



**Asia-Pacific
Economic Cooperation**

2020/CTI/WKSP3/006

Workshop Presentations and Summary of Key Action Items

Submitted by: Australia



**Workshop on Building Resilient Supply Chains in
APEC: Agility in Crisis
28 October 2020**

Building Resilient Supply Chains in APEC

Agility in Crisis

October 2020



MODERATOR

Mr Alexander R. Malaket, CITP, CTFP, CTP

Director

Global Trade Professionals Alliance (GTPA)



Workshop Agenda

Welcome and Introductions (15 mins)

Key survey outcomes panel (45 mins)

Breakout groups (45 mins)

Workshop presentations and summary of key action items,
with discussion (45 mins)



Breakout sessions

Digital transformation and the rise of eCommerce

Services and supply chain disruption

Trade facilitation and the role of government in digitization

SME agility & Women and COVID-19 impact on inclusive growth



WELCOME

Ms Julianne Merriman

Assistant Secretary Multilateral Economic Branch
Australian Government
Department of Foreign Affairs and Trade



PANEL MEMBERS

Ms Divya Sangaraju

Researcher

APEC secretariat





Asia-Pacific
Economic Cooperation

Managing Risks in Global Value Chains: Strengthening Resilience in the APEC region

Divya Sangaraju, Researcher
APEC Policy Support Unit

Advancing Free Trade
for Asia-Pacific Prosperity

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Introduction

- Value chains are important aspects of the trade and globalization today
- Much of this move towards value chains have been driven by the fall in trade barriers

Aim of Study:

- Provide a **quantitative analysis** of APEC's Value Chain Resilience
- Identify **APEC's performance** and **room for improvement**



What is Value Chain Resilience?

- Rice and Caniato define it as the ability to ‘respond to unexpected disruption and restore normal supply network operations’
- Ponomarov and Holcomb define it as “the adaptive capability of the supply chains to prepare for unexpected events, respond to disruption, and recover from them by maintaining continuity of operations at the desired level of connectedness and control over structure and function”
- Other definitions have also included aspects such as the need to predict risks and minimize impact

“the **inverse of risk**: the range of factors that determines an economy’s ability to respond to risks and **limit their economic and social impacts**”



Introduction

Systematic Risks

What are these risks?

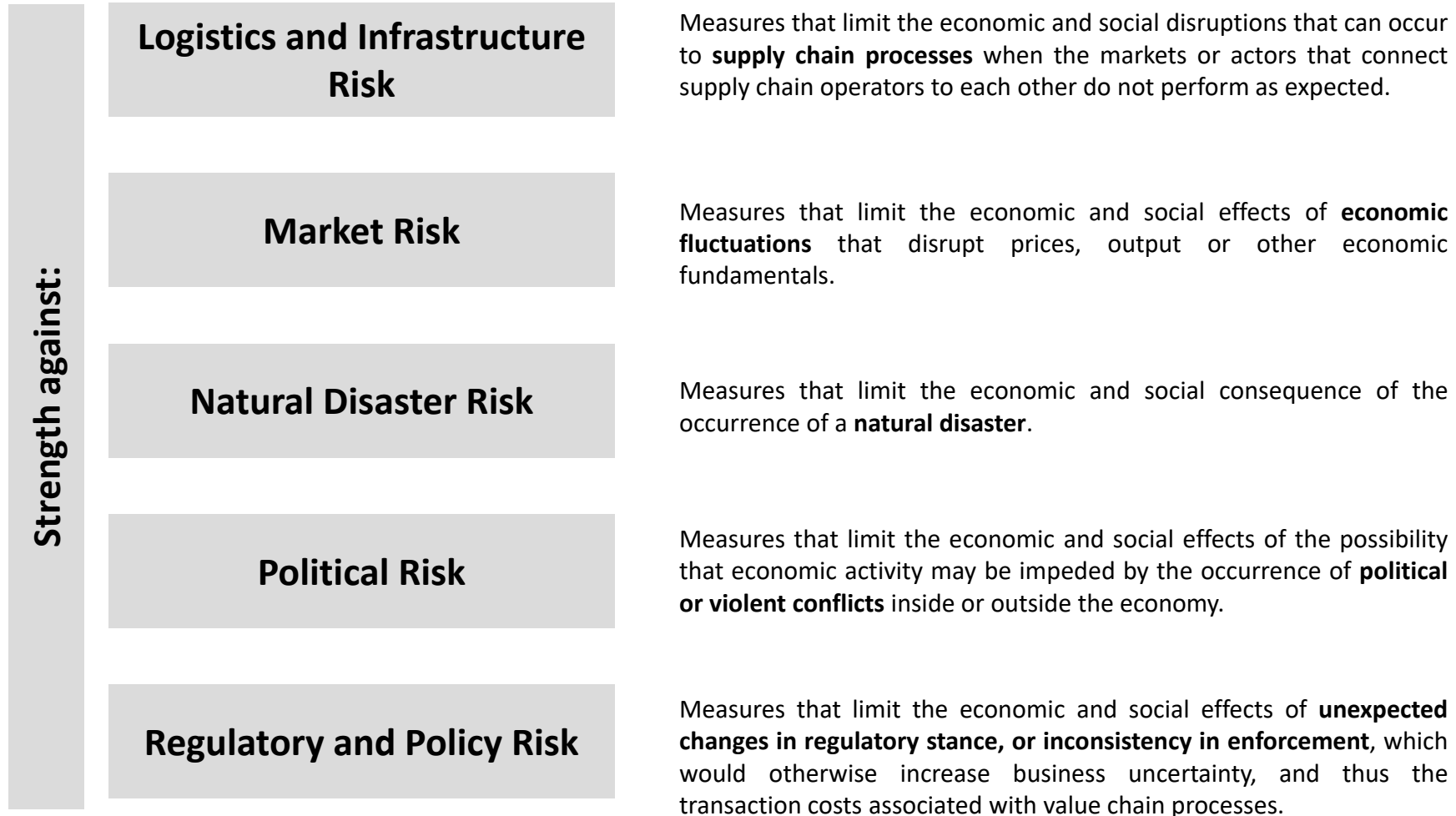
- Economy-wide risks that often are not able to be addressed through firm level risk mitigation strategies
- Not within the control of firms
- Often linked with unexpected events (e.g COVID-19)

Impact of these risks

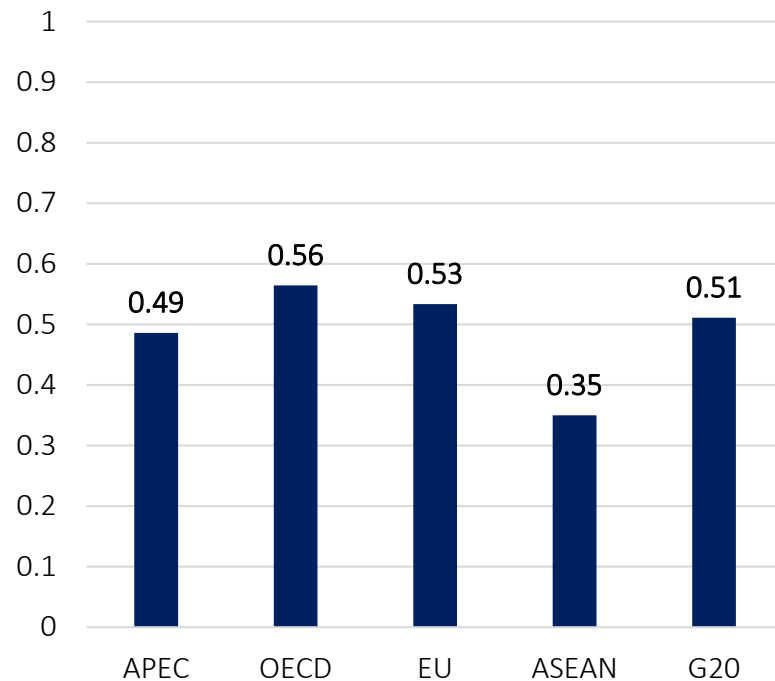
- A local event may have many transmission channels
- Considering that global value chains are increasingly integrated and connected, small events can easily become large regional or even global events



Overview of Methodology



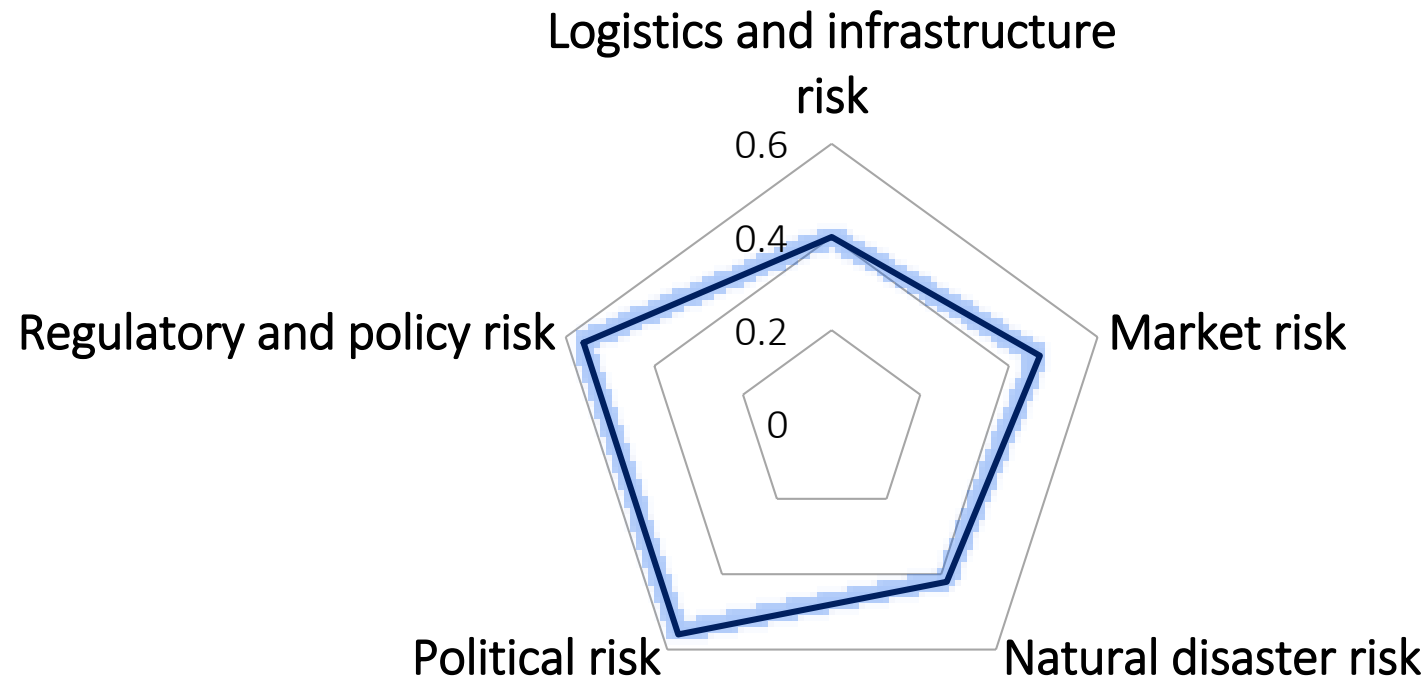
APEC's Performance: Overall Index



- APEC's performance has been varied ranging from lows of 0.15 to highs of 0.77
- Hong Kong, China amongst best performers
- APEC region performed moderately well but lags EU and the OECD

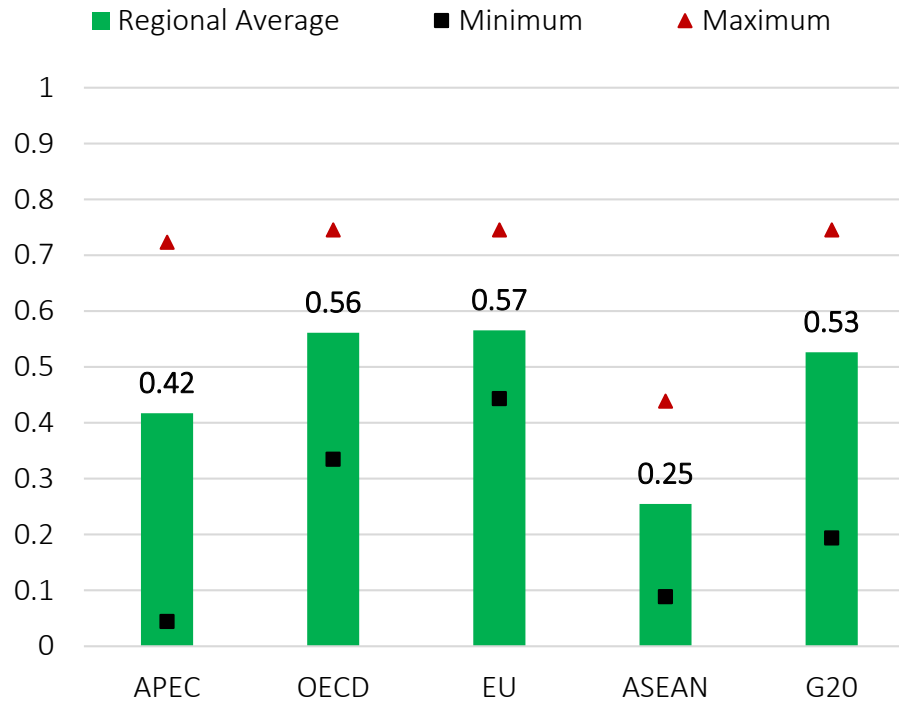
Note: Scores have been normalised in this index where 0 is the lowest possible score and 1 is the highest.

APEC's Performance: Overall Takeaways

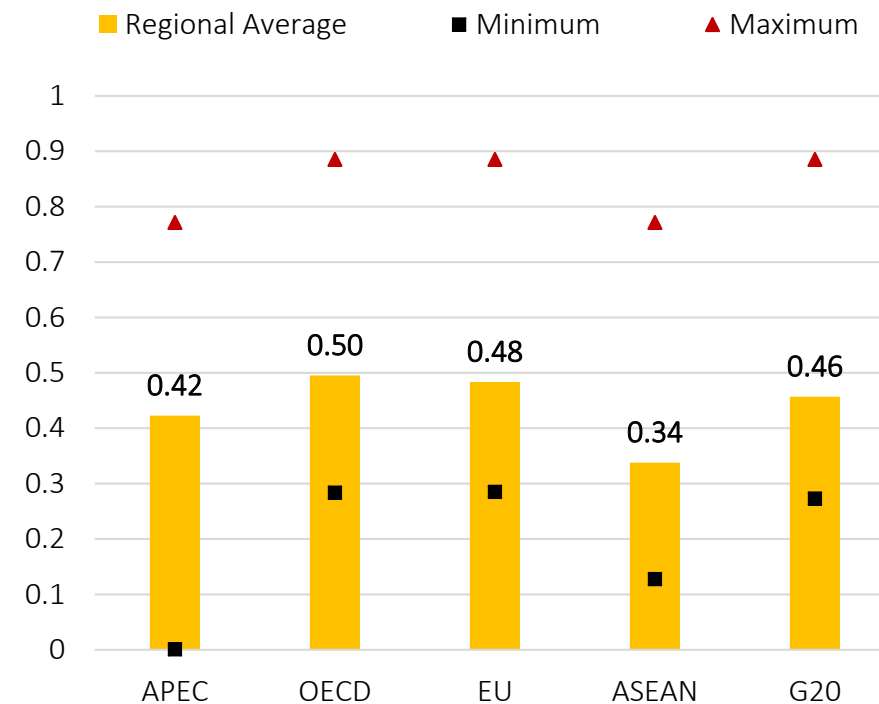


APEC's Performance by Pillar

Strength against Natural Disaster Risk



Strength against Logistics and Infrastructure Risk



Note: Scores have been normalised in this index where 0 is the lowest possible score and 1 is the highest.

APEC's Performance: Overall Takeaways

1. Performance in the APEC region is **varied**, there are often economies at both ends of the spectrum
2. APEC performance **similar or slightly lags the G20** and has registered high scores within strength against regulatory and policy risk and political risk
3. COVID-19 has affected **supply chains similarly to that of natural disasters** without damaging the physical infrastructure. It is disrupting both demand and supply.



