

Trade facilitation in times of crisis and pandemic: Practices and lessons from the Asia-Pacific region

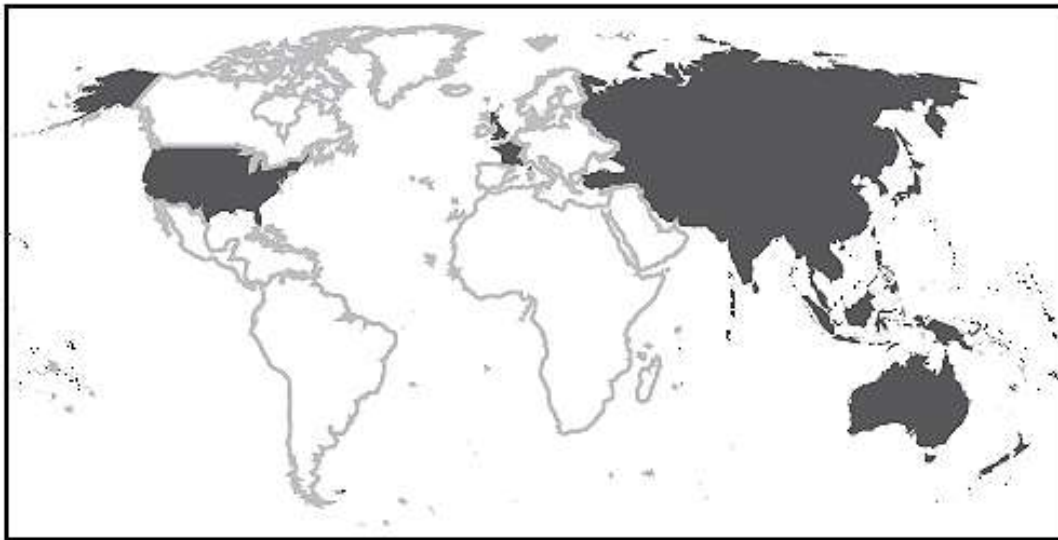


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Executive summary

The Coronavirus 2019 (COVID-19) pandemic has hit international trade worldwide, underscoring the importance of maintaining trade connectivity not only for the immediate pandemic response, but also for the subsequent recovery efforts in order to build resilience to future disruptions. In response to the COVID-19 pandemic, various trade facilitation (TF) measures have been implemented in the Asia-Pacific region in the areas of: (a) transparency and institutional coordination; (b) simplification of customs procedures and expedited clearance; (c) digital trade; (d) transport and transit; and (e) other business facilitation (including Micro, Small and Medium-sized Enterprises (MSMEs)). However, pre-existing shortcomings, including fragmented digital infrastructure, a lack of relevant legal frameworks and a lack of streamlined trade facilitation practices, have further constrained trade resilience and post-pandemic recovery in the region.

In this context, the Survey on Trade Facilitation in Times of Crisis and Pandemics was carried out in order to further identify good practices in the Asia-Pacific region. The Survey instruments, which addressed TF measures identified from subregional studies, as well as TF for essential supplies and facilitating movement of people engaged in TF, as well as the feedback was incorporated in the forthcoming United Nations Global Survey on Digital and Sustainable Trade Facilitation 2021.

The implementation rate of trade facilitation measures during the COVID-19 pandemic has generally been consistent with the overall implementation rate of trade facilitation measures prior to the pandemic. Countries achieving higher implementation rates of trade facilitation measures, as evidenced by the Global Survey results, have tended to mobilize their existing trade facilitation mechanisms better as well as leverage a wide range of national and regional instruments in response to the pandemic. Singapore, the Republic of Korea, China and Japan have achieved the highest implementation rates in the region during the pandemic. In countries with lower implementation rates, COVID-19 has accelerated the adoption of digital technologies and services to keep trade flowing. These countries are now migrating their trade and customs operations to virtual environments and are speeding up the transfer towards digitization.

To overcome bottlenecks in trade facilitation and to build a regional mechanism for resilient trade recovery, five areas warrant attention and action. First, a holistic approach to trade facilitation at the national level is needed. This can be supported by national trade facilitation committees (NTFCs) supporting the development of comprehensive national TF strategies, encompassing all supply chain activities and including adequate responses in times of crisis and pandemic. Second, the importance of expedited clearance based on risk management, contributing to minimized trade disruptions and trade cost reduction, was further highlighted during the pandemic. Third, further and continued acceleration and/or implementation of paperless trade is essential for achieving resilient trade connectivity. Fourth, countries need to establish permanent mechanisms for cross-border exchange of trade-related data and documents, by ensuring streamlined procedures and establishing the necessary legal framework. Last, collaboration at all levels including with the private sector remain a key to facilitating trade effectively during and after the pandemic. Trade facilitation measures undertaken during the pandemic have been mostly immediate responses rather than rule-based, long-term actions. With the implementation of good practices, transferring to permanent mechanisms will ensure a resilient recovery and enable building back better.

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1. Introduction

The COVID-19 pandemic has hit global trade with an unprecedented speed and scale and continues to wreak havoc on the global economy. Transport and travel restrictions as well as the closure of manufacturing plants and business establishments, together with reduced work force capacity, have resulted in dramatic declines in both the manufacturing and services sectors. Supply chain disruptions have had a devastating impact on goods and services trade. The COVID-19 pandemic has revealed the fragility of the global supply chain. Global international trade value dipped by 14.5% in 2020.¹ The WTO estimates suggest that transport and travel costs could potentially have the most significant impact on international trade during the pandemic.² Closures of ports of entry—air, sea and land—along with strengthened border crossing and quarantine procedures could increase trade costs by 25 per cent given the scale of the impact and the severity of the containment measures,³ which in turn impede the seamless flow of goods. To the extent that containment policies continue to disrupt transport and supply chains and weaken consumption and investment, global trade value and volume growth rates are expected to continue on a downward trend.⁴ Trade facilitation measures – such as expediting customs formalities, simplifying clearance procedures, and digitalizing and streamlining border processes – can address current challenges. The measures can also contribute to speeding up the processing of border checks for time-sensitive essentials, such as medical products and foodstuffs, while minimizing the need for physical interaction between border agencies and traders at borders.

Asia and the Pacific performed better than the rest of the world during 2020, with export and import value contractions of 9.7% and 10.3%, respectively.⁵ Despite the region's prominence in global merchandise trade, the ongoing pandemic continues to create uncertainty for the global trading system. The movement of goods is likely to slow in the fourth quarter, as a resurgence of the coronavirus is unlikely to be avoided by some countries, pent-up demand becomes exhausted and inventory restocking is completed.⁶ In addition, trade costs in the Asia-Pacific region are projected to have risen by 7 per cent on average in 2020 as a result of the COVID-19 crisis; such increases are not expected to return to pre-crisis levels before 2022.⁷

¹ ESCAP, Trade in Goods Outlook in Asia and the Pacific 2020/2021, available at <https://www.unescap.org/resources/trade-goods-outlook-asia-and-pacific-20202021#>

² World Trade Organisation, "Trade Costs in the Time of Global Pandemic", Information Note, 12 August 2020.

³ Maryla Maliszewska, Aaditya Mattoo and Dominique van der Mensbrugghe (2020), "The Potential Impact of COVID-19 on GDP and Trade: A Preliminary Assessment", World Bank Policy Research Working Paper 9211, (April 2020).

⁴ ESCAP and ADB (2020), "Issues Note for High-Level Meeting on Regional Cooperation for Trade and Transport Connectivity in the Age of Pandemics in Asia and the Pacific."

⁵ ESCAP, Trade in Goods Outlook in Asia and the Pacific 2020/2021, available at <https://www.unescap.org/resources/trade-goods-outlook-asia-and-pacific-20202021#>

⁶ WTO (2020), "Goods Barometer signals trade resilience amid ongoing COVID concerns" (20 November 2020) https://www.wto.org/english/news_e/news20_e/wtoi_20nov20_e.htm

⁷ Utoktham C. and Y. Duval (2020), "ESCAP-World Bank Trade Cost Database" ESCAP, available at <https://www.unescap.org/resources/escap-world-bank-trade-cost-database>

The Asia-Pacific region was the first part of the world affected by the crisis. Most economies in the region have a small domestic market and rely on foreign suppliers of raw materials and intermediate as well as foreign sources of capital and technologies. The developing economies in the region are bearing the brunt of the crisis and they have been hit with a triple shock: the COVID-19 pandemic, the economic impact of lockdowns, and the ensuing global recession.⁸ In addition, the pandemic has pushed up trade costs, leading to trade policy uncertainty.

Mitigation measures and the introduction of export restrictions have further increased the vulnerability of developing economies, particularly the least developed countries (LDCs), landlocked developing countries (LLDCs) and Small Island Developing States (SIDS) in the region. COVID-19 has also had a profound impact on macro, small and medium-sized enterprises (MSMEs), which comprise the majority of enterprises in all the region's economies.⁹

The challenges related to COVID-19 have underscored the importance of maintaining trade connectivity and the cross-border movement of goods. This is not just for the immediate pandemic response, but also for the subsequent recovery efforts in order to build resilience to future disruptions. In response to the COVID-19 pandemic, the Asia-Pacific region has increased the implementation and digitalization of trade facilitation practices, and has sought to improve the efficiency of cross-border trade. However, pre-existing shortcomings, including a fragmented digital infrastructure, a lack of relevant legal frameworks and a lack of streamlined trade facilitation practices, have further constrained trade resilience and the post-pandemic recovery in the region.

Against this background, and based on good practices of trade facilitation measures in times of crisis and pandemic gathered during subregional studies and an expert group meeting, ESCAP together with other United Nations Regional Commissions developed a short "Survey on trade facilitation in times of crisis and pandemic" (hereafter called the "survey"). The survey was pilot tested in the Asia-Pacific region to further identify good practices for knowledge sharing and capacity-building as well as to include relevant measures in the forthcoming United Nations Global Survey on Digital and Sustainable Trade Facilitation, 2021 (untfsurvey.org).

Section II of this report describes the initial developments and lessons learnt in trade and transport facilitation practices in response to the COVID-19 pandemic. Section III presents the results of a Survey on trade facilitation in times of crisis and pandemic in the Asia and the Pacific region. Finally, Section IV discusses the ways forward for trade facilitation measures to support a sustainable and resilient recovery from the COVID-19 crisis and how the Asia-Pacific region can be better equipped to build back better.

⁸ World Bank (2020), "From Containment to Recovery: Economic Update for East Asia and the Pacific," available at <https://www.worldbank.org/en/region/eap/publication/east-asia-pacific-economic-update>, accessed 8 November 2020.

⁹ Yoshino, N. and F. Taghizadeh-Hesary, *The Role of SMEs in Asia and Their Difficulties in Accessing Finance*, Asian Development Bank, 2018, available at <https://www.adb.org/publications/role-smes-asia-and-their-difficulties-accessing-finance>

2. Trade facilitation amid COVID-19: developments and practices in the Asia-Pacific region

The level of implementation of trade facilitation measures, including those in the WTO Trade Facilitation Agreement (TFA), varied across economies and subregions in the Asia-Pacific region prior to the crisis, according to the Global Survey on Digital and Sustainable Trade Facilitation.¹⁰ Since the outbreak of COVID-19, Governments, border agencies, logistics companies and traders have been exploring how they can leverage existing trade and transport facilitation measures to keep goods moving across borders. The crisis has also accelerated the implementation of trade and transport facilitation globally. Many international and regional organizations are actively promoting international best practices. This presents an opportunity to turn trade and transport facilitation measures implemented in response to COVID-19 into sustainable and streamlined practices as well as strengthen regional connectivity, spur the development of paperless trade and build back better.

