

Seamless Trade and Transport Connectivity in Asia and the Pacific: Regional Cooperation in the Context of the COVID-19 Pandemic



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Executive summary

The Coronavirus 2019 (COVID-19) pandemic has caused severe strain in international trade worldwide and in Asia and the Pacific, highlighting the need for more resilient and efficient cross-border transport and trade connectivity, including via greater regional cooperation in legal and technical and operational efforts.

Most countries have managed to maintain a critical mass of freight flows. Cross-border trade of goods has continued through most borders and along most regional transport corridors. Faced with the pandemic, many countries have intensified their digitalization and facilitation efforts. However, additional health and other requirements, as well as the consequences of containment measures, often implied additional costs and delays in cross-border operations. This was amplified by pre-existing connectivity challenges in Asia and the Pacific. In this context, a coordinated regional response would be more cost-effective and impactful, especially in case of a prolonged crisis. Regional cooperation could focus on risk sharing, early responses and rapid alert mechanisms, which will help maintain the predictability of trade and transport of key supplies in times of crisis.

“Streamline, harmonize and digitalize” could be considered as the guiding principles of the trade and transport response during the pandemic and in its aftermath. The existing cooperation mechanisms for transport and trade connectivity in Asia and the Pacific should be mobilized to provide stronger momentum to facilitation, harmonization and digitalization of cross-border trade and transport. This includes the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific and the intergovernmental agreements on the Asian Highway and the Trans-Asian Railway Networks. Complementing this, regional coordination in times of crises can also be institutionalized in future negotiations of regional, subregional and bilateral trade and transport agreements.

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I. Introduction

The COVID-19 pandemic has caused severe strain in international trade worldwide and in Asia and the Pacific. The shutdown of production and many overseas order cancellations; a sharp drop in the activities which rely on frequent face-to-face contact; and high uncertainty about the extent, duration and scope of the economic crisis have undermined business and consumer confidence,¹ inducing a major contraction of both supply and demand in cross-border trade and transport.

In addition, COVID-19 related travel and transport restrictions have directly hit the trade in goods and in services. It is estimated that containment measures could reduce global freight transport volumes by up to 36 per cent by the end of 2020, with the highest reduction projected for South East Asia, Central Asia and parts of South and South West Asia². Transport and travel restrictions, as well as the closure of many retail and hospitality establishments, have also resulted in dramatic declines in the services sector. The pandemic is forecasted to increase trade costs in the Asia-Pacific region by an average of 7 per cent.³

This situation has reignited a long-standing debate about globalization, and its value-adding processes strongly depended on internationally distributed production. At the same time, it has underscored the importance of maintaining transport and trade connectivity and the cross-border movement of goods, not

only for the immediate pandemic response, but also for the subsequent recovery efforts and building resilience to future disruptions. The need to ease the flow of essential goods and services is more pronounced than ever, both to ensure the supply of essential goods and to minimize disruptions of international supply chains.

In response to the COVID-19 pandemic, the Asia-Pacific region increased implementation and digitalization of trade and transport facilitation practices and sought to improve the efficiency of cross-border transport and trade operations. However, there are pre-existing shortcomings in transport connectivity, including infrastructure and operational shortages, lack of intermodal integration and digitalization, that undermined the resilience of regional supply chains. In trade, fragmented digital infrastructure, lack of relevant legal frameworks and streamlined practices for trade facilitation and cross-border paperless trade further constrain trade resilience and post-pandemic recovery in the region.

Against this background, this document will present the initial developments and lessons learned in transport connectivity, trade facilitation and paperless trade during the COVID-19 pandemic (Section II). It will also discuss the ways forward, how to leverage regional cooperation in Asia and the Pacific; enhance the capacity for pandemic responses; and achieve a sustainable recovery (Section III).

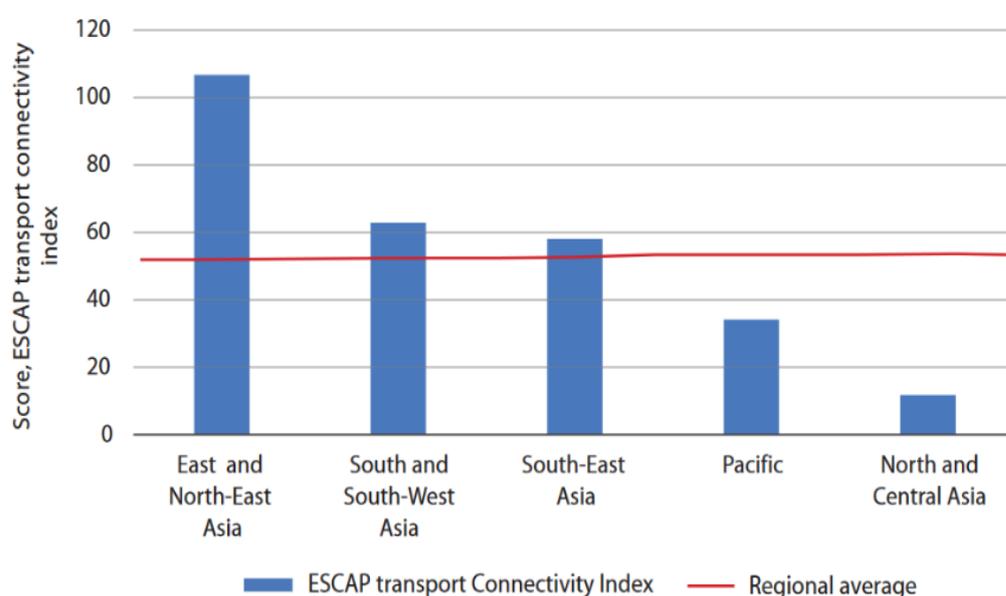
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1. Findings from the OECD Composite Leading Indicator (<https://data.oecd.org/leadind/composite-leading-indicator-cli.htm#indicator-chart>) and the European Union Business and Consumer Survey (European Union, 2020) done in May 2020 indicate lower confidence level than in 2008. The supply chain disruptions, travel restrictions, and lockdowns have had extensive consequences in Asia.
 2. ITF Policy Brief, “How Badly Will the Coronavirus Crisis Hit Global Freight?”, April 2020. See <https://www.itf-oecd.org/sites/default/files/global-freight-covid-19.pdf>
 3. Utoktham & Duval, Bilateral Trade Cost Forecast – Technical Brief (updated 14 September 2020), available at <https://www.unescap.org/resources/escap-world-bank-trade-cost-database>

II. Transport and trade connectivity in Asia-Pacific during COVID-19: observed developments and lessons learned

A. Transport connectivity

As documented in the 2019 Review of sustainable transport connectivity in Asia and the Pacific: addressing the challenges for freight transport,⁴ Asia and the Pacific have entered the pandemic period with significant and persistent shortages in transport connectivity, particularly affecting some subregions. (figure 1)

Figure 1. ESCAP transport connectivity index, by subregion



Source: ESCAP calculations

The COVID-19 pandemic further underscored major limitations of the existing practices of freight transport in the Asia-Pacific region. Road-centric freight systems, shortages in operational connectivity, lack of harmonization of technical standards, coupled with the established practices of freight consolidation, lean inventories and just-in-time delivery, adversely affected the resilience of international supply

chains, leading to shortages of goods and imbalances in freight delivery. Likewise, the pandemic revealed the hidden vulnerability of entire segments of the transport sector, including aviation, small and medium transport operators, freight forwarders and many others.