THANK YOU



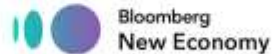
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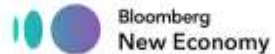
Dr Robert Handfield

Professor, Poole College of Management, NC State University
Executive Director
Supply Chain Resource Cooperative

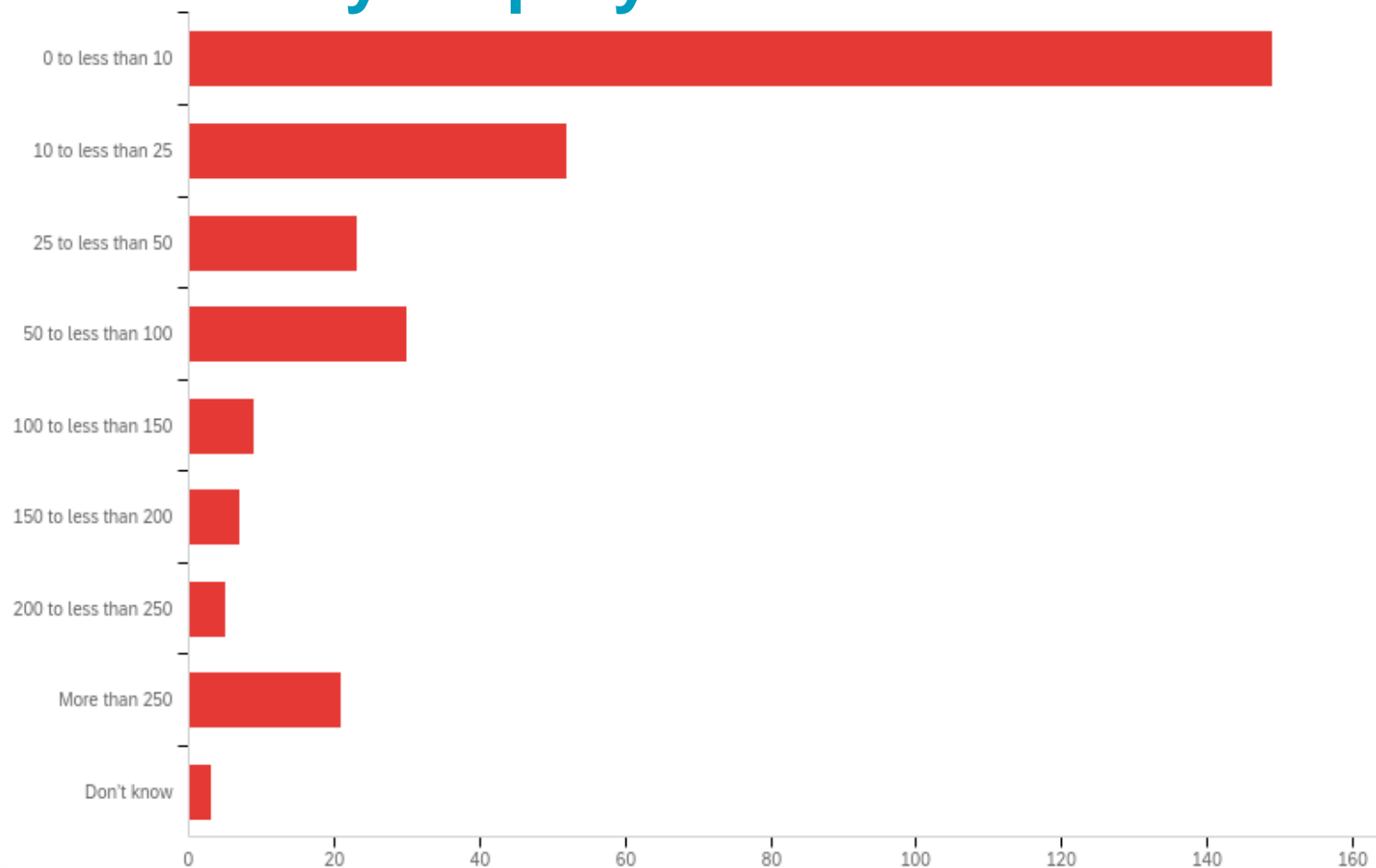


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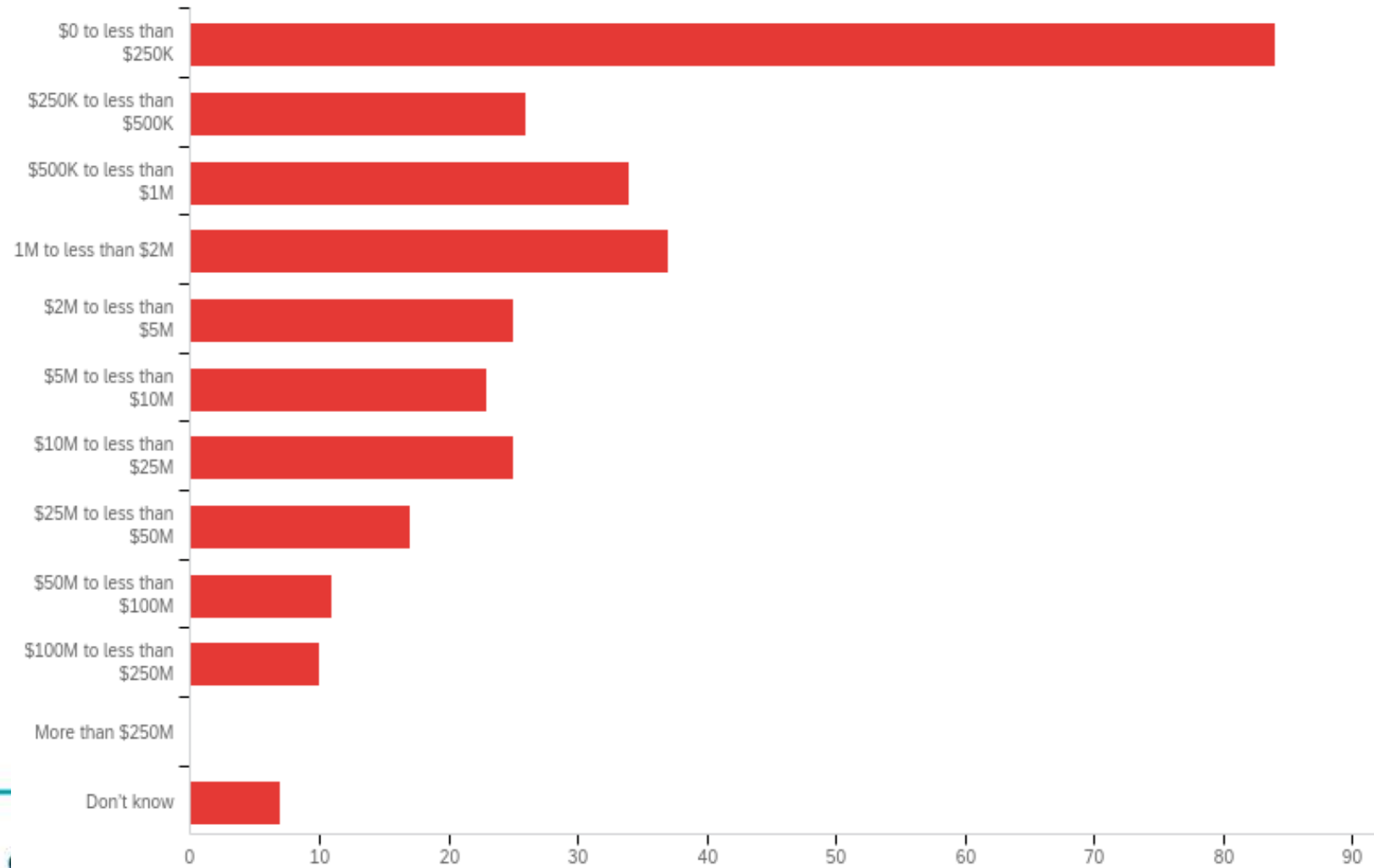
Ms Lisa McAuley
CEO
GTPA



Sample Demographics: How many employees does your business currently employ?



How much revenue did your business earn in the last financial year (USD)?

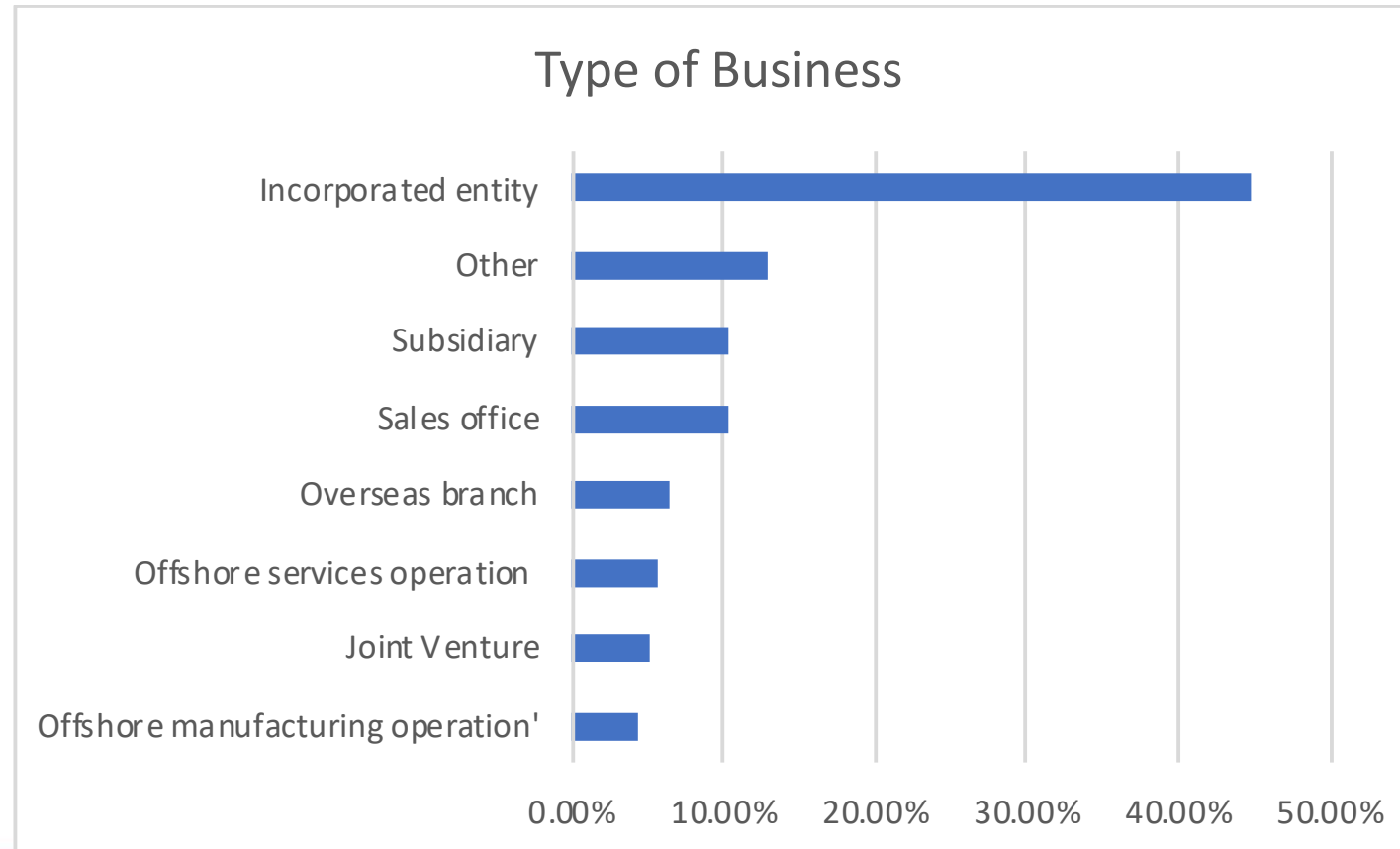


Economies represented in the survey

APEC Member	SME	Large Enterprise	Government/ Industry Org	Do Not Participate	Total
Australia	212	9	35	32	288
Brunei Darussalam	5	0	0	1	6
Canada	1	0	5	1	7
Chile	3	0	3	0	6
China	7	1	4	0	12
Hong Kong, China	1	0	5	0	6
Indonesia	18	5	22	6	51
Japan	73	53	7	2	135
Republic of Korea	1	0	4	1	6
Malaysia	1	0	1	0	2
Mexico	1	0	0	0	1
New Zealand	0	0	2	0	2
Papua New Guinea	4	1	10	1	16
Philippines	3	1	13	3	20
Peru	1	0	2	0	3
Russian Federation	69	0	1	1	71
Singapore	4	1	3	1	9
Chinese Taipei	0	0	1	0	1
Thailand	0	0	7	0	7
United States of America	11	3	10	1	25
Viet Nam	1	0	1	0	2
APEC Total	416	74	136	50	676
All Response Total	472	92	161	82	807



Which of the following most accurately describes your international business model?



Primary Industry

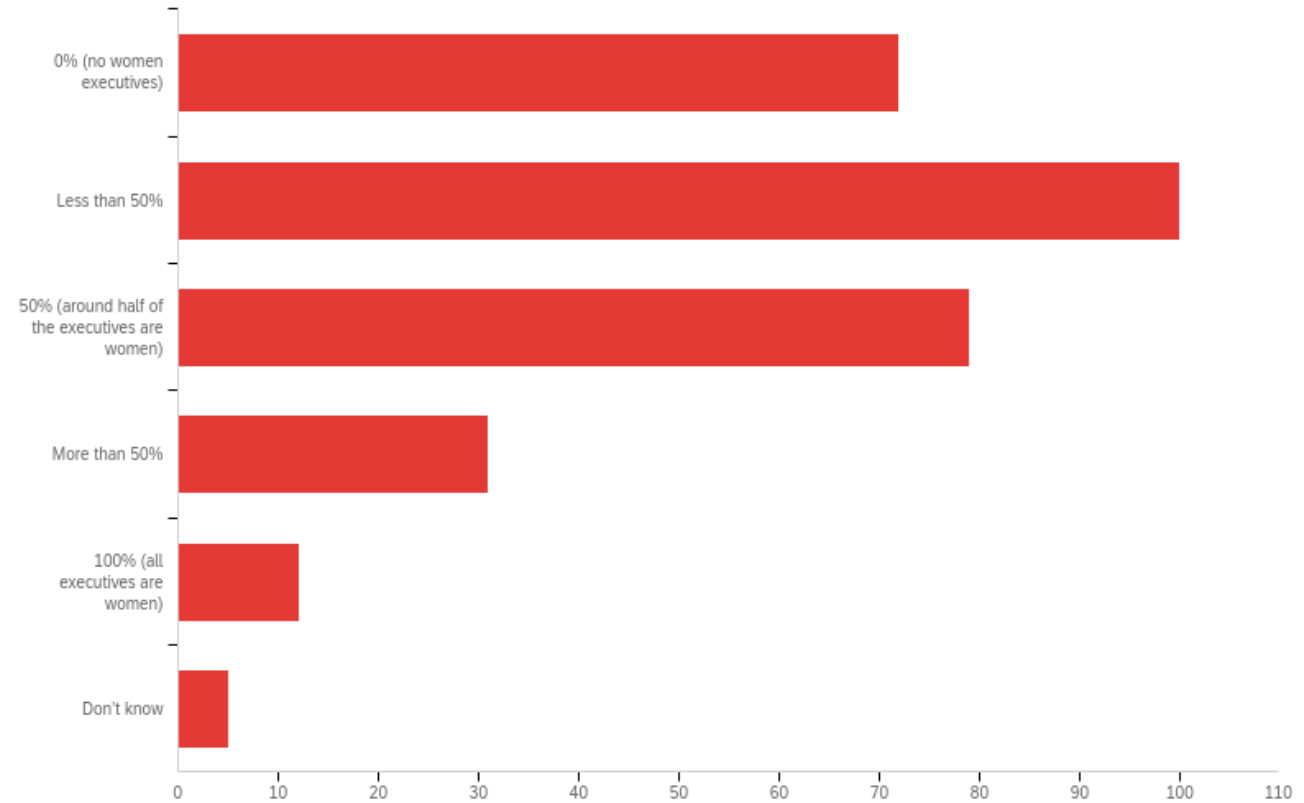
Manufacturing	20.50%	122
Professional, scientific and technical activities	10.08%	60
Agriculture, forestry and fishing	9.92%	59
Manufacture-related services	6.05%	36
Construction	5.21%	31
Information and communication	5.55%	33
Wholesale and retail trade; repair of motor vehicles and motorcycles	5.04%	30
Education	4.54%	27
Mining and quarrying	3.70%	22
Transportation and storage	3.70%	22
Administrative and support service activities	2.69%	16
Other service activities	3.03%	18
Arts, entertainment and recreation	2.35%	14
Human health and social work activities	2.02%	12
Environment; water supply; sewerage, waste management and remediation	2.18%	13
Other	14.04%	84



Is the head of your business a woman?

What percentage of senior managers are women?

Yes	23.08%
No	76.92%
Total	100%



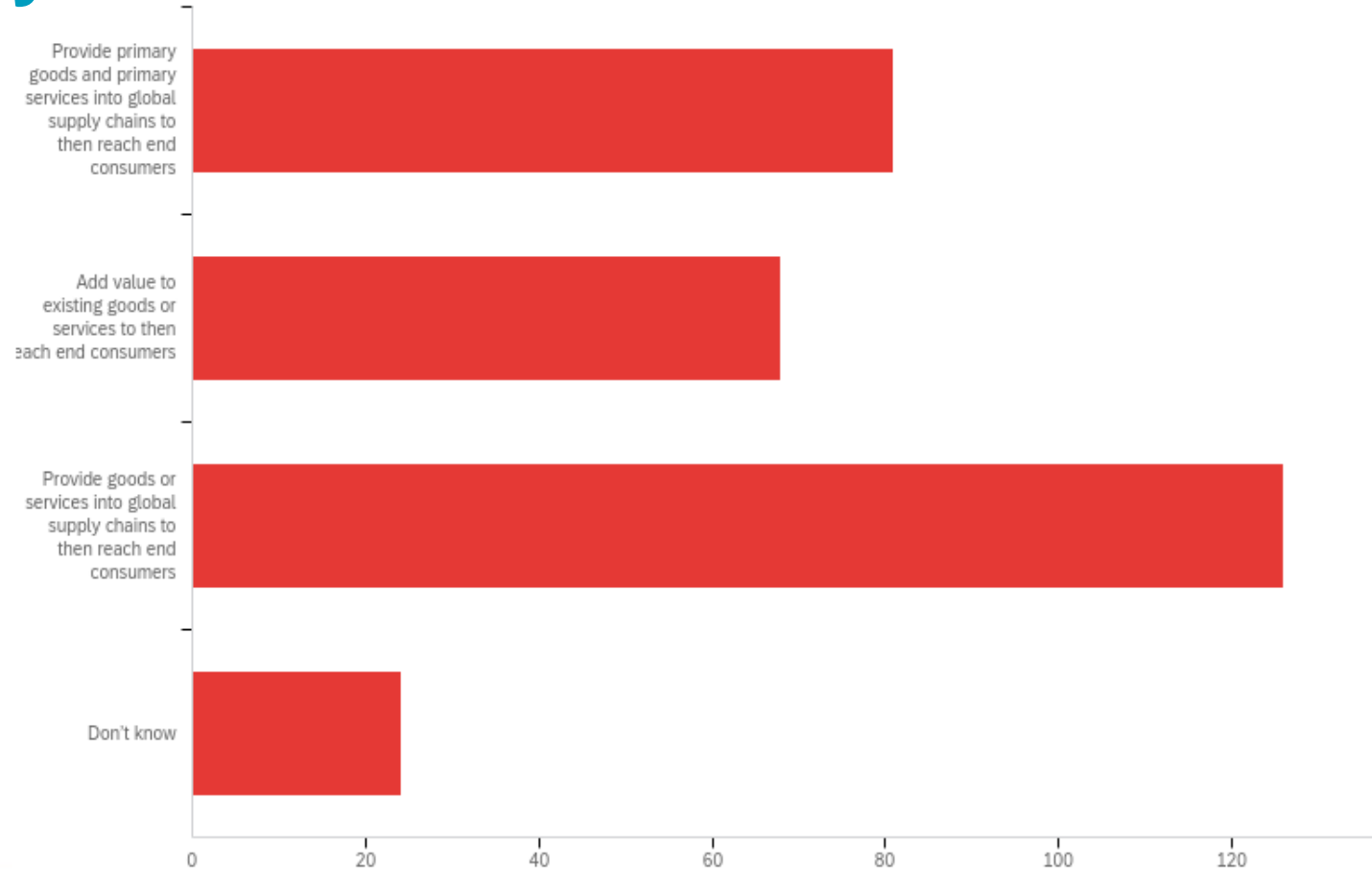
Majority of international business activity

A significant portion international business activity (almost 80%) involves exporting and importing, R&D and IP exchange, and licensing arrangements...
... which are susceptible to restrictions on global trade flows...

