Enhancing regional cooperation for seamless trade and transport connectivity in times of pandemic

Note by the secretariat

Summary

The coronavirus disease (COVID-19) pandemic has highlighted the need for more resilient and efficient cross-border trade and transport connectivity, including through greater regional cooperation in legal, technical and operational efforts. Faced with the pandemic, many member States have intensified their digitalization and facilitation efforts. However, health-related and other requirements as well as the consequences of containment measures often created additional costs and delays in cross-border operations, which were amplified by pre-existing connectivity challenges in Asia and the Pacific.

The present document contains a summary of the key challenges and developments in pursuit of trade and transport connectivity since the onset of the COVID-19 pandemic and guiding principles for regional cooperation for resilient and efficient supply chains: “streamline, harmonize and digitalize”. A coordinated regional approach would facilitate a more cost-effective and impactful response to the pandemic, especially in the event that the crisis is prolonged. Regional cooperation could focus on risk sharing, early response and rapid alert mechanisms, which would help to maintain predictability in the trade and transport of key supplies in times of crisis. Emphasis is placed on the need to mobilize existing cooperation mechanisms for trade and transport connectivity in Asia and the Pacific, such as the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, the Intergovernmental Agreement on the Asian Highway Network and the Intergovernmental Agreement on the Trans-Asian Railway Network.

The Commission may wish to review the present document and provide guidance on how the secretariat can support member States in individual and collective initiatives to further enhance regional cooperation for seamless trade and transport connectivity in times of pandemic.

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I. Trade and transport connectivity in Asia and the Pacific during the coronavirus disease pandemic: developments and lessons learned

1. The coronavirus disease (COVID-19) pandemic has placed severe strain on international trade, both worldwide and in the Asia-Pacific region. Travel and transport restrictions related to COVID-19 have dealt a direct blow to trade in goods and services. The situation has underscored the importance of maintaining transport and trade connectivity and the cross-border movement of goods, not only in the immediate pandemic response, but also in the subsequent efforts to recover and build resilience to future disruptions. The need to facilitate the easy flow of essential goods and services is more pronounced than ever, both to ensure the supply of essential goods and to minimize disruptions to international supply chains.

2. In response to the pandemic, the Asia-Pacific region increased the implementation and digitalization of trade and transport facilitation practices and sought to improve the efficiency of cross-border trade and transport operations. However, pre-existing shortcomings, including infrastructure and operational shortages, lack of intermodal integration and digitalization, fragmented digital infrastructure, and lack of streamlined practices for trade facilitation and cross-border paperless trade, further constrain resilience and post-pandemic recovery in the region.

A. Trade connectivity

3. Economies in the Asia-Pacific region made continuous progress in implementing trade facilitation measures in recent years, but gaps remain and the level of implementation varies across economies and subregions. The Agreement on Trade Facilitation of the World Trade Organization (WTO), which came into force in 2017, is aimed at expediting 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 more than 14 per cent for low-income countries and 13 per cent for upper-middle-income countries.\(^1\) However, the Agreement on Trade Facilitation has not yet been implemented by all Governments in the region. The United Nations Global Survey on Digital and Sustainable Trade Facilitation\(^2\) covers measures specified in the Agreement as well as complementary digital and sustainable trade facilitation measures not specifically included in the Agreement. According to the most recently completed Global Survey, conducted in 2019, the average implementation of the comprehensive set of measures in the region stands at 59.7 per cent.\(^3\) Implementation levels vary greatly across countries and subregions; in some countries with advanced economies such as the Republic of Korea, Singapore and New Zealand, implementation rates are greater than 90 per cent, while in several Pacific countries, they barely reach 30 per cent (see figure I).

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2. See [https://unftsurvey.org/](https://unftsurvey.org/).
4. 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 accelerated the implementation of trade facilitation globally. Many international and regional organizations are actively promoting international best practices. There is an opportunity to convert trade facilitation measures implemented in response to COVID-19 into long-term practices, spur the development of paperless trade and build back better.

5. While details of national trade facilitation measures implemented in response to COVID-19 vary according to the cultural, societal and economic context of each country, measures can generally be grouped into six categories, the first of which is transport, logistics and transit facilitation. The remaining five categories of measures are transparency and institutional coordination; simplification of customs procedures and expedited clearance; digital trade facilitation; business facilitation and supporting small and medium-sized...
enterprises; and trade finance facilitation. Key trade facilitation measures in these five categories are summarized in table 1.4

Table 1
Trade facilitation measures taken in response to the coronavirus disease, Asia-Pacific region

