sources, China's well-coordinated prevention, control and treatment measures originated from an efficient, centralized command. President Xi Jinping has taken charge of the COVID-19 response, while Government departments have carried out well-coordinated control efforts with local authorities and other stakeholders in the battle against the virus. The central authorities exercise overall command, while agencies including health authorities, Customs, the State Administration for Market Regulation, the Ministry of Transport, Ministry of Commerce, the National Medical Products Administration, and other state agencies, local authorities and sectors follow the instructions and perform their respective duties in a coordinated manner (Sheng, 2020).

A central Government team, led by Vice-Premier Sun Chunlan, was dispatched to Hubei for 40 days to guide the efforts to control the epidemic, to call on manufacturers to resume production to ensure the provision of medical supplies, as well as to supervise the relevant departments in order to support the supply of essential products in Wuhan (CGTN, 2020).

## **2.3 Simplification of Customs Procedures and Expedited Clearance**

### **2.3.1 Facilitating cross-border movement of essential supplies**

China has implemented a series of measures to minimize the disruption caused by COVID-19 since January in order to maintain incoming trade flows. The General Administration of Customs of China (GACC) has implemented measures to directly release imported special medical supplies without additional inspections. Instead, approvals are based on certificates and test reports issued by any certified competent authority. This can include third parties, local agencies or self-declarations on quality and safety, provided that the sanitary risk is controllable. The customs authority has also undertaken to quickly clear imported electro-mechanical equipment and raw materials that are urgently needed for the domestic production of essential products (GACC, 2020a).

Chinese Customs has managed to reduce the release time of relief cargo to 45 minutes by adopting on-board inspections and door-to-door inspections, and it provides expeditious clearance through special green lanes and exclusive service windows with designated officers. In case of emergency, relief supplies can be released upon registration before full formalities are completed. The importer can make a summary declaration right after they receive the manifest information and customs will release the supplies when they arrive, so the clearance time is minimized (UNCTAD, 2020b).

To facilitate imports of agricultural products, the GACC has also speeded up the process of granting market access to agri-food products and the registering of establishments from various origins. The quarantine approval process has been further shortened. Green lanes have been set up at key ports to provide around-the-clock clearance and priority has been granted to agri-food products in lab testing and inspections as permitted by safety considerations (GACC, 2020a).

In addition, to facilitate the export of essential supplies, the customs service has optimized pre-export control and certification services, ensuring the expedited issuing of origin certificates and sanitary certificates for exported goods. Customs also expedites administrative approval for registered exporters and provides them with further training on dealing with technical trade barriers (GACC, 2020a).

### 2.3.2 Cooperation of border agencies

The State Council is leading the Joint Prevention and Control Mechanism to ensure coordinated efforts by all relevant Government agencies, and to supervise the implementation of measures and provide solutions on emergency issues.

In particular, the GACC is working closely with the relevant agencies to share information and coordinate the procedures to screen, quarantine, and clear products in order to ensure both trade security and trade facilitation. The customs authority has linked up with the airport authorities to expedite giving the green light to cargo loaded with pandemic relief supplies. For instance, it only took 90 minutes from the time it landed for a flight with 170,000 medical masks to complete customs procedures (Xinhua, 2020b). In addition, some goods that used to be transported by road and air are being gradually transferred to rail. The CR Express train has played an important role in transporting essential relief supplies across countries during the lockdown including PPE, medicine and pharma products, as well as perishable agricultural products. According to customs authority statistics, the CR Express (Chengdu) alone has increased its transport capacity by more than 80% compared with the same period last year (GACC, 2020e). Customs have enhanced their partnership with the railway authorities, leading to the secure and expedited clearance of CR Express carried goods and in order to support data exchange and information sharing among customs authorities in countries and regions along the CR line (GACC, 2020c).

**Figure 5. CR train transporting relief supplies from Wuhan to Belgrade**



Source: China Daily, May 09, 2020

In addition, Chinese Customs have also strengthened cooperation with the border agencies of other countries. Contact points have been designated for communicating and coordinating efforts to effectively exchange relevant quarantine policies, regulatory updates and practices.

### 2.3.3 Extending border agency working hours

The customs authority has vowed to make all efforts and officers have worked around the clock to facilitate clearance procedures for relief supplies. Special counters and green lanes have been set up to provide timely 24/7 clearance at critical ports across the country (GACC, 2020a).

### 2.3.4 Risk management and inspections

In order to reduce on-site visits, customs now deal with write-off formalities based primarily on the inventory data provided by companies. In certain circumstances, off-site audits - via video - are used to minimize the interruption to production and operations during the crisis (GACC, 2020a).

With restrictions on movement being gradually lifted and production lines back on track, the world has turned to China for personal protective equipment and medical devices. To ensure the quality and credibility of essential export products for battling COVID-19, suppliers are required to submit declarations to Chinese Customs stating their products “meet the relevant standards of the countries where the goods are to be imported” as well as the Registration Certification of Medical Device (CMD) approved by National Medical Products Administration in China (GACC, 2020d).

### 2.3.5 Facilitating Authorized Economic Operator systems

China has signed mutual Authorized Economic Operator (AEO) agreements with 42 countries and regions. Further, the CACC continues to work closely with countries along the CR Express line on the mutual recognition of AEO for priority at customs clearance as well as simplified customs processes. As of the end of June 2020, more than 3,000 advanced certified enterprises had been identified by the GACC under the AEO system (Xinhua Silk Road, 2020).

### 2.3.6 Concessions on duties and tax

When it comes to expanded import and export duties, the Government has expanded the scope of duty-free imports to include imported supplies used for COVID-19 prevention and control. These goods are exempted from import duties, in addition to VAT and consumption tax [MOF and STA, 2020a]<sup>3</sup>. An increased tax rebate rate has been applied to 1,464 products - companies exporting the listed goods can enjoy higher tax rebates [MOF and STA, 2020b].

## 2.4 Transport, Logistics and Transit Facilitation

The COVID-19 crisis has created major issues for the transport and logistics sector. Operations have become costlier and more time-consuming due to significantly reduced freight transport services and issues facing transport operators. In China, a comprehensive network linking multiple agencies, led by the Ministry of Transport, was put in place to address barriers along the logistics chain and help businesses resume operations.

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<sup>3</sup> Laws, regulations and administrative announcements are listed separately in the references, and their in-text citations distinguished using square brackets “[ ]”.

### 2.4.1 Priority lanes

Regarding cross-border transport, green lanes are provided 24/7 to ensure that essential supplies are delivered without delay. At the domestic level, a toll-free policy was applied to all toll roads, including bridges and tunnels. This was implemented across the country to facilitate smooth transportation and the resumption of work (Government, China, 2020c). For vehicles transporting emergency relief supplies and essential personnel including health professionals, a “no-stop and no-check” policy was put in place.

### 2.4.2 Supporting the supply chain

The Ministry of Transport has developed guidelines on the prevention and control of COVID-19 for passenger stations and vehicles in areas at various risk levels and has also put forward an implementation plan to further lower the cost of logistics (Zhang, 2020).

To boost transport capacity, China conducts trans-shipment at the borders in order to guarantee cross-border transport during special periods. Likewise, During the outbreak when all international cargo flights to Hubei was cancelled, Hubei authorities converted passenger flights to cargo flights and opened multiple routes for charter flights. By the end of June, more than 5,400 tons of goods have been transported by 258 cargo flights into and out of Hubei. Hubei also successfully opened regular cargo routes from Wuhan to Osaka in Japan and Liège in Belgium.<sup>4</sup>

Likewise, China is actively supporting the construction of transport hubs. For instance, the country is coordinating with “Belt and Road” countries to facilitate multi-modal transport operations and customs transit in order to ensure that both domestic and cross-border trade from different places can be consolidated (GACC, 2020c).

### 2.4.3 Movement of people

All cross-border passengers are required to declare their state of health and travel history upon arrival. The declaration is available in ten languages. Passengers can fill

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<sup>4</sup> Information provided by CPPIT Hubei.

in the health declaration card on their mobile, submit the declaration through a Wechat mini-program and scan the QR code when they pass through customs.

**Figure 6. Cross-border passengers submit e-health declaration by scanning QR code**



Source: Nanning Customs, 2020

China is implementing a “travel bubble” with select economies to ease cross-border movement of people among regions where the COVID-19 situation is considered under control. For instance, Macau and Guangdong have mutually recognized each other’s health code system since May 10<sup>th</sup>. The system generates coloured QR codes to indicate a person’s risk level based on the state of health, possible contact with COVID-19 patients, and travel history. A green code allows quarantine-free travel between Macau and the Guangdong province in China (Government, Shenzhen, 2020).

Figure 7. Health QR code system Macao, China

**澳門健康碼**  
Código de Saúde de Macau  
Macao Health Code

請掃描二維碼或輸入網址作申報，以便生成「澳門健康碼」在澳門入境時或進入特定場所時出示：

Para obter o "Código de Saúde de Macau" a exibir à entrada de Macau ou em algum local específico, faça a leitura do código QR ou aceda ao endereço de internet para declaração da sua condição :

Please scan QR code or enter the website to declare health conditions, present the "Macao Health Code" generated when arriving in Macao or entering designated premises:



<https://app.ssm.gov.mo/healthPHD/>

申報後產生的個人「澳門健康碼」以顏色顯示：

Após a declaração o "Código de Saúde de Macau" será exibido em cores diferentes:  
After the declaration, the system will generate a "Macao Health Code" in one of three colours:

		
<b>可以通行</b> Entrada permitida Entry permitted	<b>請自我健康管理</b> Necessidade de Autogestão da Saúde Please exercise self-health management	<b>不可通行</b> Entrada Não Permitida Entry denied

Source: Macao Government, 2020

At the domestic level, point-to-point chartered buses, trains and flights were dispatched to help workers return to work in order to meet the employment demand of enterprises and reduce the risk of the epidemic spreading (Xinhua, 2020f).