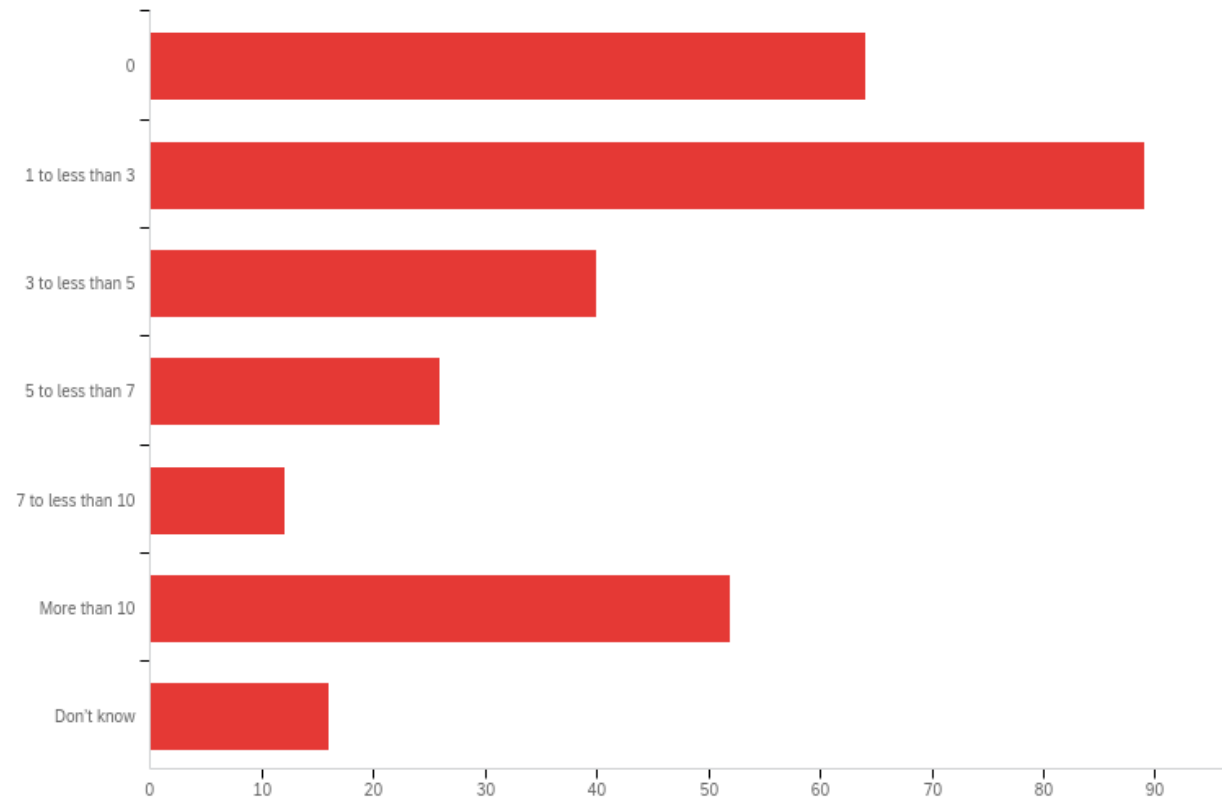
Exporting goods overseas	28.01%	151
Importing goods from overseas	16.88%	91
Exporting services overseas	16.70%	90
Research and development overseas	6.49%	35
Licensing your intellectual property to overseas	5.75%	31
Manufacturing products or parts of products overseas through licensing arrangements	4.27%	23
Primary production, extracting and mining	3.90%	21
Importing services from overseas	3.71%	20
Manufacturing products or parts of products on the basis of licenses obtained from overseas	2.41%	13
Making outward investments	1.67%	9
Receiving inward investments	1.30%	7
Employing temporary skilled labour from overseas	1.67%	9
Other	5.94%	32



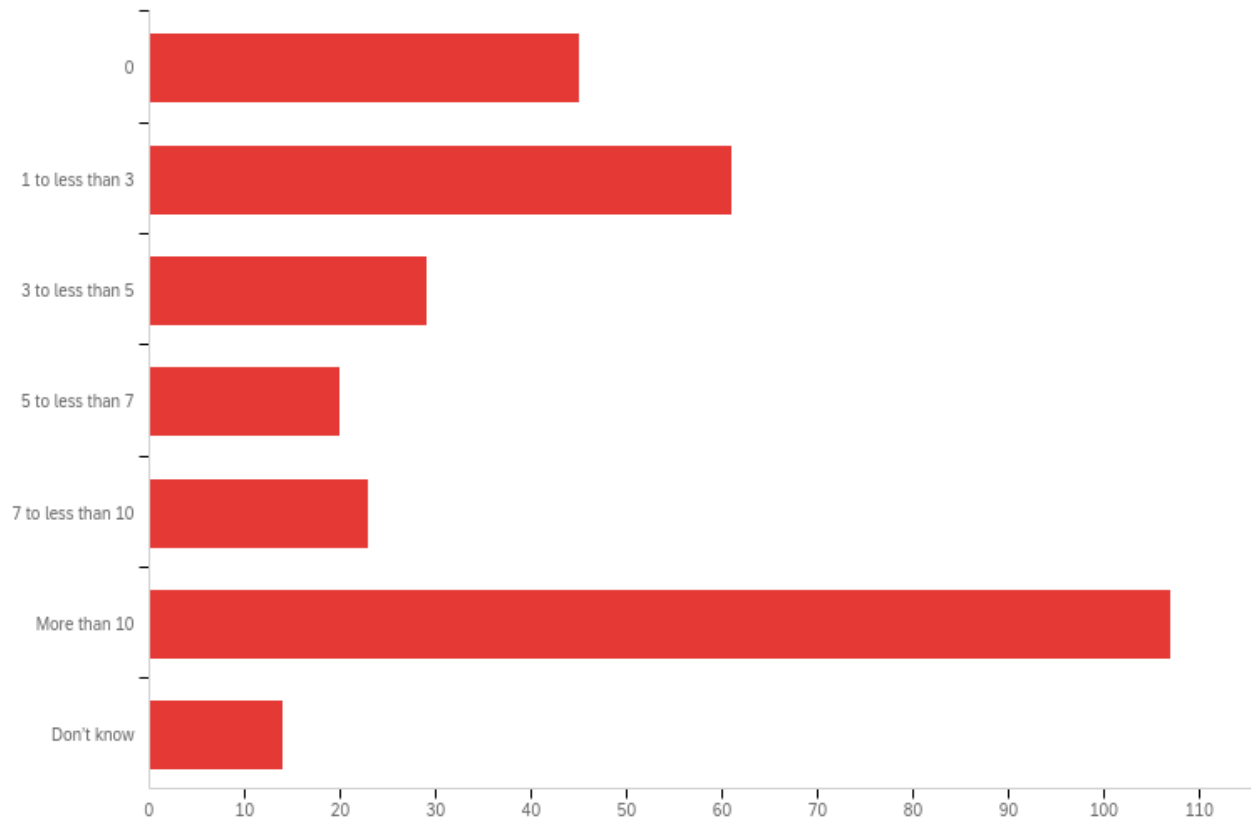
How best would you describe your business' position in global supply chains?



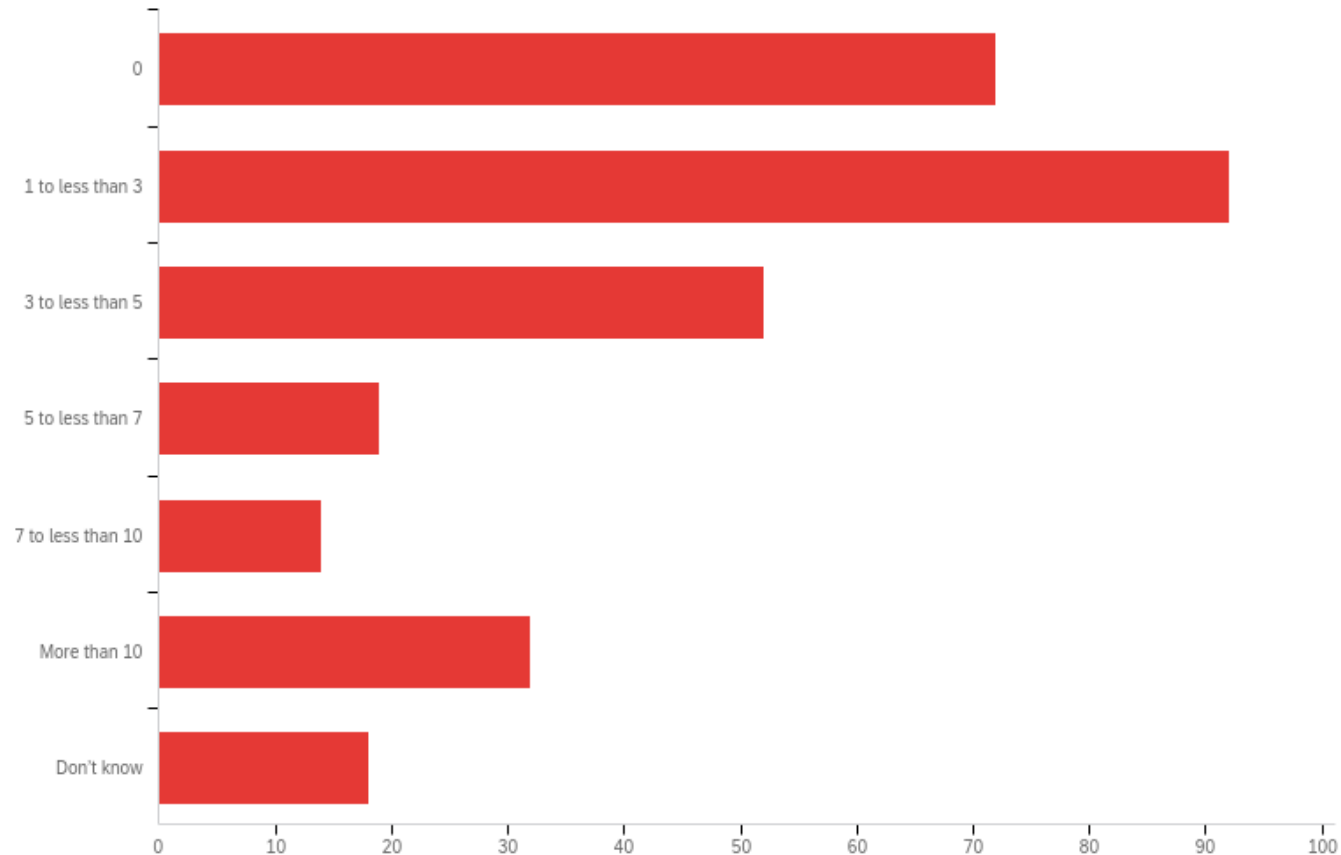
To how many large businesses (>\$250M) would you estimate that your business sells its goods and services as inputs into their global supply chains?



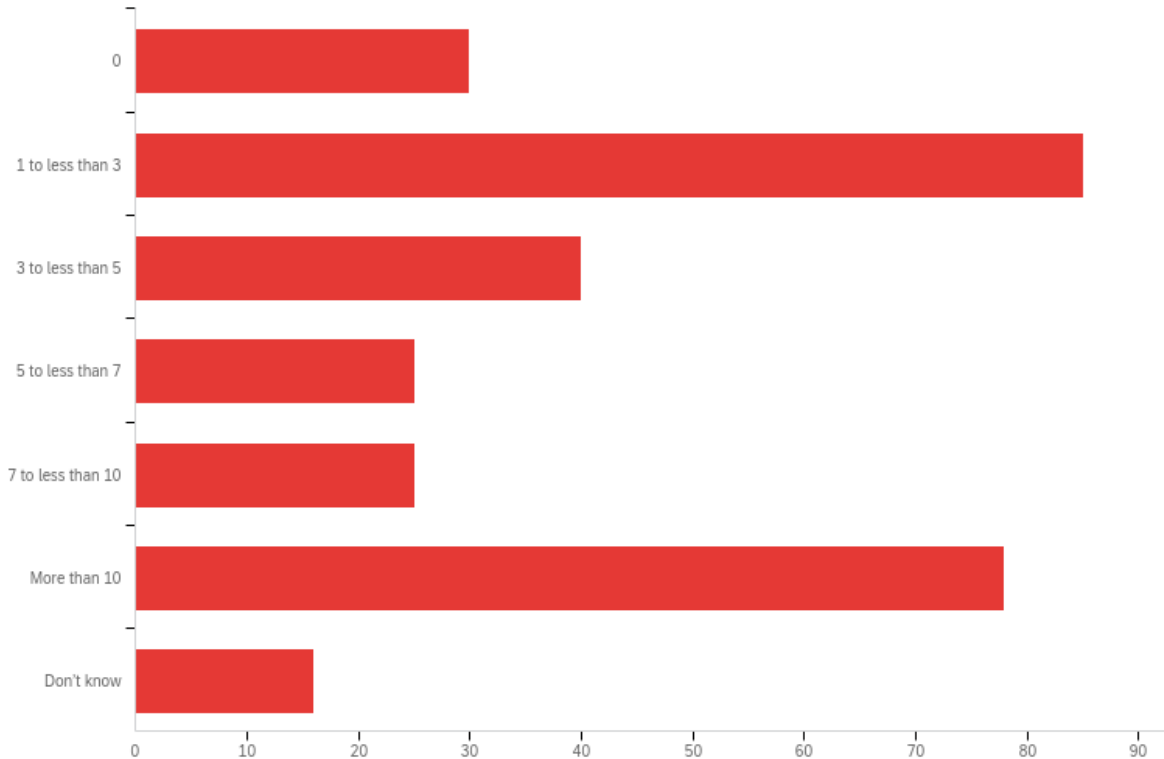
To how many other SMEs would you estimate that your business sells its goods and services as inputs into their global supply chains?



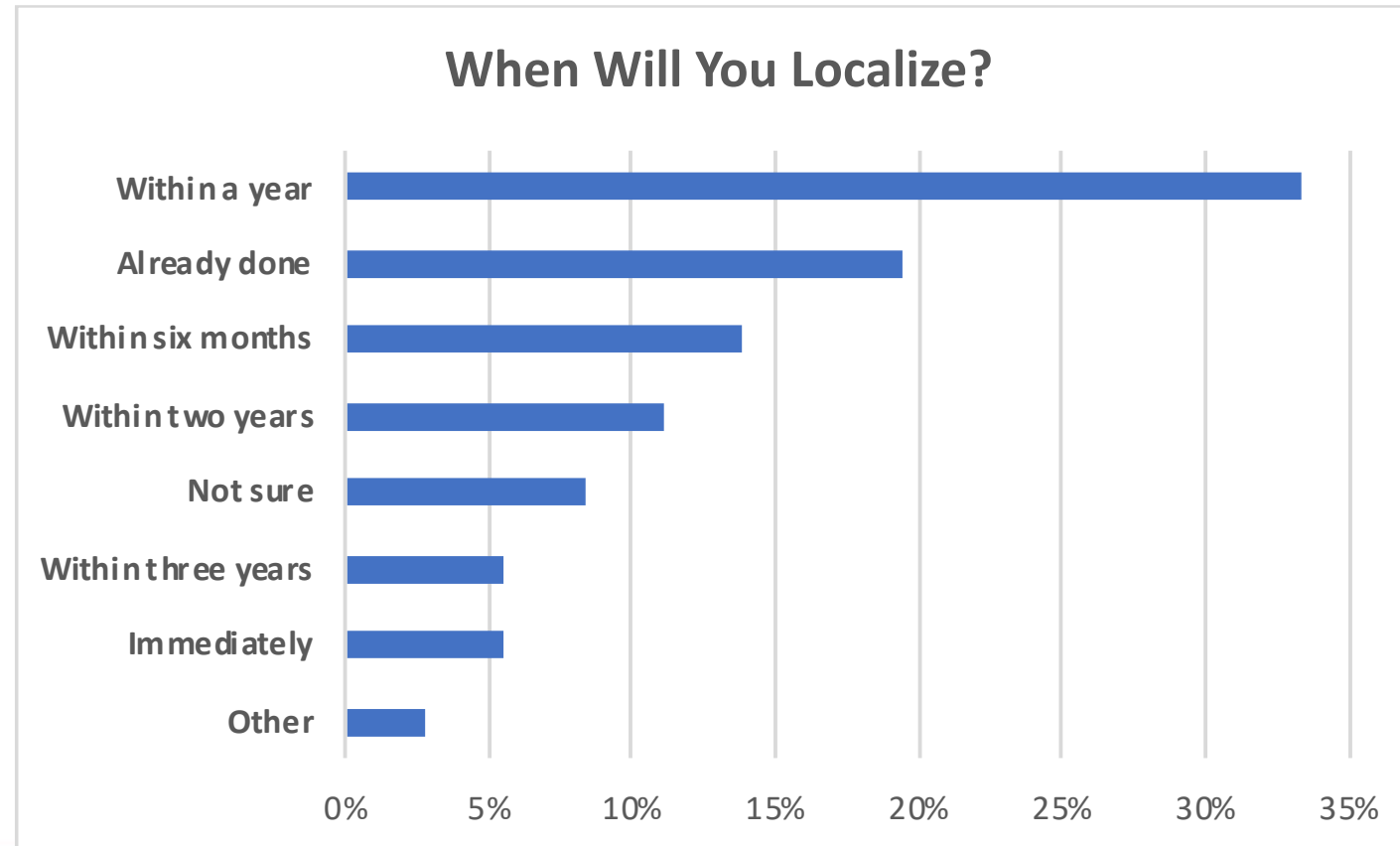
From how many large businesses does your business receive goods and services as inputs into your global supply chains?