<table>
<thead>
<tr>
<th>Area</th>
<th>Selected trade facilitation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency and institutional coordination</td>
<td>• Creation of single window COVID-19 outreach portal to provide information on rules and recommendations, including trade facilitation measures implemented by central and local governments</td>
</tr>
<tr>
<td></td>
<td>• Publishing trade facilitation measures and notifying relevant international organizations (WTO and WCO)</td>
</tr>
<tr>
<td></td>
<td>• Deploying a whole-of-government approach including the creation of task forces and/or governing bodies comprising stakeholders including customs authorities and ministries of transport/trade/commerce</td>
</tr>
<tr>
<td></td>
<td>• Coordination of border, domestic and cross-border border agencies</td>
</tr>
<tr>
<td></td>
<td>• Collaboration for expedited clearance of emergency supplies</td>
</tr>
<tr>
<td>Simplification of customs procedures and expedited clearance</td>
<td>• 24/7 clearance system at major ports</td>
</tr>
<tr>
<td></td>
<td>• Reduction and waiving of taxes and duties for goods essential to combating the spread of the pandemic</td>
</tr>
<tr>
<td></td>
<td>• Expedited clearance through green lanes and exclusive service windows with designated officers</td>
</tr>
<tr>
<td></td>
<td>• Simplification of import, export and transit documentary requirements and procedures</td>
</tr>
<tr>
<td></td>
<td>• Risk management to prioritize clearance of imports and exports of low-risk critical supplies</td>
</tr>
<tr>
<td></td>
<td>• Recognition of testing reports and certificates issued by competent foreign authorities as well as third parties for expedited clearance of essential medical supplies</td>
</tr>
<tr>
<td></td>
<td>• Allowing trusted traders/authorized economic operators to be granted expedited clearance</td>
</tr>
<tr>
<td>Digital trade facilitation</td>
<td>• Leveraging information technology and facilitation of more streamlined customs procedures</td>
</tr>
<tr>
<td></td>
<td>• Allowing submission of electronic documents including additional digital documents to be submitted via single window</td>
</tr>
<tr>
<td></td>
<td>• Facilitation of remote working via digital government platforms</td>
</tr>
</tbody>
</table>

### Business facilitation and supporting small and medium-sized enterprises

- Launch of financial support package to support business by reducing tax and allowing deferral payments, with priority support for small and medium-sized enterprises
- Allowing small and medium-sized enterprises easier access to trade facilitation information and measures, improving their digital capacities and providing training assistance to increase their resilience
- Leveraging of e-commerce and broadcasting sales to boost exports

### Trade finance facilitation

- 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


**Abbreviations:** COVID-19, coronavirus disease; WCO, World Customs Organization; WTO, World Trade Organization.

1. **Transparency and institutional coordination**

   6. According to the Global Survey, transparency measures have been implemented in all of the countries in the region, which provides a good foundation for the exploration of trade-related measures in response to the pandemic. The trade-related measures introduced in most of these countries have been published, at least partially, on the website of relevant government agencies and WTO and the World Customs Organization have been duly notified. However, information on all new or temporary trade-related measures for most of the countries in the region is not easily available. It is often incomplete and scattered across various government websites, e-platforms and trade portals. Government decisions change rapidly, and measures can be amended several times as the pandemic evolves. The lack of a well-organized source of the most up-to-date information on trade-related measures that is easily accessible to traders has become a substantial constraint during the crisis.

   7. According to the pilot survey on trade facilitation in times of crisis and pandemic conducted by ESCAP, in nearly all (31 out of 32) countries surveyed, a governing body has been established 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, in many countries, the coordinating body for trade, for example a national committee on trade facilitation or its equivalent, did not necessarily participate in the body responsible for COVID-19 crisis
response, which was usually focused on health issues. National committees on trade facilitation (or similar bodies) have introduced guidelines or protocols to deal with emergency situations in only 16 per cent of the countries surveyed. The COVID-19 pandemic has demonstrated the importance of national committees on trade facilitation or equivalent bodies in coordinating trade facilitation and guiding the implementation of the WTO Agreement on Trade Facilitation when responding to a crisis. These coordinating bodies often lack the competency or mandate to implement effective trade facilitation measures.

2. Simplification of customs procedures and expedited clearance

8. While many trade-restrictive measures were implemented in the early stages of the pandemic, member States have shifted towards simplification of trade procedures and expedited clearances as the pandemic has progressed and the long-term nature of the situation has become more evident. According to WTO, significant strides have been taken to facilitate imports, in particular products related to COVID-19. Governments have now implemented dozens of measures simplifying customs procedures and expediting clearance for essential supplies. The most commonly applied measures were reducing tariffs, value added tax and customs fees; prioritizing the clearance of essential goods used for combating COVID-19; and streamlining registration and approval requirements to deal with relevant technical regulations. In addition, in countries such as China, the Republic of Korea and some members of the Association of Southeast Asian Nations (ASEAN), existing authorized economic operator schemes have been leveraged to allow compliant traders to benefit from expedited clearance. Some Governments have also been proactively negotiating with their trading partners to sign mutual recognition agreements for their respective authorized economic operators during the pandemic. Preliminary work is under way on the establishment of an ASEAN-wide authorized economic operator mutual recognition agreement.