## **2.5 Digital Trade Facilitation Measures**

### **2.5.1 Single window for COVID-19 related information and online trade portals**

At the outset of the COVID-19 outbreak, China began implementing response measures to the pandemic, and has since relied extensively on its e-platforms for international trade, namely the Single Window and the “Internet + Customs” platform.<sup>5</sup>

### **2.5.2 E-submission of documents that had been required to be submitted in writing**

Where previously a paper document had been required for verification, its electronic copy (photo, scanned copy, etc.) can be accepted by customs during the pandemic, provided the paper documents are re-submitted latter upon approval. For instance, exporters applying for a tax rebate can submit their applications with digital documents via the single window [STA, 2020a].

### **2.5.3 Other digital services**

The fast-growing e-commerce sector has become the new highlight of China’s cross-border trade in recent years. With strict virus-containing measures being implemented, cross-border trade and investment has fallen significantly and trade in traditional sectors has been hit particularly hard by the pandemic. To boost trade and investment after COVID-19, China is planning to build 46 new integrated pilot zones for cross-border e-commerce around the country on top of the 59 existing ones with a view to helping to revive the pandemic-hit cross-border trade. Countries in the pilot zone enjoy supports such as exemptions on value-added and excise taxes for retail exports as well as more favourable corporate tax rates (MOC, 2020). China Customs has also introduced a special digital surveillance code scheme for business-to-business (B2B) cross-border e-commerce with simplified declaration and expedited clearance. In the meantime, this scheme can also help in precise identification and accurate data-collection of cross-border digital trade (GACC, 2020f).

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<sup>5</sup> See <http://online.customs.gov.cn/>

## **2.6 Measures for Business Facilitation and supporting SMES**

To contain the impact of COVID-19, authorities at all levels of Government have been rolling out policies aimed at bringing Chinese society and the economy back to normal. Various policies to facilitate businesses have been rolled out including administrative and fiscal support for the resumption of business, tax deductions, the relaxation of social insurance obligations and subsidies.

### **2.6.1 Financial support to businesses**

The State Taxation Administration (STA) extended the period for declaring tax in February and the Customs General Administration has temporarily extended the deadline for tax payments. Further, regional/local tax measures have also been put in place in some cities and provinces to complement national measures.

A wide range of services including medical services, catering, accommodation, public transport, delivery services have received VAT exemptions. Enterprises producing key supplies and materials can receive a one-time full deduction on their corporate income tax on payments for facilities. Eligible enterprises can also apply for a full refund of incremental VAT credits incurred after completing the current VAT tax declaration period within the VAT tax filing period. Public transport, accommodation and courier delivery services are also eligible for value-added tax exemptions for income generated in transporting emergency supplies [MOF and STA, 2020c].

The carryover period for losses incurred by enterprises in industries affected by COVID-19 has been extended to eight years. Enterprises can also submit statements for extending the carryover period in electronic form [STA, 2020b].

Inspired by the innovation of “Makeshift Hospitals” in time of the epidemic, some provinces in China sets up “Finance Makeshift for Enterprises with Difficulties” schemes to help enterprises which were in normal operation prior to the crisis, but suffered difficulties such as capital shortage due to the pandemic. This policy was effective in helping enterprises resume normal operation quickly (Government, China, 2020e).

### 2.6.2 Support to traders

In June 2020, the China State Council published *Proposals on Implementation of Supporting sale of Export Oriented Products on Domestic Market* (Government, China, 2020b), which included ten measures to support export-oriented manufacturers in selling their products domestically. The goal was to leverage the huge potential in domestic markets to cushion the impact of COVID-related trade restrictions on firms exposed to international markets. These measures include: speeding up permission for products converting to the domestic market, improving protection for intellectual property, establishing sales platforms, targeting domestic demand, providing financial services, improving insurance services, etc.

Customs and other authorities have set up a series of online services, including meetings and workshops, to answer questions and facilitate dialogue between the Government and enterprises, as well as to guide traders on the relevant customs express clearance procedures, minimize declaration errors and avoid procedural non-compliance. Meanwhile, the customs authority also answers queries by means of the service hotline “12360” and publishes policies and measures on new media platforms.

The Government has also provided online legal assistance to traders involved in regulatory compliance and commercial disputes caused by a cancellation of orders, delays in delivery and refunds requested as a result of the pandemic. For instance, in March, Hubei organized a virtual training course on the legal risks of cross-border trade in a time of crisis. Representatives from more than 400 companies attended the virtual training (CCPIT, 2020). The Government also provides legal consulting services to companies involved in COVID-related trade disputes. The China Council for the Promotion of International Trade (CCPIT) has issued force majeure certificates to local companies impacted by COVID-19, which serve as useful documents for companies seeking to rely on force majeure claims (Government, China, 2020f).

### 2.6.3 SME programmes

SMEs account for 80% of urban employment in China (Chen, 2020). They are largely active in the farming, retail, consumer good manufacturing, catering, logistics and tourism sectors. The Chinese Government has sought to strengthen SMEs for many

years. In the context of the COVID-19 pandemic, SMEs are exceptionally exposed to the economic consequences of containment measures. The Chinese Government has made SME support one of its priorities in the battle against the ongoing economic damage caused by COVID-19. To that end, it has issued a series of policies in the areas of finance, taxation, social security. More than 90 policies have been issued at central Government level (Xinhua, 2020b). The financial regulatory authorities have fully implemented policies on preferential taxes, rent cuts, deductions in insurance costs, the allowing of delayed payments of capital and interests, and deferrals of electricity and other bill payments in order to reduce the liquidity strain on SMEs (Zoe Zhang, 2020).

Some local Governments have enacted additional measures, such as reductions and exemptions in administrative fees and contributions to social insurance schemes (pensions, unemployment funds and work-related injury insurance for instance) (Xinhua, 2020d and 2020e). Some local Governments have also implemented measures to subsidize R&D and training for SMEs. For instance, in Beijing, training subsidies of up to CNY 4,540 per person have been provided to employees in SMEs for attending training sessions on essential professional skills, health and safety, and career development (CCTV, 2020).

#### 2.6.4 Supporting the agricultural sector

As early as January, the Ministry of Agriculture and Rural Affairs (MARA) issued a joint information note to farmers for the prevention and control of the virus in rural areas, together with other relevant ministries. Further measures have been implemented to mitigate the impact of COVID-19 on the agricultural sector including [MOF, Ministry of Agriculture and Rural Affairs, 2020a]:

- Reductions and exemptions for agricultural credit guarantee-related expenses;
- Allocation of disaster relief funds for agricultural production;
- Supporting cold storage and the preservation of agricultural products;
- Increasing local funds to support the agricultural sector, especially in pandemic-hit areas.

In addition, a “help the farmers” scheme was launched on several e-commerce platforms in China, giving multiple access points for consumers to buy fresh produce directly from farmers in poverty-stricken areas. The online channel helps farmers expand their sales channels from the traditional offline channels that have been impacted by the COVID-19 outbreak. The three e-commerce giants Alibaba, JD.com and Pinduoduo, as well as local Government agencies, are also leveraging video live-streaming capabilities to support their programmes. These platforms help agricultural producers nationwide to match the demand from consumers and help to revitalise the agricultural sector (Jane Zhang, 2020). For instance, a China Central Television TV host teamed up with top online celebrities and leveraged a live-streaming platform that sold out CNY 40 million worth of Hubei agriculture products within two hours.

**Figure 8. Live-streaming sales of agricultural products to help farms hit by COVID-19**



Source: CCTV, 2020

## **2.7 Trade Finance Facilitation**

The Ministry of Commerce and China Export & Credit Insurance Corporation have promoted various export credit insurance tools to broaden financing channels, improve the risk management capacity and to ensure safe collection of foreign currency (Export & Credit Insurance Corporation, China, 2020).

The Government is encouraging banks to offer more trade loans and consumer credit, in particular for SMEs that (again) are seriously affected by the outbreak. In response to proposals by the financial regulatory authorities, many commercial banks and insurance companies have offered short-term export credit insurance services as well as lower premium rates and administrative fees. Some banks have also created “green lanes” for cross-border payments and foreign exchange settlements.

China is also accelerating the transformation of digital trade finance during the COVID-19 crisis. Banks and other financial institutions increasingly provide digital solutions for trade finance which help increase the availability of financing to small businesses. For instance, the China Construction Bank now provides digital services for Import Invoice Financing, Import Letter of Credit Issuance, Import Letter of Credit Amendments, Import Letter of Credit Payment and Acceptance, Export Letter of Credit Advising, Documentary Collection, Standby Letter of Credit Issuance, Standby Letter of Credit Amendments, Export Invoice Financing, Bank Guarantee Issuance, Bank Guarantee Amendments and Transfer of Letter of Credit (See: [https://www.asia.ccb.com/hongkong/commercial/online\\_commercial\\_banking.html](https://www.asia.ccb.com/hongkong/commercial/online_commercial_banking.html)).

## **2.8 Concluding Remarks and Recommendations - China**

As the recovery takes shape, several important shifts in China’s economic landscape have already become apparent. First, the private sector will play a strong role in the economy and society. During the SARS outbreak, China’s state-owned enterprises played a crucial role in the economic recovery. In the wake of COVID-19, the private sector has played a significant role in supporting the purchase and distribution of medical resources to the centre of the epidemic in Hubei. The health code system, developed by Alibaba and Tencent “WeCity”, is providing smart solutions for public services such as e-Government. The private sector has also launched several schemes to support the agricultural sector and SMEs that are vulnerable to the pandemic. Such public-private partnerships are a key facilitative practice in fighting against COVID-19.

The private sector is not only making a significant contribution to the national economy but is also playing an increasingly important role in society. Many of the measures undertaken by the Chinese Government are targeting the private sector and some

SMEs. Measures such as different types of financial supports to SMEs are of particular interest. The free public services provided to businesses, especially legal consultations on potential risks caused by the pandemic and subsidised professional skills training will be useful measures for SME resilience. With that supports in place, we will see the increasing influence of the private sector in Chinese society going forward.