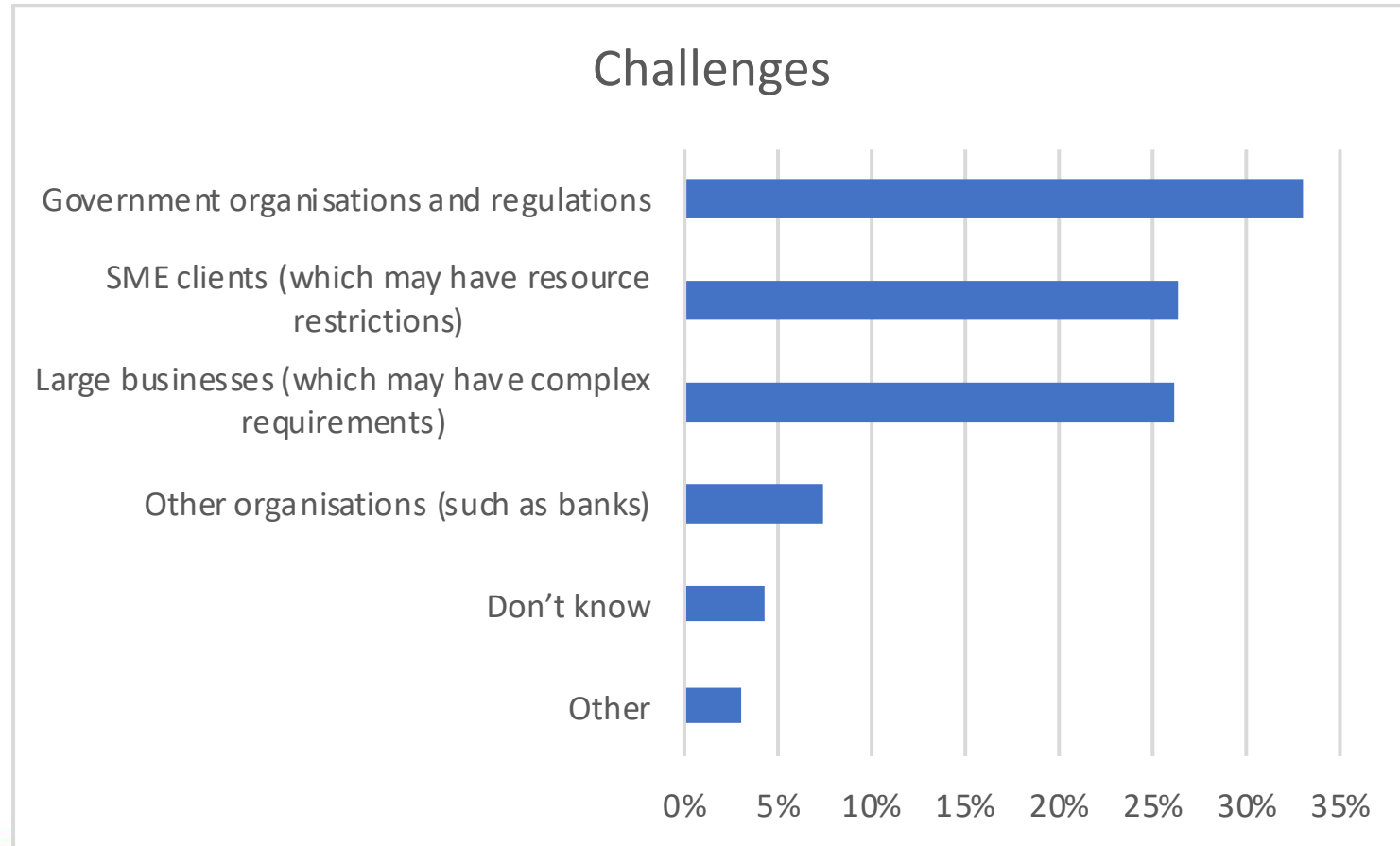
From how many SMEs does your business receive goods and services as inputs into your global supply chains?



When is your business planning to implement these changes on offshore manufacturing operations?



What is/are the main source(s) of the challenge(s) when conducting business in global supply chains?



What are the main challenges your business has experienced when selling goods and services into global supply chains before the COVID-19 pandemic?

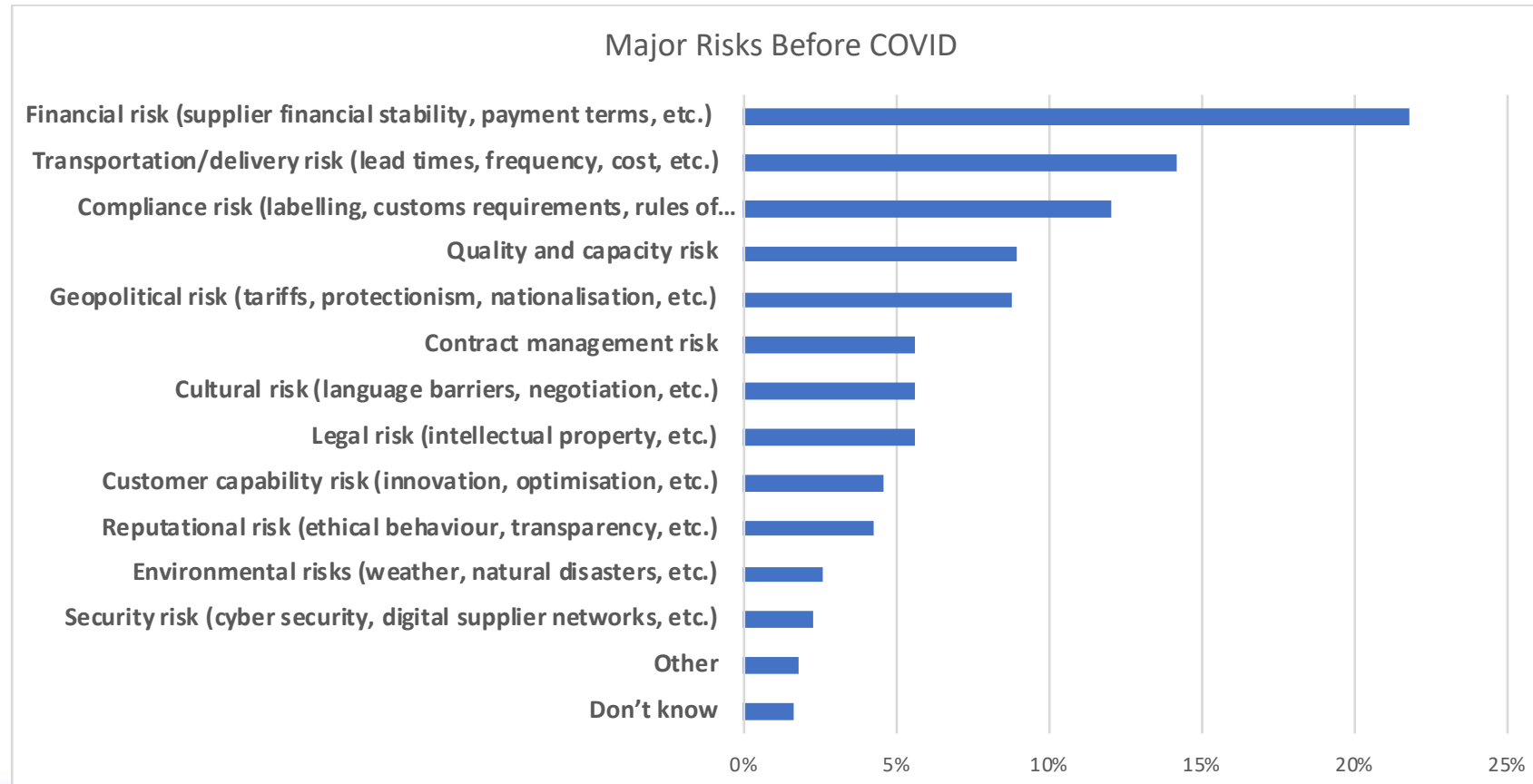
Payment delays have been a big problem, even before COVID.... Is this an opportunity for Supply Chain Financing to improve working capital in SME's?

Tariff and trade issues (customs, standards, delivery issues, etc.) remain high on the list of challenges encountered by small business.

Payment issues	10.84%
Local regulations	9.99%
Local language, culture and business practices	8.70%
Delivery delays	8.56%
Standards and conformance requirements	8.42%
Customs costs/delays	6.99%
Financial considerations (e.g. customer financial health, currency fluctuations)	6.85%
Tariffs, quotas and import duties	6.56%
Access to finance (e.g. insurance, loan)	5.28%
Protection of intellectual property rights	3.71%
Other	3.71%
Geopolitical factors	3.42%
Communication delays	3.14%
Complex rules of origin requirements	3.00%
Licensing	2.57%
None of the above	2.00%
Complex labelling requirements	1.85%
Certifications of origin costs	1.57%
Technology disparities	1.43%
Restriction on labour mobility	1.43%



What are the main risks your business has experienced when selling goods and services into global supply chains before the COVID-19 pandemic?



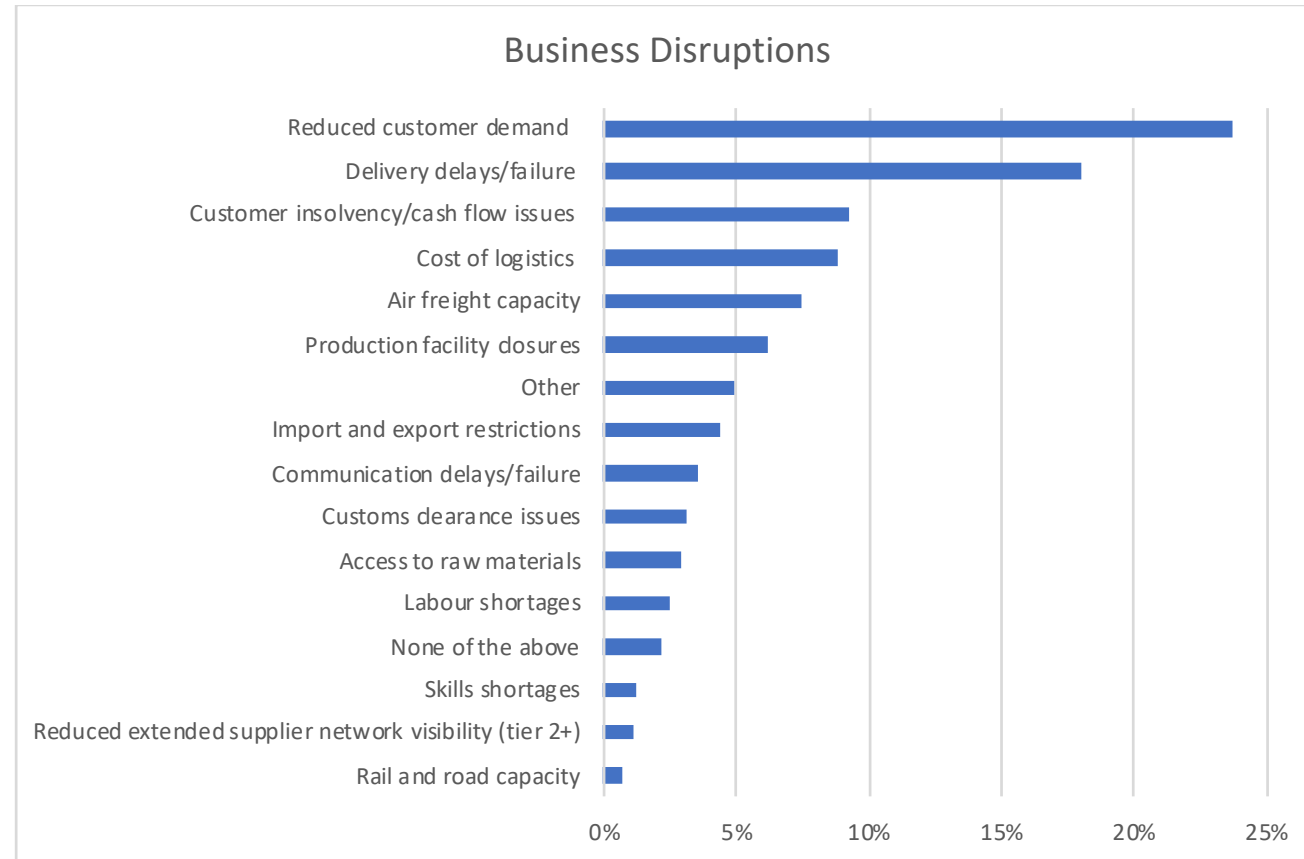
Does your business use any recognised industry, private or international certifications or standards in relation to supply chain management?

Yes	50.55%
No	49.45%

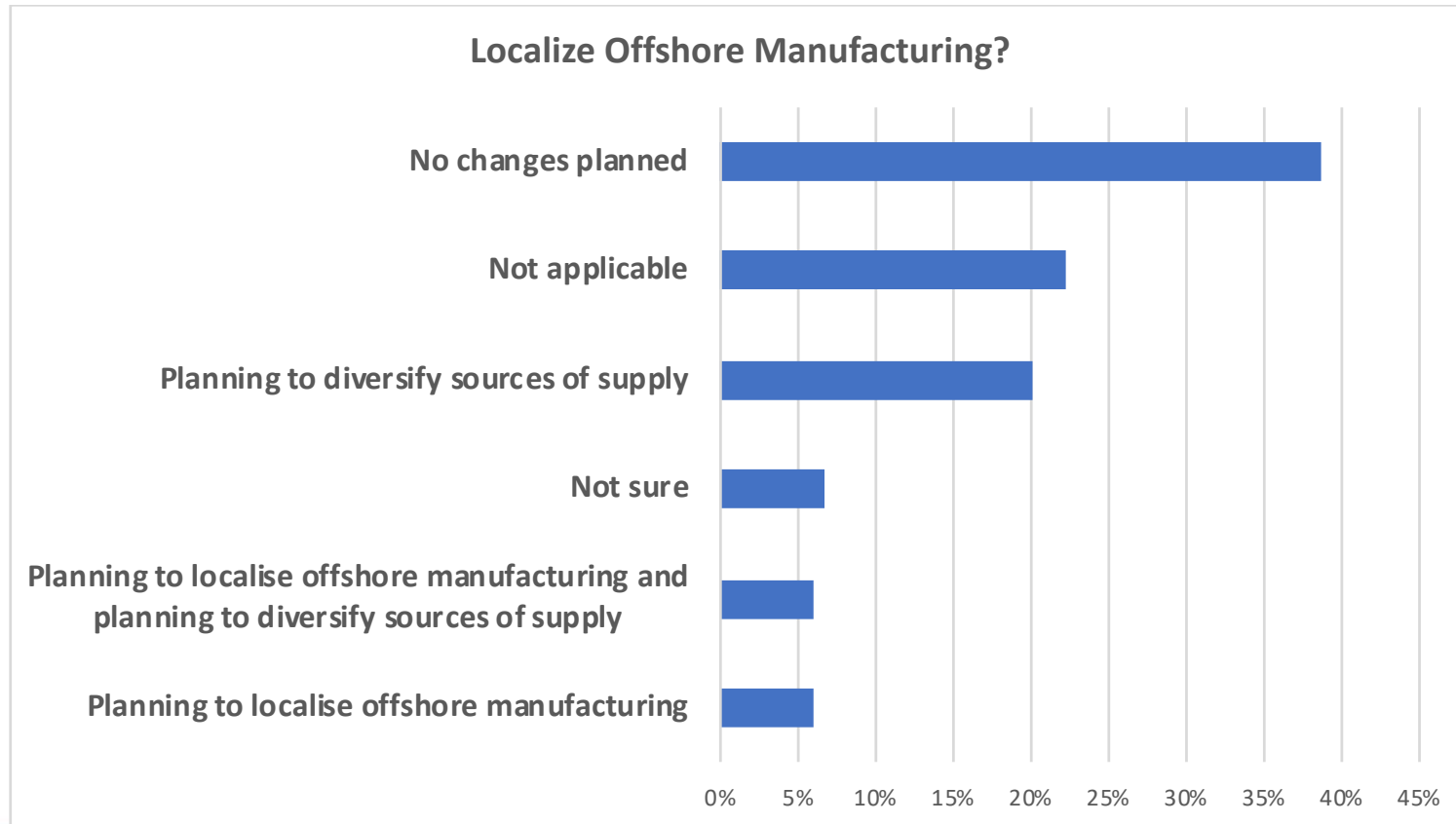
Examples: ISO 9001:2015; ISO 34101-3:2019; ISO 14001:2015; ASCM-SCOR Enterprise Certification; Qualsys EQMS; Starbucks Ethical Sourcing: Coffee; McDonald's Sustainable Sourcing; Nestlé Commitment to Child Labour in Agriculture; FairTrade Certification



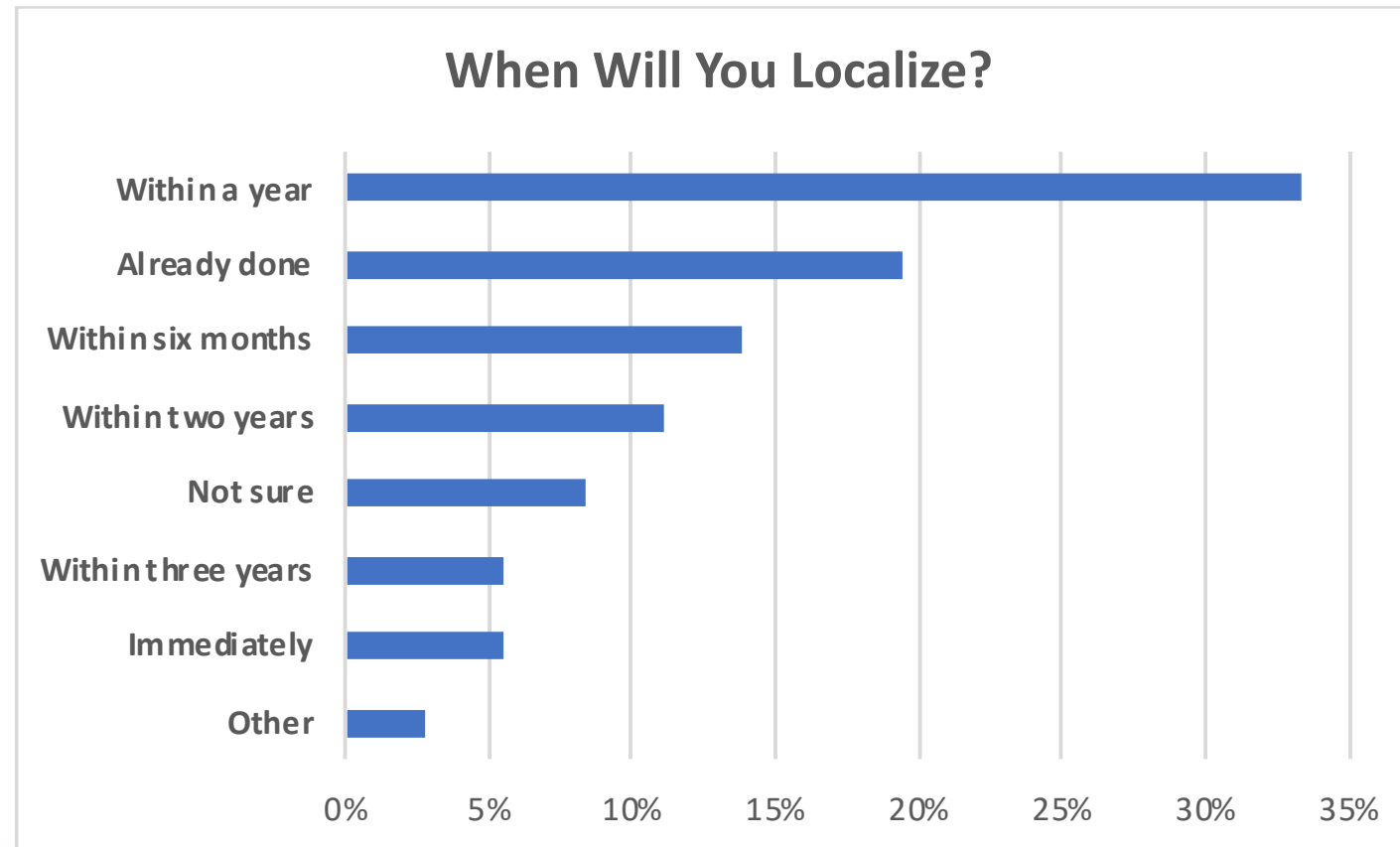
What main disruptions has your business experienced while selling goods and services in global supply chains as a result of the COVID-19 pandemic?