While details of trade facilitation measures applied on the ground in response to COVID-19 vary based on the different cultural, societal and economic context of each country, measures can generally be categorized into five groups: transparency and institutional coordination; simplification of customs procedures and expedited clearance; digital trade and transport facilitation; transport and transit facilitation; and other business facilitation (including MSME facilitation). Table 1 provides a summary of the key trade facilitation measures.¹¹

Table 1. COVID-19 Trade facilitation measures across the region

Area	Selected trade and transport facilitation measures
Transparency and institutional cooperation	<ul style="list-style-type: none">• Creating an outreach portal (single-window COVID-19 portal) to provide information on rules and recommendations, including trade facilitation measures implemented by central and local governments.• Publishing and notifying trade facilitation measures to relevant international organizations (WTO and WCO).• All-government approach with the creation of task forces/governing bodies comprised of Customs Authorities, Ministry of Transport, Ministry of Trade, Ministry of Commerce etc.• Coordination of border, domestic and cross-border border agencies.• Collaboration for the expedited clearance of emergency supplies.
Simplification of customs	<ul style="list-style-type: none">• 24/7 clearance system at major ports.

¹⁰ See <https://untfsurvey.org/>

¹¹ The summary and subsequent survey instrument are based on four subregional studies on trade facilitation in times of crisis and pandemic: Yelena Vassilevskaya (2020), "Trade facilitation in times of pandemic: Practices from North and Central Asia"; ARTNeT Working Paper Series No.197; Jiangyuan Fu (2020), "Trade facilitation in times of pandemic: Practices from East and North-East Asia"; ARTNeT Working Paper Series No.196; Prabir De (2020), "Trade facilitation in times of pandemic: Practices from South and South-West Asia"; ARTNeT Working Paper Series No.198; Jonathan Koh, "Trade facilitation in times of pandemic: Practices from the South-East Asia" (forthcoming). The draft studies were presented at the expert group meeting on trade facilitation in times of crisis and epidemic on 29 July 2020 in order to receive feedback from governmental officials and the private sector in the region.

procedures and expedited clearance	<ul style="list-style-type: none"> • Reductions in, and waiving of, taxes and duties for goods essential in combating the spread of the virus. • Expedited clearance through “green lanes” and exclusive service windows with designated officers. • Simplification of import, export and transit documentary requirements and procedures. • Risk management measures to prioritize the clearance of imports and exports when it comes to low-risk critical supplies. • Recognition of testing reports and certificates by competent foreign authorities, as well as third parties for the expedited clearance of essential medical supplies. • Allowing trusted traders/AEOs to be granted expedited clearance.
Digital/paperless trade facilitation	<ul style="list-style-type: none"> • Leveraging information technology and facilitating more streamlined customs procedures and the electronic exchange of information between transport and control authorities. • Implementing government digital platforms to facilitate remote working. • Allowing the submission of electronic documents, including additional digital documents, to be submitted via the Single Window and other web portals. • Introducing the e-registration of travel documents. • Creating web portals to inform about areas under lockdown and road closures.
Transport and transit facilitation	<ul style="list-style-type: none"> • Making special arrangements for the movement of essential workers and traders at border crossings. • Expediting the movement of persons with a valid negative COVID-19 certificate. • Development of guidelines on the prevention and control of COVID-19 for border-crossing officials and transport crews. • Designated priority lanes and “green corridors” for essential goods and designated truck stops and rest area locations. • Enhanced disinfection and sanitisation regime for transport property and facilities. • Use of the TIR/e-TIR system to facilitate transport and transit.
Supporting businesses and MSMEs	<ul style="list-style-type: none"> • Launch of a financial support package to support businesses by reducing tax and allowing deferral payments, with support of MSMEs as a priority. • Allowing MSMEs easier access to trade facilitation information and measures, improving the digital capacities of MSMEs and providing training assistance to boost the resilience of MSMEs. • Reduction in landing/port fees to help the aviation and shipping industries. • Leveraging of e-commerce and broadcasting sales to boost exports. • Provision of various export credit insurance tools with reduced administrative fees. • Introduction of online trade finance facilities and the provision of digital solutions for trade finance.

Source: ESCAP compilation.

2.1. Transparency and institutional cooperation

Transparency is the cross-cutting principle of the multilateral trading system and it is a fundamental feature of the system as embodied in the WTO Agreements. Transparency is also one of the pillars of trade facilitation and several transparency provisions have been included in the WTO Trade Facilitation Agreement (TFA). It enables Governments and traders to keep up-to-date with rapidly evolving trade policies as a result of COVID-19 as well as adjust to the new requirements with the least disruptions. It also promotes openness and accountability when it comes to governmental actions.

In principle, all of these measures should be notified as soon as possible to the WTO, pursuant to the 2012 “Decision on Notification Procedures for Quantitative Restrictions”. Unfortunately, notification obligations have been met with very long delays. The WTO information on export-restrictive measures shows that as of 23 April 2020 only 13 out of 46 members (counting the European Union as one) had notified the WTO of the measures they have introduced since the beginning of the COVID-19 crisis, despite a wide range of measures having been applied to trade in goods.¹² Accurate and timely notifications are preconditions for an orderly trading system, especially in times of crises and emergencies.

Most countries in the region have published their trade-related measures on the website of relevant government agencies and trade information portals and have notified the WTO and WCO of the measures introduced. Some Governments in the region leverage the use of social media such as Twitter, Facebook, Instagram, Line and WeChat for the rapid dissemination of trade-related measures, guidelines and updates. However, it is not easy to find all of the new or temporary trade-related measures for many of the countries in the region. Information is often incomplete and scattered across multiple sources on different governmental websites, e-platforms and trade portals. In addition, the ever-evolving situation has led to a surge of everchanging information. Government decisions have changed rapidly, and measures have been amended several times as the pandemic situation evolves. The information overload during the current COVID-19 pandemic has posed a set of challenges not previously encountered. The lack of an easily accessible and well-organized source of the most up-to-date trade-related measures for traders has become a key constraint during this crisis.

Trade information portals are key tools for transparency. They provide an online step-by-step description of import, export and transit procedures, and offer traders a detailed picture of what needs to be done to comply with national regulations both in their home country and in their trading countries. A page dedicated to the compilation of available online repositories and provision of up-to-date trade-related information – including any amendment made to the regulations and relevant notifications made by trading partners in response to COVID-19 – will be beneficial to all stakeholders. There are some cases where a dedicated information portal in the context of COVID-19 has been implemented. For example, the Russian Federation has implemented a “COVID-19 Single Window”¹³. In Japan, information is presented both in the local

¹² WTO (23 April 2020), “Export prohibitions and restrictions: Information note”, available at https://www.wto.org/english/tratop_e/covid19_e/export_prohibitions_report_e.pdf

¹³ See http://government.ru/support_measures/

language and English, enabling easier access to information for the relevant stakeholders.¹⁴ These practices offer good examples of how to link up the various relevant departments, agencies and existing information systems in order to centrally and electronically publish information, and to streamline the procedures for information collection and sharing. This practice also enables economic operators in the home country as well as trading partners to keep abreast of the changing measures, and ensures smooth trade and transport despite the challenges during the pandemic.

An effective response to COVID-19 also underscores the need for a whole-of-government approach – institutional cooperation and policy integration at all levels, either national, regional or international. There are a number of good examples in the region. The General Administration of the Customs of China (GACC) immediately established a working group at the ministerial level following the outbreak in order to coordinate the response to COVID-19, including the coordination of border agencies. The GACC Minister led the group, with a subgroup coordinating the expedited clearance of medical supplies. China Customs established specific clearance operations for imported pharmaceuticals, disinfection supplies, protective suits, treatment equipment and other supplies, both for imports and exports. Similar expedited clearances were established for agricultural products.

In November 2020, ASEAN members signed a Memorandum of Understanding (MoU) on the Implementation of Non-Tariff Measures (NTMs) on Essential Goods, under the Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the COVID-19 Pandemic.¹⁵ This provides a clear and strong signal of ASEAN's strong commitment to ensuring an unimpeded seamless flow of essential goods and supply chain connectivity across the region to mitigate resurgence of the pandemic. The memorandum is part of the regional bloc's initiatives to respond to COVID-19. It also seeks to facilitate timely information sharing among members on trade-related measures.

The Central Asia Regional Economic Cooperation (CAREC) members have formulated coordinated policy and operational responses to COVID's impact on trade and the supply chain. They have done so by exchanging lessons and sharing good practices on improving border management, custom control and trade facilitation along the CAREC corridors, to ensure the smooth transit of essential products. Members of CAREC have also agreed on the need to align their respective legislations with international standards for e-commerce and to improve customs services.¹⁶

2.2. Simplification of customs procedures and expedited clearance

A WTO report on trade measures points to significant moves to simplify customs procedures to facilitate imports, particularly products related to COVID-19.¹⁷ For example, Governments have implemented dozens of measures simplifying customs procedures and

¹⁴ See <https://corona.go.jp/en/>

¹⁵ See <https://asean.org/storage/2020/11/MOU-on-NTMs-on-Essential-Goods-for-upload.pdf>

¹⁶ See <https://www.carecprogram.org/?event=webinar-ecommerce-paperless-trade>

¹⁷ WTO (2020), "WTO Report on G20 Shows Moves to Facilitate Imports Even as Trade Restrictions Remain Widespread", available at https://www.wto.org/english/news_e/news20_e/trdev_29jun20_e.htm

expediting clearance for essential supplies. The most commonly applied measures are reducing tariffs, VAT and customs fees as well as prioritizing the clearance of essential goods used for fighting COVID-19, and streamlining registration and approval requirements for dealing with relevant technical regulations for essential supplies including medical devices, personal protective equipment and test kits. Governments in the Asia-Pacific region have also increased their use of risk management, such as the implementation of pre-arrival processing and post-clearance audits to achieve a higher level of release for low-risk consignments of essential goods.

At the global, regional and national levels, there have been attempts to expedite customs clearances depending on whether or not products are classified as essential supplies. At the global level, WCO and WHO have jointly published an HS classification list for COVID-19 essential supplies, which includes essential products needed such as COVID-19 diagnostic test kits and masks, certain protective personal equipment and medical devices such as ventilators and ECMO (extracorporeal membrane oxygenation), consumables and disinfectant products that may be used for the prevention and treatment of the disease.¹⁸ This list has been widely recognized and serves as the basis for Governments to prepare their responses to: (a) facilitate trading of those supplies; (b) apply contingent tariff and non-tariff relief policies; (c) monitor falsified supplies; and (d) take responsive actions to address shortages.

The ASEAN MoU on essential supplies includes a list of essential goods, including 152 in the categories of food, medicines, and medical appliances and devices, personal protective equipment, and disinfectants, to ensure an unobstructed supply chain within the region. The bloc is also looking to expand the list of essential goods to include food and agricultural products.¹⁹ This action is not only a clear manifestation of ASEAN's shared commitment to ensuring the unhampered flow of essential goods and reducing the administrative burden on businesses; it is also a "think-beyond-the-immediate" measure that sets out a clear-cut list for improving policy transparency and predictability when it comes to essential goods in future crises and emergencies.