At the same time, the pandemic has underscored the critical link between the

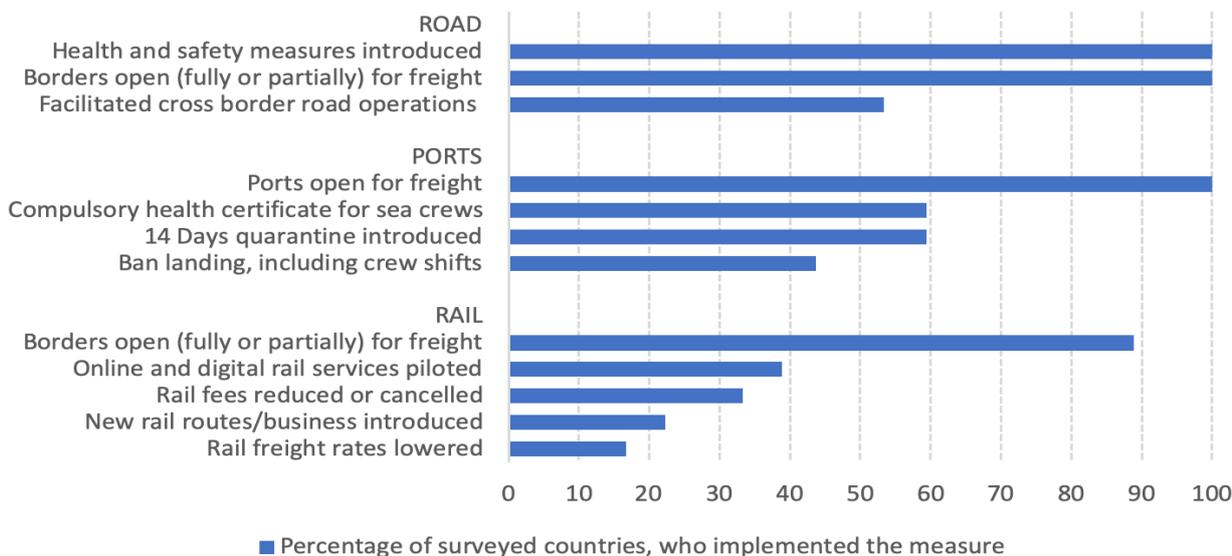
4. ESCAP, *Review of Sustainable Transport Connectivity in Asia and the Pacific: Addressing the Challenges for Freight Transport 2019*, available at: <https://www.unescap.org/publications/review-sustainable-transport-connectivity-asia-and-pacific-addressing-challenges>

transport and logistics industry and the pandemic response, as illustrated by the efforts to keep borders open to trade throughout the crisis.

The Asia-Pacific region has made great efforts to preserve transport connectivity during the pandemic (figure 2). According to the information collected by the secretariat, members of the Asian Highway Network kept all, or at least a significant portion, of their land borders open for freight. Two

thirds have implemented special transport facilitation measures, helping to smooth the movement of essential goods and, in many cases, of general freight. Freight transport proceeded with limited interruptions along the Trans-Asian Railway Network, making rail a vital link for the movement of essential goods and medical supplies. Likewise, ports remained operational for freight, supporting global trade and preventing full dismantling of international supply chains.

Figure 2. Status of transport connectivity during COVID-19
(per cent of surveyed countries which implemented the measure)



Source: Estimates based on online ESCAP repository of transport-related COVID-19 policy measures⁵

The available information shows that national governments have implemented various measures to ensure the continued movement of international freight at the border. These measures varied from coordinating border policies to allow commercial vehicles or others with essential needs to cross the border, introducing green lanes to prioritize customs

clearance and transit of essential goods, accelerated customs procedures for essential goods, streamlining the border crossing procedures, changing requirements for drivers and incoming trucks, exempting freight transport companies from paying transport tax etc.

The pandemic situation has also increased

5. 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 on 24 July 2020).

the momentum for digitalization. Many countries have begun accepting electronic documents during the pandemic; piloted new automated and digital technologies; promoted contactless processing and delivery; and many other measures (table 1).

Table 1. Selected transport facilitation measures during COVID-19 pandemic in Asia and the Pacific

Area	Transport facilitation measures implemented
Simplified border-crossing procedures	<ul style="list-style-type: none"> • 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 stop and rest area locations; • Reduction in landing/port fees to help aviation and shipping industries; • Use of TIR/e-TIR system to facilitate transport and transit.
Digitalization of freight operations	<ul style="list-style-type: none"> • Wider use of information and communication technology, including electronic exchange of information between transport and control authorities; • Advance submission of transport documents in digital form before arriving to the port of entry; • Creating web portals to inform about areas under lockdown and road closures.
Supporting business continuity of transport sector	<ul style="list-style-type: none"> • Launch of economic stimulus measures to support transport sector (reduction of income tax, financial relief packages, unsecured loans, decreasing vehicle registration fees etc.); • Enabling public-private partnership, easier access to market and improving digital capacities of transport sector players; • Providing training, timely information and protective equipment for transport crews and staff; • Enhancing disinfection and sanitisation regime of property and facilities.

Source: Selected based on online ESCAP repository of transport-related COVID-19 policy measures⁶

Still, the connectivity disruptions wreaked by the pandemic are likely to have a strong effect on the international freight transport sector in Asia and the Pacific, although the impact varies significantly across regions, countries and the segments of the freight industry (table 2).

6. *Ibid.*

Table 2. COVID-19 impact on freight transport by mid-June 2020

Transport sub-sector	Service	Mobility	Financial cost	Freight forwarding demand
Road freight	Domestic	Negative to mixed	Negative	Negative to mixed
	International			
Rail freight	Domestic	Negative to neutral or positive		
	International			
Air freight	Belly cargo	Mainly negative; also neutral to positive routes		Very negative
	Cargo only			Positive
Maritime freight	Shortsea liner	(Very) negative		Negative to mixed
	Deepsea liner			

Source: Adopted from Dr. Lauri Ojala, “The Fall and Rise of Freight Transport during the Coronavirus Pandemic”, 23 June 2020.

Note: impact on rail and road freight is adjusted for Asia and the Pacific, based on the ESCAP’s estimations.

While freight air transport is the most affected with income losses, the international road freight industry also expects an average 18 per cent decline in global turnover in 2020, amounting to approximately \$652 billion, with an expected decline of 21 per cent in Asia.⁷

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.⁸ This underscores the great benefits of international rail transport, including its higher resilience to

pandemics and similar disruptions. Still, even rail freight may experience an overall loss of around \$1.7 billion for 2020 and 2021.⁹

The latest World Trade Organisation (WTO) estimates¹⁰ suggest that transport and travel costs could potentially have the most significant impact on international trade during the pandemic. Under normal conditions these costs account for 15 per cent of trade costs in agriculture, 19 per cent in goods-related services such as retail and wholesale, and about 31 per cent in manufacturing trade. Additional inspections,

7. International Road Transport Union, “COVID-19 Impacts on the Road Transport Industry”, IRU Policy Brief, (Geneva, June 2020).

8. As per data available on the Global Times (<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.

9. International Union of Railways, “First estimation of the global economic impact of Covid-19 on Rail Transport”, UIC COVID-19 Task Force, (Paris, July 2020).