3. Digital trade facilitation

9. Digital trade plays a crucial role in mitigating some of the consequences of the COVID-19 pandemic, in particular by reducing the need for physical contact among stakeholders involved in cross-border supply chains and trade transactions. Therefore, member States have increased incentive to further trade digitalization efforts in order to continue international trade with minimal disruptions. Indeed, trade digitalization measures 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, demonstrating a clear need to scale up the use of paperless trade systems with the support of adequate information technology and to facilitate full implementation of digital trade facilitation measures.

5 This issue was addressed on 29 July 2020 by the United Nations Conference on Trade and Development (UNCTAD) and national experts at the Expert Group Meeting on Trade Facilitation in Times of Crisis and Pandemic.
6 WTO, “WTO report on G20 shows moves to facilitate imports even as trade restrictions remain widespread”, 29 June 2020.
7 Bui Nu and Trang Huyen, “Joint media statement of the 29th Meeting of the ASEAN Directors-General of Customs” (Customs News, 21 August 2020).
10. In nearly all countries in the region (96 per cent), automated customs systems have been made fully or partially available. Many member States have promoted digital exchanges of data and documents and moved away from paper documents such as certificates of origin (India and the Eurasian Economic Union), tax rebate applications (China) and free trade agreement origin documents (Republic of Korea) in response to the pandemic. 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 use by certain agencies and in need of significant improvements. Capacity-building to improve digital trade facilitation is a high priority.

4. Business facilitation and supporting small and medium-sized enterprises

11. Small and medium-sized enterprises are particularly vulnerable to the effects of the COVID-19 pandemic. Supporting micro-, small and medium-sized enterprises during the pandemic has been identified as a priority in financial support packages in many countries in the region. The ESCAP COVID-19 policy response tracker reveals that in at least 51 countries and territories in the region, support has been provided specifically to small and medium-sized enterprises, including deferral of loan repayment (44 countries) and tax payments (34 countries). In addition, in many countries, measures have been implemented to enable micro-, small and medium-sized enterprises to gain easier access to trade-related information and foreign buyers. In China, for instance, free consultation services are offered to traders, particularly small and medium-sized enterprises, on the changing regulatory requirements in major trading nations and legal risks during the COVID-19 crisis.

5. Trade finance facilitation

12. Trade finance is recognized as a significant factor in maximizing a country’s trade potential and economic development. The impacts of the COVID-19 crisis on trade finance have been immense. According to the International Chamber of Commerce, if merchandise trade volumes are to return to near-2019 levels in 2021, an estimated $1.9 trillion–$5.0 trillion capacity in the trade credit market will be required. In addition, COVID-19 has exposed the vulnerability of paper-based trade finance, which requires significant levels of in-person back office staffing. Banks in many countries are incurring significant legal risks in taking ad hoc measures, as electronic equivalents are not yet accorded the same legal effect as paper processes. Trade finance banks in China, Japan and the Republic of Korea have already

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8 ESCAP, “Digital and sustainable trade facilitation in Asia and the Pacific”.
started to invest in digitalization, and technologies such as artificial intelligence and blockchain are being used to digitalize trade finance.\textsuperscript{13}

\section*{B. Transport connectivity}

13. As documented in the \textit{Review of Sustainable Transport Connectivity in Asia and the Pacific 2019: Addressing the Challenges for Freight Transport},\textsuperscript{14} the Asia-Pacific region has entered the pandemic period with significant and persistent shortages in transport connectivity particularly affecting some subregions (see figure II).

\begin{figure}
\centering
\includegraphics[width=\textwidth]{transport_connectivity_index.png}
\caption{Transport connectivity index of the Economic and Social Commission for Asia and the Pacific, by subregion, 2019}
\end{figure}


14. The COVID-19 pandemic further underscored major limitations in the existing practices of freight transport in the Asia-Pacific region. Road-centric freight systems, shortages in operational connectivity and 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, which led 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-sized transport operators, freight forwarders and many others. At the same time, the pandemic underscored the critical link between the transport and logistics industry and the pandemic response, as illustrated by the efforts to keep borders open to trade throughout the crisis.

15. The Asia-Pacific region has made great efforts to preserve transport connectivity during the pandemic (see figure III). 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 of the members have implemented special trade and transport facilitation measures, helping to smooth the movement of essential goods and, in many cases, general freight. Freight transport proceeded with limited interruptions

\textsuperscript{13} Jiangyuan Fu, Joseph A. McMahon and Xue Huidan, “More restriction or facilitation on PPE amid COVID-19”.

\textsuperscript{14} United Nations publication, 2019.
along the Trans-Asian Railway network, which made rail a vital link for the movement of essential goods and medical supplies. Likewise, ports remained operational for freight, which supported global trade and prevented the full dismantling of international supply chains. The available information shows that Governments have implemented various measures to ensure the continued movement of international freight at the borders. These measures included 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; and exempting freight transport companies from paying transport tax.