The Government of India has integrated COVID-related essentials with its previously launched e-commerce platform, Government e-Marketplace (GeM), for the purposes of public procurement. GeM has set up a dedicated page on its platform, where it has added 146 categories of medical products to help fight COVID-19, such as test kits, reusable vinyl/rubber gloves, disposable thermometers, cardiac monitors and ICU beds. The list applies to both domestic and imported products, and facilitates the quick and easy delivery of essential supplies to public hospitals and public services.²⁰ Products included in the list will enjoy fixed shorter duration bids

¹⁸ WCO (2020), "Joint WCO/WHO HS classification list for COVID-19 medical supplies", available at http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/covid_19/hs-classification-reference_edition-2_en.pdf?la=en

¹⁹ See <https://asean.org/asean-mou-essential-goods-enters-force/>

²⁰ "GeM adds 146 categories of medical products, 8 services to help govt fight COVID-19" (April 2020). Available at https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/gem-adds-146-categories-of-medical-products-8-services-to-help-govt-fight-covid-19/articleshow/75348027.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

with shorter delivery periods. The dedicated page has also provided features to shorten the procurement cycle for related items.

In addition, countries such as the China, the Republic of Korea and some ASEAN members have leveraged their existing Authorized Economic Operators (AEO) schemes to allow compliant traders to benefit from expedited clearance.²¹ Some countries have also been proactively negotiating with their trading partners for the signature of mutual recognition agreements (MRAs) for their respective AEOs during the pandemic. Preliminary work is underway on the establishment of an ASEAN-wide AEO MRA.²² It is envisaged that the development of AEO schemes and AEO MRAs will accelerate in the post-pandemic future.

2.3.Digital trade facilitation

Digital trade facilitation plays a crucial role in mitigating some of the consequences of the pandemic, creating a tremendous impetus towards further trade digitalization. Indeed, trade digitalization had already been accelerated in the Asia-Pacific region before COVID-19 struck, and those measures have contributed to more effective trade facilitation during the pandemic. Therefore, it has demonstrated a clear need to leverage the greater use of paperless trade systems with the support of adequate information technology as well as facilitating full implementation of digital trade facilitation measures.

The pandemic has given impetus to upgrading digital infrastructure and accelerating digital transformation in places where the implementation of other paperless trade is lagging behind. For example, Tajikistan has launched a national Single Window and Uzbekistan is implementing SPS e-certificates based on existing global initiatives (e.g., International Plant Protection Convention [IPPC] electronic phytosanitary certificate [ePhyto], and World for Animal Health's [OIE] Electronic Veterinary Certification).²³ India and the Eurasian Economic Union (EAEU) have accepted Electronic Certificates of Origin (E-CO) in response to the pandemic.²⁴ Many countries in the region have also promoted digital exchanges of data and documents, and have underscored the role of cross-border connectivity.

Digital capacities and infrastructure for enabling digital trade facilitation are not equally available across the region. For example, South-East Asian countries with a subregional initiative such as the ASEAN Single Window are still facing the challenges of system interoperability within the region. The ASEAN members are coping with the immediate impacts of COVID-19 by focusing on improving the interoperability of national Single Windows systems and other paperless trade systems.

All ASEAN members have exchanged the e-ATIGA Form D through the ASEAN Single Window since December 2019. As an immediate subregional trade facilitation response, ASEAN signed the First Protocol to Amend the ATIGA to Implement the ASEAN-wide Self-Certification

²¹ ESCAP subregional studies on trade facilitation in times of crisis and pandemic (n 11).

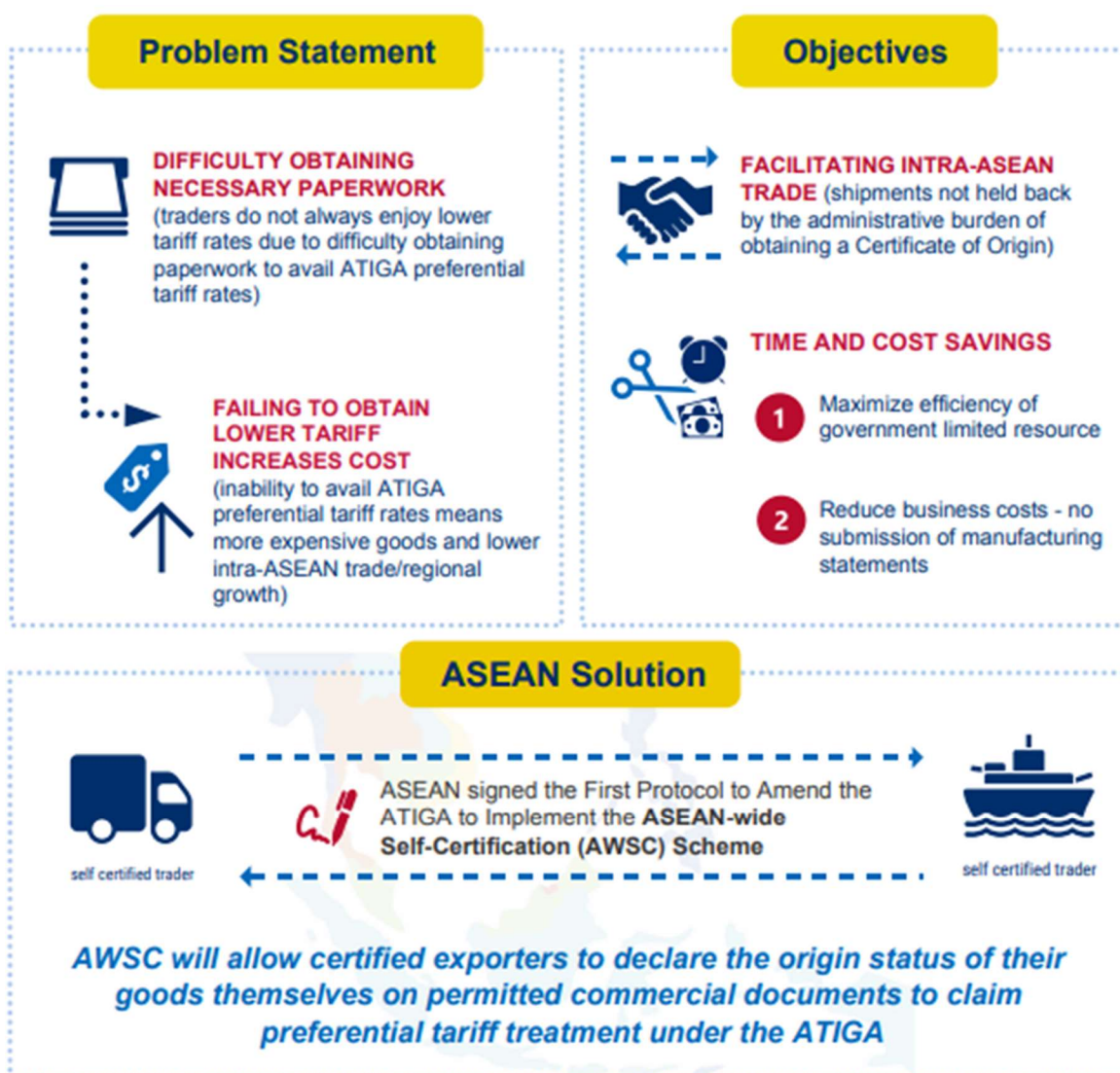
²² Bui Nu and Trang Huyen, "Joint Media Statement of the 29th Meeting of the ASEAN Directors-General of Customs" (*Customs News*, 21 August 2020). Available at <https://customsnews.vn/joint-media-statement-of-the-29th-meeting-of-the-asean-directors-general-of-customs-15588.html> (accessed 8 September 2020).

²³ See <https://www.carecprogram.org/uploads/CAREC-Trade-Sector-Report-and-Workplan.pdf>

²⁴ Vassilevskaya (n 11), De (n 11).

(AWSC) Scheme (figure 1). This AWSC has been implemented since September 2020, allowing certified exporters to declare the origin status of their goods themselves on permitted commercial documents in order to claim preferential tariff treatment under the ATIGA.²⁵ Electronic signatures on CO Form D are being accepted. Some ASEAN members have also provided websites to verify the authenticity of e-COs to support the use of scanned copies of the CO Form D.²⁶

Figure 1. ASEAN self-certification scheme launched in 2020



Source: Asia Customs and Trade, available at <https://customstrade.asia/ph-customs-implements-intra-asean-self-certification-scheme/>

²⁵ ASEAN (2020), "Facilitating trade in ASEAN through self-certification of origin", available at https://asean.org/storage/2012/05/SCAROO33_anx11b_ag05.1.3d_AWSC-Infographics-14042020.pdf. It should be noted that self-certification implies that a clear and transparent rules and post-clearance audit process is in place, thereby ensuring that importers are informed in advance of what documents they are expected to keep in order not to be subject to huge fines during audits.

²⁶ Information provided by the ASEAN Secretariat.

The automated support provided by ASYCUDA World (AW) enables customs authorities, border agencies and traders to electronically submit and exchange data and documentation in order to expedite clearance while reducing the need for face-to-face interaction. Many countries in the region have also adapted their use of the AW system in order to cope better with the COVID-19 pandemic. In Vanuatu, ASYCUDA assisted in the launching of the New Biosecurity SPS Online Module, as a component of the Vanuatu Electronic Single Window Project, which aims to monitor and prevent the importing of pests and diseases while facilitating the importing and exporting of plant and agricultural products. The electronic connectivity features of ASYCUDA allow for the remote processing of customs and trade-related formalities, without face-to-face interaction. In Kazakhstan, the ASYCUDA-based ASTANA-1 system allows the processing of customs transactions and payments without physical interventions. ASTANA-1 ensures the prompt automatic application of all governmental emergency measures at the national level, such as measures for medical protection equipment, and the introduction of tax incentives for the import of socially important goods. The functions of customs control and risk management of COVID-related measures are fully operational.²⁷

To ensure the continued movement of international freight, various steps have been taken in the transport sector (especially along the Asia Highway Network and the Trans-Asian Railway Network) to promote connectivity through the wider use of digital technologies. Measures adopted in the region include: accelerating automation of transport and cargo management systems; introducing e-registration of travel document; leveraging digital platforms to provide logistics services; and identifying and coordinating optimal routes and schedules etc.²⁸

However, it is also worth noting that the implementation of digital trade depends on having the appropriate capacity, digital infrastructure and technologies. Some developing countries in the region still do not have an electronic service platform, or their electronic systems are in need of significant improvements. Capacity-building to improve the facilitation of digital trade is a high priority.

2.4. Transport and transit facilitation

Transport facilitation is an important aspect when it comes to facilitating trade, and it helps to smooth the movement of essential supplies as well as reduce trade costs and supply chain connectivity. The COVID-19 pandemic has significantly pushed up transport and travel costs as a result of additional inspections, reduced hours of operation, road closures and border closures.²⁹ It has also further underscored the major limitations of the existing freight transport practices and revealed the vulnerability of entire segments of the transport sector in the Asia-Pacific region. In

²⁷ UNCTAD, ASYCUDA Newsletter, UNCTAD/DTL/ASYCUDA/INF/2020/2 (April 2020), available at: https://unctad.org/system/files/official-document/dtlasycudainf2020d2_en.pdf

²⁸ ESCAP, “Seamless and Smart Connectivity along the Asian Highway Network in the Time of COVID-19”, project technical note, September 2020.

²⁹ Examples of additional road and transport costs due to COVID-19 include: labour costs from recruitment and hiring of additional drivers to replace those sick or in quarantine; health check requirements, idle time, insurance, disease control costs to meet hygiene and sanitizing requirements, and business losses from disruption of transport. For more information, see *ibid*.

response to COVID-19, economies in the region have made great efforts to preserve transport connectivity.