10. World Trade Organisation, “Trade Costs in the Time of Global Pandemic”, Information Note, 12 August 2020.

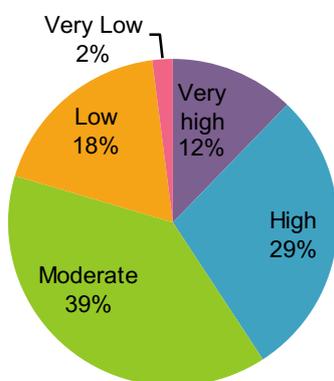
reduced hours of operation, road closures, border closures, increases in transport costs, etc. could increase such trade costs by 25 per cent, given the scale of the impact and the severity of the containment measure.¹¹

2020) confirmed that, while many countries found the disruptive impact of COVID-19 on freight transport services to be moderate and, in some cases, limited, most of them also thought that it had a significant effect in terms of raising transport costs and delays in Asia and the Pacific (figure 3).

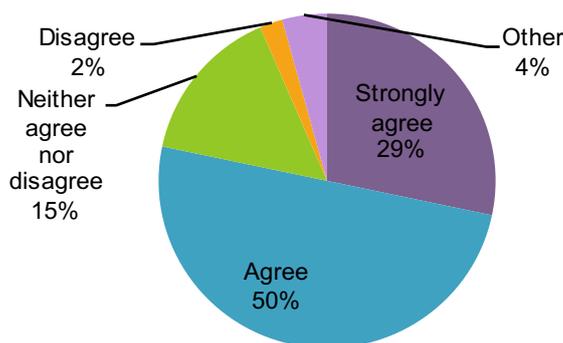
The ESCAP’s survey on Freight Transport Policy Responses to COVID-19 (June-July

Figure 3. COVID-19 and transport costs and delays in Asia and the Pacific

Estimated level of disruption on freight transport services.



Cross-border freight operations have become more costly and / or time consuming due to COVID-19.



Source: ESCAP Survey Freight Transport Policy Responses to COVID-19 (June-July 2020).

11. Maryla Maliszewska, Aaditya Mattoo, Dominique van der Mensbrugge, “The Potential Impact of COVID-19 on GDP and Trade: A Preliminary Assessment”, World Bank Policy Research Working Paper 9211, April 2020.

Table 3 offers examples of the additional costs for road transport operators stemming from the COVID-19 related measures.

Table 3. Examples of additional road transport costs due to COVID-19

Additional costs incurred by the road operators due to COVID-19	
Labour costs	<ul style="list-style-type: none"> Recruitment and hiring of additional drivers to replace those sick or in quarantine.
Health check requirements	<ul style="list-style-type: none"> Arrangement and payment for additional health tests of drivers and preparation of accompanying documents.
Idle time	<ul style="list-style-type: none"> Additional downtime, including at paid parking; Unpaid vehicle mileage due to forced changes to the route; termination of the started transportation and empty runs due to the impossibility of reloading; Payments to drivers for the actual increase of working hours on the route and living expenses, including during the period of forced quarantine, hazard pays etc.
Insurance	<ul style="list-style-type: none"> Complying with more stringent insurance requirements.
Operational costs	<ul style="list-style-type: none"> Hygiene products for drivers; Means and procedures for sanitizing vehicles and transported goods.
Business losses	<ul style="list-style-type: none"> Losses from disruption of the transport schedule or the transport itself; Penalties from cargo owners.

Source: ESCAP, “Seamless and Smart Connectivity along the Asian Highway network in the time of COVID-19”, project technical note, September 2020.

Lessons learned during and prior to the pandemic point to the following policy areas where further actions would have positive impacts on the recovery and strengthening the resilience of the transport networks to future shocks:

- Strengthening regional cooperation and coordination on transport response to pandemics, emergencies and disasters:** The pandemic showed that for the most part, when countries in the subregion took unilateral and protectionist measures, it led to a slowdown, and on some routes even a complete freeze, of freight movement.

but through greater synergy in combining different transport modes into a transport chain that is efficient, environmentally sound, safe and reliable.
- Further developing efficient intermodal connectivity:** Bottlenecks and operational restrictions, along with additional costs could be offset not only by higher usage of other modes of transport, such as rail,
- Continuing to improve infrastructure and operational connectivity:** The transport infrastructure in Asia and the Pacific requires expansion, upgrading and construction of missing links to increase its resilience to external shocks. By the same token, enhancing operational connectivity would also increase resilience and agility in a future disruption.

- **Supporting the shift towards more sustainable freight sector:** The close linkage between the COVID-19 pandemic and the climate change challenge has already been signalled. Lessons learned from COVID-19 policy responses should inform future policies on more sustainable and inclusive transport.

B. Trade facilitation and paperless trade

Within the context of supply chain disruption and trade distortions during the COVID-19 crisis, trade facilitation warrants particular importance, and mechanisms to maintain trade flows of essential goods, medical supplies and food products have been seen as crucial during the pandemic.

Economies in the Asia-Pacific region made continuous progress in implementing trade facilitation measures in the past years, but there are still gaps, and the level of implementation varies across economies and subregions. The Agreement on Trade Facilitation (TFA) of the WTO, which came into force in 2017, aims to expedite trade

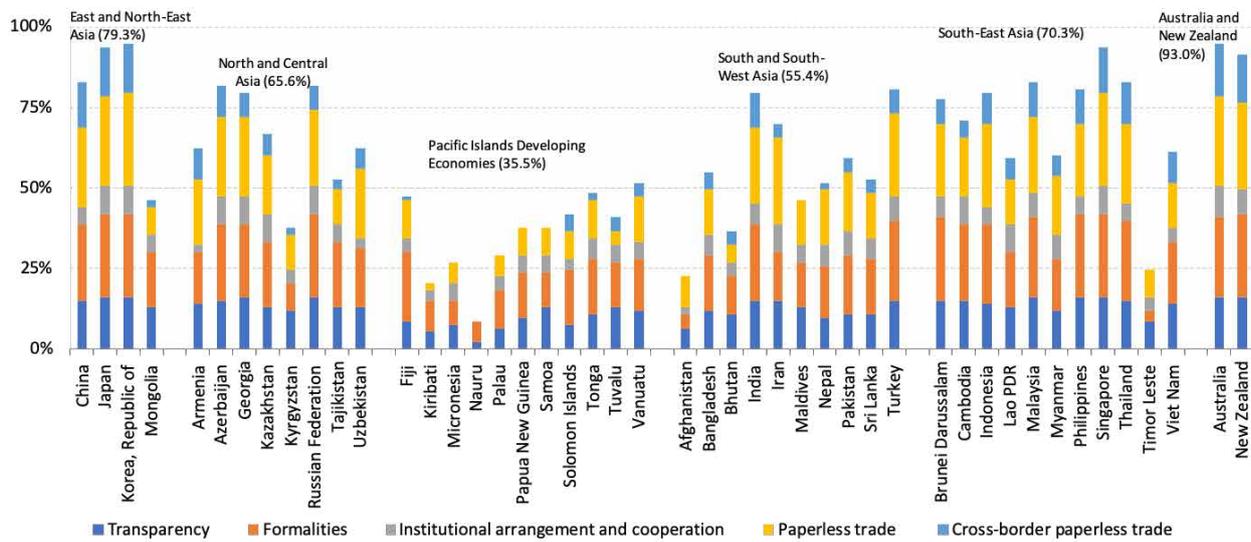
procedures, including the movement, release and clearance of goods. Its full implementation could boost global trade by \$1 trillion per year, cutting trade costs by 14.3 per cent for low-income countries and more than 13 per cent for upper-middle-income countries.¹² However, the TFA has not yet been implemented by all countries in the Asia-Pacific region. The United Nations Global Survey on Digital and Sustainable Trade Facilitation (Global Survey) include measures specified in the TFA, as well as complementary digital and sustainable trade facilitation measures not specifically included in the agreement¹³. According to the latest Global Survey conducted in 2019, the regional average implementation of the comprehensive set of measures stands at 59.7 per cent.¹⁴ Implementation levels vary greatly across countries and subregions with some advanced economies such as the Republic of Korea, Singapore and New Zealand achieving implementation rates of over 90 per cent, while, in several Pacific countries, implementation barely reaches 30 per cent. Implementation levels also vary across groups of measures (figure 4).

