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A Decade of Supply Chain Initiatives: Opportunities and Challenges in Post-COVID-19 Recovery

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A Decade of Supply Chain Initiatives: Opportunities and Challenges in Post-COVID-19 Recovery

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Advancing Free Trade
for Asia-Pacific Prosperity

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SCFAP I (2010-2015)

- APEC's SCFAP began with the conclusion of two consecutive Trade Facilitation Action Plans, in 2002 and 2006, respectively.
- **TFAP**: to reduce transaction costs by 5 percent, primarily by addressing customs and other trade procedures that hinder, delay or raise the cost of moving goods across borders.
- **The intention of the SCFAP**: to move beyond reducing transaction costs, and to extend the scope to include improving trade logistics as part of the trade facilitation agenda, thus supporting the private sector in conducting their global business operations.
- **APEC SCFAP I (2010–2015)** sets a target of 10 percent reduction in time, cost and uncertainty by 2015 through addressing eight chokepoints.

<i>Transparency</i>	<i>Infrastructure</i>	<i>Logistics capacity</i>	<i>Clearance</i>
<i>Documentation</i>	<i>Multimodal connectivity</i>	<i>Regulations and standards</i>	<i>Transit</i>



SCFAP I (2010-2015)

- Review of SCFAP I:
 - **Progress and outcomes:** a slight improvement on overall logistics performance; faster time to complete trade transactions; lower cost to import and export in real terms (inflation adjusted); and a marked improvement in the border clearance environment.
 - **Challenges:** high logistics costs; inefficient and poor-quality transportation infrastructure; improving the quality of domestic logistics services; delays and uncertainty.



SCFAP II (2017-2020)

1. Lack of coordinated border management, and underdeveloped border clearance and procedures.

2. Inadequate quality of, and lack of access to, transportation infrastructure and services.

3. Unreliable logistics services and high logistical costs.

4. Limited regulatory cooperation and best practices.

5. Underdeveloped policy and regulatory infrastructure for e-commerce

- Cost and time to import and export have fallen, connectivity has increased, and transparency has improved.
- COVID-19 pandemic has worked against improvements in CP3 as warehouse capacity contracted and inventory costs shot up in 2020 and early 2021.
- Conscious efforts to implement WTO TFA: facilitating the exchange of information between customs agencies.
- More reforms are needed to keep up with the increased volumes of e-commerce: COVID-19 restrictions severed supply chains and placed undue pressure on postal systems.



Trends in GVC development and Digital Economy

GVC development

- services and intangibles are gaining in importance
- innovation and knowledge spill-overs are becoming an important element of modern GVCs
- COVID-19 further put the spotlight on new risks and the transformation of old risks affecting GVCs

Digital economy

- overcoming the digital divide
- opportunities for inclusive growth
- digital platforms also allow GVCs to become more resilient

Way forward

The Aotearoa Plan of Action

- promoting resilient supply chains and responsible business conduct; strengthening digital infrastructure; accelerating digital transformation; and narrowing the digital divide;
- collective action by APEC economies to address key infrastructure gaps, improve digital connectivity and promote the use of digital technologies.

Lack of transparency, cooperation and consistency in trade, transportation and border-related policies

Lack of resiliency and sustainability in the global supply chain network

High costs and uncertainty in logistics and supply-chain related services

Lack of collaboration and cooperation among supply chain stakeholders

Digital divide in transportation and connectivity infrastructure facilities

Lack of regulatory reforms and cooperation to support the digital economy and digital solutions





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