Many national Governments have implemented various measures to ensure the continued movement of international freight at the border. These measures vary from coordinating border policies to allowing commercial vehicles or others with essential needs to cross the border, introducing green lanes to prioritize the transport and transit of essential goods, streamlining the border crossing procedures, and changing the requirements for drivers and incoming trucks etc.

It is worth noting that the members of the Asian Highway Network have kept all, or at least a significant portion of their land borders open for freight. Two-thirds have implemented special trade and transport facilitation measures to ensure freight transport along the Trans-Asian Railway Network with limited interruptions,³⁰ making rail a vital link for the movement of essential goods and medical supplies. Traffic in international freight transported along the corridors of the Trans-Asian Railway network has grown in recent years, even during the COVID-19 pandemic.³¹

2.5. Supporting business and MSMEs

Most economies in the region have launched economic stimulus measures to support trade and transport sectors, such as a reduction in income tax, financial relief packages, decreases in particular fees etc.

MSMEs comprise the majority of businesses in the Asia-Pacific region, and are the major and sustainable generators of employment and income in the region.³² COVID-19 has also had a profound impact on MSMEs. Economic shocks, the introduction of new and unexpected customs requirements, increased costs, and constantly changing regulations from a whole raft of government agencies have compounded the difficulties faced by MSMEs. Supporting MSMEs during the pandemic has been identified as a priority in business financial support packages in many countries in the region. It offers them a path to access and move up value chains at a lower cost and at greater speed. Improvements in the trade facilitation environment would help firms of all sizes, but particularly benefit MSMEs, by reducing fixed and variable trade costs and integrating them into the global supply chains.³³ In addition, many countries have implemented measures to enable MSMEs to gain easier access to trade-related information and foreign buyers. China, for example, offers free consultation services to traders, particularly MSMEs, on the

³⁰ ESCAP, "Monitoring the Transport Policy Response to COVID-19 along the Regional Transport Network in Asia and the Pacific", available at: <https://www.unescap.org/our-work/transport/transport-facilitation-and-connecting-subregional-transport-networks/monitoring-transport-policy-response-covid-19> (accessed 24 July 2020).

³¹ As per data available at the *Global Times* (see <http://www.globaltimes.cn/content/1194623.shtml>), the number of China-Europe freight trains rose 36 per cent year-on-year to 5,122 in the first half year 2020.

³² Yoshino and Taghizadeh-Hesary (n 9).

³³ OECD (2019), "Helping SMEs Internationalise through Trade Facilitation", vol. 229, OECD Trade Policy Paper 229, available at [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/TC/WP\(2018\)24/FINAL&docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/TC/WP(2018)24/FINAL&docLanguage=En) (accessed 19 November 2020).

changing regulatory requirements in major trading nations and legal risks during the COVID-19 crisis.³⁴

The impact of the COVID-19 crisis on trade finance has been immense.³⁵ In response to the shortage of trade finance during the pandemic, major multilateral development banks in the Asia-Pacific region, including the Asian Development Bank (ADB), as well as national banks have trade finance as urgent actions in response to the pandemic. Since 1 April 2020, ADB's Trade Finance Program has supported more than 4,000 transactions valued at US\$3.2 billion, including co-financing equivalent to US\$1.6 billion. These transactions included medical supply transactions such as those related to test kits, medical equipment and COVID-19 medicines as well as food security and agriculture-related transactions.

COVID-19 has also exposed the vulnerability of paper-based trade financing, which requires significant levels of in-person "back office" staffing. Trade finance banks in China, Japan and the Republic of Korea have already started to invest in digitalization, with technologies such as artificial intelligence and block chain being used to develop digital trade finance.³⁶

3. Survey on trade facilitation in times of crisis and pandemic

3.1. Survey instrument and methodology

Based on the good practices of trade facilitation measures, a short "Survey on Trade Facilitation in Times of Crisis and Pandemic" was designed and pilot tested in the Asia-Pacific region. The survey consists of eight main questions and 28 sub-questions on COVID-19 trade facilitation measures, covering similar groups of measures (table 2) as those identified as key trade facilitation measures in the section II. It is worth noting that restrictions on the movement of people in response to the pandemic have been widely applied across countries. Such restrictions have affected trade facilitation procedures across borders; for example, drivers and crews have faced serious difficulties in crossing borders which, in turn, has affected movement of goods across borders.³⁷

In addition, contrary to the cases in trade in goods, where over the years a clear trade facilitation agenda has been developed, potential measures that facilitate trade in services remain unidentified yet are nevertheless an important component of trade liberalization. Facilitating the movement of people will greatly influence trade in services. Therefore, "facilitating the movement

³⁴ Fu (n 11).

³⁵ Even before the pandemic, trade finance gaps have been significant. The ADB estimated the global trade finance gap at between US\$1.4 trillion and US\$1.6 trillion in 2019, equivalent to between 8 per cent and 10 per cent of world merchandise trade. An estimated 40 per cent of this shortage is from the Asia-Pacific region. Trade finance supports between 80 per cent and 90 per cent of world trade through credit, insurance and guarantees, which are mostly short-term in nature.

³⁶ *Ibid.*

³⁷ Yann Duval (2020), "Lessons from the pandemic for trade facilitation and the WTO", in Simon Evenett and Richard Baldwin (eds), *Revitalising Multilateralism Pragmatic Ideas for the New WTO Director-General*.

of people” has been brought as a component of the survey. As shown in table 2, the questions include both immediate trade facilitation responses to the COVID-19 crisis as well as long-term measures to build capacity for future crises.

Table 2. Questions included in the survey on trade facilitation in times of crisis and pandemic

Grouping		Measures	Immediate/long-term action
Transparency		Publication of emergency trade facilitation measures on websites of relevant government agencies, national trade portal or trade information/intelligence portal.	Immediate
		Enquiry point provided for public.	Immediate
		Information provided on languages other than the official language.	Immediate
		COVID-TF measures published/shared with international organizations.	Immediate
		Regional or subregional mechanism to share information on coordinated response.	Immediate
Institutional cooperation	Role of NTFC	Agencies given mandate to make new/temporary TF measures in the wake of COVID-19 outbreak.	Immediate
		NTFCs introduce guidelines to deal with emergency situations.	Long-term
	Inter-agency and cross-border coordination	One-stop-shop to facilitate cross-border movement of essential supplies.	Immediate
		Harmonized emergency TF measures with other countries.	Immediate
		Border agencies collaborate with other countries to facilitate fast clearance of essential supplies.	Immediate
TF for essential supplies	Proactive plan for cross-border trade of essential supplies	A disaster relief/essential goods catalogue with detailed specification and recommended procedures.	Long-term
		A review mechanism to improve cross-border TF measures for relief goods.	Long term
	Immediate TF responses for essential supplies	Simplification of import, export and transit formalities for essential supplies.	Immediate
		Priority lanes, special counters or corridors for fast clearance of essential supplies.	Immediate
		Acceptance of foreign certificate/conformity assessment to facilitate cross-border trade of essential supplies.	Immediate
		Measures to ensure health and safety of stakeholders (border officials, drivers and crews) at borders to facilitate expedited clearance.	Immediate
		Expedite the movement of persons with a valid negative COVID-19 certificate.	Immediate

Facilitating the movement of people	Recognize COVID-19 testing results conducted by other Governments.	Immediate
	Special arrangements for movement of essential workers and traders.	Immediate
Digital TF (paperless trade)	Acceptance of electronic trade documents previously required to be submitted on paper.	Immediate
	Temporary acceptance of e-documents converted to permanent measures.	Long- term
	Guidelines provided to deploy temporary acceptance of e-documents in future crises.	Long-term
	Digital platforms available to facilitate remote working/inspection.	Long-term
	Border agencies equipped with appropriate equipment and training for remote working.	Long-term
Supporting business and MSMEs	Allowing flexibility for payments of taxes, duties and fees.	Immediate
	Trade finance schemes provided for exporters/importers impacted by COVID-19.	Immediate
	Training programmes provided to traders on new regulations (in home country and in major trading nations).	Immediate
	Preferential measures available to help MSMEs and the informal economy impacted by COVID-19.	Immediate

ESCAP adopted a three-step approach for data collection and verification (box 1). The data were, collected between July and November 2021. Each of the main questions was rated as “fully implemented”, “partially implemented”, “pilot stage”, “not implemented” or “don’t know”. A score of 3, 2, 1, 0 and DK³⁸ respectively, was assigned to each implementation stage in order to calculate the implementation scores for individual measures across countries. In each sub-question, a score of 1, 0 and 0 was assigned to answers “yes”, “no” and “don’t know”.

The survey covers 32 countries from the Asia-Pacific region: Afghanistan, Armenia, Azerbaijan, Bangladesh, Brunei Darussalam, Cambodia, Georgia, India, Indonesia, Islamic Republic of Iran, Japan, Kazakhstan, Kyrgyzstan, Malaysia, Maldives, Mongolia, Myanmar, Lao People's Democratic Republic, Nepal, Republic of Korea, Pakistan, People's Republic of China, the Philippines, Russian Federation, Singapore, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Turkey, Uzbekistan and Viet Nam (figure 2).

³⁸ DK is allowed as an answer and is treated as “not implemented” (0) when calculating the implementation rate.

Box 1. A three-step approach to data collection and verification

Step 1. Data collected by ESCAP subregional consultants: Subregional consultants completed the questionnaire on a preliminary basis on their subregional studies and feedback provided by participants at the EGM.

Step 2. Data verification by the ESCAP Secretariat: ESCAP carried out further checks on the data collected in Step 1 and reached out to key informants to gather additional information when needed.

Step 3. Data validation by national Governments: ESCAP sent the completed questionnaire to national trade facilitation focal points and governments officials participating in the 8th Legal and Technical Working Groups of the Interim Intergovernmental Steering Group on Cross-border Paperless Trade Facilitation. The feedback from national governments was incorporated in order to finalize the dataset.

3.2. An overview

The implementation rates are calculated based on a set of eight groups of questions, spanning the categories of “transparency”, “institutional cooperation”, “trade facilitation for essential supplies”, “facilitating movement of people”, “digital trade facilitation” and “supporting business and SMEs”.