Figure III
**Status of transport connectivity during the coronavirus disease pandemic**

![Graph showing transport connectivity during COVID-19 pandemic](image)


16. The pandemic situation has also increased momentum for digitalization. Many Governments during the pandemic have begun accepting electronic documents, piloted new automated and digital technologies and promoted contactless processing and delivery, among many other measures (see table 2).
### Table 2
**Selected transport facilitation measures during the coronavirus disease pandemic in Asia and the Pacific**

<table>
<thead>
<tr>
<th>Area</th>
<th>Transport facilitation measures implemented</th>
</tr>
</thead>
</table>
| **Simplified border-crossing procedures** | • Development of guidelines on the prevention and control of COVID-19 for border-crossing officials and transport crews  
• Designated priority lanes and green lanes for essential goods and designated truck stop and rest area locations  
• Reduction in landing/port fees to help aviation and shipping industries  
• Use of International Road Transport/e-International Road Transport system to facilitate transport and transit |
| **Digitalization of freight operations**   | • More widespread use of ICT, including electronic exchange of information between transport and control authorities  
• Advance submission of transport documents in digital form before arriving at the port of entry  
• Creating web portals to inform users about areas under lockdown and road closures |
| **Supporting business continuity of transport sector** | • Launch of economic stimulus measures to support transport sector (e.g. reduction of income tax, financial relief packages, unsecured loans, decreasing vehicle registration fees)  
• Enabling public-private partnerships, providing easier access to market and improving digital capacities of transport sector stakeholders  
• Providing training, timely information and protective equipment for transport crews and staff  
• Enhancing disinfection and sanitization regime of property and facilities |


*Abbreviation:* ICT, information and communications technology.

17. Still, the connectivity disruptions caused by the pandemic are likely to have a substantial effect on the international freight transport sector in Asia and the Pacific, although the impact varies significantly across regions, countries and segments of the freight industry (see table 3). While freight air transport is the most affected in terms of income losses, the international road freight industry is also expected to see 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.\(^{15}\)

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\(^{15}\) International Road Transport Union, *COVID-19 Impacts on the Road Transport Industry* (Geneva, 2020).
Table 3
Coronavirus disease impact on freight transport by mid-June 2020

<table>
<thead>
<tr>
<th>Transport subsector</th>
<th>Service</th>
<th>Mobility</th>
<th>Financial cost</th>
<th>Freight forwarding demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road freight</td>
<td>Domestic</td>
<td>Negative to mixed</td>
<td>Negative</td>
<td>Negative to mixed</td>
</tr>
<tr>
<td></td>
<td>International</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rail freight</td>
<td>Domestic</td>
<td>Negative to neutral or positive</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>International</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air freight</td>
<td>Belly cargo</td>
<td>Negative on most routes and neutral or positive on some routes</td>
<td>Very negative</td>
<td>Positive</td>
</tr>
<tr>
<td></td>
<td>Cargo only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maritime freight</td>
<td>Short-sea liner</td>
<td>Negative or very negative</td>
<td></td>
<td>Negative to mixed</td>
</tr>
<tr>
<td></td>
<td>Deep-sea liner</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Note: The impact on rail and road freight shown in the table has been adjusted on the basis of the secretariat’s estimates to reflect the situation in Asia and the Pacific, which constitutes a departure from the global situation for the two modes. For air and maritime freight, the situation reflected in the table holds true at both the global and regional levels.

18. 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. The growth 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 approximately $1.7 billion for 2020 and 2021.

19. According to the latest WTO estimates, 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 approximately 31 per cent in manufacturing trade. Factors including additional inspections, reduced hours of operation, road closures, border closures and increases in transport costs could increase such trade costs.

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16 The number of China-Europe freight trains rose 36 per cent year-on-year to 5,122 in the first half of 2020. See Global Times, “China-Europe cargo train reaches 1,169 in June, setting a new record”, 15 July 2020.


by 25 per cent, given the scale of the impact and the severity of the containment measures.\(^\text{19}\)

20. The ESCAP survey on freight transport policy responses to COVID-19, conducted in June and July 2020, confirmed that while many member States 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 on raising transport costs and delays in Asia and the Pacific (figure IV). See table 4 for examples of the additional costs for road transport operators stemming from the COVID-19 related measures.