12. WTO, 'World Trade Report 2015: Speeding up Trade: Benefits and Challenges of Implementing the WTO Trade Facilitation Agreement' (2015).

13. United Nations Global Survey on Digital and Sustainable Trade Facilitation. Available at: <https://untfsurvey.org/>

14. ESCAP, 'Digital and Sustainable Trade Facilitation in Asia and the Pacific 2019' (2019). Available at: <https://www.unescap.org/sites/default/files/UNTFSURVEY%20ASIA-PACIFIC%20REPORT%202019%20%28final%29.pdf>

Figure 4. Overall implementation of trade facilitation measures in 46 Asia-Pacific countries



Source: ESCAP, 2019

Since the outbreak of COVID-19, governments, border agencies, logistics companies and traders have been exploring how they can leverage existing trade facilitation measures to keep goods moving across borders. The crisis has also accelerated the implementation of trade facilitation globally. Many international and regional organisations are actively promoting international best practices. This presents an opportunity to turn trade facilitation measures implemented in response to COVID-19 into sustainable practices, spur the development of paperless trade and build back better.

While details of trade facilitation measures in response to COVID-19 applied on the ground vary based on the different cultural, societal and economic context of each country, measures can generally be categorized into six groups. In addition to transport, logistics and transit facilitation (discussed in the above section), the other five groups of measures are: transparency and institutional coordination; simplification of customs procedures and expedited clearance; digital trade facilitation; business facilitation and supporting Small and Medium Enterprises (SMEs); and trade finance facilitation. Table 4 provides the summary of key trade facilitation measures under these five groups.¹⁵

15. The summary and subsequent discussions are based on four subregional studies on trade facilitation in times of crisis and pandemic: Yenela Vassilevskaya, 'Trade Facilitation in Times of Pandemic: Practices from North and Central Asia' (ESCAP 2020) ARTNeT Working Paper Series No.197; Jianguan Fu, 'Trade Facilitation in Times of Pandemic: Practices from the East and North-East Asia' (2020) ARTNeT Working Paper Series No.196; Prabir De, 'Trade Facilitation in Times of Pandemic: Practices from South and South West Asia' (ESCAP 2020) ARTNeT Working Paper Series No.198; Trade Facilitation in Times of Pandemic: Practices from the South East Asia (forthcoming).

Table 4. Practices of COVID-19 trade facilitation measures across the region

Area	Selected trade facilitation measures
Transparency and institutional coordination	<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 organisations (WTO and World Customs Organization (WCO)); • All-Government approach with creation of task forces/governing body comprising of Customs authorities, Ministry of Transport, Ministry of Trade, Ministry of Commerce etc.; • Coordination of border, domestic and cross-border border agencies; • Collaboration for expedited clearance of emergency supplies.
Simplification of customs procedures and expedited clearance	<ul style="list-style-type: none"> • 24/7 clearance system at major ports; • Reduction and waiving of taxes and duties for goods essential to combating the spread of the pandemic; • Expedited clearance through green lanes and exclusive service windows with designated officers; • Simplification of import, export and transit documentary requirements and procedures; • Risk management to prioritize clearance of imports and exports to low-risk critical supplies; • Recognition of testing reports and certificates by competent foreign authorities, as well as third parties for expedited clearance of essential medical supplies; • Allowing trusted traders/Authorized Economic Operators (AEOs) to be granted expedited clearance.
Digital trade facilitation	<ul style="list-style-type: none"> • Leveraging information technology and facilitate more streamlined customs procedures; • Allowing submission of electronic documents including additional digital document to be submitted via single window; • Implementing Government digital platforms to facilitate remote working.
Business facilitation and supporting SMEs	<ul style="list-style-type: none"> • Launch of financial support package to support business by reducing tax and allowing deferral payments, with support of SMEs as a priority; • Allowing SMEs easier access to trade facilitation information and measures, improving digital capacities of SMEs and providing training assistance for SMEs resilience; • Leveraging of e-commerce and broadcasting sales to boost exports.
Trade finance facilitation	<ul style="list-style-type: none"> • Provision of various export credit insurance tools with reduced administrative fees; • Introduction of online trade finance facilities and provision of digital solutions for trade finance.

Source: ESCAP compilation.¹⁶

16. *Ibid.*

a) Transparency and institutional coordination

According to the Global Survey, all of the countries in the region have implemented various transparency measures¹⁷, which provide a good foundation for exploring trade-related measures in response to the pandemic. Most countries in the region have published, at least partially, their trade-related measures on the website of relevant government agencies and duly notified the WTO and WCO of the measures introduced. However, it is not easy to find all new or temporary trade-related measures for most of the countries in the region. Information is often incomplete and scattered across different governmental websites, e-platforms and trade portals. Government decisions change rapidly, and measures are amended several times as the pandemic situation evolves. The lack of an easily accessible and well-organized source of the most up-to-date trade-related measures to traders has become a substantial constraint during this crisis. There are some cases where single source of information is implemented. For example, the Russian Federation has implemented a 'COVID-19 single window'¹⁸. In Japan, information is presented in both the local language and English, enabling easier access to information for the relevant stakeholders.¹⁹

Nearly all countries in the region have established a governing body to develop and coordinate COVID-19 countermeasures. Many border agencies have established coordination mechanisms in terms of both

internal and cross-border collaboration for certain trade procedures, such as the expedited clearance of essential supplies. However, it was noted that in many countries the coordinating body, such as national trade facilitation committees (NTFCs) or its equivalent, did not necessarily participate in the committee/body responsible for COVID-19 crisis response, which usually focused on health issues. These coordinating bodies often lack the competency or mandate to implement effective trade facilitation measures. The COVID-19 has demonstrated the importance of NTFCs or equivalent agencies in coordinating trade facilitation and guiding the implementation of the WTO TFA while responding to a crisis.

b) Simplification of customs procedures and expedited clearance

While many trade-restrictive measures were implemented in the early stages of the pandemic, most countries have shifted towards simplification of trade procedures and expedited clearances as the pandemic progressed and the long-term situation became more evident. A WTO report on trade measures points to significant moves to facilitate imports, in particular products related to COVID-19.²⁰ Governments have now implemented dozens of measures simplifying customs procedures and expediting clearance for essential supplies. The most commonly applied measures were reducing tariffs, VAT and customs fees, prioritizing the clearance of essential goods used for fighting COVID-19 and streamlining registration and approval requirements to deal with relevant technical regulations. In addition, countries such as