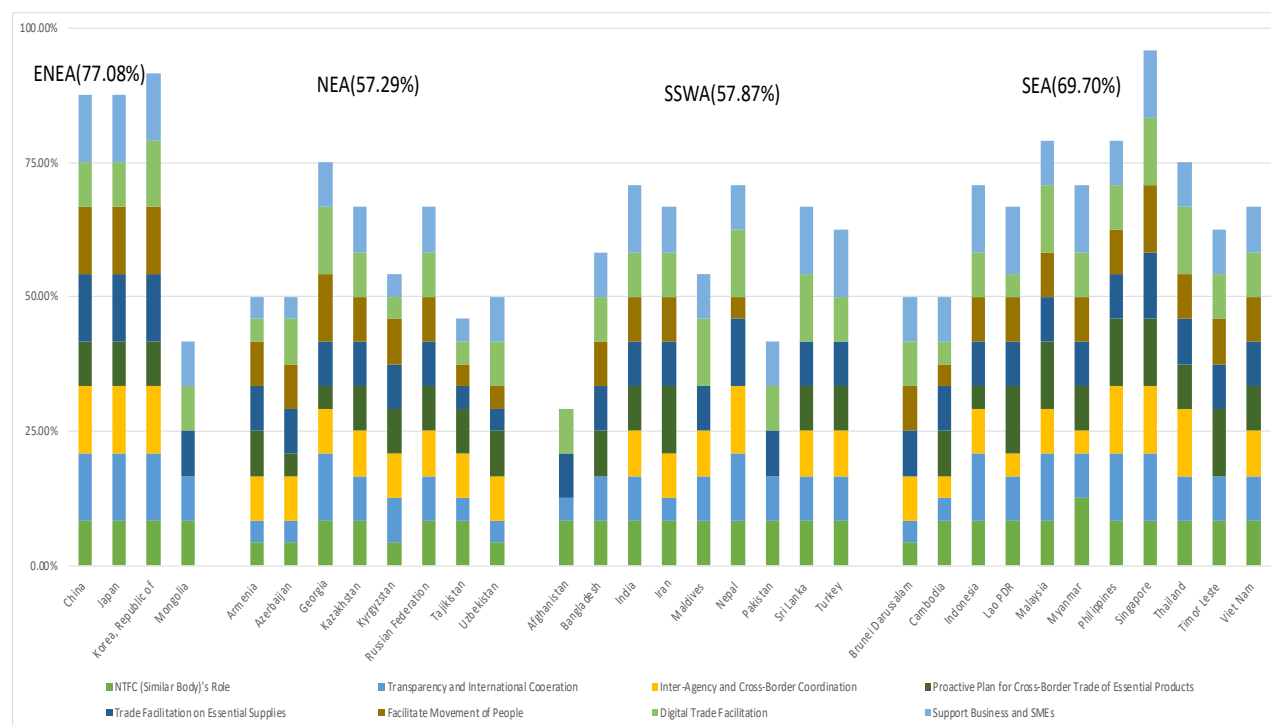
The regional average implementation rate stands at 64.19 per cent. At the subregional level, East and North-East Asia have the highest implementation rate, at 77.08 per cent. South-East Asia has an implementation rate of 69.70 per cent. South and South-West Asia and North-East Asia lag behind at 57.87 per cent and 57.29 per cent, respectively. When it comes to implementation at the country level, Singapore is the best overall performer (95.83 per cent), followed by the Republic of Korea (91.67 per cent), and China and Japan (tied in the third place with 87.5 per cent) are close behind (figure 2).

The implementation rate of trade facilitation measures during the pandemic is generally consistent with the implementation rate of trade facilitation measures prior to the pandemic, as shown in the 2019 Global Survey on Digital and Sustainable Trade Facilitation. Countries achieving higher implementation rates in the trade facilitation measures, as evidenced by Global Survey results, can better mobilize their existing trade facilitation mechanisms and leverage a wide range of national and regional instruments. Among existing mechanisms, ICT technology and paperless trade as well as regional TF platforms are frequently used to achieve higher implementation of TF measures in times of crisis or during a pandemic.

However, not only countries and economies with higher implementation rates perform well in response to the pandemic. COVID-19 has also accelerated the adoption of digital technologies and services to keep trade flowing in countries lagging behind. These countries are now scrambling to migrate their trade and customs operations to a virtual environment, and are speeding up the paradigm shift towards digitization. Regional and international cooperation has also been given priority as a result of the pandemic. Regional and multilateral actions can also turn the challenges into opportunities for much-needed transitions that are inclusive, resilient and sustainable. Some ASEAN countries, such as the Lao People's Democratic Republic and

Myanmar, despite being small economies, are better positioned thanks to high regional cooperation among ASEAN members in facilitating paperless trade and the smooth movement of essential supplies within the subregion.

Figure 2. Implementation rates of trade facilitation in times of crisis and during a pandemic across the region (32 countries)



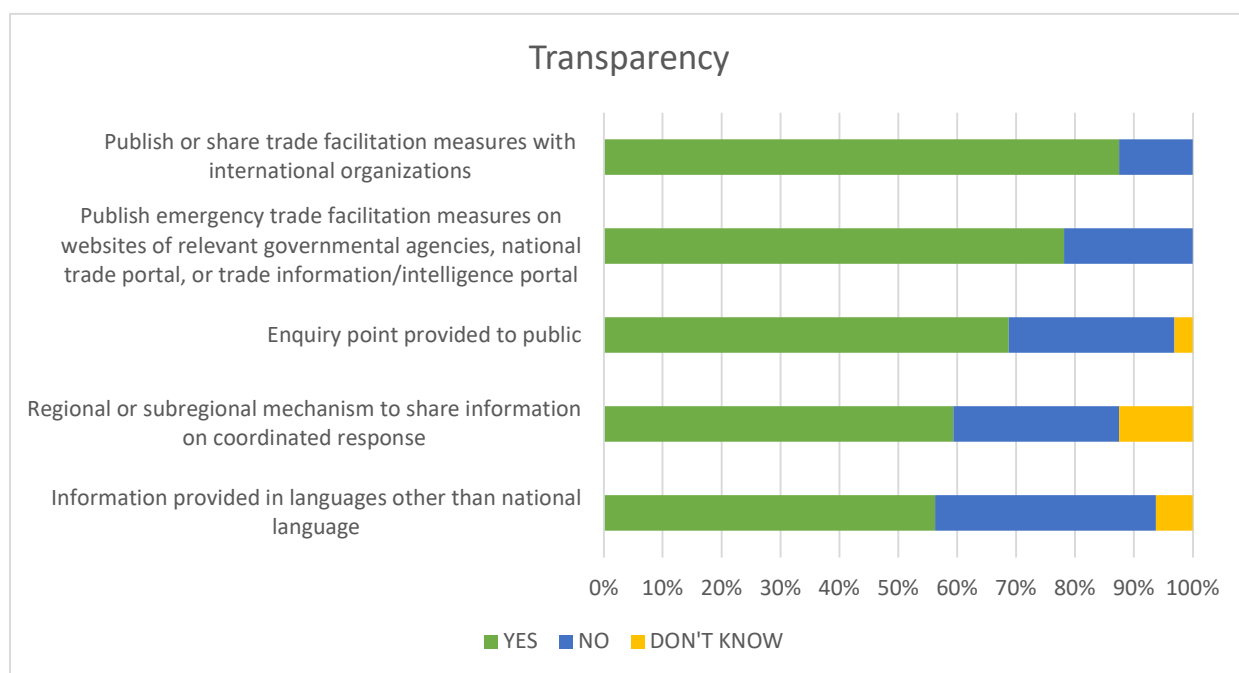
Source: ESCAP compilation.

3.3. Implementation of individual measures: A closer look

3.3.1 Transparency

Approximately 70 per cent of the countries have provided an enquiry (contact) point to the public to help relevant stakeholders keep abreast of the most up-to-date trade measures. However, nearly half of the countries in the region only publish this information domestically and in their own language. The WTO Agreements require all members to make that information publicly available in order to allow both domestic stakeholders and other members to become acquainted with those rules. However, information provided without a common language (one of the WTO official languages) impedes foreign traders and Governments trying to access the relevant information in a timely manner. This could, in turn, have an impact on domestic traders doing business with foreign partners. Regional and subregional mechanisms for sharing information on coordinated responses is another area that warrants attention in the Asia-Pacific region (figure 3).

Figure 3. State of play of “transparency” measures in the Asia-Pacific region (32 countries)



Source: ESCAP compilation.

3.3.2. Institutional cooperation

Nearly all countries in the Asia-Pacific region have established a governing body to develop and coordinate COVID-19 countermeasures. Approximately 70 per cent of the border agencies in the region have established coordination mechanisms in terms of both domestic and cross-border collaboration for certain trade procedures, such as the expedited clearance of essential supplies. However, at the regional level, notwithstanding continued efforts at coordination, only about 40 per cent of the countries surveyed have harmonized border procedures with other countries to reduce the duplication of inspections and allow for a greater focus on products with higher risks. Likewise, only a few national trade facilitation committees (NTFCs), or their equivalent, have introduced guidelines on trade facilitation to deal with emergency situations (figure 4).

Figure 4. State of implementation of “institutional cooperation” in the Asia-Pacific region (32 countries)



Source: ESCAP compilation.

It is also noted in ESCAP subregional studies that, in many countries, the NTFC did not necessarily participate on the committee/body responsible for the COVID-19 pandemic response.³⁹ As a matter of fact, pursuant to Article 23.2 of the TFA, many WTO members at all levels of development have already fully implemented measures to establish and maintain a NTFC. The key responsibility of NTFC is to ensure a whole-of-government approach, with a view to allowing the efficient movements of goods and coordinating multi-stakeholders in order to advance trade facilitation and reforms in logistics policy. However, as also identified by UNCTAD, NTFCs are facing great challenges during the COVID-19 crisis such as, for example, lack of involvement in national COVID emergency task forces, lack of a mandate to implement effective trade facilitation measures, the absence of a national database of relevant focal points and the absence of new regulatory guidelines on adapting to emergency situations.⁴⁰ The crisis has demonstrated the importance of NTFCs or their equivalent agencies in coordinating trade facilitation when responding to a crisis and has demonstrated that there is room for NTFCs in to contribute more. In view of this, policy recommendations to empower NTFCs to contribute to the post-pandemic recovery, and make them more resilient to future crises, are of particular relevance to policymakers in the region.⁴¹

³⁹ Subregional studies on trade facilitation in times of crisis and pandemics (n 11).

⁴⁰ Hansen, P. and C. Bacrot (2020), “The role of the National Trade Facilitation Committees in the global economic recovery following COVID-19”, available at <https://unctad.org/news/role-national-trade-facilitation-committees-global-economic-recovery-following-covid-19>

⁴¹ *Ibid.*

Box 2. Good practices of institutional cooperation

Institutional cooperation among government agencies at the national level: In the Philippines, the Anti-Red Tape Authority (ARTA), the Bureau of Customs (BOC), and Food and Drug Administration (FDA) created the Bayanihan One-Stop-Shop (BOSS) under the Joint Memorandum Circular No. 01-2020 for securing a Licence to Operate (LTO) to import COVID-19 Critical Commodities for commercial distribution. BOSS was created to: (a) avoid confusion and misinformation when it comes to procedures for the commercial importing of COVID-19 Critical Commodities by private entities; and (b) deal with challenges of a “piece meal” administrative procedure where applicants need to transact with individual government agencies separately, even if they are all part of the overall importation process. BOSS started operating on 3 April 2020 and will remain effective until the state of national emergency ends.⁴²

Regional harmonized trade facilitation initiative: The ASEAN Customs Transit Systems (ACTS) (figure 5) is a computerized customs transit management system, requiring only one customs formality to facilitate transport of goods between participating countries. There is no need for a different customs declaration at each border, and no need to transfer the goods to a different truck in each country. The duties and taxes at risk are covered by a single guarantee for all the countries involved in the transit operation. All the related information is transmitted through the network from the office of departure to the transit offices and the office of destination. The ACTS has been fully operational in six ASEAN members (Cambodia, the Lao People's Democratic Republic, Malaysia, Singapore, Thailand and Viet Nam) since 2 border November 2020. The remaining countries are expected to participate when the suitable framework is in place.

Figure 5. ASEAN Customs Transit Systems



Source: ASEAN Secretariat.