COVID-19 has driven the development of new digital solutions and society is accelerating its use of digital services such as online medical consultations, digital banking, online education, e-commerce, remote working etc. These digital services are considered as facilitative practices in the time of crisis, and they also represent as an evolution of “new life” in the post-pandemic time. These new trends are changing consumer and employee behaviour; transforming business models; and driving the rapid evolution of China’s digital landscape in the post-pandemic future. Such a transformation will create an enabling digital environment to facilitate China’s implementation of paperless and cross-border paperless trade which has not yet been achieved. Some innovative digital measures such as digital medical services, digital education that facilitates digital services, and live-streaming services that facilitate trade in agriculture and other goods can be learnt by other countries.

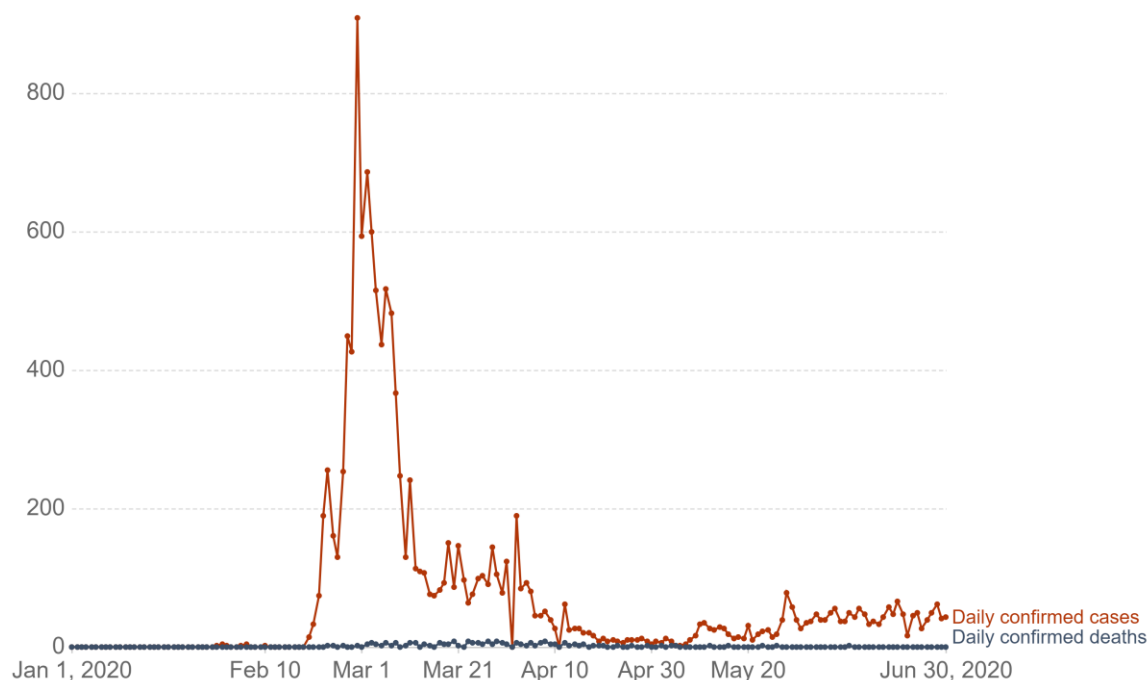
### **3. Case Study of Republic of Korea**

#### **3.1 Introduction**

The Republic of Korea was one of the first countries to tackle the COVID-19 crisis. The Republic of Korea experienced one of the worst COVID-19 outbreaks outside China in mid-February, owing to a cluster of infections in Daegu. Despite a sudden spike in infections in early March, within a month, the number of new cases had dropped significantly. As of March 30, 2020, the total number of COVID cases in Republic of Korea stood at 9,661 with 158 deaths and the number of new cases reported was consistently under 100 per day. The Republic of Korea was able to successfully flatten

the curve in terms of new infections within 20 days without imposing extreme personal travel or movement restrictions.

**Figure 9. Daily confirmed COVID-19 cases and deaths in the Republic of Korea**



Source: Our World in Data, 2020

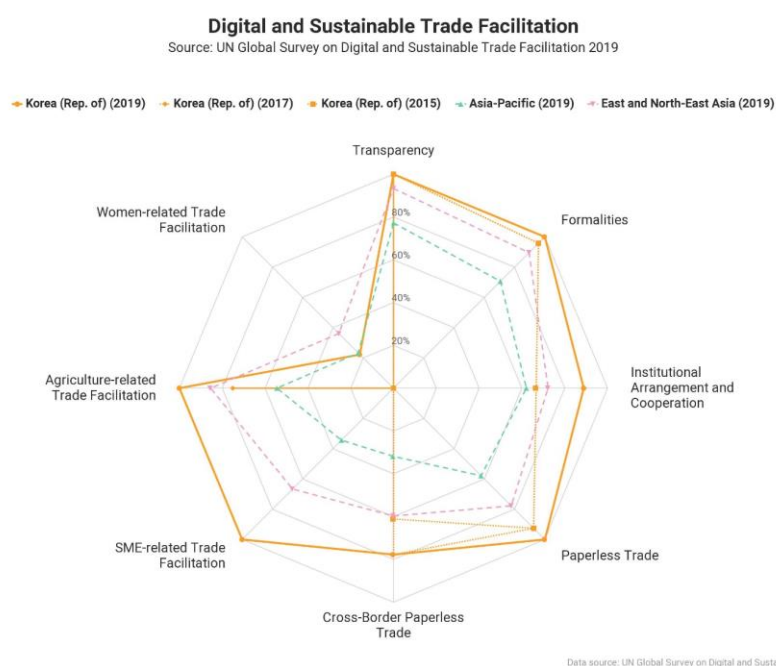
The Republic of Korea has kept COVID-19 at bay without a total lockdown by introducing a “test for free and treat for free” policy, applied regardless of patient nationality, in addition to implementing strict 3T (testing-tracing-treatment) measures to prevent the entry and spread of the virus. Whilst many other countries introduced strict travel restrictions in order to prevent foreign nationals from entering the territory, the Republic of Korea introduced special entry procedures to enhance infection prevention and the control of entrants from abroad without enforcing extreme travel bans and halting flights.

The Government of the Republic of Korea is managing the COVID-19 crisis with transparency and openness. Key COVID-related information, such as real-time data on daily incremental and accumulated figures and the number of tests performed is published as visualisation data on the main page of the Government COVID website in several languages (<http://ncov.mohw.go.kr/en>). Effective communication has helped allay fear and prevent panic among the public. Korea’s rapid, intrusive and robust measures against COVID-19 have attracted global attention for their early-

stage prevention with relatively little impact on the economy (Fischer and Sang-Hun, 2020). “The country acted fast when the virus began to spread. Strict quarantine measures and testing have helped to curb it” (Dudden and Marks, 2020).

In spite of the COVID-19 curve levelling off and the relative success in containing the virus, real GDP in Q1-2020 declined by 1.2% in quarterly terms and year-on-year growth slowed to 1.3%, from 2.5% in Q4-2019 (IMF, 2020a). The Republic of Korea faces an unprecedented and long-term economic contraction, with unemployment at its highest level in a decade and exports shrinking. However, the Government of the Republic of Korea has paved the way for rejuvenating the economy by turning the current crisis into an opportunity for innovation with active support for the private sector and a comprehensive support system to hasten export recovery. Even though it ranked first in the 2019 Global Survey of Digital and Sustainable Trade Facilitation, the unprecedented challenges of a global pandemic have pushed the Republic of Korea to undertake additional innovative measures to facilitate trade and sustainable growth.

**Figure 10. Republic of Korea's implementation of Digital and Sustainable Trade Facilitation Measures, 2019**



Source: United Nations SDSTF, 2019

### 3.2 Institutional Arrangements and Inter-Agency Cooperation

Having triggered the highest alert level for national contagious diseases on 23 February 2020, the Korean Government assembled a Central Disaster and Safety Countermeasures Headquarters (CDSCH), headed by the Prime Minister, to bolster the multi-level and multi-agency Government-wide response to COVID-19.

**Figure 11. Inter-agency cooperation the Republic of Korea, in response to COVID-19**



Source: Ministry of Economy and Industry Republic of Korea, 2020.

In recognition of the importance of working partnerships between central and local Government in fighting epidemics and mobilizing locality-specific resources based on the lessons learned from MERS, the Infectious Disease Control and Prevention Act was amended in 2017 as the legal basis for clear central-local cooperation. During the COVID-19 crisis, a new platform, the Epidemiological Investigation Support System, was introduced as a central platform that allows multi-agency coordination between the Central Disease Control Headquarters, the Central Disaster and Safety Countermeasure Headquarters, and the Local Disaster and Safety Countermeasure Headquarters in data collection and disease management. Likewise, the Ministry of Economy and Finance has temporarily assumed the responsibility for stabilizing the

supply of masks, which was initially the responsibility of the Ministry of Food and Drug Safety. A joint inspection team from each of the relevant ministries was established to ensure the stable production and supply of masks. In addition, the Korean Government took an all-government approach and created a task force derived from all Government ministries to coordinate measures and hasten the economic recovery (Government of the Republic of Korea, 2020a).

### **3.3 Simplification of Customs Procedures and Expedited Clearance**

In line with the coordinated Government actions and in conjunction with public health authorities, the Korea Customs Service (KCS) is making an all-out effort to stop the spread of COVID-19 while minimizing the damage to customs operations and administration.

#### **3.3.1 Concessions on duties and tax**

The Korean Government has explored and implemented solutions to help ensure the unimpeded supply of critical products to Korea during the COVID-19 crisis. Tariff concessions and tax relief measures have been created, including:

The tariff on imported protective face masks and surgical masks has been reduced from 10% (MFN rate) down to 0 from 18 March 2020 to 30 June 2020. Tariffs on melt-blown fabric, the core materials for masks have been reduced from 8% to zero [State Council, 2020]. In addition, tax relief measures such as extending the date for payment of duties, allowing the payment of duties in instalments, and duty drawback on the same day of application have also been adopted.