**Figure IV**

**Survey responses on transport costs and delays related to the coronavirus disease in Asia and the Pacific**

(Per cent of respondents)

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Table 4
Examples of additional road transport costs due to the coronavirus disease

<table>
<thead>
<tr>
<th>Category</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour costs</td>
<td>Recruitment and hiring of additional drivers to replace those who are sick or in quarantine</td>
</tr>
<tr>
<td>Health check</td>
<td>Arrangement and payment for additional health tests of drivers and preparation of accompanying documents</td>
</tr>
<tr>
<td>requirements</td>
<td>Idle time</td>
</tr>
<tr>
<td></td>
<td>Additional downtime, including at paid parking</td>
</tr>
<tr>
<td></td>
<td>Unpaid vehicle mileage due to forced changes to the route, termination of started transportation and empty runs due to the impossibility of reloading</td>
</tr>
<tr>
<td></td>
<td>Payments to drivers for the actual increase in working hours on the route and living expenses, including during the period of forced quarantine and hazard pay</td>
</tr>
<tr>
<td>Insurance</td>
<td>Complying with more stringent insurance requirements</td>
</tr>
<tr>
<td>Operational costs</td>
<td>Hygiene products for drivers</td>
</tr>
<tr>
<td></td>
<td>Means and procedures for sanitizing vehicles and transported goods</td>
</tr>
<tr>
<td>Business losses</td>
<td>Losses from disruption to the transport schedule or the transport itself</td>
</tr>
<tr>
<td></td>
<td>Penalties from cargo owners</td>
</tr>
</tbody>
</table>


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

   (a) Regional cooperation and coordination on transport responses to pandemics, emergencies and disasters should be strengthened, given that when Governments in the subregion took unilateral and protectionist measures, for the most part they led to a slowdown, and on some routes even a complete freeze, of freight movement;

   (b) Efficient intermodal connectivity should be further developed, as bottlenecks and operational restrictions together with additional costs could be offset not only by higher usage of other modes of transport such as rail, but by combining different transport modes into a synergistic transport chain that is efficient, environmentally sound, safe and reliable;

   (c) Infrastructure and operational connectivity should be continuously improved, as transport infrastructure in Asia and the Pacific requires expansion, upgrading and construction of missing links to increase its resilience to external shocks, and enhancing operational connectivity would also increase resilience and agility in a future disruption;

   (d) The shift towards a more sustainable freight sector should be supported, in light of the close linkage between the COVID-19 pandemic and the climate change challenge, and lessons learned from COVID-19 policy responses should inform future policies on more sustainable and inclusive transport.
II. Leveraging regional cooperation for resilient and efficient supply chains

22. The Asia-Pacific region entered the pandemic with numerous challenges in trade and transport connectivity. In addition, fragmented policy responses prevented more efficient and effective responses to the pandemic. Member States, sometimes even those that are members of an economic union or parties to a regional free trade arrangement, have issued new trade and transport policies without warning or consulting their partners. Despite national 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.

23. In the later stages of the pandemic, member States are prioritizing regional cooperation. As the main regional cooperation body for trade and transport in Asia and the Pacific, ESCAP has been working closely with member States to mobilize the existing regional trade and transport agreements and other tools in the pandemic response and recovery policies.

24. The secretariat held several online meetings on COVID-19 and transport connectivity, including an online expert group meeting on safe and seamless transport connectivity along the Asian Highway network during and after the COVID-19 pandemic, an online meeting of experts on challenges and opportunities for international railway transport along the Trans-Asian Railway network and beyond in the time of the COVID-19 pandemic, which was conducted in cooperation with the Organization for Cooperation between Railways, and a joint webinar on preserving transport connectivity and building freight transport resilience in ASEAN.

25. The secretariat also held an expert group meeting on trade facilitation in times of crisis and epidemic, during which participants identified good practices in the region and discussed recommended measures that would help them to cope with future crises. In addition, a Policy Hackathon on Model Provisions for Trade in Times of Crisis and Pandemic in Regional and Other Trade Agreements was held with the aim of improving regional and other trade agreements to keep trade flowing during the COVID-19 crisis and build back better in its aftermath.

26. The expert discussions and country 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. In the following paragraphs, ways forward for strengthened regional actions on trade and transport connectivity in Asia and the Pacific, which were discussed during the dedicated expert meetings and subsequent

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20 By way of example, 84 per cent of the respondents to the ESCAP survey on freight transport policy responses to COVID-19 rated regional cooperation as one of the top priorities for their Government.


expert and countries’ consultations, are presented. Further actions in cross-border trade and transport operations are centred on three main axes based on the guiding principles “streamline, harmonize and digitalize”.

A. Streamline: improving cross-border operations

27. The infrastructure of border crossing points, procedures for crossing the borders and requirements for vehicles and crew have been adjusted to fight the spread of COVID-19. With regard to infrastructure, the measures included closure of border crossing points with only a limited number kept open; adjusted operating hours for border controls; and social distancing and safety guidelines imposed at ports of entry for both employees and users, including the requirement that customs inspectors wear personal protective equipment.

28. The procedures for customs and border-crossing checks were amended. Electronic transport documents were accepted and, in some cases, rapid customs clearance lanes for specific goods were created. Restrictions on transit and disinfection of vehicles have been widely used. In some countries, a convoy system is being used for transiting freight trucks. With regard to transport crews, the measures included 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; and restrictions on time spent in the destination country. With regard to freight itself, the transport of essential goods was allowed 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 green lanes for rapid customs clearance for specific goods; and no charge or penalties for storing the cargo.