17. *Ibid.*

18. http://government.ru/support_measures/

19. <https://corona.go.jp/en/>

20. 'WTO Report on G20 Shows Moves to Facilitate Imports Even as Trade Restrictions Remain Widespread' (29 June 2020). See https://www.wto.org/english/news_e/news20_e/trdev_29jun20_e.htm

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

c) Digital trade facilitation

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

Nearly all countries (96 per cent) in the region have fully or partially made available automated customs systems.²²

Many countries in the region have promoted digital exchanges of data and documents, and moved away from paper documents, for example, Certificate of Origin (CO) (India and the Eurasian Economic Union [EAEU]), tax rebate applications (China) and FTA-origin document (the Republic of Korea) in response to the pandemic.²³ However, it is also worth noting that implementation depends on having the appropriate capacity, digital infrastructure and technologies. Some developing countries in the region still have no electronic service platform, or their electronic systems are limited to certain agencies and in need of significant improvements. Capacity building to improve digital trade facilitation is a high priority.

d) Business facilitation and supporting SMEs

SMEs are particularly vulnerable to the effects of the COVID-19 pandemic. Supporting MSMEs during the pandemic has been identified as a priority in business financial support packages in many countries in the region. In addition, many countries have implemented measures to enable MSMEs to gain easier access to trade-related information and foreign buyers. China, for instance, offers free consultation services to traders, particularly SMEs, on the changing regulatory requirements in major trading nations and legal risks which during the COVID-19 crisis.²⁴

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

22. ESCAP (n 13).

23. Yenela Vassilevskaya, 'Trade Facilitation in Times of Pandemic: Practices from North and Central Asia' (ESCAP 2020) ARTNeT Working Paper Series No.197. Jiangyuan Fu, 'Trade Facilitation in Times of Pandemic: Practices from the East and North- East Asia' (2020) ARTNeT Working Paper Series No.196. Prabir De, 'Trade Facilitation in Times of Pandemic: Practices from South and South West Asia' (ESCAP 2020) ARTNeT Working Paper Series No.198.

24. Jiangyuan Fu, Joseph A McMahon and Xue Huidan, 'More Restriction or Facilitation on PPE amid COVID-19: Limitations and Options of International Trade Law'. See <https://www.unescap.org/sites/default/files/46%20Final%20Team%20Jiangyuan%20Fu-Hong%20Kong.pdf>

e) Trade finance facilitation

Trade finance is recognized as a significant factor in maximizing a country's trade potential and economic development.²⁵ The impacts of the COVID-19 crisis on trade finance have been immense. The International Chamber of Commerce (ICC) suggested that if merchandise trade volumes are to return to close to 2019 levels in 2021, an estimated \$1.9–5.0 trillion capacity in the trade credit market will be required.²⁶ In addition, COVID-19 has also exposed the

vulnerability of paper-based trade financing, which requires significant levels of in-person “back office” staffing. Banks in many countries are facing significant legal risks to take ad hoc measures, as electronic equivalents are not yet accorded the same legal effect as paper processes.²⁷ 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.²⁸

25. ESCAP and ADB, ‘Asia-Pacific Trade Facilitation Report 2019 Bridging Trade Finance Gaps through Technology’ (2019). See <https://www.adb.org/sites/default/files/publication/523896/asia-pacific-trade-facilitation-report-2019.pdf>

26. ICC, ‘Trade Financing and COVID-19: Priming the Market to Drive A Rapid Economic Recovery’. See <https://iccwbo.org/content/uploads/sites/3/2020/05/icc-trade-financing-covid19.pdf>

27. *Ibid.*

28. Fu (n 20).

III. Leveraging regional cooperation for resilient and efficient supply chains



As can be seen from the previous section, the Asia-Pacific region entered the pandemic with numerous challenges in transport and trade connectivity. In addition to this, the fragmented policy responses prevented more efficient and effective responses to the pandemic. Countries, sometimes even while part of an economic union or regional free trade arrangement, have issued new trade and transport policies without warning or consulting their partners. Despite countries' efforts to keep their borders open for freight, the road transport industry and the press reported cases of severe bottlenecks at the borders in many parts of the region.

In the later stages of the pandemic, countries are putting a primer on regional cooperation.²⁹ As the main regional cooperation body for transport and trade in Asia and the Pacific, ESCAP has been working closely with its

member States to mobilize the existing regional transport and trade agreements and other tools for the pandemic response and recovery policies.

In transport area, ESCAP organized several virtual meetings on COVID-19 and transport connectivity, including a Virtual Expert Group Meeting on Safe and Seamless Transport Connectivity along the Asian Highway Network during and after the COVID-19 pandemic (25 June 2020);³⁰ a Virtual Meeting on Challenges and Opportunities for International Railway Transport along the Trans-Asian Railway Network and Beyond (7 and 8 July 2020), which was conducted in cooperation with Organisation for Cooperation between Railways;³¹ and a Webinar on Preserving Transport Connectivity and Building Freight Transport Resilience in ASEAN (9 July 2020).

29. By way of example, 84 per cent of the respondent to the UNESCAP survey on Freight Transport Policy Responses to COVID-19 rated regional cooperation as one of the top priorities for their Government.

30. <https://www.unescap.org/events/virtual-expert-group-meeting-safe-and-seamless-transport-connectivity-along-asian-highway>.

31. <https://www.unescap.org/events/joint-escap-osjd-virtual-meeting-experts-challenges-opportunities-international-railway>

In trade facilitation area, ESCAP organized an Expert Group Meeting on Trade Facilitation Measures in Times of Crisis and Epidemic (29 July 2020)³², which identified good practices in the region and discussed recommended measures that will help cope with future crises. Also, a Policy Hackathon on Model Provisions for Trade in Times of Crisis and Pandemic in Regional and Other Trade Agreements was organized with the aim of help improve regional and other trade agreements to keep trade flowing during the COVID-19 crisis and build back better after the crisis.³³

The expert discussions and countries' presentations during these regional meetings identified several possible areas for collaborative actions in the region to improve its response to the ongoing pandemic and similar future disruptions.

The following paragraphs present the ways forward for strengthened regional actions on transport and trade connectivity in Asia and the Pacific which were discussed during the dedicated expert meetings and subsequent expert and countries' consultations. Further actions centre around three main axes: **Streamline, Harmonize and Digitalize** cross-border trade and transport operations. All these measures entail mobilizing the existing trade and transport cooperation mechanisms and, notably, bilateral and regional transport and trade agreements.

A. STREAMLINE: improving cross-border operations

The infrastructure of Border Crossing Points (BCPs); procedures for crossing the borders; and requirements for vehicles and crew have

been adjusted to fight the spread of COVID-19. In terms of the infrastructure the measures included, inter alia, closure of BCPs with only a limited number of BCPs kept open, adjusted operating hours for border controls, social distancing and safety guidelines imposed at ports of entry for both employees and users including the requirement of wearing personal protective equipment for customs inspectors.

The procedures for customs and border-crossing checks were amended, acceptance of electronic transport documents and, in some cases, rapid customs clearance lanes for specific goods were created. Restrictions on transit and disinfection of vehicles have been widely used. For transiting freight trucks, some countries are using a convoy system. In terms of transport crews, the measures included, among others, limits to the number of crew members allowed entry, new health and medical checks on crew members, lengthy quarantines or self-isolation, change of foreign crew to local crew at borders, as well as restrictions on time spent in the destination country. As far as freight itself is concerned, countries allowed the transport of essential goods only when the freight was disinfected. Many facilitation measures have also been applied to make the movement of goods easier. They included waivers for vehicle certificates and other requirements, creation of rapid customs clearance (green) lanes for specific goods, no charges or penalties for storing the cargo and other.