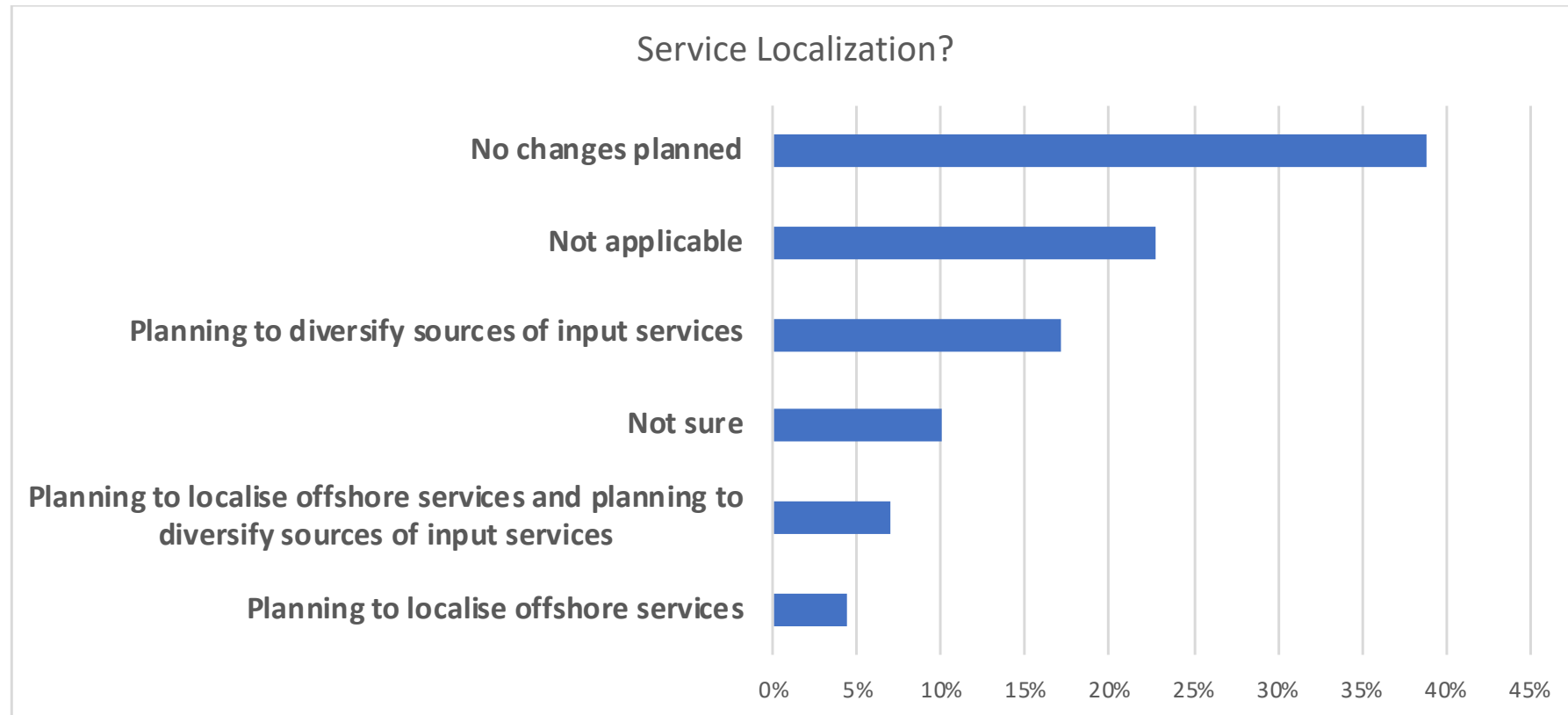
Is your business planning to localise offshore manufacturing (if any) or diversify sources of supply in its global supply chain as a result of the COVID-19 pandemic?



When is your business planning to implement these changes on offshore manufacturing operations?



Is your business planning to localise offshore services (if any) or diversify sources of supply of services in its global supply chain as a result of the COVID-19 pandemic?



With the support of project partners



Digital transformation and the rise of eCommerce

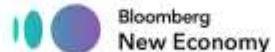


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(GTPA)



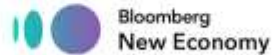
PANEL MEMBERS



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Founder and Executive
Director
Asian Trade Centre



Mr Patrik Jonasson
Director Public Policy Asia-Pacific
GS1





Recovering from Disruption: Digital Trade and E-Commerce

Dr. Deborah Elms

APEC Supply Chain Resilience Workshop

October 28, 2020

elms@asiantradecentre.org

E-Commerce and Digital Trade

Typically, digital trade and the digital economy means goods and services as well as data and supporting policies

In trade agreements, e-commerce remains the “umbrella” term

When working on e-commerce trade, important to remember *not* just about goods

Can also include broad range of services (plus telecoms and financial services), investment, data rules and regulations, intellectual property rights adjustments for digital, standards related to digital, online consumer protection, MSMEs, development, capacity building, and so forth

Digital trade is a cross-cutting or horizontal topic and needs to be effectively managed

Key goal: to allow the “micromultinational” to continue to find markets, materials, suppliers and customers anywhere



Impact of COVID on Digital Trade

Firms that are online in whole or part have outperformed companies that remain entirely offline

Does *not* mean that the future eliminates offline engagements, shops, offices...

But encouraging more online trade requires supportive policy infrastructure to avoid strangling firms in complexity and costs

Government need not do it all: focus on policy settings that encourage and foster digital trade

APEC has had long history of encouraging policy processes on different aspects of digital trade and e-commerce

Need to fast-forward these sessions from theoretical to practical and from discussion to implementation



Key Issues Include

Paperless trading whenever possible

Electronic signatures and electronic authorization

Renewed commitments to lower logistics costs

Focus on small size, small value shipments

Sorting out consistency in electronic payments and settlement

Online consumer protection

Minimizing barriers to cross-border flows of data

Adequately protect personal information

Location of computing service facilities language to allow cloud-services delivery and future applications like Internet of Things (IoT), AI, and Big Data

Requires regular engagement with stakeholders



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Solutions for vexing trade problems

Practical advice and suggestions for improving bottom line performance

Sensible input to craft modern trade agendas

Deborah Elms

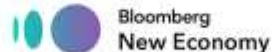
Executive Director

Asian Trade Centre

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Building Resilient Supply Chains in APEC: Agility in Crisis

Patrik Jonasson, Director Public Policy GS1
28 October 2020



Enabling Digital Readiness to Trade Goods

GS1 manages the system of globally unique identifiers used by companies to identify products (& shipments) and manage product data in a standardised way

Product ID

9 5 0 4 0 0 2 1 0 0 1 4

GTIN





Brand name
Product description
Product image URL
Global Product Classification (GPC)
Net content & unit of measure
Target market



Addressing the issues of all stakeholders



Enabling Digital Readiness to Trade Goods

The identification code already used by industry for listing on marketplaces is increasingly being recognized as a source of data for customs, for import supervision and tariff verification, as well as easy cross-border returns

- Leverage identification standards (already widely used by industry) in customs environment

Harmonized standards/regional agreed framework to facilitate cross-border eCommerce needs to be put in place; harmonized customs requirements makes multiple-market access easier for SMEs

- APEC Governments need to start better leverage existing international standards with integration of Global Data Standards like GS1/ISO standards for parcel/shipment identification

Our Vision: Common ID and label end-to-end (including returns) - used by ALL to access the information needed



Patrik Jonasson

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Services and supply chain disruption



MODERATOR

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CEO

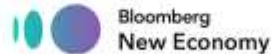
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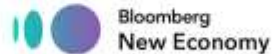
Dr Robert Handfield
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Dr Robert Handfield
Executive Director
Supply Chain Resource Cooperative



Building Resilient Supply Chains in APEC: Agility in Crisis

Services and Supply Chain Disruption

Simon Lacey
University of Adelaide



The Good | The Bad | and the (mostly) Indifferent

The Good: Crisis as Catalyst

- Education
- Call centers
- Video-conferencing providers
- Online content management or productivity platforms



The Bad: Crisis as Disaster

- Travel
- Retail
- Hospitality
- Beauty salons



The Indifferent: Business as Usual

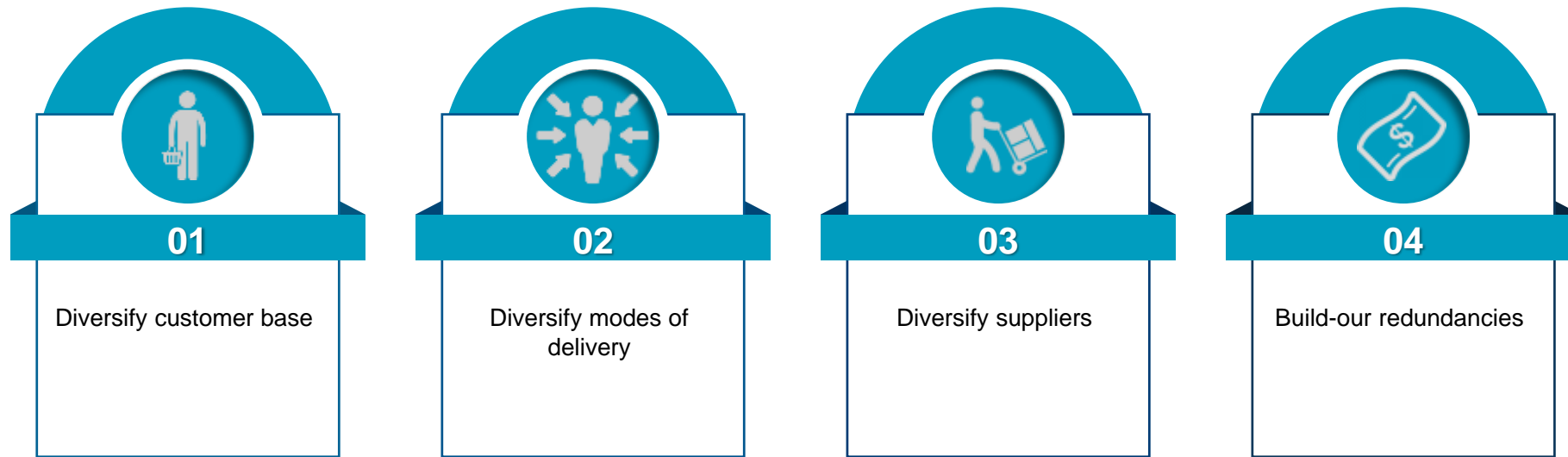
- Freight/Logistics
- Government
- Medical (other than ERs)
- Finance
- E-commerce



Lessons Learned



Resilience and Robustness | The Services Angle



Thank you for listening

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Alberto Posso

Professor of Economics and Director
Centre for International Development at RMIT
University



Supply chains and the new normal

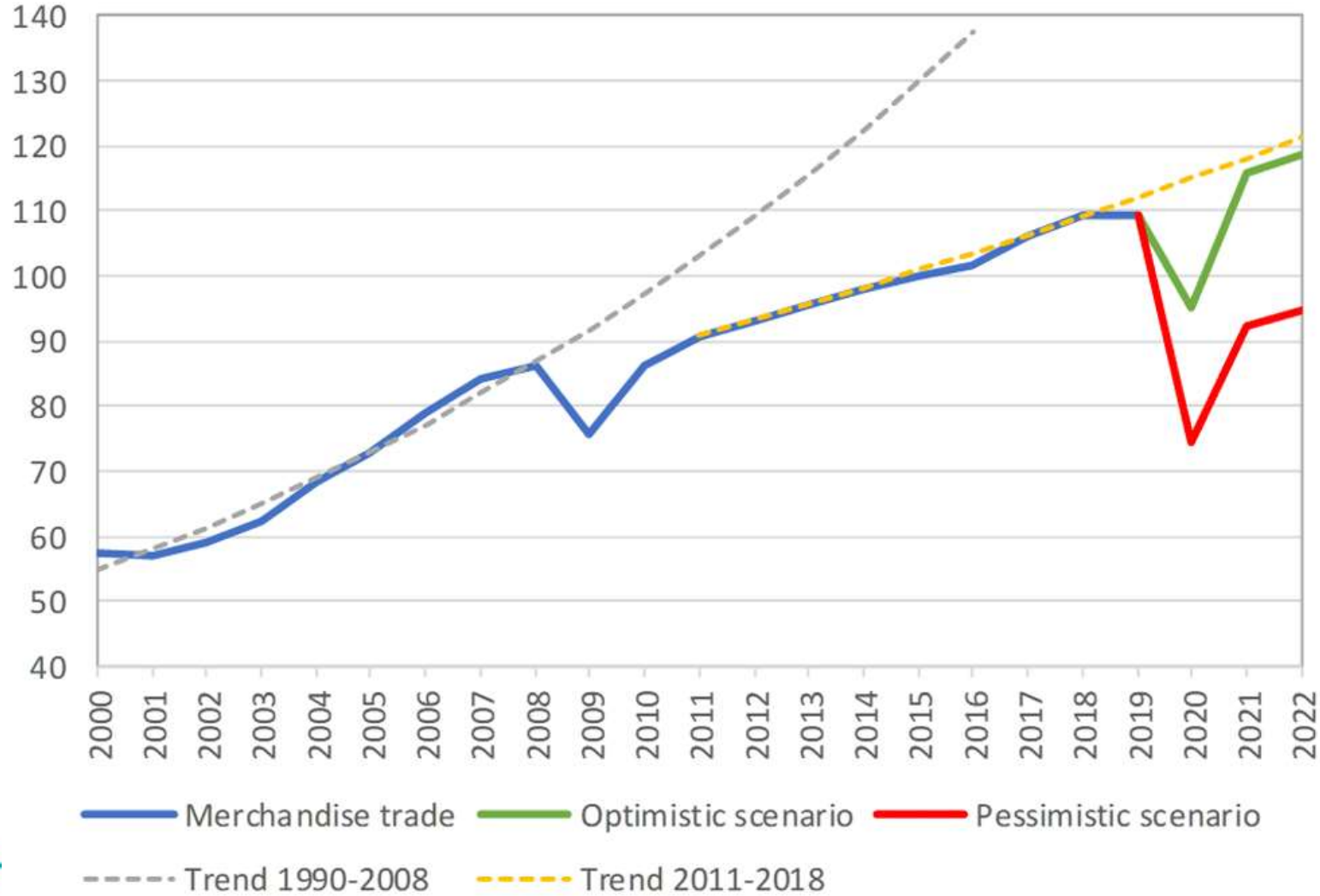
What may a post-COVID or living-with-COVID world look like?

Alberto Posso
of Economics

Professor



World merchandise trade volume 2000-22



Source: WTC (2020)



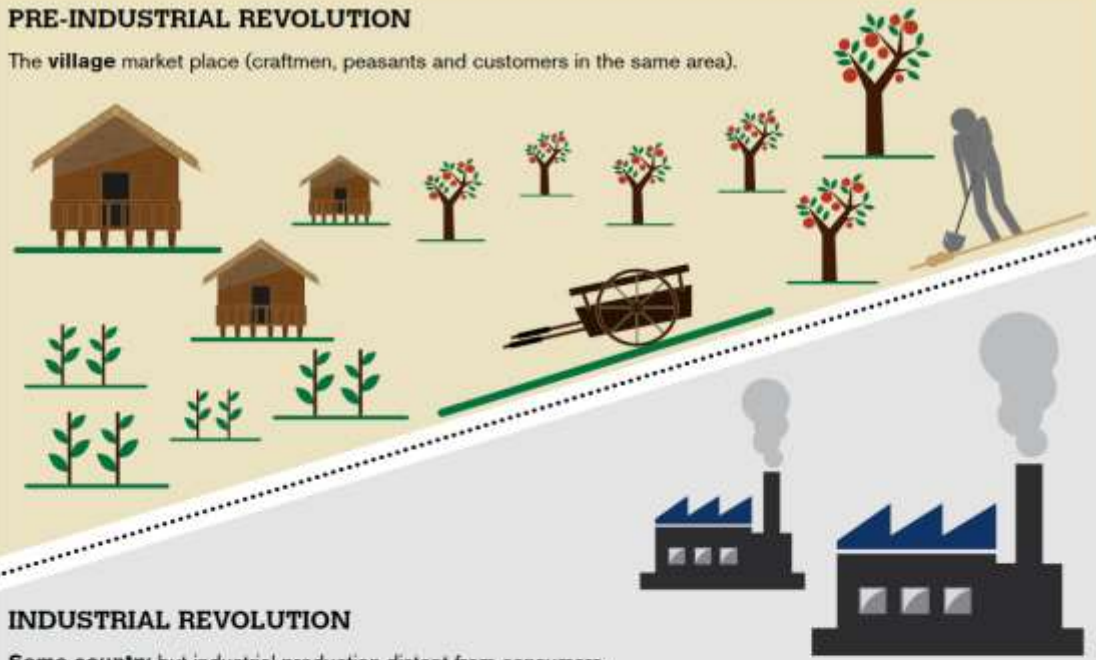
Trade disruption affects final and intermediate goods

- Consumers around the world have been impacted by trade disruptions:
 - Shortages of field workers brought on by lockdowns and a move towards protectionism – tariffs and export bans – means that some supermarket shelves in some economies look emptier.
- But not all imports are final goods, some are intermediate, and this means that making things at home can also get harder.
- Supply chains are being disrupted.