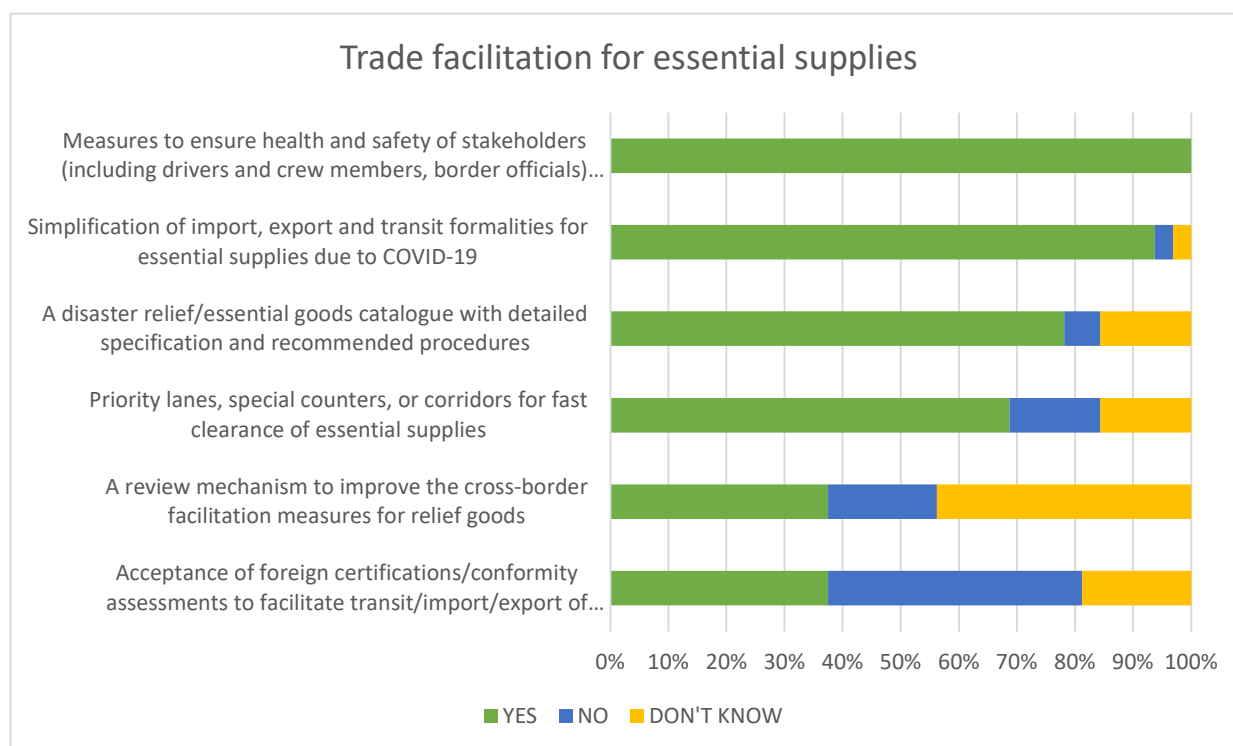
⁴² See <https://www.fda.gov.ph/joint-memorandum-circular-no-01-series-of-2020-creation-of-bayanihan-one-stop-shop-for-securing-license-to-operate-lto-to-import-covid-19-critical-commodities-for-commercial-distribution/>

3.3.3. TF for essential supplies

While many trade-restrictive measures were implemented in the early stages of the pandemic, more than 90 per cent of the countries included in the survey have shifted towards simplifying trade procedures and have expedited clearances for essential supplies as the pandemic has progressed. Special modalities and simplified procedures have been implemented when it comes to importing of essential supplies on a priority basis. Nearly 70 per cent of the countries surveyed confirmed the use of “green corridors” for priority goods. In addition, the health and safety of stakeholders at borders, including drivers, crews and border agency personnel, are vital for the operation and continuity of cross-border trade. All of the countries surveyed have implemented measures that guarantee the health and safety of front officers and other stakeholders at borders (figure 6). This also strengthens public confidence in trade during a pandemic and in times of crisis.

It is also noted that nearly 80 per cent of the countries already have a disaster relief/essential goods catalogue for strategic stocks in normal times and for emergency public procurement during crises. The catalogues were designed as emergency preparation for natural disasters and wars without considering of global pandemics. Therefore, since the outbreak, many Governments have expanded the list of disaster relief/essential goods in response to the pandemic, with a view to removing the non-tariff barriers on all relevant products listed as well as granting tax exemptions and rapidly converting assembly lines to support international trade.

Figure 6. State of implementation of “TF for essential supplies” in the Asia-Pacific region (32 countries)



Source: ESCAP compilation.

Mutual recognition, equivalence and harmonization have been highlighted as a concrete approach to regulatory cooperation, both in the WTO Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) Agreements. These principles are also commonly found in regional trade agreements to address non-tariff measures and to ease the regulatory burden. However, the testing, inspection and other control procedures of the exporting countries are not recognized by more than half of the countries in the region. This raises unnecessary trade costs and causes delays in the cross-border movement of goods during emergency situations. It also emphasises the needs to enhance regulatory cooperation among trading partners. A number of countries have temporarily adopted emergency recognition, equivalence and harmonization of either standards or conformity assessments to ease the regulatory burden during the pandemic. Some regional trade agreements concluded by Asia-Pacific countries also include provisions on regulatory cooperation in order to assist compliance with SPS requirements in emergency cases, which serves as a good practice for crises-response. It is worth noting that less than 40 per cent of countries surveyed accept foreign certificates and conformity assessments to facilitate the transit, import and export of essential goods (figure 6).

Box 3. Good practices of regulatory cooperation on medical and productive equipment

Regulatory cooperation on essential goods in emergency cases in an RTA. ASEAN-Australia-New Zealand FTA (Article 5, Chapter 5): “Members shall further strengthen cooperation for control and eradication of disease outbreak as well as other emergency cases related to SPS measures. Members shall also assist other parties to comply with SPS requirements.”

ASEAN harmonization of relevant regulations in the healthcare sector. Health care is a high priority sector across the ASEAN region, and the harmonization of relevant regulations is vital to successful regional integration. To boost the capability of the medical device industry, an ASEAN Medical Device Directive (AMDD) was developed to standardize medical device classification criteria and device placement systems, and to establish post-marketing surveillance alert systems. The AMDD came into force in 2016 and has been proven to help reduce trade barriers, boost trade efficiency in medical devices and improve access to medical devices in the region, especially during the COVID-19 pandemic.⁴³

Temporary recognition of standards and conformity assessment on essential goods. China, in the early stages of the coronavirus outbreak, issued guidelines on emergency imports of PPE in the context of COVID-19. It allows relevant products from the United States of America, the European Union, the Republic of Korea and Japan that are not yet registered with the China Food and Drug Administration to be used, provided that manufacturers can supply test results according to their relevant domestic technical regulations together with a Declaration of Conformity as a written assurance of conformity to applicable technical regulations.⁴⁴

⁴³ASEAN Medical Device Directive, available at: <https://asean.org/storage/2016/06/22.-September-2015-ASEAN-Medical-Device-Directive.pdf>

⁴⁴ “Green Lane: Emergency Imports of Medical Devices Unregistered with CFDA” (originally published in Chinese), *MedtechChina* (11 February 2020), available at <https://www.medtecchina.com/zh-cn/RegulationDetail/newsid/2475>, (accessed 7 May 2020).

Last, it is noted that most of the measures undertaken to facilitate the movement of essential supplies are pandemic-driven and are implemented on a temporary basis. Only 38 per cent of the countries have implemented a mechanism to review those temporary trade facilitation measures for essential supplies (figure 6). A review mechanism will help countries to improve their trade facilitation measures on essential supplies in the wake of COVID-19 and to address future crises. This should be adopted by more countries when developing their trade facilitation policies.

3.3.4. Facilitating movement of people

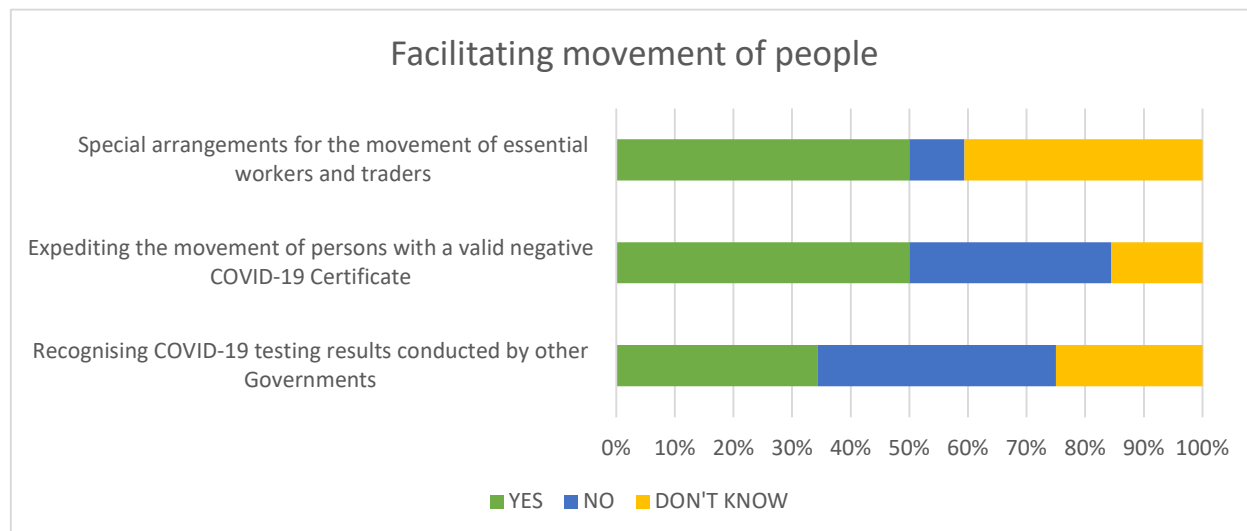
The pandemic has resulted in border shutdowns and travel restrictions and has dramatically affected the movement of people around the world. The cross-border mobility of individuals has far-reaching implications for international trade, especially when it comes to consumption abroad (GATS mode 2) and services trade through movement of natural persons (GATS mode 4). COVID-19 has had a devastating impact on the airline industry across the world as well as on economies dependent on tourism. This is the case particularly for many Asia-Pacific countries where tourism is a major source of growth and foreign exchange.⁴⁵ According to the World Tourism Organization, the tourism sector in Asia and the Pacific saw the “highest impact in relative and absolute terms” as a result of the pandemic, with millions of jobs at risk.⁴⁶ Increases in the flows of temporary cross-border movement of people providing different types of services attracts much more attention in trade in services in the region.

Although the pandemic remains largely under control in most parts of the Asia-Pacific region, the unpredictability around the virus and its resurgence in some countries have largely discouraged Governments from opening up their borders more quickly. Only 50 per cent of the countries in the region have introduced special arrangements for the movement of essential workers and traders (while non-essential travel, such as for leisure and tourism, is not allowed in most of the region’s countries) or have expedited the movement of persons with a valid negative COVID-19 test certificate. Less than 35 per cent of the countries recognize COVID-19 testing results conducted by other Governments (figure 7). Policymakers are striking an intricate balance between public health and economic growth.

⁴⁵ Tourism has been a boon for some South-East Asian countries, and many of the region’s travel industries are struggling to survive. Tourism is also a significant contributor to the Japanese economy. See OECD, “OECD Tourism Trends and Policies” (2020) at <https://www.oecd-ilibrary.org/sites/85e3c6a2-en/index.html?itemId=/content/component/85e3c6a2-en>

⁴⁶ UNWTO (2020), “International tourist numbers could fall 60 per cent-80 per cent in 2020”, available at <https://www.unwto.org/news/covid-19-international-tourist-numbers-could-fall-60-80-in-2020>

Figure 7. State of implementation of “facilitating movement of people” in the Asia-Pacific region (32 countries)



Source: ESCAP compilation.