Special tax benefits have also been provided to companies facing difficulties and disruption with their supply chain as well as businesses located in Special Disaster Zones (SDZs) in Daegu and Gyeongbuk. Measures include extending the tax payment deadline by up to a year, permitting payment in instalments and expedited refunds on the day of application. The KCS has also postponed customs duty investigations, payment reminders and forced collections for major industries affected by the pandemic. In particular, the KCS has applies customs duty concessions to core

automobile parts to compensate for shortages of Chinese parts for SMEs caused by the COVID-19 crisis (KCS, 2020a).

The authority has also allowed the deferred payment of customs duties - importers are allowed to make payments within one year of their declaration date, which is a significant extension from the 15-day limit prior to the pandemic (KCS, 2020a).

### 3.3.2 Facilitating cross-border movement of relief and essential supplies

In order to ensure a fast supply of essential products like masks, medical devices and sanitary products for both inbound and outbound cargo, the KCS has operated a 24/7 clearance system and extended tax filing deadlines for these goods and their associated raw materials at several customs offices (including Incheon International Airport, Incheon Port and Pyeongtaek Customs).

### 3.3.3 Cooperation of border agencies

Border agencies have enhanced coordinated actions and cooperation in order to facilitate the fast clearance and release of essential supplies. The import of medical and surgical masks requires permits from the Ministry of Food and Drug Safety (MFDS). In a normal situation, registration, conformity assessment procedures and customs clearance audit often take a long time to complete. The KCS and the MFDS have exempted certain import requirements stipulated in the Pharmaceutical Affairs Law, such as attaching the import requirement approval procedure, when it comes to protective face masks (including surgical masks) that are to be used for the purposes of relief, donation, and distribution to employees by companies. The KCS and the MFDS also work together to provide full support for trading companies on relevant clearance procedures. With the importing of protective face masks for commercial purposes, the KCS has advised the MFDS to grant the import permit as quickly as possible.

The KCS also works closely with the Ministry of the Environment to strengthen customs controls on wildlife trade (species suspected of carrying COVID-19) (KCS, 2020a). The KCS also collaborates with quarantine authorities to protect employees at duty-free shops, import/export warehouses, and airports/seaports in order to prevent secondary infections. Any suspected COVID-19 patients will be handed over to the quarantine authority immediately.

In addition, as part of the effort to facilitate the clearance of exports from China, The Republic of Korea's largest trading partner, the KCS sent a letter to the Chinese General Administration of Customs asking for bilateral cooperation for prompt customs clearance between the two countries. Meanwhile, the KCS is trying to resolve clearance delays in both domestic movements and partner countries by utilizing channels such as the customs hotlines of major trading partners.

### 3.3.4 Risk management, inspections and document verifications

The Republic of Korea's customs service has reduced the number of customs investigations, foreign exchange inspections and origin verifications during the pandemic. During this time, it has been difficult for exporting firms to submit the relevant documents when international mailing and delivery services have been suspended due to the cancellation of flights and limited transportation. On April 27 2020, the KCS released the "Emergency Guidelines for Origin Verification in Response to COVID-19" regarding simplified procedures for FTA claims to help companies that face difficulties in obtaining certificates of origin from various countries. For instance, companies can now submit a copy of the document when applying for conventional tariff benefits, where previously the original document was required. As of June 2020, the Republic of Korea has completed discussions on implementing the guidelines with 45 trading partners and is continuing to reach agreement with other FTA signatories. The KCS has extended the retrospective claim period by an additional one year and in some cases, a total of two years from the date of the import declaration (MEF, 2020a; KCS, 2020b).

### 3.3.5 Expanding mutual recognition agreements on AEO programmes

The Republic of Korea has operated a fully-fledged authorized economic operator (AEO) programme since 2009. In order to accommodate the vulnerability of the global supply chain caused by the COVID-19 pandemic, the KCS is striving to expand mutual recognition of the AEO system, which is designed to simplify customs clearance processes and provide other cost-saving benefits for certified companies in certain countries (Jie Ye-eun, 2020).

### **3.4 Transport, Logistics and Transit Facilitation**

The COVID-19 crisis has placed an unprecedented strain on transportation and logistics resources. In response to the disruption to both air and waterways transportation, the Korean military has provided transportation in the form of aircraft in order to support the timely delivery of masks and other PPE products from outside Korea. The KCS has also endeavoured to address delays at airports and seaports by allowing cargo of essential raw materials to be transported directly to manufacturing plants without having to enter the terminal upon arrival. This helps resolve the problems of unloading delays and the shortage of space at airports and seaports (KCS, 2020a).

The COVID-19 pandemic is having an enormous impact on the aviation industry. As of mid-April, the number of international flights had declined by around 98% due to entry restrictions in many countries and the suspension of routes. The airline industry is facing a liquidity crisis due to this sharp reduction in the number of passenger and freight flights in the wake of COVID-19. The Government has injected KRW 300 billion in emergency funds into low-cost-carriers (i.e. Jeju Air and East Jet) to confront this liquidity problem. Moreover, the Government is trying to help the aviation industry with reductions in landing and airport facility fees; deferring payments and tax breaks. These exemptions apply when the number of passengers is less than 60% of what they were for the same month in previous years (MEF, 2020a; KCS, 2020b).

The Korean Government has also taken measures to support the shipping industry by lowering port fees and increasing the proportion of bonds for shipping companies. The Korea Ocean Business Corporation is also considering directly investing in companies that are subject to mergers.

#### **3.4.1 Movement of people**

The Republic of Korea is among the countries that have started to ease coronavirus travel restrictions, and it is cooperating with other countries to prioritize business travel. For instance, The Republic of Korea and China have agreed to ease quarantine requirements for some business travellers in order to revive essential economic activities. Chinese business travellers with an invitation to visit from a Korean-based

company go on a “fast track”: they must screen their own health for two weeks and get tested for the virus 72 hours before departure. Once they enter Korea, they go through “minimized” health screening and quarantine measures for up to two days. Similar procedures also apply to Korean business travellers to China (Heesu Lee, 2020). Korea is also in negotiations with Japan and other countries in the Asia-Pacific region on easing travel restrictions imposed to curb the spread of COVID-19.

### **3.5 Digital Trade Facilitation Measures**

#### **3.5.1 Single window for COVID-related information and online trade portals**

The Republic of Korea is one of the countries that has established e-Government measures in order to facilitate a more convenient, transparent, and efficient Government. The Electronic Customs Clearance System (UNI-PASS, see: <https://unipass.customs.go.kr/csp/index.do>), developed in 1974, was the world’s first 100% electronic clearance portal system and customs single window for automating export/import customs, tax collections, investigations, audits and any other related administrative processes. In the wake of the COVID-19 outbreak, the KCS prepared the “UNI-PASS Emergency Response Manual” to prevent disruption due to the absence of system administrators and the closure of offices (KCS, 2020a). COVID-related information and trade-related administrative notices are updated on this single window system in a timely and efficient manner.

#### **3.5.2 E-submission of documents that previously were required to be submitted in writing**

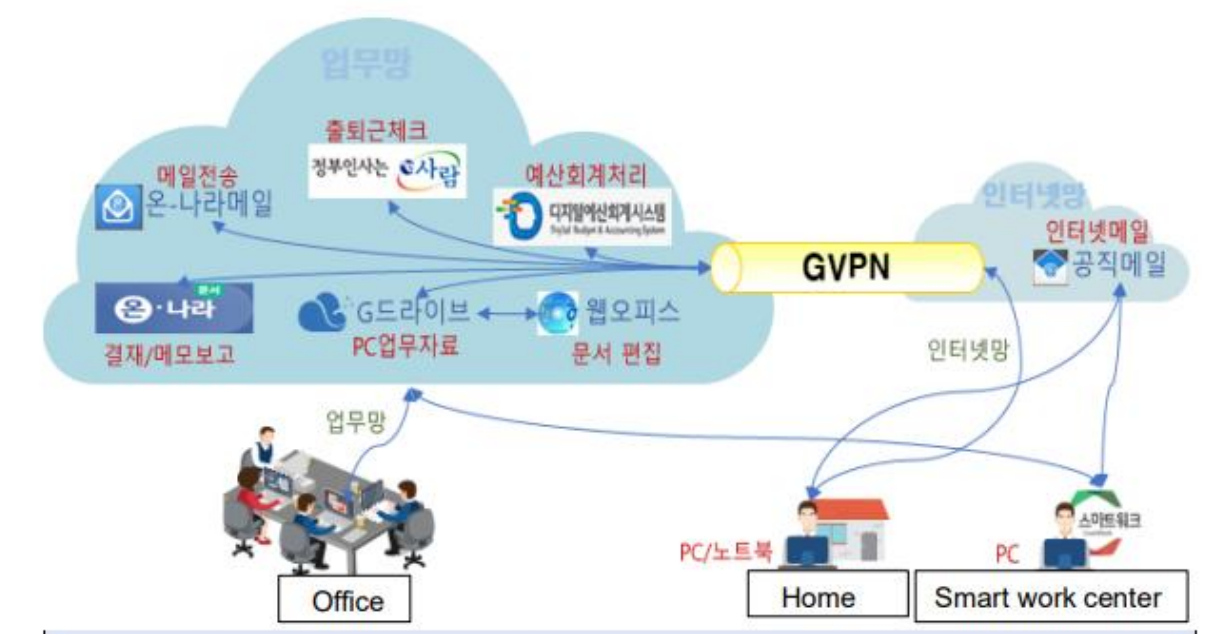
The Republic of Korea achieved a 100% implementation rate for paperless trade in the 2019 Global Survey on Digital and Sustainable Trade Facilitation (United Nations SDSTF, 2019). All customs-related documents can be submitted online through the KCS’s UNI-PASS. However, paperless trade is more than the electronic submission of documents, and the Korean Government is exploring the possibility of expanding paperless trade to other trade-related areas. For instance, FTA-origin documents for

applying for conventional tariff benefits, that previously had to be submitted in original form, can now be submitted electronically.<sup>6</sup>

### 3.5.3 Governmental digital platforms

The Government of the Republic of Korea implemented a system of three-shift remote work, based on a range of ICT technologies, to ensure the continuation of public services (including customs and trade-related public services) and administrative work and to avoid the further spread of the virus. Public servants can access Government digital platforms and work remotely through a Government Virtual Private Network (GVPN) at any time. Government Public Key Infrastructure (GPKI), an electronic signature-based system, has also been introduced for Government institutions to check IDs of their eligible staff and prevent document forgery.