To reduce delays at ports and border crossings, it would be advisable for countries to further streamline cross-border operations in line with the global and regional best practices (box 1).

32. <https://www.unescap.org/events/expert-group-meeting-trade-facilitation-times-crisis-and-epidemic>

33. <https://www.unescap.org/events/policy-hackathon-model-provisions-trade-times-crisis-and-pandemic-regional-and-other-trade>

Box 1: Facilitating cross-border and transit transport

ESCAP has developed eight transport facilitation models to comprehensively address challenges and enable seamless movement of international transport across borders. Several of them have digitalization and smart components.

The *Model on Integrated Controls at Border Crossing* provides more efficient information flows and sharing among various agencies at border crossings via the application of modern technologies (including ICT as a centre) and a streamlined process for documentation and processing. It can help minimize interventions in the process of crossing borders by various border agencies while maintaining good controls.

The *Secure Cross-Border Transport Model* developed by ESCAP uses technologies such as global positioning systems, cellular communication systems, geographical information systems, radio frequency identification, advanced web based software(s), electronic seals and computer networks to provide a conceptual basis for design of a system that can be used to facilitate cross-border transport while addressing the pressing concerns of the control authorities.

The *Efficient Cross-Border Transport Models* provide practical solutions to the difficulties in cross-border operations of land transport where there is limited requirements of intergovernmental arrangements or absence of such arrangement. Goods and passengers can be more efficiently moved across borders and for onward carriage based on the models which use prime mover-trailer system and commercial cooperation to overcome institutional barriers and conflicts of commercial interests in international land transport.

Source: ESCAP, 2020.

Specific measures could include:

- 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.

- Leveraging innovative forms of border-crossing formalities for crews, transport means and freight.

Transport facilitation measures proved to be crucial during the crisis. They require putting in place policies and procedures at the ports of entry to identify and accord priority to the clearance and transportation of goods, whilst ensuring that all legal documents are in place and customs and other regulatory requirements are complied with. This may include, but is not limited to, pre-clearance of goods and single window processing; strengthening electronic exchange of information; online applications and

platforms for the processing, clearances of imports and exports, application, issuance and renewals of licenses and permits, registration of drivers, vehicles and freight, payment of fees and for information dissemination and sharing would have positive effect.

Finally, it should be noted that COVID-19 further complicated the existing legal regime for multimodal transport operations. Even prior to the COVID-19 pandemic, the legal frameworks in this area did not reflect developments that had taken place in terms of transport patterns, technology and markets. The present legal framework consists of several international conventions designed to regulate unimodal carriage, diverse regional/subregional agreements, national laws and standard term contracts. Consequently, both the applicable liability rules and the extent of a carrier's liability vary greatly from case to case.³⁴ A fragmented and complex legal framework creates uncertainty, which in turn creates transaction costs as it gives rise to legal and evidentiary enquiries, costly litigation and rising insurance costs.³⁵ While there have been, over the years, several attempts at drafting a set of rules to govern liability arising from multimodal transport, none of these have achieved international uniformity. More research and analysis are needed to prepare beneficiaries to better cope with challenges arising from the COVID-19 crisis with respect to contracts for international carriage of goods, focusing particularly on land and multimodal transport.

B. HARMONIZE: incorporating pandemic related provisions in regional agreements

While ambitious national responses to COVID-19 are underway, regional and global cooperation and harmonized multilateral measures can further strengthen crisis response capacities and enable resilient trade and transport connectivity. That said, both the multilateral trading system, as well as existing bilateral and regional trade agreements (RTAs) have failed to provide effective guidance on how trade-related measures can be adapted during crisis while preserving the national interests of trading partners.

In response to this situation and in support of the global ambition to 'build back better', ESCAP together with other United Nations Commissions, the United Nations Conference on Trade and Development (UNCTAD) and the WTO launched a Policy Hackathon in June 2020 to gather inputs for the development of model provisions that could plug the gaps in existing RTAs, promote cooperation and predictability in times of future crises and build resilience in the post-pandemic future. Contributions were made by government agencies, academia and civil society.³⁶ These cover a wide range of topics including import/export restrictions on essential goods, emergency clauses in RTAs, provisions on enhancing regulatory cooperation in the field of essential supplies, trade in food and animal-related products, digital transformation and e-commerce, harmonization of digital trade documents and trade facilitation in times of crisis. Policy implications for Least Developed Countries

34. <https://www.unescap.org/events/policy-hackathon-model-provisions-trade-times-crisis-and-pandemic-regional-and-other-trade>

35. *Ibid.*

36. *Ibid.*

(LDCs) and Landlocked Developing Countries (LLDCs) that suffer most during the crisis have been considered by many contributions.³⁷

In the realm of trade facilitation, contributions shed light on the lack of response mechanisms to address crises such as the current pandemic. Recommendations focused on harmonization within and across regions, such as harmonizing Electronic Certificate of Origin (e-CO) on the regional level; developing territorial requirements chapters to guarantee cooperation among transit and landlocked developing countries in times of crises; lodging Simplified Trade Regimes (STR) in new FTA; introducing further relaxation for origin and customs documentation in the established STRs and others. Some contributions also proposed standardizations at the global level for product identification and data sharing, migration to completely electronic documents along the entire international trading process.³⁸ The proposals and recommendations are expected contribute to a better understanding and preparedness for future negotiations on trade agreements. They are also expected to support the discussions on how RTAs can effectively address similar emergency situations and promote more inclusive, resilient and sustainable trade in the future. The selected insights from the Policy Hackathon were compiled by ESCAP into an online repository.³⁹

Existing transport agreements also deserve attention. The international transport of goods is covered by numerous international legal

instruments across the Asia-Pacific region, including international conventions; other multilateral, including sub-regional; and bilateral agreements. The COVID-19 response showcased that existing legal instruments covering international carriage of goods and passengers may lack adequate provisions on cooperation under extraordinary disruption. At the same time, there are some regional examples of collective responses to the pandemic, such as the decisions by the EAEU countries to establish “green corridors” (introducing uniform sanitary requirements, marking routes on a map, identifying truck stop and driver rest area locations, etc. in each EAEU country) for the import of essential goods.⁴⁰

Based on this lesson and with a view to elaborate recommendations for coordinating the response to potential future crises, ESCAP is taking stock of the current bilateral and multilateral agreements on international transport available in Asia and the Pacific Region (road and rail), analysing the availability of provisions related to crisis response and mutual assistance in emergency situations in these agreements. This work may result in the formulation of proposals for crisis-response provisions in regional and bilateral transport agreements of the ESCAP member States and/or elaboration of a model bilateral agreement with insertion of such recommended clauses, with particular focus on the countries that belong to the Asian Highway Network and the Trans-Asian Railway Network.

37. <https://www.unescap.org/resources/online-repository-contributions-policy-hackathon-model-provisions-trade-times-crisis-and>

38. <https://www.unescap.org/sites/default/files/Compendium%20of%20resources%20on%20trade%20in%20times%20of%20crisis%20and%20pandemic-Version1.0.pdf>

39. <https://www.unescap.org/resources/online-repository-contributions-policy-hackathon-model-provisions-trade-times-crisis-and>

40. Vassilevskaya (n 20).

C. DIGITALIZE: pursue digitalization as a regional development strategy

Digitalization has been hailed as the winning strategy for the pandemic response, but digitalizing trade and transport is not an easy task, given the persisting digital divide, fragmented levels of digital infrastructure service development and new concerns on data protection and cyber security.