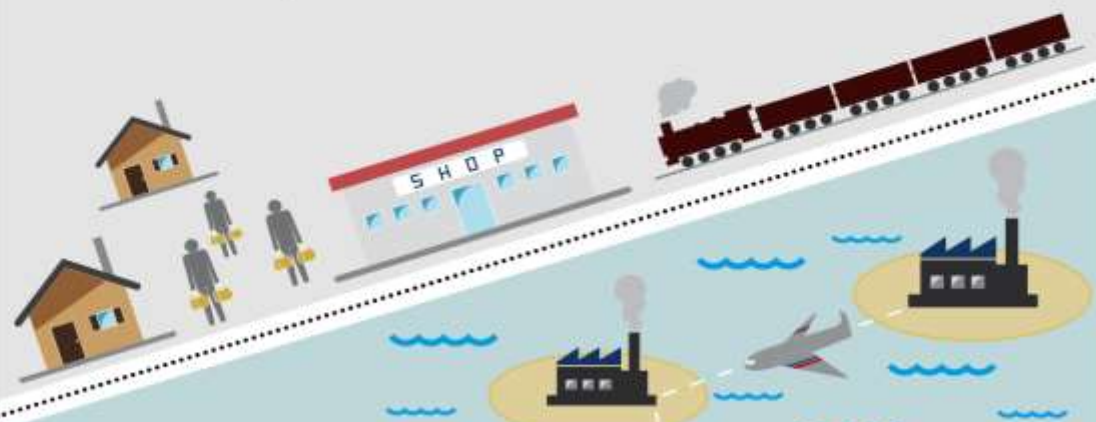


PRE-INDUSTRIAL REVOLUTION

The **village** market place (craftmen, peasants and customers in the same area).

**INDUSTRIAL REVOLUTION**

Same country but industrial production distant from consumers.

**POST-INDUSTRIAL REVOLUTION**
Trade in Tasks

Various countries with fragmented production chain.



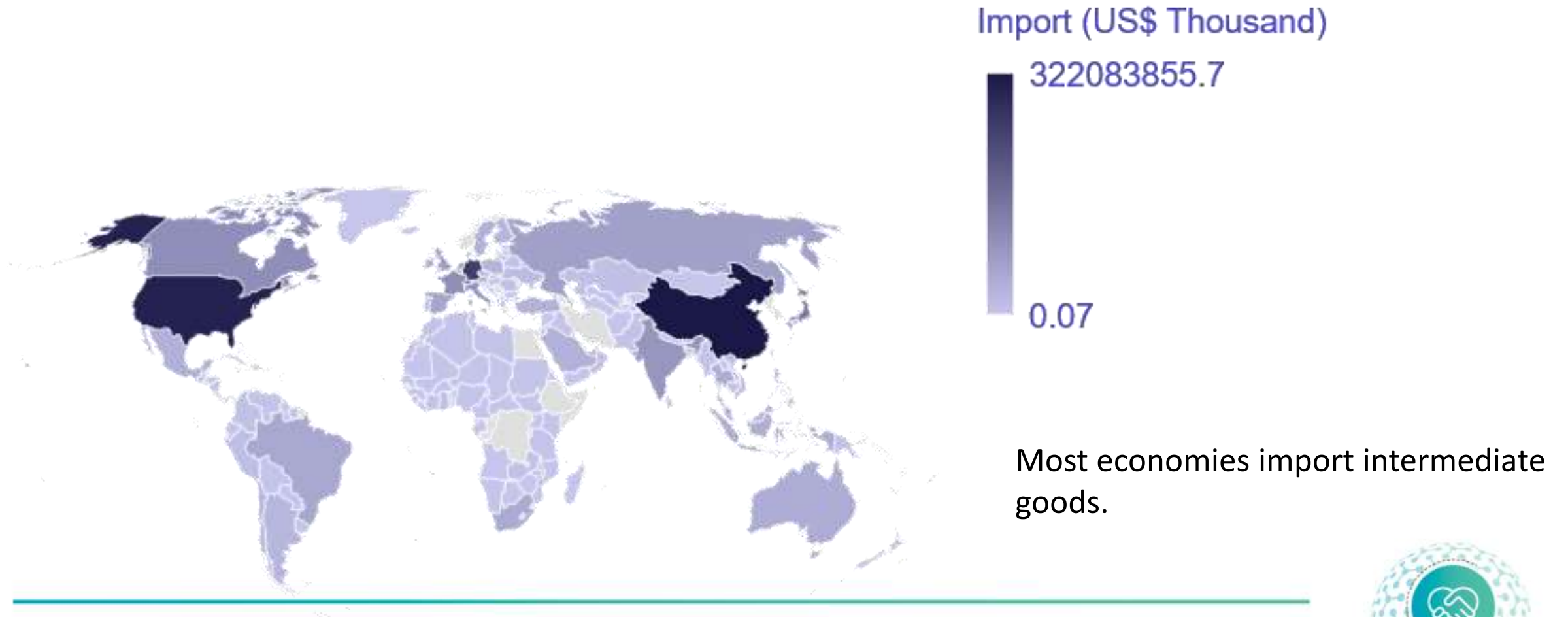
Supply chains are now governed by international trade patterns

- Modern supply chains are made up of many firms specialised in different tasks.
- Vertical integration describes the degree to which a company owns its upstream suppliers and downstream buyers.
- For most of the 20th century, vertical integration was conducted domestically.
- Since the late 1990s, it has been internationalised.
- COVID-19 disrupts these processes.

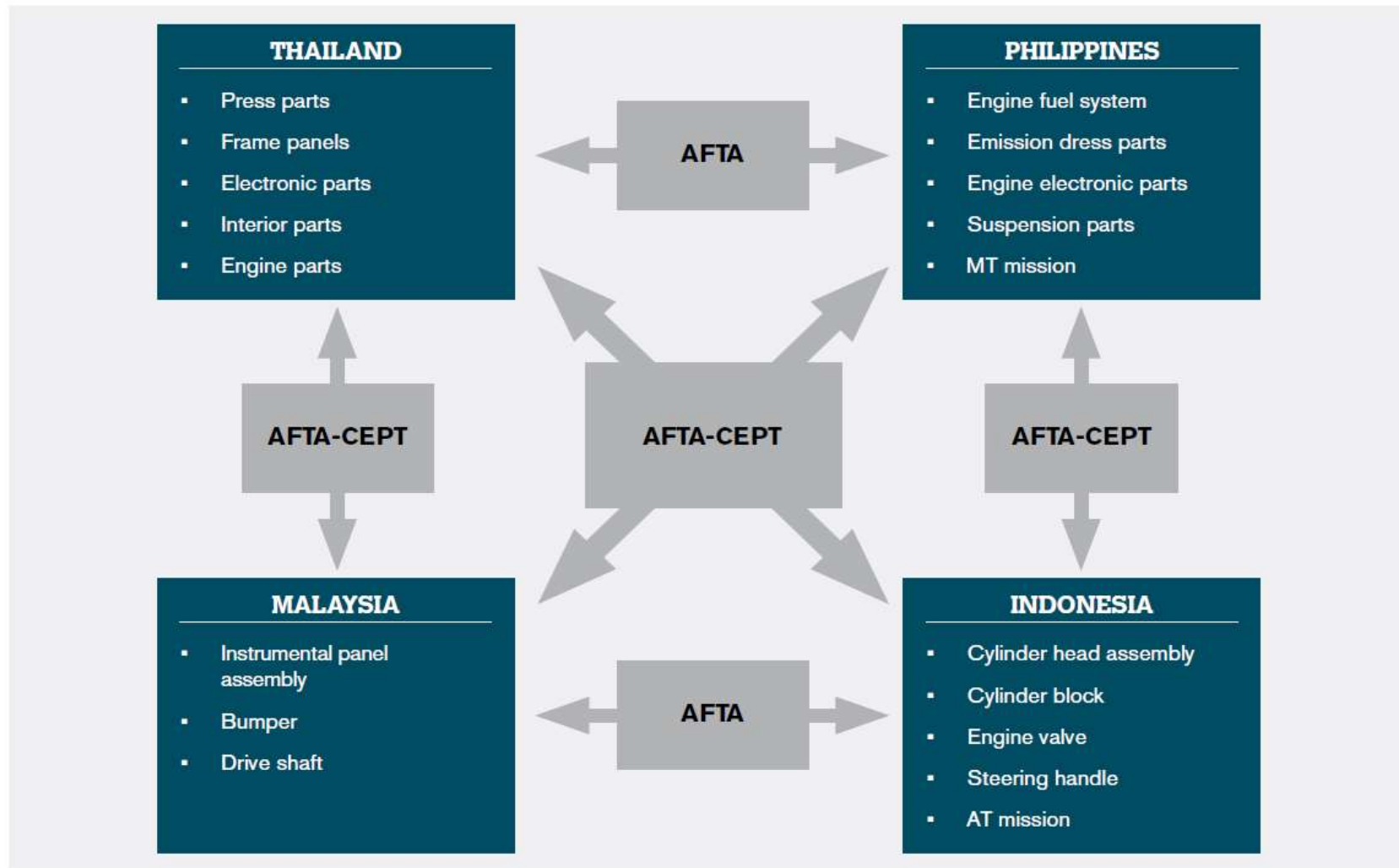


We're all in this together:

Intermediate good imports from world, 2016



Complementary parts supply system of an automobile assembler in ASEAN



Note: the ASEAN Free Trade Area - Common Effective Preferential Tariff (AFTA-CEPT) is a cooperative arrangement among ASEAN member states to reduce intra-regional tariffs and remove non-tariff barriers.

Source: Hiratsuka (2010).



Upshot:

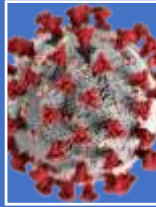
A slow down of imports is bad for business

- Globally, about 70% of imports are intermediate goods.
- Importing cheaper intermediate goods makes production more efficient, leading to growth.
- Disruptions to imports hurt manufacturing processes, hurting domestic production.
- Global value chains are disrupted by shutdowns, lockdowns and travel disruptions.



Economists are not fortune tellers, but...





New normal



Vaccine



Ineffective
vaccine



No vaccine
(some
effective
treatments)



Scenario 1: Vaccine

- Once the vaccine is widely available, firms & economies will look to re-establish pre-crisis patterns... to an extent.
- Firms will be scared about new viruses or other factors that can disrupt supply chains.
- Firms will look toward supply chain diversification.
- Recovery may be v-shaped or - shaped, as new production networks, infrastructure and logistics will need to be established.
- Firms will build resilience by stockpiling some goods
- Building domestic production (when costs aren't too high):
 - In the longer run, we may see some innovation in production processes



Diversification of international supply chains

- Firms minimise risk of business disruptions.
- As firms increase their supply sources from 3 to 10 economies, more economies will be able to find new export markets and growth opportunities, aiding in their recovery.
- Supply chain diversification is governed by comparative advantage.
 - Goods are produced in the most efficient locations considering costs and endowments.



Scenario 2: Ineffective vaccine

2.1 Vaccines are produced, but
do not work

84

2.2 Vaccines are produced, but
many economies don't get
access.



Scenario 2.1: Vaccines do not work

- People receive vaccines, but infection levels remain high.
- This leads to a prolonged crisis, hurting both consumer and investor confidence.
- Panic may lead to more protectionism.
- Consumer prices increase leading to goods scarcity in the short-run.
- This can result in increased need for supply chain diversification, but will depend on political will.
- In the longer run, we may see some innovation in production processes.



Scenario 2.2: Vaccines work, but some economies do not get them

- WHO is working hard to stop this from happening.
- While some economies may be hoarding vaccines, it is in their interest to ensure an equitable supply to avoid resurgent migration crises and other global political problems.
- Poorer economies get pushed out of production network opportunities.
 - Global inequalities are reinforced.
- Calls for supply chain diversification get reinforced.
 - Comparative advantage? Products are not (necessarily) produced in most efficient locations, leading to higher prices.
- In the longer run, we may see some innovation in production processes.



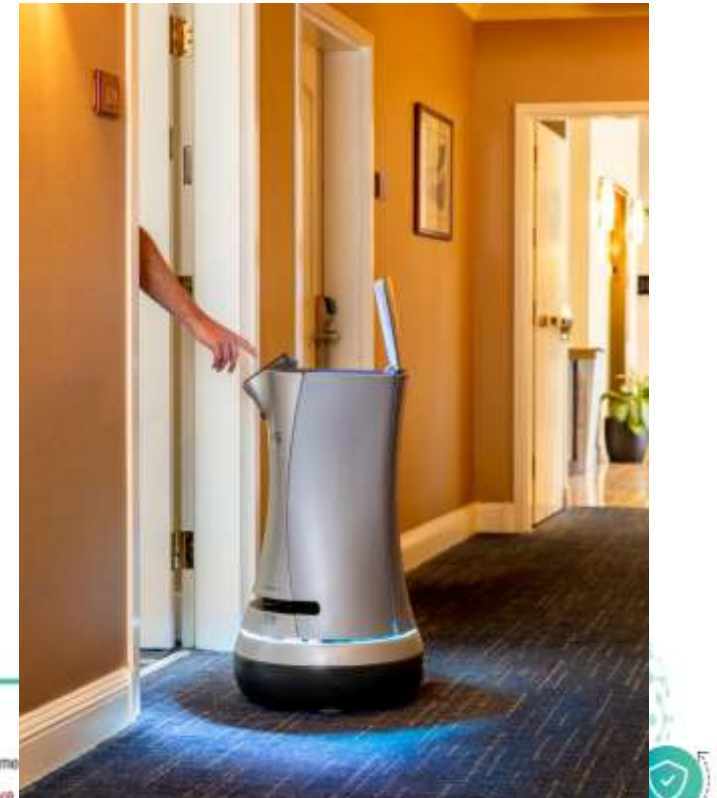
Scenario 3: No vaccine, but new effective treatments

- Resurgent lockdowns and shutdowns.
- 'Bubbles' created amongst economies undertaking better healthcare practices.
- Poorer economies get pushed out of production network opportunities.
 - Global inequalities are reinforced.
- Calls for supply chain diversification get reinforced.
 - Comparative advantage? Products are not (necessarily) produced in most efficient locations, leading to higher prices.
- In the longer run, we may see some innovation in production processes.



Innovation processes

- Labour-saving technologies & automation.
- Evidence that the pandemic has accelerated these processes as firms want to get humans out of the supply chain.
- Implications for jobs are unclear:
 - Substitutes or complements?
 - Lower demand for workers, will lower wages. If wages get low enough, taking on infection-related risk may be OK.



What can my economy do?

- Most economies do not have the capacity to make their own vaccines.
- Until a vaccine is available, economies must remember that:
 - Continued lockdowns and shutdowns are destructive.
 - Investing in health services and practices is key.
 - Dispelling rumours, conspiracy theories and misinformation.
 - Communicate health advice properly.
 - Cracking down on corruption.



Thank you very much.

For questions and comments please contact:

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Trade facilitation and the role of government in digitization



MODERATOR

Ms Lisa Hunt

Business Manager

Institute for International Trade of the
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Ms Stephanie Honey
Policy Advisor/Staffer
ABAC New Zealand



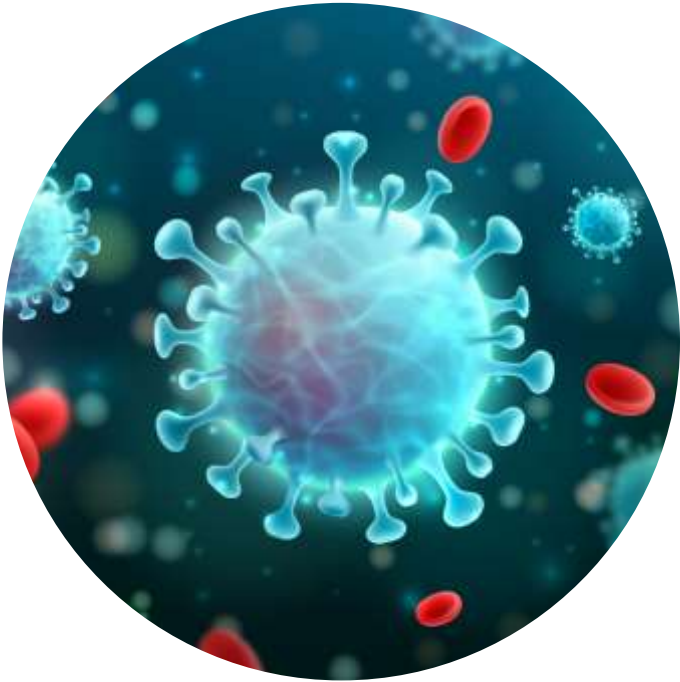


Digital Trade Facilitation in APEC



Stephanie Honey
ABAC New Zealand

Why digital trade facilitation?