**Figure 12. Smart-work and non-contact working environments and components**



Source: ROK 3rd Report on COVID-19 Response Strategy: COVID-19, Testing Time for Resilience, 2020.

Other ICT technologies that facilitate remote working include: a cloud-based G Drive that allows users to access and save work materials from any location and On-Nara

<sup>6</sup> See section 3.3.4 above.

Document 2.0, an integrated electronic approval request system that is used across all administrative institutions, as well as Document 24, an electronic document distribution service that allows individuals and private companies to easily submit public documents (Government of the Republic of Korea, 2020b).

### **3.6 Measures for Business Facilitation and Supporting SMEs**

The COVID-19 crisis has not only hit exports but also markedly weakened domestic demand. By June 2020, six emergency economic council meetings had been convened to explore measures to reinvigorate domestic demand. The Government pledged to pay an emergency disaster fund (a total of KRW 14.3 trillion) to promote consumption in the private sector. The support measures include fiscal injections, tax cuts and low-interest loans to small businesses.

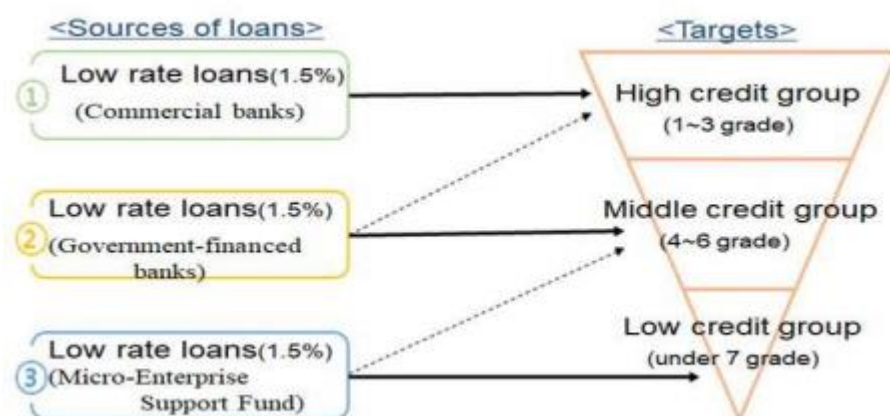
#### **3.6.1 Reduction of the tax burden and deferred payment of taxes and charges**

The financial sector, including banks and insurance companies, is supporting the recovery of businesses that suffer from a loss of sales due to the pandemic (excluding household loans, and real estate, rental, and adult entertainment businesses) by extending the maturity of loans by at least six months and by offering a six-month grace period on interest payments (MEF, 2020a; KCS, 2020b).

#### **3.6.2 SME programmes**

A financial package worth KRW 135 trillion has been prepared to support SMEs and the self-employed who are facing difficulties during the pandemic. The financial support package includes: the deferment of interest repayments and an extension on the maturity of loans in order to help SMEs with liquidity issues; and a total of KRW 12 trillion ultra-low interest rate loans (around 1.5% with commercial banks) to ease the financial burden of SMEs. The funds were availed of quickly after the announcement of the package.

**Figure 13. The KRW 12 trillion financial package for SMEs**



Source: MEF, 2020a

The Government also introduced a KRW 5.5 trillion budget to provide special guarantees and reduce associated fees for SME loans through the Korea Credit Guarantee Fund, the Korea Technology Finance Corporation and the Local Credit Guarantee Foundation. Full emergency guarantees were provided to SMEs with a quick and simple application review process (MEF, 2020a; KCS, 2020b).

The National Tax Service (NTS) has extended the tax payment deadline for SMEs. The Government is also considering further reducing the tax burden on SMEs affected by the pandemic. For instance, SMEs will receive a deduction or reimbursement if they report financial losses incurred during the first half of the year.

Export-related agencies (Korean SMEs and start-ups, the KBIZ Korea Federation of SMEs, and the Korea International Trade Association) in Korea work closely to support SMEs in expanding their sales abroad. The Government held several virtual consultations for over 400 SMEs from April to July and invited buyers from abroad to link up with SMEs in the relevant sectors. Foreign buyers invited to virtual consultation meetings include Suning and JD (the largest online retailers in China), Interbat (a top pharmaceutical company in Indonesia) and Hanjoy (one of the largest trading companies in Viet Nam). The Government also provides consultation and support for SMEs including translation services, advisory services to assist with contract signing and reselling through online channels, and distribution services to help SMEs ship samples abroad (Government of the Republic of Korea, 2020b).

In addition, the Government is also planning to help SMEs adopt remote working systems for employees to work from home, already introduced by large businesses during the pandemic.

### 3.6.3 Facilitating the agricultural sector

The Government of the Republic of Korea also provided farming support during a critical period for agriculture in April. After a request from the Ministry of Agriculture, Food and Rural Affairs, the Ministry of National Defence supplied military manpower to domestic farms to combat the shortage of workers, many of whom were foreign laborers employed by the farms.

Local Governments have also hosted special events for local agricultural produce. Online shopping channels such as G-market, Auction and Post Office Shopping Sites have been utilized for local agricultural and marine products with live broadcasting events to encourage consumers to purchase local produce (Government of the Republic of Korea, 2020c). Thanks to a well-developed online sales and distribution network, panic buying has not been an issue in the Republic of Korea unlike, unfortunately, many places around the world.

In addition, the drive-through model has been expanded to fresh farm produce and fishery products. Local agricultural vendors, facing a huge drop in sales due to the pandemic, initiated a campaign to purchase local produce at drive-through stations with the strong support of local Governments (Government of the Republic of Korea, 2020b). This is an innovation to help farms and small agricultural businesses sell their products despite social distancing measures.

**Figure 14. Drive-through sales of fishery products in the Republic of Korea**



Source: The Korean Herald, 2020.

The Ministry of Oceans and Fisheries has also taken measures to support marine products by linking retail start-ups with discount sales for school lunches and providing support for non-face-to-face marketing activities such as online consultations that can help companies expand their overseas sales channels. The Ministry of Oceans and Fisheries is also preparing long-term strategies for the post-pandemic future (MEF, 2020a).

#### 3.6.4 Facilitating trade in services (including digital services)

An unprecedentedly large number of people have been prevented from going out and the number of overseas tourists to the Republic of Korea has plunged. Accommodation and restaurant services; arts and sports activities have all been hit hard. Shrinking domestic demand has aggravated the difficulties for the service sector. Measures taken to facilitate the service sector include the following:

In June, in order to attract tourism to Seoul and to undo the damage caused by COVID-19, the Seoul Government offered job opportunities to translators, tour guides

and others in the tourism industry who became unemployed during the pandemic. The Government also supports travel insurance for small travel agencies in Seoul, offering package tours for foreign tourists.

The Ulsan Government provides disinfection services to restaurants and bathhouses and provides safety certification marks to certify businesses that have been disinfected and thereby reassuring the public (Government of the Republic of Korea, 2020b).

In order to facilitate the trade in services, the Government has also issued coupons and introduced other stimulus measures to boost consumption in the leisure, tourism and maternal health care sectors (MEF, 2020b).

As the COVID-19 pandemic has reshaped the way in which we work, ICT-enabled digital services play the role of “unsung” heroes amid the crisis, given that traditional services have been enormously disrupted by the pandemic (United Nations News, 2020). The ICT Public-Private Partnership has promoted support packages for ICT companies. Loans for R&D financing are provided to ICT companies in need. The Government is also putting measures in place to back investment promotions by these companies (MEF, 2020a).

### 3.6.5 Other business facilitation measures

COVID-19 has put the spotlight on the fragility of the global value chain (GVC) as countries have shut borders. The Government of the Republic of Korea aims to stabilize the GVC by diversifying imports and exports and it is planning to support Korean businesses returning to the Republic of Korea, especially when it comes to the high-tech industry. Strategies to promote the return of high-tech companies include supplying tailored industrial lands, creating new subsidies for sites across the nation, tax exemptions and income tax cuts for foreign workers, and improving business conditions for returning R&D centres (MEF, 2020a).

**Figure 15. Promoting the re-shoring of high-tech companies and improving the Republic of Korea's position in GVC**



Source: ROK Ministry of Economy and Finance, Safeguarding Economic Resilience.

### 3.7 Trade Finance Facilitation

The Republic of Korea's export credit agencies are boosting loans and guarantees to exporters and importers in need of capital amid the pandemic-induced economic crisis, notably by accelerating loan programmes for SMEs. Initial operating funds, preferential loans and financial resources have been provided for impacted firms to diversify their import sources (MEF, 2020a).

The Republic of Korea's three policy banks are the key institutions for implementing the KRW 175 trillion support package to restore the stability of the financial markets, as well as the KRW 6 trillion fund for export financing support (MEF, 2020b). For instance, the Export-Import Bank of Korea (KEXIM) has extended deadlines for loan payments by up to one year for both domestic companies hit by COVID-19, as well as companies that have established overseas entities. KEXIM has also provided a KRW 2 trillion loan programme for initial liquidity and a KRW 2.5 trillion preferential financial guarantee programme for export/import firms (MEF, 2020a).

The Government has also introduced online trade and insurance facilities to help exporting companies in financial difficulty, which has significantly shortened the application period for insurance.

### **3.8 Concluding Remarks and Recommendations – Republic of Korea**

The Republic of Korea was one of the first countries to experience a COVID-19 outbreak. Its response to the pandemic stands out because it flattened the curve quickly, without closing businesses and without implementing the strict lockdown measures adopted by other countries. The Government of the Republic of Korea and the private sector have introduced various innovative measures for disclosing public information, virus testing and quarantine monitoring, as well as business facilitation measures to battle the pandemic and its ongoing social and economic consequences.