29. To reduce delays at ports and border crossings, it is advisable that Governments further streamline cross-border operations in line with the global and regional best practices. Measures could include keeping borders open for freight with green lanes; implementing expedited protocols for entry and exit screening and testing of transport crews; agreeing on mutual recognition of COVID-19 clearance certificates issued by the country of departure or delivery; and leveraging innovative forms of border-crossing formalities for crews, transport means and freight. The secretariat has developed eight transport facilitation models to comprehensively address challenges and enable the seamless movement of international transport across borders. Several of them have digital and smart technology components. For example, the Model on Integrated Controls at Border Crossings provides more efficient information flows and sharing among various agencies at border crossings through the application of modern technologies, in particular information and communications technology (ICT), and a streamlined process for documentation and processing. It can help to minimize interventions by various border agencies in the border-crossing process while maintaining good controls. The Efficient Cross-Border Transport Models also provide practical solutions to the difficulties in cross-border operations of land transport where there are limited requirements stemming from intergovernmental arrangements or an absence of such arrangements. These Models rely on commercial cooperation and the use of a prime mover and trailer system to overcome institutional barriers and conflicts among commercial interests in international land transport, improving the efficiency of the cross-border movement and onward carriage of goods and passengers.
30. Transport facilitation measures proved crucial during the crisis. The measures entail putting in place policies and procedures at the ports of entry to identify and accord priority to the clearance and transportation of goods while ensuring the presence of all legal documents and compliance with customs and other regulatory requirements, including but not limited to the following: (a) pre-clearance of goods and single window processing; (b) strengthening the electronic exchange of information; and (c) online applications and platforms for (i) processing and clearance of imports and exports, (ii) applying for, issuing and renewing licenses and permits, (iii) registration of drivers, vehicles and freight, (iv) payment of fees, and (v) information dissemination and sharing.

31. Lastly, it should be noted that COVID-19 further complicated the existing legal regime for multimodal transport operations. Even prior to the COVID-19 pandemic, existing legal frameworks did not reflect developments in transport patterns, technology and markets. The present legal regime 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. A fragmented and complex legal framework creates uncertainty, which in turn creates transaction costs as it leads to legal and evidentiary enquiries, costly litigation and rising insurance costs. While there have been several attempts over the years at drafting a set of rules to govern liability arising from multimodal transport, none 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 regard to contracts for international carriage of goods, with a particular focus on land and multimodal transport.

B. Harmonize: incorporating pandemic-related provisions into regional agreements

32. While ambitious national responses to COVID-19 are under way, 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 and existing bilateral and regional trade agreements have failed to provide effective guidance on how trade-related measures can be adapted during crises while preserving the national interests of trading partners.

33. In response to this situation and in support of the global ambition to build back better, ESCAP worked with other regional commissions, UNCTAD and WTO to hold the above-mentioned Policy Hackathon in June 2020 to gather inputs for the development of model provisions that could plug the gaps in existing regional trade agreements, 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. They covered a wide range of topics including import/export restrictions on essential goods, emergency clauses in regional trade agreements, 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. Many contributions took into account policy implications for least developed countries and landlocked developing countries, which suffer most during the crisis.
34. Contributions also shed light on the lack of response mechanisms to address crises such as the current pandemic. Recommendations were focused on harmonization within and across regions, such as harmonizing electronic certificates of origin at the regional level; developing territorial requirements chapters to guarantee cooperation among transit and landlocked developing countries in times of crises; lodging simplified trade regimes in new free trade agreements; and introducing further relaxation for origin and customs documentation in the established simplified trade regimes. Some contributions included proposed global standardizations for product identification and data sharing as well as a total migration to electronic documents throughout the entire international trading process. The proposals and recommendations are expected to contribute to a better understanding and preparedness for future negotiations on trade agreements. They are also expected to support the discussions on how regional trade agreements 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.25

35. 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 agreements, including at the subregional level; and bilateral agreements. The COVID-19 response indicated 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 Eurasian Economic Union countries to establish green lanes for the import of essential goods.26

36. In light of this lesson and with a view to preparing recommendations for coordinating the response to potential future crises, ESCAP is taking stock of the current bilateral and multilateral agreements on international road and rail transport in the Asia-Pacific region and analysing the presence in these agreements of provisions related to crisis response and mutual assistance in emergency situations. This work may result in the formulation of proposals for crisis-response provisions in regional and bilateral transport agreements among the ESCAP member States and/or of a model bilateral agreement containing such recommended clauses, with a particular focus on the countries that are members of the Asian Highway network and the Trans-Asian Railway network.

C. Digitalize: pursue digitalization as a regional development strategy

37. 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 about data protection and cybersecurity.