Digitalization also requires a regional approach to minimize or prevent the interoperability issues and additional costs and threats arising from diverging technical and operational standards. The following sections will offer several examples of how existing regional legal instruments on cross-border transport and trade can be used to pursue digitalization as a coordinated regional strategy for pandemic response and overall improvement of transport and trade connectivity.

1. Accelerating paperless trade in Asia and the Pacific

The pandemic has demonstrated the urgent need to fully implement the WTO TFA and leverage (cross-border) paperless trade in mitigating the crisis. Prior to the pandemic, 32 countries in the Asia-Pacific region (nearly 70 per cent) had either piloted, partially or fully implemented a single window system. A single window and e-submission of relevant customs documents had already been fully implemented in countries such as China, Japan, the Republic of Korea, and Singapore. Most, if not all documents had been computerized before the outbreak. Many digital initiatives had also taken place in many developing countries (for instance,

members of ASEAN) by 2019. Digital infrastructure is perceived as an important solution for enhanced supply chain visibility and as a vital tool for trade facilitation during the crisis. Automated documents and customs services have reduced the amount of human contact, making infection less likely, while at the same time simplifying the procedure of receiving the said services. These digital systems have created the conditions for the smooth cross-border trade of essential supplies despite strict border restrictions. Countries with relatively developed digital trade infrastructures have been better able to facilitate expedited clearance of goods during the pandemic.⁴¹

However, as of 2019, the implementation of electronic single window systems in most countries in the Asia-Pacific region is mostly incomplete (partially implemented or on pilot basis) and may not readily support electronic application and issuance of all relevant documents. For instance, by 2019, less than 20 per cent of the countries in the Asia-Pacific region had fully implemented “electronic application and issuance of preferential certificate of origin”.⁴²

The COVID-19 crisis has given a tremendous impetus in some countries to accelerate and/or implement paperless trade. Many countries now accept electronic customs declarations, CO and Sanitary and Phytosanitary Measures (SPS) certificates that were previously only accepted as original documents. In some cases, these have been enabled by new procedures and/or regulations, but in other cases, it was a cultural shift accelerated by the pandemic.

Information fragmentation is another key challenge for international trade. The pandemic

41. ESCAP (n 13).

42. *Ibid.*

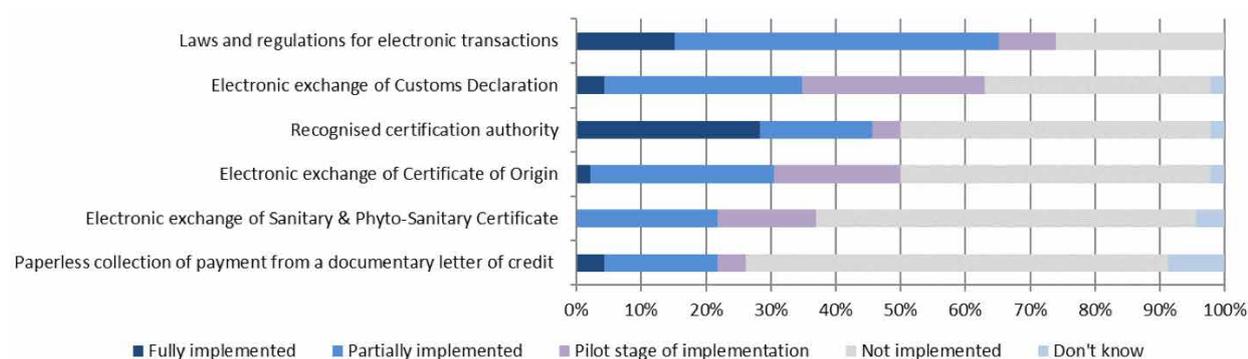
may become an impetus for countries to streamline their trade procedures and documents, including the exchange of customs data, electronic certificates and other documents necessary for cross-border trade. For instance, the enlargement of the ASEAN Single Window with regard to acceleration of computerizing additional trade-related data is underway. Expansion of ASW in the form of ASEAN-Plus is also highlighted as way towards promoting imports from non-ASEAN countries by reducing the level of physical contact between traders and regulatory authorities during the COVID-19 outbreak and future crises.⁴³

With that being said, “cross-border paperless trade” remains poorly implemented in practice (Figure 5). At the regional level, implementation of measures enabling the exchange and legal recognition of electronic trade documents has been very slow.

This is because many countries lack the technical capacity to implement the necessary digital infrastructure domestically, let alone

harmonize it with the (also often incomplete) infrastructure of other countries relevant laws and regulations are the basic building blocks for enabling the recognition and exchange of electronic trade documents. Despite the fact that most of the countries in the region are committed to international treaties on electronic transactions and electronic signatures, such as the Convention on the Use of Electronic Communications in International Contracts, the UNCITRAL Model Law on Electronic Commerce and UNCITRAL Model Law on Electronic Signatures, many have not yet ratified the convention or adopted these model laws.⁴⁴ In addition, robust legal systems for cross-border paperless trade also need to cover various aspects of paperless trade operations including e-payments, data protection, network security, interoperability of digital platforms, mutual legal recognition of trade-related data etc. However, the lack of a complete and wholistic legal and institutional framework, either at national or regional level, has become a constraint on cross-border paperless trade.

Figure 5. Implementation of cross-border paperless trade in the Asia-Pacific (2019)



Source: ESCAP, 2019.

43. Sithanonxay Suvannaphakdy, ‘ASEAN Single Window: Time to Enlarge the Aperture’ (ISEAS-Yusof Ishak Institute, 17 July 2020). See [/media/commentaries/asean-single-window-time-to-enlarge-the-aperture/](#) (accessed 9 September 2020).
 44. UNCITRAL, ‘Overview of the Status of UNCITRAL Conventions and Model Laws’. See <https://www.uncitral.org/pdf/english/TAC/Status/Overview-Status-Table.pdf>

In this regard, the COVID-19 crisis underscores the role of the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific.⁴⁵ A common set of general principles and a dedicated intergovernmental platform for cross-border paperless trade will support

countries to reduce trade cost and facilitate regional supply chain resilience. It will also provide opportunities to exchange and harmonize paperless trade practices and develop specific technical and legal protocols needed to achieve safe and secure cross-border paperless trade (box 2).

Box 2: A regional United Nations treaty to accelerate trade digitalization

Developed by a diverse group of more than 25 Asian and Pacific countries at very different stages of development over four years, *the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific* was adopted by ESCAP in May 2016. It is designed as an inclusive and enabling platform that will benefit all participating countries, regardless of where they stand in terms of trade facilitation implementation.

The Framework Agreement is fully dedicated to the digitalization of trade processes and enabling the seamless electronic exchange and legal recognition of trade-related data and documents across borders. Armenia, Bangladesh, Cambodia, China, and the Islamic Republic of Iran signed the Agreement in 2017. Azerbaijan, and the Philippines have acceded to the treaty in 2018 and 2019 respectively. Islamic Republic of Iran and Bangladesh ratified the Framework Agreement in 2020. China has also completed its domestic ratification process.