The Republic of Korea's trade facilitation practices during the COVID-19 are built upon its transparency in trade regulations and its already successful digitization of customs. The existing full-fledged digitized customs system has created the conditions for the smooth cross-border trade of essential supplies despite strict border restrictions. This also encourages customs in other countries to go down the road of digital modernisation.

The Republic of Korea's innovation of drive-through practices for agricultural sector has significantly contributed to the agricultural trade flows within the country. This, in turn, benefits farmers and agricultural SMEs that are vulnerable to the economic impact of the COVID-19. This practice can potentially be implemented in other countries with similar economic and social conditions.

The Government has implemented several measures with a clear focus on SMEs and facilitating business and the digital economy with a view to supporting the rapid recovery of the domestic economy and boosting growth. It is worth noting the roles ICT, big data platforms, automation systems and AI have played in fighting the crisis, both in terms of containing the virus and leading an innovation-driven economic recovery. Korea's practice of ensuring ICT readiness to support remote work at public institutions and private sectors provides a facilitative practice for other countries to

ensure business continuity during the pandemic. Yet this practice will need mature and high-capacity digital infrastructure. It is expected that the Government will pave the way for digitalization in other industries in order to accelerate the economic transition and to build a foundation that will allow the country to get an early start in the post-pandemic era. These ICT-based innovative measures can facilitate digital and sustainable trade in the post-pandemic future.

It is also important to address the key role the private sector has played in the fight against COVID-19. For instance, private companies have developed real-time dashboards and mobile apps based on data provided by the Ministry of Health and the KCDC, to further increase public awareness and improve Government transparency and openness as they continue to manage the crisis. Mobile network providers also share mobile data with the Government to monitor the movements of infected patients as per the Infectious Disease Control and Prevention Act. An example is KT's Global Epidemic Prevention Platform that sends warning messages to people who visit disaster-infected areas, allowing the public to receive real-time alerts, and enabling the Government to collect and monitor data on health crises (UNDP, 2020). Private sector innovation is also expected to generate growth and support the transformation of the Korean digital economy.

## **4. Case Study of Japan**

### **4.1 Introduction**

Japan declared a state of emergency on April 27, 2020. Japan took several emergency measures to prevent the spread of COVID-19 infection, such as asking people to refrain from going out, restricting the use of public facilities, and restricting public events. In May, newly reported cases were trending downward. Based on a comprehensive analysis and assessment, the state of emergency was lifted by the end of May. Japan has been able to avoid the worst effects of the pandemic without mandatory lockdowns and succeeded in both controlling the spread of infections and maintaining socio-economic activities.

Japan provided information to both Japanese and foreign nationals staying and living in Japan in a timely manner to raise awareness and calm the people. The information that was provided including: the infection situation and medical information, medical service system and test system, guidelines for visiting medical centres, guidelines for infection prevention developed for respective industries, border enforcement, and support measures for industries and private sectors concerning the impact of the COVID-19. All information was provided expeditiously on a single Government website specifically made for providing resources and information on COVID-19 (<https://corona.go.jp/en/>).

## **4.2 Institutional Arrangements and Inter-Agency Cooperation**

Prime Minister Shinzo Abe established the Japan anti-Coronavirus national task force, based on the Coronavirus special measures law passed as a response to COVID-19 to oversee the Government's response to the pandemic and to ensure coordinated efforts by all Government agencies at all levels.

## **4.3 Simplification of Customs Procedures and Expedited Clearance**

Japanese customs prioritises clearance procedures of relief goods. Items that require urgent import/export customs clearance and goods for ensuring lifelines are prioritised for processing. Likewise, imported relief goods for donation purposes are exempted from customs duty and domestic consumption tax. In addition, the declaration form for imported/exported relief goods relating to countermeasures to the COVID-19 has been simplified to expedite the clearance of these goods (Japan Customs, 2020).

Japanese customs has also provided a flexible response, including relaxation of original copies of documents, relaxation of the requirements of seal, and teleworking of customs brokers (Japan Customs, 2020).

## **4.4 Transport, Logistics and Transit Facilitation**

Cross-border passengers were able to submit their declaration electronically instead of in paper. This measure was implemented to avoid unnecessary contact between passengers and customs officers and contributed to the prevention of infection.

## **4.5 Digital Trade Facilitation Measures**

During the pandemic, the Japanese Government has created a website to circulate all COVID-19 related information, guidelines and Governmental measures, which covers not only information on disease control and prevention, but also relief measures to support economic recovery. Press releases and information guidelines from different ministries and their countermeasures to COVID-19 has been published on the website (<https://corona.go.jp/en/>).

More than 90% of import procedures are currently computerized in Japan before the outbreak of the COVID-19. During the pandemic, Japan Customs has allowed for the acceptance of electronic versions of documents that were required to be submitted in original copies.

## **4.6 Measures for Business Facilitation and supporting SMEs**

In April, the Japanese Government announced the third economic package to stimulate the economy with a total scale of JPY 117 trillion (USD 1.1 trillion), which is equivalent to 22% of the country's GDP (Shinzo Abe, 2020). Detailed financial measures include:

- Providing low interest and interest-free loans and improving loan conditions, such as allowing recurring debts to be refinanced as interest-free loans. For instance, under the guidance of the Ministry of Finance (MOF), the Development Bank of Japan (DBJ) provided low interest rate loans to large companies (e.g. airline companies, automotive manufactures, etc.) as well as interest-free loans and guarantees to SMEs;
- Cash payments of JPY 100,000 to all residents in Japan;
- Support in the form of discounts and vouchers to spend on tourism, transport, food services and event businesses;

- Tax relief measures. It is worth noting that the National Diet of Japan passed a bill on tax relief measures in response to the pandemic. Measures include special grace period to make tax payments, decreased consumption tax and stamp tax exemption (KPMG, 2020).

Supporting SMEs is one of the priorities in Japan's measures to battle the on-going economic impact of the pandemic. The Ministry of Economy, Trade and Industry (METI) decided to use safety net guarantee programme and crisis-related guarantee to support SMEs. In addition, METI have also established a subsidy programme for sustaining businesses, which specifically targets companies facing severe conditions. Eligible SMEs can obtain up to JPY 2 million cash payments, and individual business owners can obtain up to JPY 1 million subsidies (METI, 2020).

In addition, Japan has established multilingual coronavirus hotlines to provide consultations to Coronavirus and related issues, including issues related to mitigating the economic impact of the COVID-19 on businesses. Staff can also be called to designated Government agencies to receive support.<sup>7</sup>

#### **4.7 Trade Finance Facilitation**

Banks in Japan provide online trade portal services, including letter of credit related services, export credit agency (ECA) finance services, and payment guarantees to help clients streamline their trade operations.

#### **4.8 Concluding Remarks and Recommendations - Japan**

Japan received worldwide criticism in February for its handling of COVID-19 on the passenger cruise Diamond Princess. The scrutiny compelled Japanese authorities to take stronger and more effective measures from March. Like its neighbours China and the Republic of Korea, Japan has already developed a single window system for electronic trade procedures, which plays a significant role in leveraging the paperless system to facilitate speedy clearance of essential products.

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<sup>7</sup> See: <https://www3.nhk.or.jp/nhkworld/en/news/backstories/1019/>

Some of the measures undertaken by Japan are innovative and has wider implications for other countries in future emergency situations. First, the Government has developed a website for all measures and policies related to COVID-19 from various Governmental agencies. This website provides a single platform for residents in Japan to follow the COVID-19 situation and relevant policies, and to avoid unnecessary confusion and information overload. It is also a good way to communicate to the world what Japan has done to battle COVID-19.

Second, the tax relief measures taken in response to COVID-19 were included in the recent amendment of tax reform bill. This provides legal grounds for relevant measures to be implemented, in addition to providing a legal basis for similar measures to be taken in future emergency situations.

## **5. Case Study of Mongolia**

### **5.1 Introduction**

Mongolia is one of the least densely populated nation on earth. While the country is bordered by China and the Russian Federation, and the capital city of Mongolia Ulaanbaatar has a population of 1.5 million, Mongolia has been able to keep the COVID-19 situation under control. So far, Mongolia has only approximately 200 confirmed cases, far below the number in other countries in the region. It provides a good lesson of small-country strategy in containing COVID-19 and its practices are well worth considering for developing countries with weak healthcare system and high vulnerability to the pandemic.

Since the virus started to spread within China, Mongolia adopted decisive preventative measures. Mongolia closed its borders with China and the Russian Federation, stopping the inflow and outflow of people, and banned international flights from COVID-19 hotspots. In addition, Mongolia cancelled the national holiday Tsagaan Sar and the Mongolian lunar new year to slow travel between Ulaanbaatar and provinces outside the capital (Bolor Lkhaajav, 2020). These steps have helped immensely to prevent the spread of COVID-19. However, the pandemic has taken a large toll on economic activity in Mongolia. Following measures have been taken.

## **5.2 Institutional Arrangements and Inter-Agency Cooperation**

Following the WHO's announcement of the international public health emergency, Mongolia immediately activated its inter-agency State Emergency Commission in support of the Ministry of Health as a lead agency in the response against the coronavirus outbreak.

## **5.3 Measures for Business Facilitation and supporting SMEs**

In the first half of 2020, Mongolia traded with 135 countries from all over the world and the total trade turnover decreased by 22.6%, of which exports decreased by 28.2% and imports decreased by 15.0% compared to the same period of the previous year. Its mineral exports to China; accounting for about 90% of total exports, as well as its coal exports started to gradually resume in March, when the situation in China became under control (Anudari, 2020).

Likewise, a comprehensive set of fiscal measure has been proposed by the cabinet to protect vulnerable households and businesses and to support the economy, which include:

- tax exemptions on several imported food and medical items;
- increasing child allowances and unemployment benefits;
- exemptions of tax and social security contributions until the end of September; and
- an increase in credit guarantees to SMEs and soft loans from the development bank to cashmere producers.

In addition, Mongolia is working closely with the international community and regional and international financial institutions to seek emergency financial assistance. For instance, the Asian Development Bank (ADB) has approved a USD 100 million loan to the Government of Mongolia to mitigate the severe health and economic impacts of the pandemic (ADB, 2020). The International Monetary Fund (IMF) has approved Mongolia's request for emergency financial assistance under the Rapid Financing Instrument (RFI) of about USD 99 million to support the most affected sectors and vulnerable groups IMF, 2020b).