Box 4. Good practices of facilitating the movement of people in the region

On 2 July 2020, the Philippines opened the first “green lane” for seafarers in Asia, to allow the free movement of seafarers and personnel across borders. This is essential to facilitating trade in goods, given the importance of maritime transport as well as fish trade. The Philippine Green Lane Joint Circular was created by the Government of the Philippines to ensure that seafarers are accorded speedy and safe travel, subject to health protocols mandated by the Government of the Philippines, including safe and swift disembarkation and crew changes during the pandemic. The Circular also facilitates the creation of controlled travel corridors for the movement of people. More recently, the Inter-Agency Task Force for the Management of Emerging Infectious Diseases issued Resolution No. 79 on 15 October 2020 which allows the departure of Filipinos for non-essential travel.⁴⁷

Looking beyond facilitation of trade in goods, a pilot scheme in Thailand was initially set to grant special tourist visas for long-stay travellers, which would have allowed healthy international tourists to go anywhere within the country after serving a mandatory 14-day quarantine. Singapore is progressively reopening safe travel arrangements with some neighbours through a “travel bubble”. However, those plans were temporarily scuttled after new cases were reported, delaying plans for the reopening. The most recent “travel bubble” between Singapore and Hong Kong was postponed due to a resurgence of confirmed cases in Hong Kong. Yet despite this situation, hopes remain for an easing of travel restrictions or the implementation of the so-called green lanes of air travel in some parts of the region.

3.3.5. Digital trade facilitation

COVID-19 has created unprecedented disruptions of the global economy. Paradoxically, it has accelerated digitalization of the global economy, and digital (paperless) trade has become

⁴⁷ Philippines Department of Foreign Affairs, “PH opens first ‘Green Lane’ for Seafarers in Asia”, available at <https://dfa.gov.ph/dfa-news/dfa-releasesupdate/27094-ph-opens-first-green-lane-for-seafarers-in-asia>

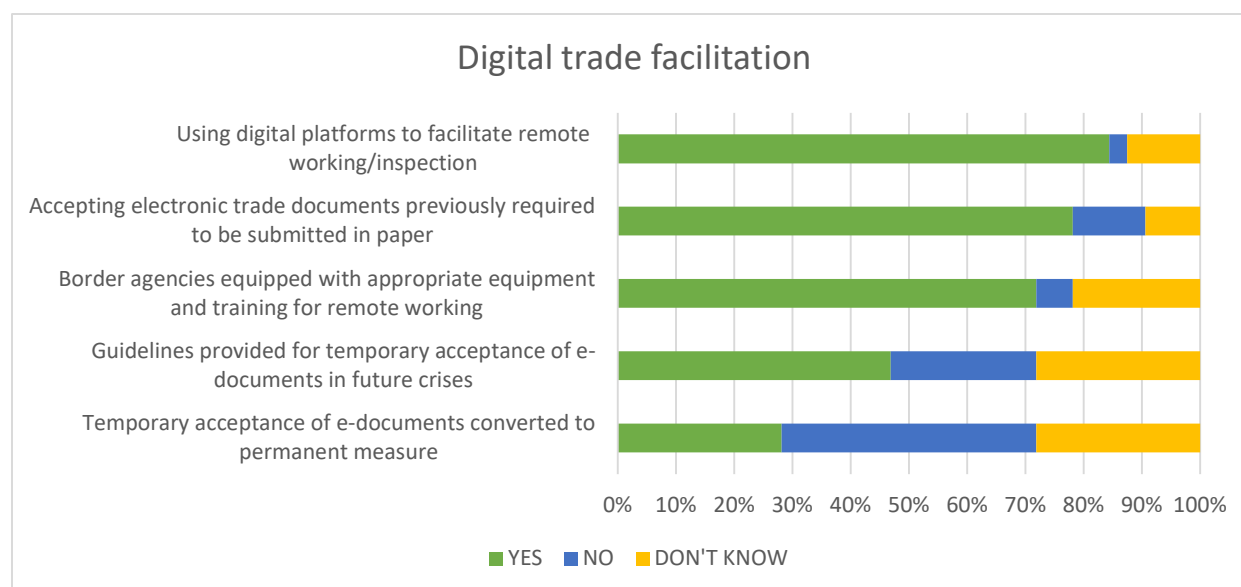
more essential during the pandemic. Many countries are leveraging their existing digital infrastructures to fight the consequences of COVID-19 (box 5).

Box 5. Good practices of leveraging digital platforms to accept electronic documents previously required to be submitted in paper

Myanmar officially joined the ASEAN Single Window System for the electronic exchange of intra-ASEAN certificates of origin, ATIGA e-Form D on 9 December 2019. The pandemic accelerated Myanmar's enforcement of cross-border paperless trade. In March 2020, Myanmar started enforcing the use of ATIGA E-FORM D for Normal, Back-to-Back and Third Country Invoicing applications effective immediately. No manual endorsement of Certificates of Origin will be carried out for the ATIGA E-Form D.⁴⁸

More than 80 per cent of the countries surveyed have used digital platforms to facilitate remote working and inspections. Approximately 70 per cent of the countries have equipped their border agencies with appropriate equipment and training for remote working. Nearly 80 per cent of the countries have temporarily accepted electronic documents that were previously required in writing. However, it should also be noted that most of the countries accept those e-documents on a temporary basis, and less than half of the countries have provided guidelines for the temporary acceptance of e-documents in future crises (figure 8).

Figure 8. State of implementation of “digital trade facilitation” in the Asia-Pacific region (32 countries)



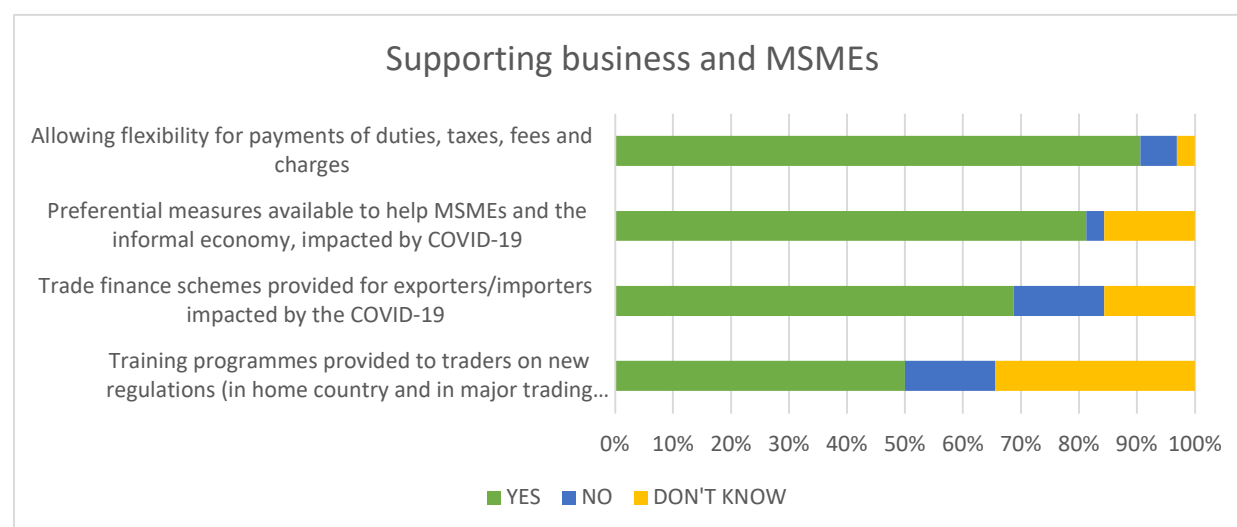
Source: ESCAP compilation.

⁴⁸ See <http://www.dagangnet.com/notification-enforcement-of-e-form-d-atiga-and-miti-counter-service-operating-hours-during-the-movement-control-order-period-from-18-to-31-march-2020/>

3.3.6. Other business facilitation measures (including MSMEs facilitation)

More than 90 per cent of the countries surveyed have allowed some flexibility when it comes to payments of duties, taxes, fees and charges, and more than 80 per cent of the countries have implemented preferential measures to help SMEs and the informal economy hit hard by the COVID-19. In addition, approximately 70 per cent of the countries have introduced trade finance schemes for exporters and importers. That said, only half of the countries have provided training programmes to traders on new regulations in both their home country and in other countries (figure 9).

Figure 9. State of implementation of “supporting business and MSMEs” in the Asia-Pacific region (32 countries)



Source: ESCAP compilation.

MSMES are often facing great challenges when accessing information and they often lack the expertise regarding the relevant regulations in nations with which they are trading. As such, training programmes will be significantly beneficial to MSMEs, particularly during the pandemic, when government measures and regulations are changing quickly (box 6).

Box 6. Good practices of training programmes provided to traders and MSMEs

The Government of the Republic of Korea held several virtual consultations for more than 400 MSMEs from April to July 2020 and invited buyers from abroad to link up with MSMEs in the relevant sectors. The Government provides consultation and support for MSMEs including translation, legal and advisory services to assist with contract signing and reselling through online channels, and distribution services to help MSMEs ship samples abroad.⁴⁹

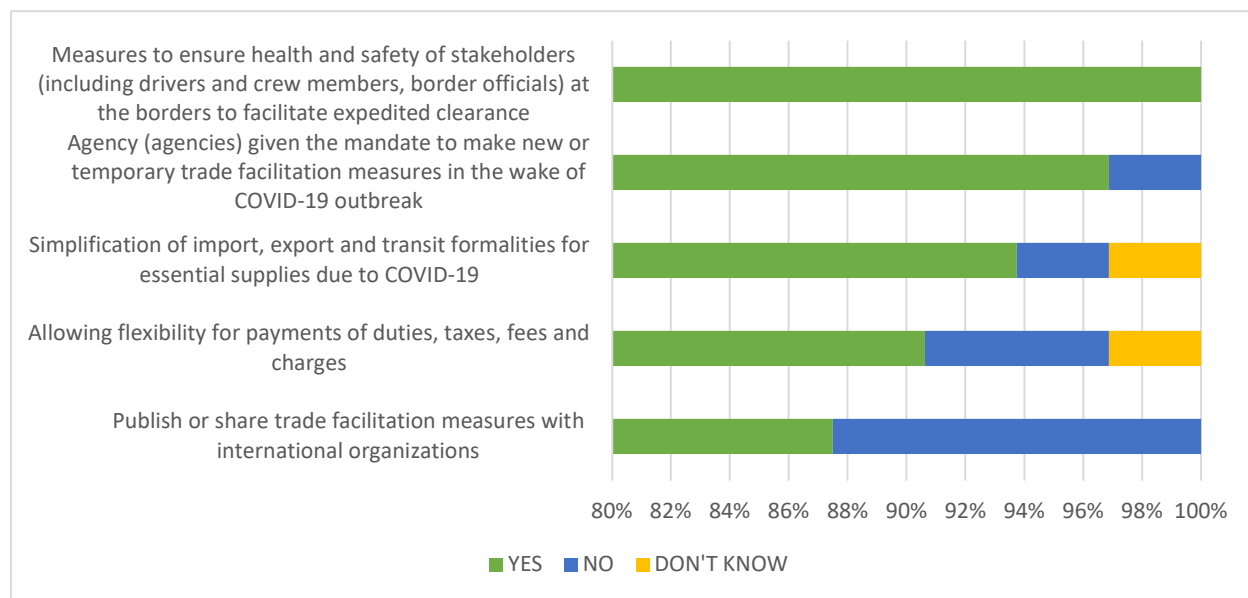
⁴⁹ Government of Korea: “3rd Report on COVID-19 Response Strategy: Testing Time for Resilience” (2020) <https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4893>

Some local governments in China provided online legal assistance to traders involved in regulatory compliance and commercial disputes caused by changing regulatory requirements, cancellation of orders, delays in delivery and refunds requested as a result of the pandemic. For example, the Hubei local government organized several virtual training courses on the legal risks of cross-border trade in times of crisis, with representatives from more than 400 companies attending the courses.⁵⁰

3.4. Most- and least-implemented trade facilitation measures

The most implemented trade facilitation measure is for ensuring the health and safety of stakeholders at the borders, which was fully implemented (100 per cent). It would be natural, given the scale and severity of the COVID-19, for border staff and other stakeholders to always be mandated to follow the basic infection prevention and control principles in order to reduce their exposure to the virus. All of the countries are engaged in the implementation of various health and safety measures for stakeholders (including drivers, crew members and border officials) at the borders to ensure the continued operation of cross-border trade. The second-most implemented measure is, in more than 90 per cent of the countries in the Asia-Pacific region, a mandate for agencies to put in place temporary trade facilitation measures in the wake of COVID-19 (31 out of 32 countries). Countries have also simplified trade formalities for essential supplies (30 countries) and allowed flexibility when it comes to payments of duties, taxes and other fees (29 countries). Also, the majority of countries (87.5 per cent) publish or share their trade facilitation measures with relevant international organizations (figure 10).