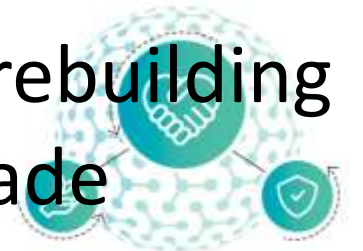
Supply-chain
disruption



Digital transformation:
cost, efficiency, integrity
& trust



Economic rebuilding
through trade



Opportunity

- Continuing to do business across borders – resilience despite COVID disruption
- Reduce costs, increase efficiency and supply-chain integrity; build consumer trust
- Greater inclusion for MSMEs
- Keeping trade growing – to kickstart economic recovery

Challenges

- Connectivity
 - Lack of access to infrastructure, skills
- Enabling environment needed:
 - Lack of acceptance of e-documents, innovative technologies (e.g. GDS)
 - Divergent standards, systems and regulations; restrictions on cross-border data flows
 - Small-parcel trade

38.6%

Global implementation of cross-border paperless trade

Source: UN Global Survey on Digital & Sustainable trade Facilitation, 2019





Advancing Free Trade
for Asia-Pacific Prosperity

APEC Guidelines and Best Practices for the Adoption of Global Data Standards

APEC Committee on Trade and Investment
March 2020

Case study: Global Data Standards



Pilot projects (beef, wine, durian, tequila, asparagus)

Results: improvements in supply-chain visibility; savings in hours of manual work; improved tracking; expedited port clearance processes; improved anti-counterfeiting and risk management

Challenges: lack of awareness; critical mass; infrastructure; buy-in from border agencies



Trade agreements

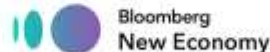
FTAs – e.g. CPTPP, USMCA, AANZFTA



WTO e-commerce negotiations (building on WTO Trade Facilitation Agreement)

Digital Economy Partnership Agreement (NZ, Singapore, Chile)

Digital Economy Agreement (Australia, Singapore)



APEC Internet & Digital Economy Roadmap



Infrastructure

- #1:** promote an enabling and competitive infrastructure with pro-investment policies
- #3:** Universal broadband access

Interoperability

- #2:** Interoperability should be promoted
- #5:** Coherence/cooperation in regulatory approach including for standards incl internationally

Holistic policy

- #4:** Government policy frameworks should be holistic e.g. across agriculture, labour – with public/private coordination

Innovation

- #6:** Promoting innovation and adoption of enabling technologies and services.

Trust & security

- #7:** Work with stakeholders on trust and security

Data flows

- #8:** Free flow of data
Regulatory approach provides consumer protection.

Measurement

- #9:** Development of common understandings and baseline measurements for the digital economy

Inclusion

- #10:** Free flow of data
Regulatory approach provides consumer protection.

E-commerce

- #11:** Facilitate and cooperate on e-commerce & digital trade – paperless customs clearance, e-documents, digital authentication

“Digital supply chains”

- Paperless trading (e.g. e-certification)
- Digital single window
- E-signatures, e-authentication
- GDS, blockchain, AI: need **interoperability** of standards/APIs, enabling regulatory environment
- Other helpful elements: e-invoicing; interoperable digital identity; digital trade information portals

“We use blockchain technology and QR codes across our supply chain to enhance traceability and transparency and ensure food safety and quality”

GTTPA

ICC

INTERNATIONAL
CHAMBER
OF COMMERCE

NC STATE Poole College of Management
Supply Chain Resource Cooperative

THE UNIVERSITY
of ADELAIDE



Next steps?





Mr Aaron Soans
Senior Advisor for Research
APEC Study Centre



THE AUSTRALIAN
APEC STUDY CENTRE



**Asia-Pacific
Economic Cooperation**

Blockchain and Trade Facilitation in APEC: The case for co-ordination and alignment

In partnership with



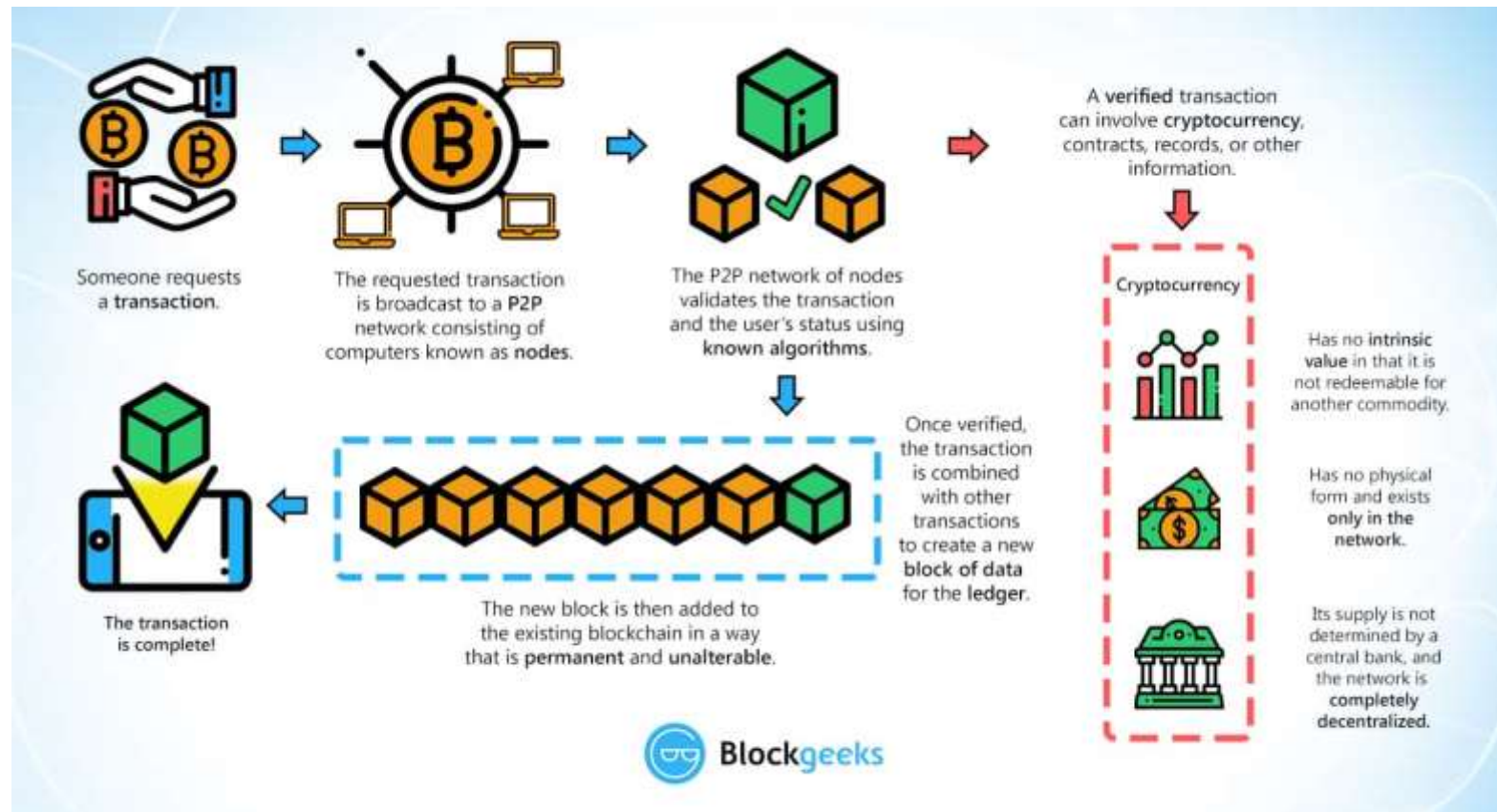
APEC Trade Facilitation

- Overall implementation of trade facilitation measures in APEC (2017)

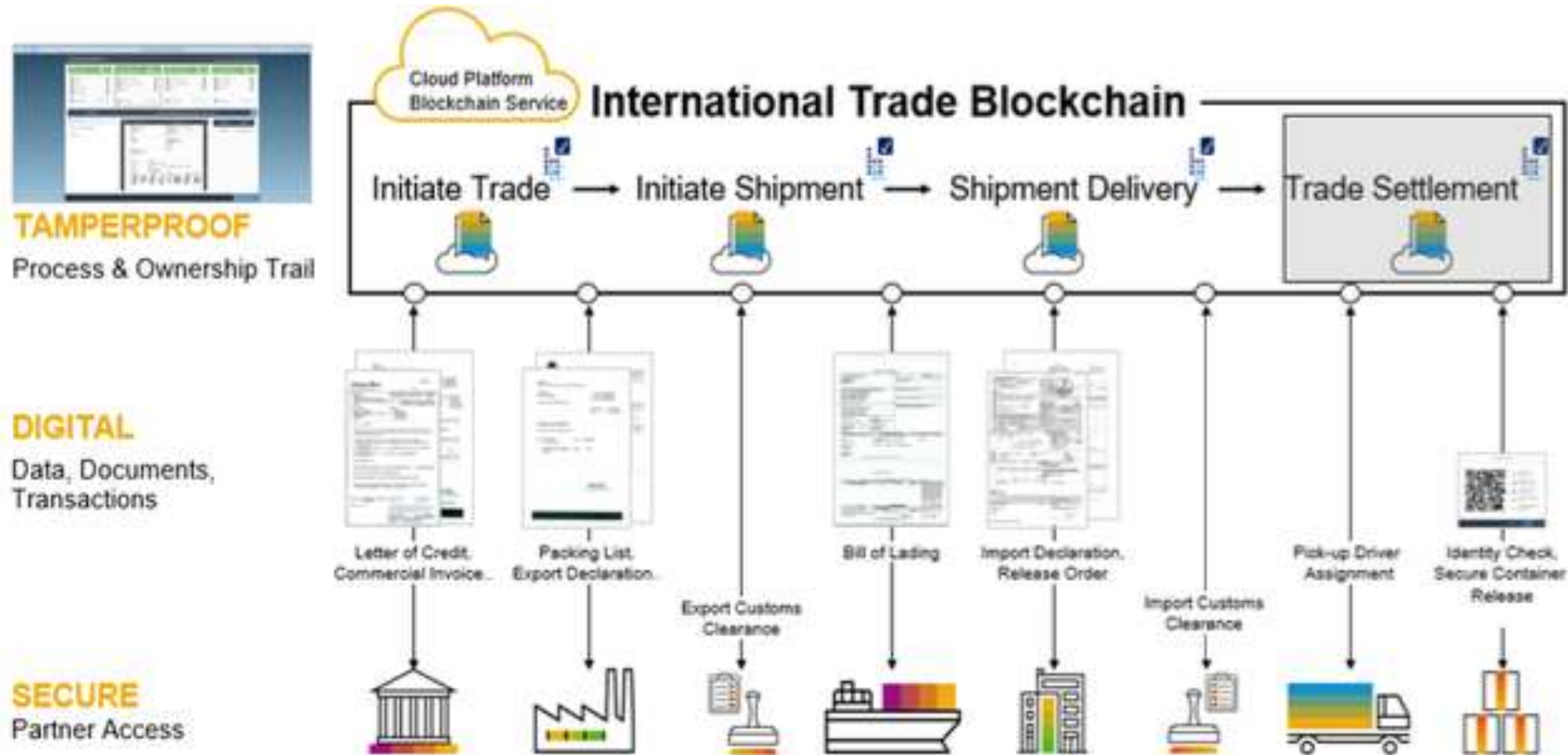


Use cases of blockchain in trade

- What is blockchain?



Emerging Trade-Related Blockchain Applications



Caveats

- Blockchain is not a silver bullet
 - Testing is underway to identify use-cases
 - Not necessarily a unique solution
 - Governance of the platform
 - Garbage-in, garbage-out
 - Interoperability of rival blockchain systems
 - Laws, regulations, standards
-
- However, blockchain applications by private and public sector organizations are well underway to test several use-cases.

Private sector use cases

- International transport and logistics:
 - IBM and Maersk joint venture TradeLens is using blockchain technology to create an open platform for the world to participate in to improve global trade.
 - The Global Shipping Business Network (GSBN) is rolling out a blockchain system allowing gateways for parties to interact along the supply chain, across borders and together including over finance and insurance matters.
 - The Blockchain in Transport Alliance (BiTA) was formed with 500+ member companies from 25 economies to determine best practices and standards for blockchain in the transportation industry.
- Trade finance:
 - Bank of America, HSBC and Infocomm Development Authority of Singapore (IDA) are developing a blockchain to improve the letter of credit process
 - Cargill, a US commodity giant has used the Corda blockchain platform to carry out a letter of credit transaction for a shipment of soya beans from Argentina to Malaysia
- Cross-border payments:
 - SWIFT is investigating blockchain with pilot Global Payments Innovation (GPI), aimed at modernising B2B cross-border payments by making them faster and more transparent.
 - Ripple has created a blockchain-based platform for financial institutions to exchange currencies, cryptocurrencies, commodities and other tokens at little to no costs without financial intermediaries.

Public sector use-cases

- In Europe the EU Directorate-General for Taxation and Customs Union (DG TAXUD), in collaboration with International Chamber of Commerce World Chambers Federation (ICC WCF) has trialled blockchain to digitalise and verify ATA Carnet documents using smart contracts.
- Korea has tested the application of blockchain to its import/export clearance process, e-commerce and cross-border information exchange.
- Inter-American Development Bank (IADB) and customs authorities of Mexico, Peru and Costa Rica, are working with Microsoft to securely share AEO certifications

Summary of findings

- Traceability and Trust: Blockchain enables goods and components to be more effectively tracked as they move through suppliers and across borders. Improving supply chain traceability and transparency improves trust and reduces fraud.
- Paperless Information sharing: Distributed ledgers allow multiple participants involved in a transaction – importers, exporters, logistics services providers, insurers, financiers – to access relevant data in real time for improved decision making. The digitisation of trade throughout the region is estimated to increase exports by as much as \$257 billion by 2027 while reducing the time to export by up to 44 per cent.
- Automated processing: Smart contracts replace the need for manual processes to verify identity, check certificates, issue payments and manage workflow. Introducing automation to time-consuming processes such as exchange rate costs, financial intermediation and coordination, and facilitating real-time trade settlements with clear transparency of ownership of goods and services, without the involvement of third parties provides significant cost reductions and time savings.
- Secure data: Cryptographic techniques ensure that data is securely held, and access rights carefully managed in the case of permissioned/consortium blockchains.

Recommendations:

- SCCP ought to convene a Public-Private dialogue to share best practice and consider blockchain applications to Single Window and AEO programs.
- Widescale access to digital id's are important to overcome data authenticity issues
- To avoid a fragmented blockchain ecosystem, APEC economies should engage with international organisations – WCO, ISO, UN/CEFACT – on the development of open standards.
- APEC should anticipate the legal and regulatory policies and frameworks needed to recognise blockchain data in law; resolve cross-jurisdiction disputes; recognise smart contracts and digital currencies
- APEC should ensure access to digital infrastructure and specialised training for marginalised groups such as women, MSMEs and remote communities

SME agility & Women and COVID-19 impact on inclusive growth

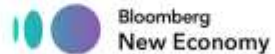


MODERATOR

Ms Collins Rex

Director Asia/ Africa

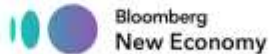
Global Trade Professionals Alliance
(GTPA)



PANEL MEMBERS

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HSBC Asia Pacific

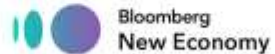


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Eunice Huang

Trade Policy Asia-Pacific

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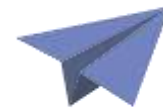


SMEs and the digital safety net

GTPA Workshop
28 Oct 2020



SMEs that Export...



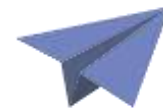
4X Revenue

vs non-exporting SMEs



\$1,700

more in individual monthly
worker wages



35M Jobs

could be added if the number
of exporting SMEs doubled

SMEs that use the Web...



4X Growth

rate vs offline SMEs



-82%

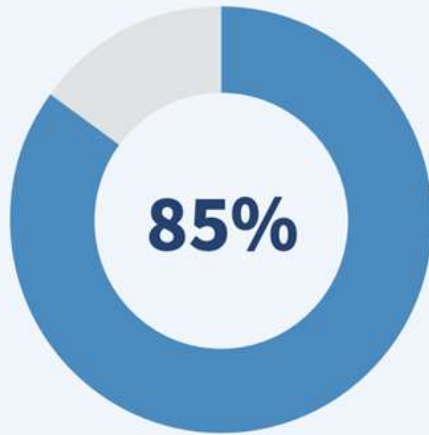
Reduction in export costs



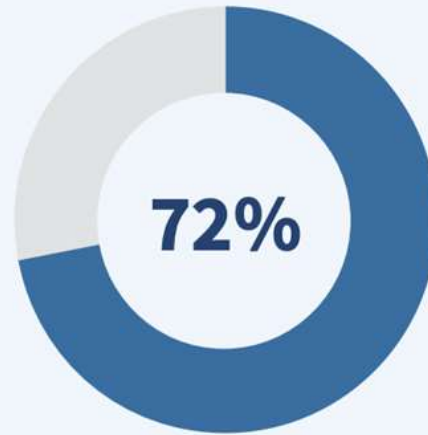
8X Job Growth

rate vs SMEs who have not adopted
advanced mobile technologies

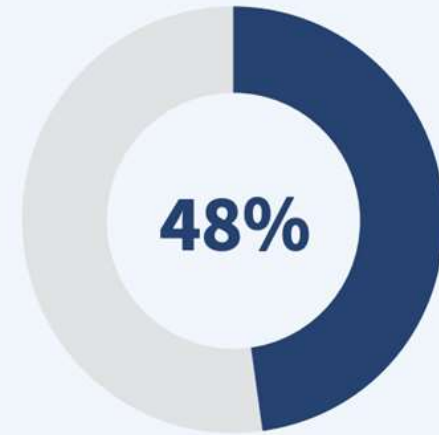
Digital tools became a priority during COVID-19



of SMBs say COVID-19 made them rethink their approach to digital tools



of SMBs increased use of digital tools during COVID-19



of SMBs deployed at least one new digital tool during COVID-19

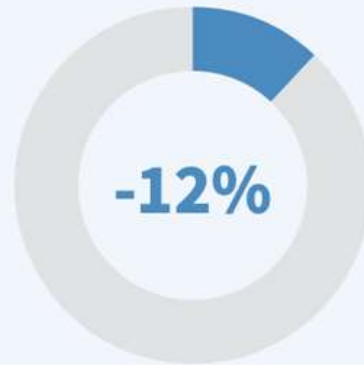
Source: [Digitally Driven report](#)

Digital SMEs estimate 2x more revenue and sales

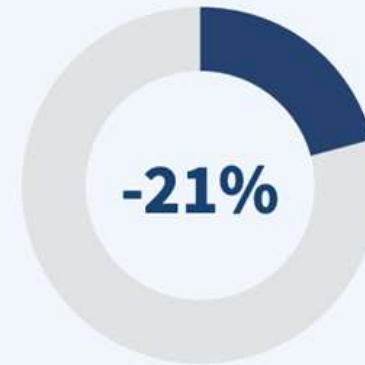
Had e-commerce pre-COVID-19

Did not have e-commerce pre-COVID-19

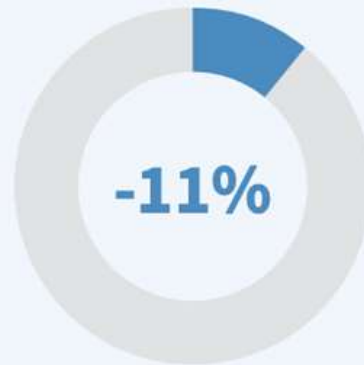
Reduction in
projected revenue



VS.