## **5.4 Concluding Remarks and Recommendations - Mongolia**

Mongolia has successfully prevented the spread of infection within its borders by implementing social distancing and strict restrictions on travel. The most important thing now for Mongolia is to mitigate the economic impact of COVID-19. Mongolia has been working actively with the international society and has obtained loans and funds from regional and international institutions. The focus at this stage should be shifted to promoting trade and sustaining business in the post-pandemic era.

## **6. Regional Initiatives**

The economic ministers of the ten member states of the Association of Southeast Asian Nations (ASEAN) plus China, Japan and the Republic of Korea have adopted the ASEAN Plus Three Economic Ministers' Joint Statement on Mitigating the Economic Impact of the COVID-19 Pandemic. The ministers reaffirmed the importance of open markets amid the COVID-19 pandemic and the need for collective actions against its adverse impact. They have agreed to refrain from taking unnecessary measures that may affect the smooth flow of essential goods in the region, and to continue to address non-tariff barriers. Close coordination, especially among the customs agencies, has also been addressed in order to promote trade facilitation measures (ASEAN, 2020).

In addition, negotiations for the Regional Comprehensive Economic Partnership Agreement (RCEP) is underway. In the wake of the pandemic, some in the region are considering even closer cooperation. Once signed, it will act as a meaningful symbol of trade liberalization and multilateralism, contribute to the economic recovery and create resilient supply chains in the post-pandemic reality. The RCEP is expected to be concluded by the end of 2020 (ASEAN Chairman, 2020).

## **7. Recommendations and Conclusion**

COVID-19 has had far-reaching effects on human health, economies and communities. China, the Republic of Korea, Japan and Mongolia have all successfully kept the outbreak of COVID-19 under control with low fatality rates.

Maintaining trade flows during the COVID-19 pandemic is crucial to save lives, as well as to boost confidence in the global market.

When it comes to trade facilitation, the details of how these measures are applied on the ground vary based on the different cultural, societal and economic context of each country. Even within a single country like China, measures vary widely. It is important to bear in mind that, during the pandemic, when trade facilitation practices are transplanted into another jurisdiction, modifications may be needed to meet local needs and capacity.

With that being said, many common measures have been undertaken in ENEA. Amid significant uncertainty, immediate responses to this crisis must be undertaken with an eye to the future. Experiences in ENEA suggest several things which could be done. The following practices are identified as effective in the sub-region and could potentially be adopted by other countries to facilitate trade in times of crisis.

## **7.1 Inter-agency Coordination**

All four countries in this region have devised coordination mechanisms among Government agencies on the basis of their own institutional structure and arrangements in response to COVID-19. The Japanese coordination on a single platform of COVID-19 related information is considered an innovation (<https://corona.go.jp/en/>). It provides residents with easier access to relevant information in a timely and transparent manner. This practice can also avoid unnecessary confusion and information overload caused by too much information from different Government agencies. Likewise, it is a good communication channel to present what Japan has done to the world.

National Trade Facilitation Committees (NTFC) play an important role in reducing the costs and complexity of trade. NTFCs coordinate trade facilitation reforms by opening and guiding discussions between public and private stakeholders, enabling swift and actionable responses to emerging challenges. However, despite key members of NTFCs playing active roles in fighting the COVID-19 pandemic, NTFCs themselves have not been involved, at least in the ENEA sub-region. Given the importance of trade facilitation in crisis response highlighted in this report, it is recommended that

the scope, mandate, institutional framework and composition of NTFCs is expanded so they can play a leading role in meeting future challenges.

## **7.2 Simplification of Customs Procedures and Expedited Clearance**

The Republic of Korea, Japan and China have all implemented measures to facilitate expedited customs clearance. The practice of “green lanes” which operate 24/7 and give priorities to relief goods should be promoted to all countries.

In response to the urgent demands of essential medical products, China implemented measures to release cargo upon arrival and seamlessly transit products from ports to hospital; which, in addition, demonstrated the efficient coordination of border agencies. This measure should be promoted, providing that all formalities for clearance are submitted later, as laid down in Article 7.8.2 of the WTO Trade Facilitation Agreement (TFA).

## **7.3 Transport, Logistics and Transit Facilitation**

The pandemic has a significant impact on the airline industry due to travel restrictions and the slump in demand among travellers. The Republic of Korea’s emergency funds for airline industry and the deduction of terminal and port fees are important measures to prevent the industry from collapsing, and can be a practice for other countries to look at.

## **7.4 Digital Trade Facilitation Measures**

Single window and e-submission of documents have already been implemented by China, the Republic of Korea and Japan. These measures shall be leveraged to facilitate expedited clearance of products. Some documents that were previously required to be submitted in writing, such as FTA-origin documents (Republic of Korea), have been accepted in digital copies during the pandemic. Such measures should be maintained in the post-pandemic era.

## **7.5 Measures for Business Facilitation and supporting SMEs**

The central banks in China, the Republic of Korea and Japan have issued corporate bond purchase programmes to inject liquidity into trade credit chains through large firms. More direct support, in the form of grants and loan guarantees, has also been implemented to cushion the impact of the economic shock.

All four countries in the region have implemented measures to support business, with a focus on SMEs and the agricultural sector. China offers free public services to businesses, including legal consultations on potential risks caused by the pandemic and subsidised professional skills training. These measures will also be useful tools for businesses to tackle COVID-19 related issues and for their resilience in the post-pandemic era. The Republic of Korea supported SMEs with virtual consultations, potential links with overseas buyers, as well as contract signing and translation services. These services help SMEs that lack access to overseas market opportunities to participate in the global supply chain and sell their products on online channels.

When it comes to facilitating the agricultural sector, both the Republic of Korea and China have implemented creative measures to help local farmers and vendors experiencing hard times. These measures include drive-through sales in the Republic of Korea and live-streaming sales of agricultural products in China.

## **7.6 Trade Finance Facilitation**

The financial guarantee programmes and the online trade finance facilities implemented by both China and the Republic of Korea are good practices to disseminate. Again, whether similar measures can be implemented in other countries will depend on their financial stability and the digital infrastructure of financial institutions.

It is also important to note that some existing trade facilitation measures implemented in the sub-region, for instance, pre-arrival processing, AEO programmes, paperless trade enabled by digital trade portals or single window, have played significant roles in facilitating the fast movement of essential relief goods. These measures are not designed for COVID-19, but the practices of the Republic of Korea, China and Japan

have demonstrated their important role in responding to the crisis. Countries that have not yet implemented these trade facilitation measures should accelerate the process, especially those prescribed in the WTO TFA and included in the UN Global Survey of Digital and Sustainable Trade Facilitation.

Several other good practices in responding to the current crisis from ENEA should be highlighted:

- 1) Boosting confidence in trade and global markets by improving transparency on trade-related policies and their intentions; and strengthen international cooperation and solidarity.
- 2) Keep the supply chains operational, especially for essential relief supplies and agri-food supplies by removing barriers to trade and relaxing procedures and expediting clearance.
- 3) SMEs are hit hard by the COVID-19 and they are especially vulnerable to economic conditions and market volatility. It is important to support SMEs with increased credit availability, sector-specific training, and technical assistance to prevent contractual and payment disputes.
- 4) The new digital economy is underpinned by technologies that have played a key role in disease control and the economic recovery. We need to think beyond the present crisis and foster the digital economy with a view to boosting economic growth and innovation with continued investment and supportive efforts. Digital inclusiveness should also be expanded in various sectors and among stakeholders to ensure no one is left behind.

The COVID-19 outbreak has highlighted the vital importance of smooth and efficient trade flows in saving lives and reducing the economic and social impacts of the pandemic. It is vital that we eliminate restrictive trade barriers and facilitate the flow of essential goods and services. As countries in this sub-region begin to reopen and resume work, it is essential that we prevent a second wave of the pandemic and make supply chains more resilient through strengthened trade facilitation efforts.

## 8. ANNEX

### Annex I.

**Table 1. China's Trade Facilitation Measures amid COVID-19**

1	Institutional Arrangements and Inter-Agency Cooperation
1.1	Centralised command and well-coordinated efforts with local authorities and different stakeholders in the battle against the virus.
1.2	Multi-agency cooperation, trade-related agencies including Customs, the State Administration for Market Regulation, the Ministry of Transport and Ministry of Commerce are playing important roles.
2	Simplification of Customs Procedures and Expedited Clearance
2.1	Customs implements measures to directly release imported special relief supplies and the raw materials on the strength of certificates issued by the relevant competent authorities, as well as test reports from third parties and self-declarations on quality and safety.
2.2	Customs reduces the release time of relief cargo to 45 minutes by adopting on-board inspections and door-to-door inspections, and it provides expeditious clearance through special green lanes and exclusive service windows with designated officers.
2.3	Customs speeds up the process of granting market access to agri-food products and the registering of establishments from various origins. Green lanes have been set up at key ports to provide around-the-clock clearance.
2.4	Border agencies extend working hours to 24/7 at critical ports across the country for timely clearance.
2.5	Customs expedites administrative approval and facilitates the export of essential supplies. Detailed measures include: offering pre-export control and certification services and ensuring the expedited issuing of origin certificates and sanitary certificates for exported goods.
2.6	Customs working closely with other relevant agencies including airport and railway authorities to share information and coordinate the procedures to screen, quarantine, and clear products in order to ensure both trade security and trade facilitation.