Implementing the Framework Agreement is expected to help ESCAP members meet and exceed commitments of the WTO TFA. It also supports the process by providing a dedicated institutional framework for countries with proven political will to develop legal and technical solutions for cross-border paperless trade. More details on the Framework Agreement, including a draft implementation roadmap, are available at: <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>.

2. Promoting smart connectivity along the Asian Highway Network

The use of information and communication technologies has gained momentum in work related to the Asian Highway Network, especially as COVID-19 places a new premium on contactless solutions.

Most of the transport facilitation tools and models maintained by the ESCAP facilitate the use of new technologies. Notably, ESCAP's Standard Model of Logistics Information System offers practical guidance on setting systems for electronic exchange of information to facilitate cargo, vehicles and crew clearance and payment of duties and other taxes.⁴⁶ ESCAP has

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

46. <https://www.unescap.org/resources/standard-model-logistics-information-system>.

also done extensive work on paperless transit. Various studies, including the Monograph Series on Transport Facilitation and Logistics Development in Asia and the Pacific - Study on Paperless Transit;⁴⁷ the Guide to Paperless Transit;⁴⁸ and the Guide on Establishing an Automated Customs Transit Transport System⁴⁹ were produced to deepen the knowledge of stakeholders about, and increase their capacity in terms of operational aspects of, the automated customs transit transport system. These studies also raise awareness of the potential of leveraging information and communication technologies to effectively and efficiently enforce regulatory requirements, while facilitating transit.

The COVID-19 pandemic facilitated a large-scale penetration of digital technologies, both at the managerial level and at the operational level. ESCAP’s recent overview of current practices confirms that policy and technical solutions for seamless and smart connectivity along the Asian Highway Network already exist, and many have already been implemented by other regions or sub-sets of Asia-Pacific countries. A wide range of proven solutions can make road transport less reliant on physical contact (contactless) and less exposed to interruptions and costs of documentary and other checks (seamless).

Table 5. Areas of application of digital technologies in the transport sector

The direction of the impact	Examples of using the technology
Electronic document circulation	Introduction of e-tickets, remote registration of travel documents, creation of “virtual offices”, customer service without personal contact.
Remote communications	Use of digital communication technologies for live remote communication.
Making payments	Mobile payment, unified travel documents, and the use of mobile apps to get transport services.
Cloud technologies	Data processing at a new level: collection and analysis of data on traffic flows and cargo; use of “big data” technologies.
Integrated transport management systems	Re-organisation of transport management systems, their automation, involvement of the client and Supervisory authorities in the process of cargo management and control.
Intelligent transport system	Automation and robotisation of traffic flow and cargo control, forecasting of the transport situation, support for autopilot systems.
Platforms for providing logistics services	Creating digital platforms focused on providing logistics services, including booking time and specific services, identifying and coordinating optimal routes and schedules, etc.

Source: ESCAP, “Seamless and Smart Connectivity Seamless and smart connectivity along the Asian Highway network in the time of COVID-19”, project technical note, September 2020.

47. <https://www.unescap.org/resources/monograph-series-transport-facilitation-and-logistics-development-asia-and-pacific-study>

48. <https://unnex.unescap.org/content/guide-paperless-transit-training-manual>

49. <https://www.unescap.org/resources/guide-establishing-automated-customs-transit-transport-system>

In this context, promoting smart connectivity along the Asian Highway Network has gained the highest priority and should become an integral part of the future strategic development of the network and related regional cooperation and arrangements.

3. Deepening digitalization along the Trans-Asian Railway Network

The growth of traffic in international freight transport along the corridors of the Trans-Asian Railway network in recent years and even during COVID-19 pandemic underscored the resilience of international railway transport to pandemics and other disruptions.

There is, however, an imminent need to reduce inordinate border crossing delays through harmonized electronic exchange of information among railways. Also, to build back better, the current crisis should be viewed as an opportunity for railways to strengthen their comparative advantages by developing and implementing smart railway solutions and deepening digitalization. These issues were underscored in the Joint Statement on strengthening international railway transport for sustainable transport connectivity in the aftermath of COVID-19 pandemic.⁵⁰

The issue of electronic exchange of information among railways got a heightened attention from Asian countries at the Sixth Working Group Meeting of the Trans-Asian Railway network -where it was underscored that scattered initiatives which lack coherence could potentially undermine the seamless flow of information along the railway corridors leading to inordinate delays at border crossings. Accordingly, ESCAP is

working with interested member countries to identify good practices and explore the possibility of an appropriate modality to encourage electronic exchange of information among railways along the Trans-Asian Railway network.

An important constraint for seamless rail freight operations is the existence of paper-based documents still being used by most railways in the region. This requires physical interaction imposing additional health risks, requiring checks and special procedures, including for the papers themselves. Digitalization would offer huge prospects for railways, owing to the numerous benefits, including improved capacity, traffic management, reliability, energy efficiency and lower operating costs. Many countries are already trying to automate and digitalize their operations to cope with pandemic risks. These efforts need to be supported to further enhance operational efficiency, lower costs and strengthen competitiveness for railway transport along the Trans-Asian Railway network.

However, digitalizing railways in Asia and the Pacific is fraught with multiple challenges such as the digital divide, fragmented levels of development of railways and concerns over data protection and cyber security. Therefore, harnessing the full potential of digitalized railways requires a framework/strategy, capturing among other things (a) a regional consensus on key areas to be digitalized along with a way forward to scale them up, (b) a plan of action to support railways of landlocked and LDCs in leapfrogging to digital railways, and (c) a platform to share and learn from the experience of digitalizing railways.

50. https://www.unescap.org/sites/default/d8files/2020-06/ESCAP%20-OSJD_EN.pdf

IV. Conclusions

The COVID-19 pandemic has highlighted the need for more resilient and efficient cross-border transport and trade connectivity, including via greater regional cooperation in legal and technical/operational efforts.

Coordinating the pandemic response and recovery requires a corresponding institutional framework at the national and regional level. The important role of coordinating bodies, such as NTFCs, during the crisis was highlighted by the current situation. During the crisis, the lack of national and regional coordination resulted in challenges with long-term repercussions for global supply chains and trade flows. In particular, there is a lack of involvement of NTFCs in national COVID-19 emergency task forces to coordinate trade facilitation actions. Looking ahead to the post-COVID-19 recovery, NTFCs would be better positioned to address future crises geared towards advancing trade facilitation policy reforms, due to their multi stakeholder composition.

As far as the regional level is concerned, while evidence suggests that most countries managed to maintain the critical mass of freight flows, a coordinated regional,

subregional or even bilateral response is likely to be more cost-effective and impactful, especially in case of prolonged crisis. Regional cooperation could focus on risk sharing, early responses and rapid alert mechanisms, which will help maintain the predictability of trade and transport of key supplies in times of crisis.

“Streamline, harmonize and digitalize” will remain the guiding principles of the trade and transport response during the pandemic and in its aftermath. The existing cooperation mechanisms for transport and trade connectivity in Asia and the Pacific should be mobilized to provide stronger momentum to facilitation, harmonization and digitalization cross-border trade and transport procedures. This includes the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific and the intergovernmental agreements on the Asian Highway and the Trans-Asian Railway Networks. Complementing this, regional coordination in times of crises can also be institutionalized in future negotiations of relevant regional, subregional and bilateral trade and transport agreements.

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