26 Yelena Vassilevskaya, “Trade facilitation in times of pandemic: practices from North and Central Asia”. 
38. 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 paragraphs contain several examples of how existing regional legal instruments on cross-border trade and transport can be used to pursue digitalization as a coordinated regional strategy for pandemic response and the overall improvement of trade and transport connectivity.

1. Accelerating paperless trade in Asia and the Pacific

39. The pandemic has demonstrated the urgent need to fully implement the WTO Agreement on Trade Facilitation and leverage cross-border paperless trade, including across borders, in mitigating the crisis. Prior to the pandemic, 32 countries in the Asia-Pacific region (nearly 70 per cent) had a single window system either in the pilot phase or in full or partial implementation. Most if not all documents had been digitized before the outbreak. Several digital initiatives had also been carried out 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 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 services. These digital systems have created the conditions for the smooth cross-border trade of essential supplies despite strict border restrictions. In countries with relatively developed digital trade infrastructure, there has been a greater capacity to facilitate expedited clearance of goods during the pandemic.27

40. However, as of 2019, the implementation of electronic single window systems in most countries in the Asia-Pacific region was mostly incomplete 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 certificates of origin.28

41. The COVID-19 crisis has given a tremendous impetus in some countries to the acceleration and/or implementation of paperless trade. Many countries now accept electronic customs declarations, certificates of origin and sanitary and phytosanitary measures certificates that were previously only accepted as original paper documents. In some cases, new procedures and/or regulations have facilitated the process, but in other cases a cultural shift accelerated by the pandemic was responsible.

42. Information fragmentation is another key challenge for international trade. The pandemic may also act as an impetus for Governments 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 accelerating the digitization of additional trade-related data is under way. Expansion of the ASEAN Single Window in the form of ASEAN Plus could also reduce the level of physical contact between traders and regulatory authorities during the COVID-19 outbreak and future crises.29

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27 See https://untfsurvey.org/.
28 Ibid.
29 Sithanonxay Suvannaphakdy, “ASEAN Single Window: time to enlarge the aperture”, ISEAS-Yusof Ishak Institute, 17 July 2020.
43. Nonetheless, cross-border paperless trade remains poorly implemented in practice (see figure V). At the regional level, the implementation of measures enabling the exchange and legal recognition of electronic trade documents has been very slow, because many countries lack the technical capacity to implement the necessary digital infrastructure domestically, let alone harmonize it with the infrastructure of other countries, which is also often incomplete.

Figure V
Implementation of cross-border paperless trade in Asia and the Pacific, 2019

Source: ESCAP, “Digital and sustainable trade facilitation in Asia and the Pacific (see figure I).

44. 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 United Nations Convention on the Use of Electronic Communications in International Contracts, the Model Law on Electronic Commerce of the United Nations Commission on International Trade Law and the Model Law on Electronic Signatures of the United Nations Commission on International Trade Law, many have not yet ratified the Convention or adopted the Model Laws.\(^3\) 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 and mutual legal recognition of trade-related data. However, the lack of a complete and holistic legal and institutional framework, either at the national or regional level, has become a constraint on cross-border paperless trade.

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45. 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. A common set of general principles and a dedicated intergovernmental platform for cross-border paperless trade will support countries in reducing trade costs and facilitate regional supply chain resilience. It is designed as an inclusive and enabling platform that will benefit all participating countries, regardless of their trade facilitation implementation status. 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. The Agreement will enter into force on 20 February 2021, with five ESCAP member States having already deposited their instruments of ratification, approval or accession: Azerbaijan, Bangladesh, China, the Islamic Republic of Iran and the Philippines. In addition, Armenia and Cambodia have signed the Agreement, and several other member States are in the process of completing their domestic processes for accession. Implementing the Agreement is expected to help ESCAP member States to meet and exceed the commitments contained in the WTO Agreement on Trade Facilitation. It also provides a dedicated institutional framework for countries with a proven political will to develop legal and technical solutions for cross-border paperless trade.

2. Increasing digitalization along the regional transport networks in Asia and the Pacific

46. The use of ICT 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 ESCAP facilitate the use of new technologies. Notably, the Standard Model of Logistics Information Systems offers practical guidance on setting up systems for electronic exchange of information to facilitate cargo, vehicles and crew clearance and payment of duties and other taxes. The secretariat has 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; Guide on Paperless Transit: Training Manual; and Guide on Establishing an Automated Customs Transit Transport System were produced to deepen the knowledge of stakeholders about the automated customs transit transport system and increase their capacity with regard to its operational aspects. These studies also raise awareness about the potential of leveraging ICT to effectively and efficiently enforce regulatory requirements while facilitating transit.

47. The COVID-19 pandemic facilitated the large-scale adoption of digital technologies, both at the managerial level and at the operational level. A recent ESCAP overview of current practices confirms that policy and technical solutions for seamless and smart connectivity along the network already exist, and many have already been implemented in other regions or subsets 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) (see table 5).