2.7	China has signed mutual AEO agreements with 42 countries and regions and as of June 2020, more than 3,000 advanced certified enterprises had been identified by the GACC under the AEO system.
2.8	Government has expanded the scope of duty-free imports to include imported supplies used for COVID-19 prevention and control. Import duties, VAT and consumption tax were exempted.
3	Transport, Logistics and Transit Facilitation
3.1	A toll-free policy applies to all toll roads across the nation, including bridges and tunnels to facilitate transport of essential products. For vehicles transporting emergency relief supplies and essential personnel including health professionals, a “no-stop and no-check” policy was put in place.
3.2	The Ministry of Transport has developed guidelines on the prevention and control of COVID-19 for passenger stations and vehicles in areas at various risk levels and has also put forward an implementation plan to further lower the cost of logistics
3.3	China conducts trans-shipment at the borders in order to guarantee cross-border transport during special periods. Hubei authorities also converted passenger flights to cargo flights and opened multiple routes for charter flights to ensure fast transport of essential products.
3.4	All cross-border passengers are required to declare their state of health and travel history upon arrival. Declaration is available in 10 languages and can be filled on mobile.
3.5	China is implementing “travel bubble” with selective economies to enable the easier cross-border movement of people among regions where the COVID-19 situation is considered under control.
4	Digital Trade Facilitation Measures
4.1	China's existing e-platforms for international trade: the Single Window and the “Internet + Customs” platform are playing important roles in facilitating role. Where previously a paper document had been required for verification, its electronic copy (photo, scanned copy, etc.) can be accepted by customs during the pandemic

4.2	China is planning to build 46 new integrated pilot zones for cross-border e-commerce to revive the pandemic-hit cross-border trade. China Customs has also introduced a special digital surveillance code scheme for B2B cross-border e-commerce with simplified declaration and expedited clearance
5	Measures for Business Facilitation and supporting SMES
5.1	The State Taxation Administration extended the period for declaring tax. VAT has been made exempt on a wide range of services including medical services, catering, accommodation, public transport, delivery services and other services.
5.2	The carryover period for losses incurred by enterprises in industries affected by COVID-19 has been extended to 8 years.
5.3	The State Council published <i>Proposals on Implementation of Supporting sale of Export Oriented Products on Domestic Market</i> including ten measures to support export-oriented manufacturers to sell their products domestically.
5.4	Customs and other authorities have set up a series of online services and hotlines to help traders hit by the pandemic.
5.5	The Government has also provided online legal assistance to traders involved in regulatory compliance and commercial disputes caused by cancellation of orders, delays in delivery and refunds request as a result of the pandemic.
5.6	China sets up “Finance Makeshift for Enterprises with Difficulties” schemes to help enterprises which were in normal operation prior to the crisis but suffered difficulties such as capital shortage due to the pandemic.
5.7	Chinese Government has made SME support measures one of its priority areas and has issued a series of policies in the areas of finance, taxation, social security and other fields to help SMEs. Some local Governments have also implemented measures to subsidize R&D and training for SMEs.
5.8	The Ministry of Agriculture and Rural Affairs (MARA) issued a joint information note to farmers for the prevention and control of the virus in rural areas. Mitigation measures include: reductions and exemptions for agricultural credit guarantee-related expenses; allocation of disaster relief funds for agricultural production; supporting cold storage and the preservation of agricultural products; increasing local funds to support the

	agricultural sector, in particular, in pandemic-hit areas. E-commerce and live-streaming sales have been leveraged to help farmers amid the pandemic.
6	Trade Finance Facilitation
6.1	Ministry of Commerce and China Export & Credit Insurance Corporation have promoted various export credit insurance tools to broaden financing channels.
6.2	Commercial banks and insurance companies in China have offered short-term export credit insurance services as well as lower premium rates and administrative fees.
6.3	Banks and other financial institutions increasingly provide digital solutions for trade finance which help increase the availability of financing to small businesses.

Source: Author's own compilation based on various secondary sources.

## Annex II.

**Table 2. Republic of Korea's Trade Facilitation Measures amid COVID-19**

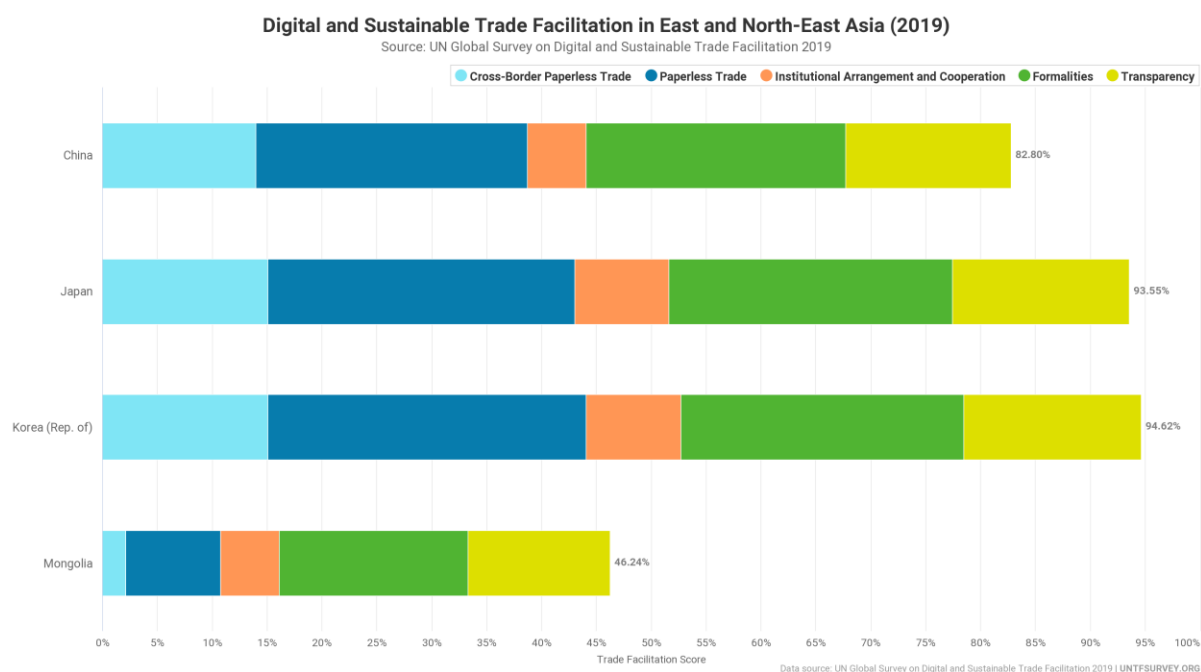
1	Institutional Arrangements and Inter-Agency Cooperation
1.1	Korean Government assembled a Central Disaster and Safety Countermeasures Headquarters (CDSCH), headed by the Prime Minister, to bolster the multi-level and multi-agency Government-wide response to COVID-19.
1.2	A joint inspection team from each of the relevant ministries was established to ensure the stable production and supply of masks.
2	Simplification of Customs Procedures and Expedited Clearance
2.1	Tariff concessions and tax relief measures have been created, in particular: The tariff on imported protective face masks and surgical masks has been reduced to zero. Tax relief measures such as extending the date for payment of duties, allowing the payment of duties in instalments, and duty drawback on the same day of application have also been adopted.
2.2	The Korea Customs Service (KCS) has operated a 24/7 clearance system in emergency system at several customs offices.
2.3	KCS has enhanced coordinated actions and cooperation with Ministry of Food and Drug Safety and other agencies in order to facilitate the fast approval procedure and expedited release of essential supplies. KCS is also working with Ministry of Environment to strengthen customs controls on wildlife trade.
2.4	Bilateral cooperation between Korea and China for prompt customs clearance between the two countries.
2.5	KCS has reduced the number of customs investigations, foreign exchange inspections and origin verifications during the pandemic. The KCS released “Emergency Guidelines for Origin Verification in Response to COVID-19” regarding simplified procedures for FTA claims.
2.6	Republic of Korea has implemented a fully-fledged authorized economic operator (AEO) programme since 2009 and AEO programme has played important role in facilitating fast clearance of products during the pandemic.

3	Transport, Logistics and Transit Facilitation
3.1	KCS allows cargo of essential raw materials to be transported directly to manufacturing plants without having to enter the terminal upon arrival in order to solve the problems of unloading delays and the shortage of space at airports and seaports.
3.2	The Government helps the aviation industry and shipping industry by reducing their cost burden through reductions in landing/port fees and fees for using port facilities.
3.3	Korea is seeking agreement with other countries on easing quarantine requirements for some business travellers, in order to revive essential economic activities disrupted by the pandemic.
4	Digital Trade Facilitation Measures
4.1	The existing Electronic Customs Clearance System (UNI-PASS) has played important role in the pandemic. In the wake of the COVID-19 outbreak, the KCS prepared the “UNI-PASS Emergency Response Manual”.
4.2	All customs-related documents can be submitted online through the Korea Customs Service’s UNI-PASS. Paperless trade is more than the electronic submission of documents, and the Korean Government is exploring the possibility of expanding paperless trade to other trade-related areas.
4.3	The Government has implemented the governmental digital platforms based on ICT technologies to facilitate remote working.
5	Measures for Business Facilitation and supporting SMES
5.1	Six emergency economic council meetings had been convened to explore measures to boost domestic demand.
5.2	Financial sector is supporting recovery of businesses by extending the maturity of loans by at least six months and by offering a six-month grace period on interest payments.
5.3	A financial package worth KRW 135 trillion has been prepared to support SMEs and the self-employed who are facing difficulties during the pandemic. The Government also provides special guarantees for SME loans with a higher guaranteed rate at a lower fee.

5.4	Export-related agencies work closely to support SMEs in expanding their sales abroad. They provide consultation and support for SMEs including translation services, advisory services and distribution services.
5.5	The Government leveraged online shopping channels to help the agricultural sector. The drive-through model has been expanded to fresh farm produce and fishery products.
5.6	The Korean Government has issued coupons and introduced other stimulus measures for the leisure and tourism service sectors that are hit hard by the COVID-19.
5.7	The Government promotes the re-shoring of Korean companies to improve Korea's position in the GVC.
6	Trade Finance Facilitation
6.1	Korea's export credit agencies are boosting loans and guarantees to exporters and importers in need of capital amid the pandemic.
6.2	The Government has introduced online trade and insurance facilities to help exporting companies in financial difficulty.

## Annex III.

**Figure 16: 2019 UN Global Survey on Digital and Sustainable Trade Facilitation results for East and North-East Asia**



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