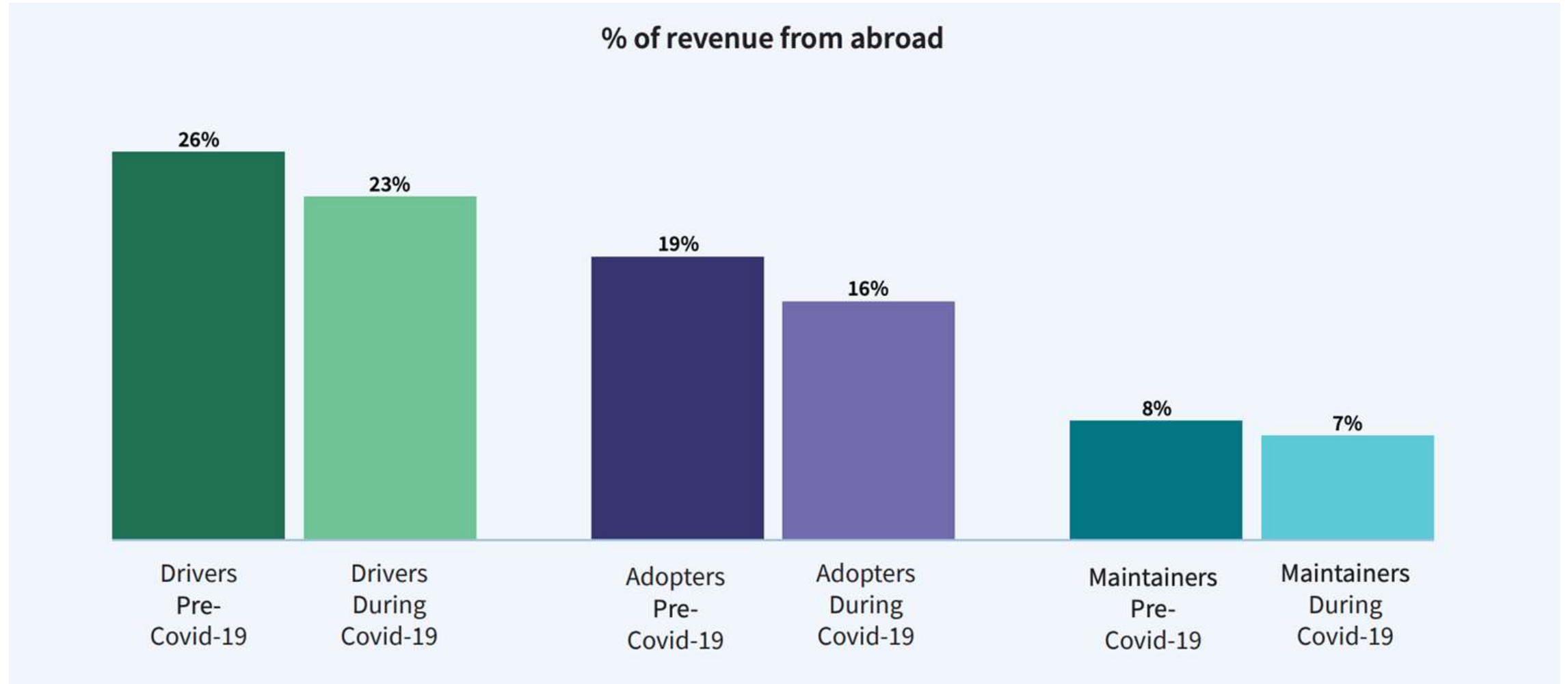
Reduction in
projected sales



VS.



They participate more in international trade, even during COVID



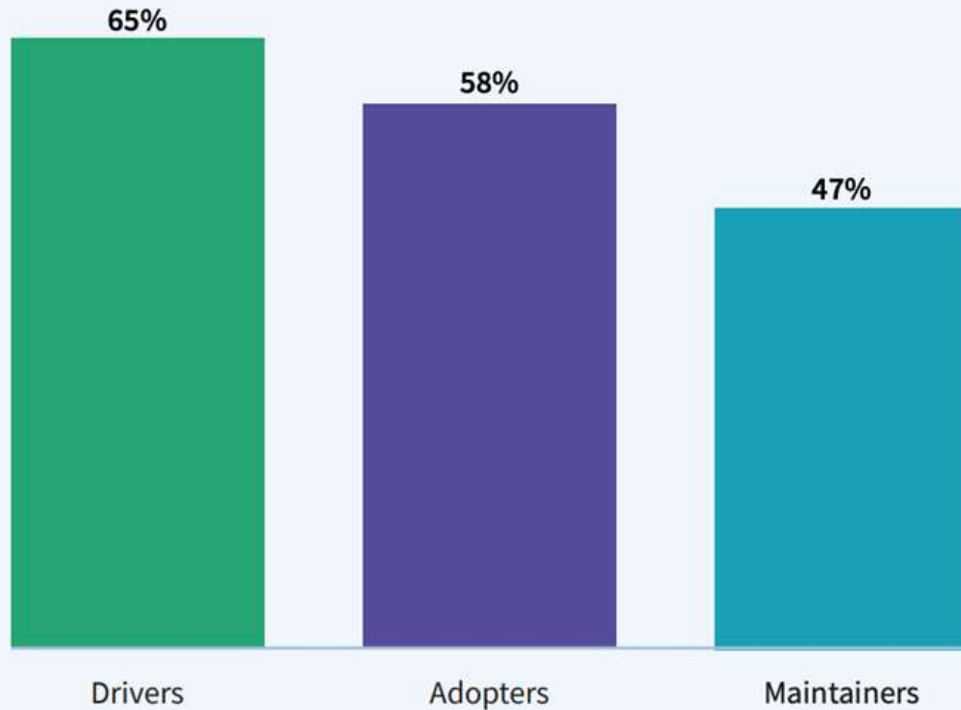
Women-led SMEs were less digitally prepared for COVID

Compared to men-led SMEs, women-led SMEs were...

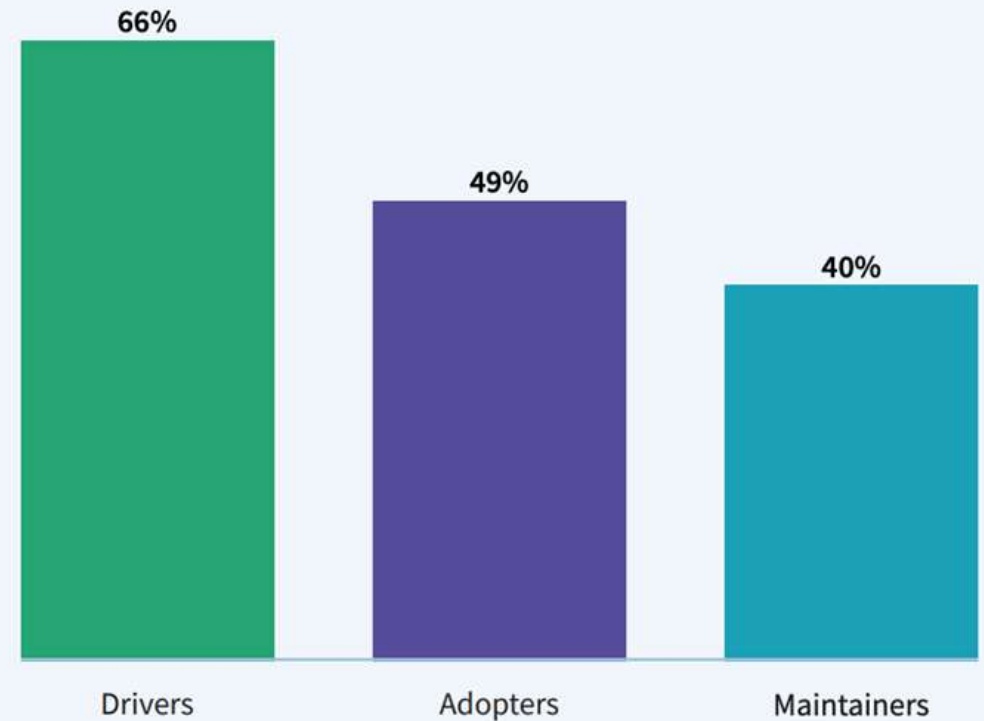
- **10%** less comfortable with digital before COVID-19
 - Project **6%** less revenue for 2020
- **15%** more likely to not be a digital frontrunner SME
- **11%** less increase in use of digital during COVID-19
 - **8%** more reported closing physical locations
- **9%** more reported temporarily closing business
- **5%** more reported reduced customer demand

Digitization of SMEs will continue after COVID-19

Interested to learn more about digital tools for their business



% planning to use tools more after COVID-19



Growing digital SMEs...

- Scale solutions to digital access and education
- Increase funding streams, including trade finance
- Enable SME access to low cost and free digital services
- Proactively reduce digital trade barriers and foster interoperability

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Asia-Pacific
Economic Cooperation

COVID-19, 4IR, and the Future of Work

Emmanuel A. San Andres
Analyst
APEC Policy Support Unit

Workshop on
Building Resilient Supply
Chains in APEC
28 October 2020

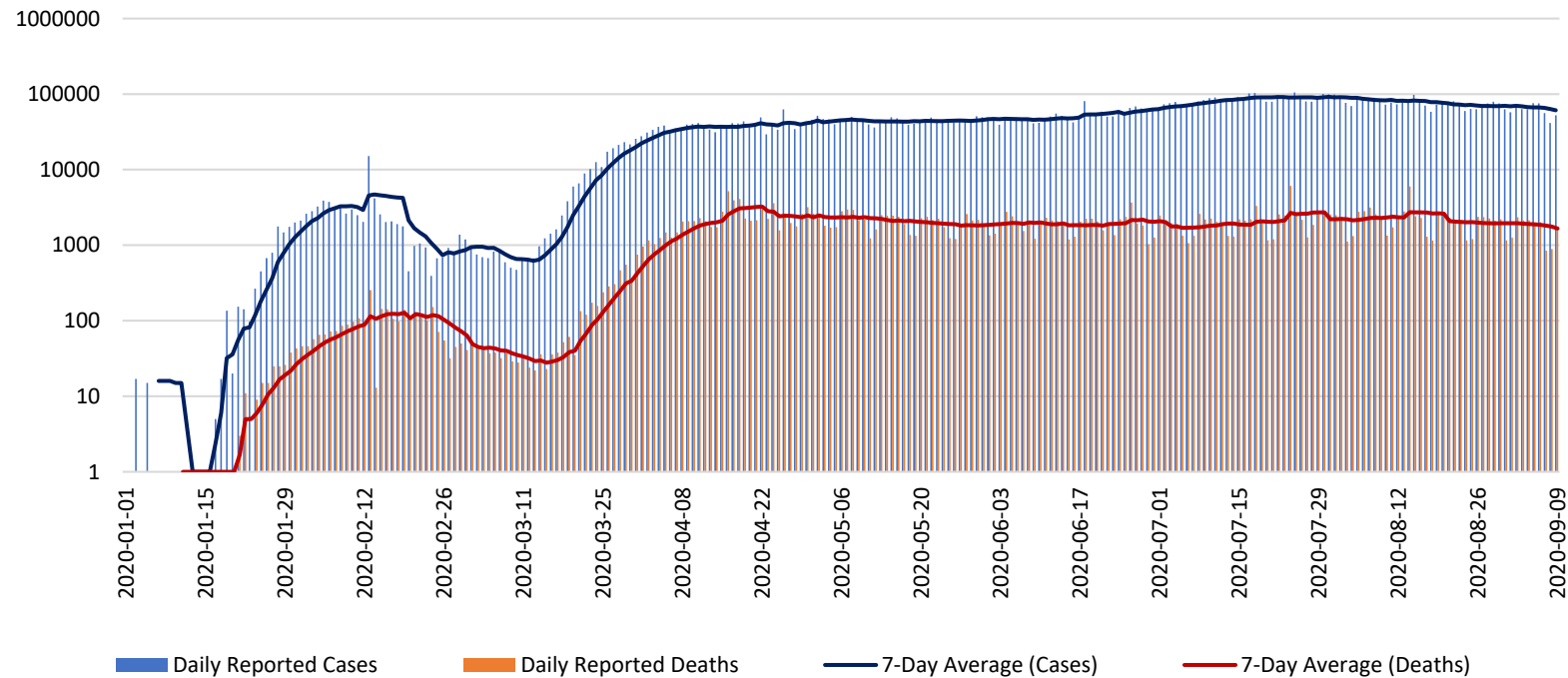
Advancing Free Trade
for Asia-Pacific **Prosperity**

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COVID-19 is a human, health, and economic crisis

- APEC-wide daily reported cases and deaths have not slowed down as of September 2020
- A deep economic contraction in 2020 due to the negative impacts of COVID-19
- Containing the pandemic is a prerequisite for economic recovery and resilience



4IR has been underway; COVID-19 can hasten it

Before the pandemic,
firms adopt automation to:



Lower labour costs

Savings from capital investment outweigh labour costs.



Keep up with market innovation
4IR technologies are developing rapidly.



Speed up routine tasks

Automation of repetitive processes found in blue- and white-collar jobs.

After the pandemic,
firms may speed up automation to:



Reduce risks

Protection from liability to workers.



Observe new guidelines

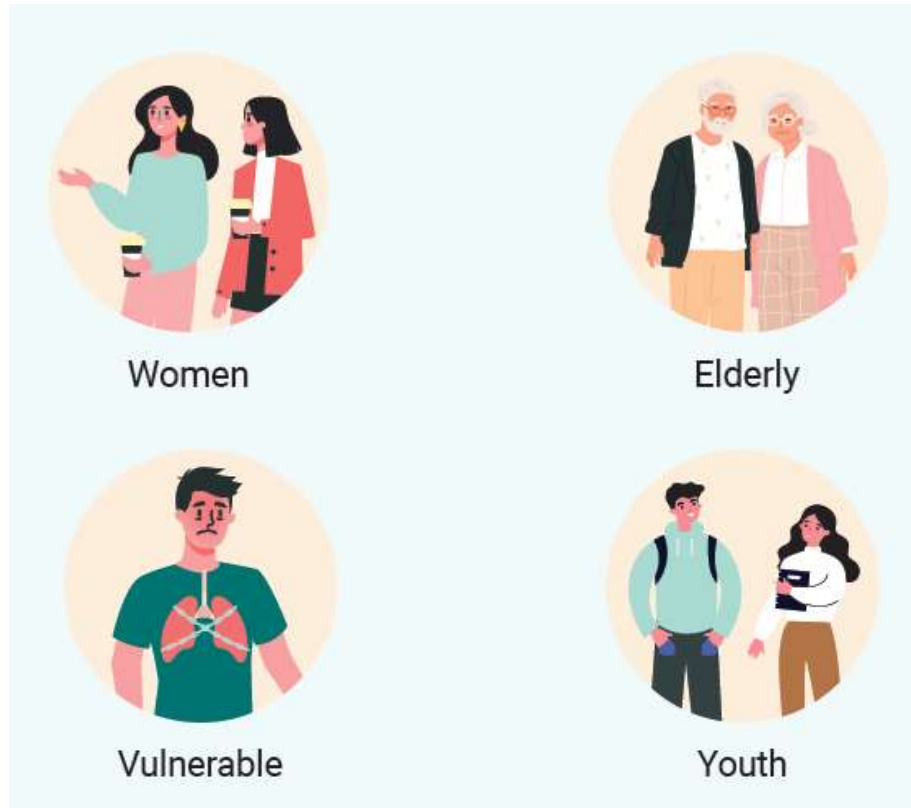
Social distancing is now required.



Cushion financial impact

Automation as a cost-saving measure.

COVID-19 and 4IR impacts are not equal



Even well-meaning policies can have unintended consequences



Low interest rates intended to encourage bank lending and keep firms operating could also encourage them to invest in automation.



Support packages for MSMEs could encourage business' adoption of digital solutions.



Immunity passports could constrain labour supply and increase uncertainty.



Restrictions on labour mobility can discourage the hiring of workers.

Need to promote innovation while addressing social impacts



Expand social safety nets
Protect workers' livelihoods and ensure their basic needs are met.



Support upskilling and retraining
Adapt skills training programmes to the needs of the post-pandemic digital economy.



Monitor automation trends
Work closely with the private sector for a deeper analysis of 4IR issues.



Humanise 4IR ecosystems
Put people first in digital economy policy.

Find out more

APEC Online and Social Media



COVID-19, 4IR and the Future of Work

<https://www.apec.org/Publications/2020/06/COVID-19-4IR-and-the-Future-of-Work>

APEC Regional Trends Analysis

<https://www.apec.org/Publications?Category=&Keyword=APEC+Regional+Trends+Analysis>

Find out more

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APEC – Asia-Pacific Economic Cooperation



**Asia-Pacific
Economic Cooperation**

SMEs vary in terms of size and revenue between them and across regions. Yet, overall, SMEs find more obstacles to participate fully in global supply chains.

Do the current transformations in supply chains under the COVID-19 pandemic offer new opportunities for SMEs in global supply chains? If yes, how can they better seize those opportunities?



What is “agility” and how can SMEs use it in their favour?



**What are some of the best practices
from which SMEs can learn from other
more agile and resilient SMEs during the
COVID-19 pandemic?**

What makes an SME resilient and agile?



How can governments and industry organizations support SMEs from a policy and commercial point of view to successfully participate in global supply chains, while building resilience and agility?