Figure 10. Most implemented trade facilitation measures in the Asia-Pacific region (32 countries)

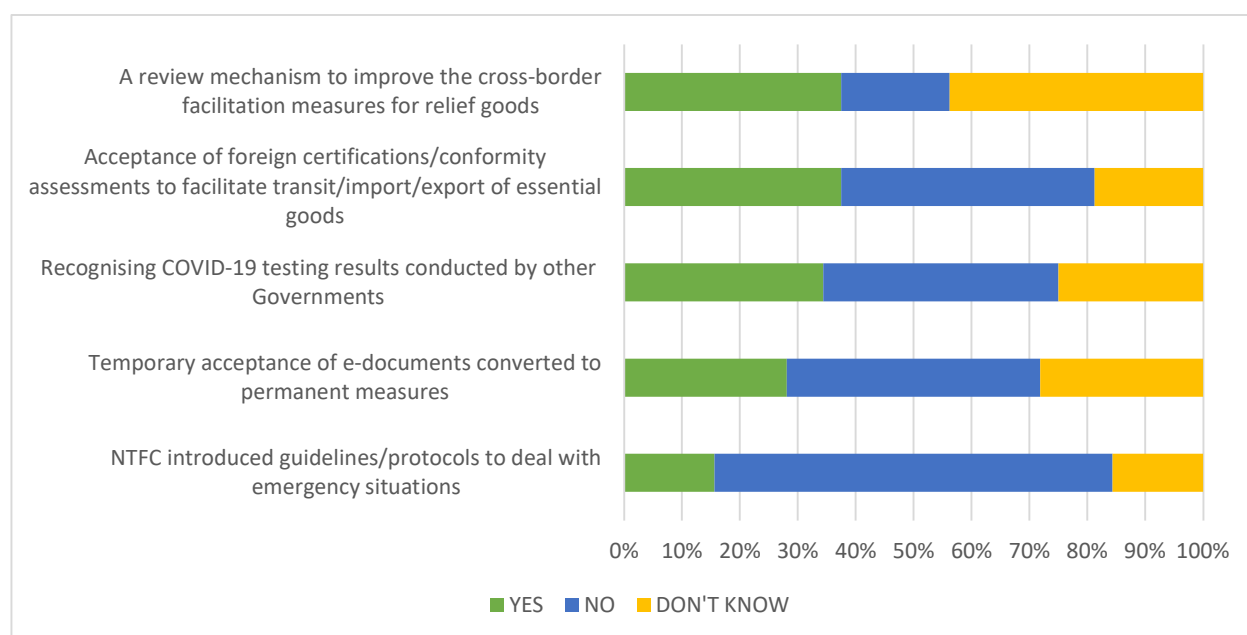


Source: ESCAP compilation.

⁵⁰ CCPIT, "China Trade Promotion Association Organized Online Training Courses (in Hubei) for Enterprises Involved in Cross-Border Legal Risks and Disputes", Press Office of the General Conference Office (2020) Accessed July 2020. Available at: http://www.ccpit.org/Contents/Channel_4327/2020/0326/1249163/content_1249163.htm

On the other hand, less than 40 per cent of the countries have a review mechanism in place when it comes to improving the cross-border trade facilitation for relief goods, accepting foreign certifications/conformity assessments and recognizing COVID-19 testing results by other national Governments. This indicates there is significant room for improvement of regulatory cooperation on SPS and TBT measures for essential goods as well as on the movement of people. These last two measures have yet to be converted into permanent ones that go beyond the current crisis. Less than 30 per cent of the countries accept additional e-documents on a permanent/long-term basis, while most of the countries either retreat from paperless to a paper-based application process after temporary implementation, or they don't know how such a paperless option would be developed after the COVID-19. NTFCs (or similar bodies) in less than 20 per cent of the countries have introduced guidelines or protocols to deal with emergency situations (figure 11). Given the multi-stakeholder composition of NTFCs, significant room for improvement exists to position themselves better in coordinating emergency trade facilitation measures and addressing future crises by advancing trade facilitation policy reforms.

Figure 11. . Least-implemented trade facilitation measures in the Asia-Pacific region (32 countries)



Source: ESCAP compilation.

4. Forging ahead: Building back better through resilient regional supply chains and trade connectivity

Despite efforts by countries to keep their borders open and to accelerate digital transformation, severe bottlenecks in trade facilitation have been identified in many parts of the Asia-Pacific region. In addition, the fragmented policy responses have prevented more efficient and effective responses to the pandemic. The Survey on Trade Facilitation in Times of Crisis and Pandemic reveals that while national COVID-19 trade facilitation measures are, to various extents underway, there is still room for improvement when it comes to a regional mechanism for resilient trade recovery.⁵¹

First, a holistic approach to trade facilitation at the national level is required. The role of NTFCs should not only be limited to those commitments provided by the WTO TFA, but also to support the development of comprehensive national trade facilitation strategies, including adequate responses in times of crisis and pandemics. In the context of the current pandemic, it is recommended that countries include NTFCs in their national emergency task forces in order to devise comprehensive pandemic response strategies to be aligned with trade facilitation measures for mitigating the possibility of shortages in essential food and medical supplies. In addition, decisions taken now will determine the future shape of recovery and growth. Rule-based, long-term actions can lay the foundation for a sustainable and inclusive recovery. NTFCs should be involved in turning temporary actions into long-term measures. Although most countries are still very much in the crisis management phase of COVID-19, some have already started to explore how they can set themselves on the right trajectory to resilient recovery and preparation for future crises.

Second, the pandemic highlights the need to support expedited clearance with a risk-based approach to reduce transaction costs. It would be advisable for countries to further coordinate cross-border operations in line with the global and regional good practices including:

- Keeping borders open for freight with “green lanes”. Designating “green lane” border crossing points can help keep supply chains intact;
- Implementing expedited protocols for entry and exit screening and testing of drivers; pilots and airplane crew; vessels and vehicles carrying cargo;
- Agreeing on mutual recognition of COVID-19 clearance certificate issued by the country of departure or delivery;
- Strengthening customs cooperation including exchange of risk-related information and control results and supporting mutual recognition of AEO programmes to secure and facilitate trade;
- Leveraging innovative forms of border-crossing formalities for crews, transport means and freight;
- Identifying priority to the clearance and transportation of essential supplies, whilst ensuring that all legal documents are in place and customs and other regulatory

⁵¹ See figure 1. Less than 30 per cent of the countries surveyed have harmonized trade facilitation measures with other countries.

requirements are complied with. This may include, but is not limited to, pre-clearance and single window processing; permits, registration of drivers, vehicles and freight;

- Enhancing international cooperation in risk management and requiring boosting inter-connectedness of trade information and data across countries.

Third, further and continued acceleration and/or implementation of paperless trade is essential for resilient trade connectivity. COVID-19 has forced a sudden shift from physical to digital and has radically accelerated the digital transformation of trade. Digitalization has been hailed as the winning strategy for pandemic response, and paperless trade measures that had been introduced prior to the pandemic are demonstrating their value during the crisis. Many Governments in the Asia-Pacific region have announced that paper-based transactions were to be made electronic, including but not limited to submission and processing of delivery orders, bills of lading, service payments, customs declarations, CO and SPS certificates that were previously only accepted as physical documents.

Fourth, countries need to proceed one step forward to establish permanent mechanisms for cross-border exchanges of trade-related data and documents, by ensuring streamlined procedures and establishing an adequate legal framework. The development of the ASEAN Single Window is an example of a strengthened regional mechanism for cross-border paperless trade. The benefits of these measures are clear – not only for the safety of all parties involved, but also in reducing delays and improving efficiency for border agencies, port operators and traders. However, some measures are temporary and have been adopted, understandably, only to keep goods moving during the crisis. Some measures introduced during the pandemic as immediate crisis responses are likely to revert, given the limitations they face from the legal and technical perspectives. This is particularly the case in many developing countries. Many LDCs, LLDCs and SIDS in the region still struggle to drive the penetration of digital services due to challenges such as of weak digital infrastructure and lack of adequate legal framework supporting cross-border data and documents exchanges. It is recommended that Governments work with all stakeholders in turning crisis responses into sustainable measures to ensure all the positive steps taken will not be lost. In this regard, the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific, which will enter into force on 20 February 2021, will support the Asia-Pacific region's journey towards cross-border paperless trade.⁵² It is designed to provide a region-wide multilateral, intergovernmental platform, thereby creating a neutral and dedicated space for the development and testing of legal and technical solutions for cross-border paperless trade that builds on national, bilateral and subregional initiatives. It is designed to enable countries at all levels of development and digitalization participate.

Last, collaboration at all levels including engaging the private sector in trade facilitation remain a key in fighting against COVID-19. Governments at all levels and the private sector have introduced various innovative measures for disclosing public information, virus testing and quarantine monitoring, purchasing and distribution of essential supplies as well as business facilitation measures to battle the pandemic and its ongoing social and economic consequences. The role of private sector in advancing trade facilitation should be strengthened. At the regional

⁵² See <https://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>

level. the signing of the Regional Comprehensive Economic Partnership by Australia, China, Japan, New Zealand, the Republic of Korea and 10 ASEAN members in November 2020 is one timely mechanism for building ties. It paves the way for reducing trade barriers, revitalizing the supply chains and enabling sustainable trade facilitation during the COVID-19 pandemic and supply chain decoupling.⁵³ More ambitious commitments to trade facilitation and cross-border paperless trade are expected in ongoing bilateral, subregional and regional discussions by Asia-Pacific region countries in the post-pandemic future. Relevant initiatives that could provide building blocks for an updated set of trade facilitation measures or related mechanism include, inter alia, the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific, the ASEAN Single Window Agreement as well as trade facilitation elements of the Digital Economy Partnership Agreement that was recently signed between Chile, New Zealand and Singapore.

⁵³ ASEAN (2020), “Summary of the Regional Comprehensive Economic Partnership Agreement”, available at <https://asean.org/storage/2020/11/Summary-of-the-RCEP-Agreement.pdf>