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31 Commission resolution 72/4, annex.
32 Available at www.unescap.org/resources/standard-model-logistics-information-system.
33 ESCAP (Bangkok, 2016).
34 ESCAP (Bangkok, 2015).
35 ESCAP (Bangkok, 2016).
### Table 1

**Areas of application of digital technologies in the transport sector**

<table>
<thead>
<tr>
<th>Area of application</th>
<th>Examples of use of digital technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic document circulation</td>
<td>• Introduction of e-tickets, remote registration of travel documents, creation of virtual offices, and customer service without personal contact</td>
</tr>
<tr>
<td>Remote communications</td>
<td>• Use of digital communication technologies for live remote communication</td>
</tr>
<tr>
<td>Making payments</td>
<td>• Mobile payments, unified travel documents and use of mobile applications to access transport services</td>
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</tbody>
</table>
| Cloud technologies                               | • Data processing at a new level:  
  o Collection and analysis of data on traffic flows and cargo  
  o Use of big data technologies                                                                                                                                          |
| Integrated transport management systems           | • Reorganization and automation of transport management systems, and involvement of the client and supervisory authorities in the process of cargo management and control                                                                 |
| Intelligent transport system                     | • Automation and robotization of traffic flow and cargo control, forecasting of the transport situation, and support for autopilot systems                                                                                              |
| Platforms for providing logistics services        | • Creating digital platforms focused on providing logistics services, including functions for booking specific time and services, and identifying and coordinating optimal routes and schedules                                                   |

*Source: ESCAP, Seamless and Smart Connectivity along the Asian Highway Network in the Time of COVID-19 (see table 4).*

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

49. By the same token, digitalization holds great promise for rail freight operations. The growth of traffic in international freight transport along the corridors of the Trans-Asian Railway network in recent years and even during the COVID-19 pandemic has 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 ESCAP-Organization for Cooperation between Railways statement on strengthening international railway transport for a more sustainable transport connectivity in the aftermath of the COVID-19 pandemic. \(^{36}\)

50. The issue of electronic exchange of information among railways drew heightened attention from countries in Asia at the 6th meeting of the Working Group on the Trans-Asian Railway Network, during which participants underscored that scattered initiatives that lacked coherence could potentially

\(^{36}\) Available at www.unescap.org/sites/default/d8files/2020-06/ESCAP%20OSID_EN.pdf.
undermine the seamless flow of information along the railway corridors and lead to inordinate delays at border crossings. Accordingly, ESCAP is working with interested member States to identify good practices and explore the possibility of an appropriate modality to encourage electronic exchange of information among railways along the network.

51. A significant 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, which imposes additional health risks and requires checks and special procedures, including for the papers themselves. Digitalization would offer railways numerous benefits, including improved capacity, traffic management, reliability and energy efficiency and lower operating costs. In many countries, efforts are already under way to automate and digitalize 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 network.

52. 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 cybersecurity. Therefore, harnessing the full potential of digitalized railways requires a framework or strategy that captures, among other things: (a) a regional consensus on key areas to be digitalized and a way forward to scale them up; (b) a plan of action to support railways of landlocked developing countries and least developed countries in leapfrogging to digital railways; and (c) a platform to share and learn from experiences in digitalizing railways.

III. Conclusions

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

54. Coordinating the pandemic response and recovery requires a corresponding institutional framework at the national and regional levels. The important role of coordinating bodies such as national committees on trade facilitation during crises has been highlighted in the current pandemic situation, as 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 national committees on trade facilitation in national COVID-19 emergency task forces to coordinate trade facilitation actions. In the post-COVID-19 recovery, national committees on trade facilitation will be better positioned than other bodies to address future crises and advance trade facilitation policy reforms owing to their multi-stakeholder composition.

55. At the regional level, 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 the event of a prolonged crisis. Regional cooperation could focus on risk sharing, early response and rapid alert mechanisms, which would help to maintain predictability in the trade and transport of key supplies in times of crisis.
IV. Issues for consideration by the Commission

56. The Commission may wish to discuss issues raised in the present document, including the key challenges and developments in pursuit of trade and transport connectivity since the onset of the COVID-19 pandemic, and share experiences and lessons learned.

57. The Commission may also wish to discuss how the secretariat can support member States in taking initiatives, individually and collectively, to further enhance regional cooperation for seamless trade and transport connectivity in times of pandemic, including the following:

   (a) Supporting the implementation of the guiding principles “streamline, harmonize and digitalize” for the trade and transport response during the pandemic and in its aftermath;

   (b) Enhancing the existing cooperation mechanisms for trade and transport connectivity in Asia and the Pacific to provide stronger momentum for the facilitation, harmonization and digitalization of cross-border trade and transport procedures, including the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, the Intergovernmental Agreement on the Asian Highway Network and the Intergovernmental Agreement on the Trans-Asian Railway Network;

   (c) Institutionalizing regional coordination in times of crises in future negotiations of relevant regional, subregional and bilateral trade and transport agreements.