



**Asia-Pacific
Economic Cooperation**

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Session III b

Free Trade Area of Asia-Pacific, COVID-19 Pandemic and Beyond - Presentation

Purpose: Information

Submitted by: Policy Support Unit, APEC Secretariat



**Committee on Trade and Investment
Dedicated Session on Free Trade Area of
Asia-Pacific, the COVID-19 Pandemic and
Beyond
15 March 2022**



Asia-Pacific
Economic Cooperation

FTAAP, COVID-19 Pandemic and Beyond

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CTI Dedicated Session
15 March 2022

Advancing Free Trade
for Asia-Pacific Prosperity

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Why the FTAAP work program needs take into account the lessons of the COVID-19 pandemic?

- COVID-19 pandemic is **accelerating changes** in the global economy.
- Trade has faced **unprecedented levels of disruption** because of the pandemic.
- Numerous **challenges**. Solutions require going **beyond the individual- economy level**.
- Regional integration processes could be **part of the solution**.



Challenge # 1: Disruption in accessing to essential goods

Issues with export restrictions/prohibitions and import charges

NTMs in the APEC region in response of the COVID-19 pandemic (as of 7 March 2022, change from 8 September 2020 in parenthesis)

Measures/Status	In Force	No Longer in Force	Accumulated Total
Facilitating Trade	19 (+1)	10 (+1)	29 (+2)
Restricting Trade	6 (-6)	22 (+11)	28 (+5)
Total	25 (-5)	32 (+12)	57 (+7)

Some **NTMs restricting trade** of medical products **still in place**. Most restrictions were **temporary**, but **disrupted trade**.

Many NTMs facilitating trade in place

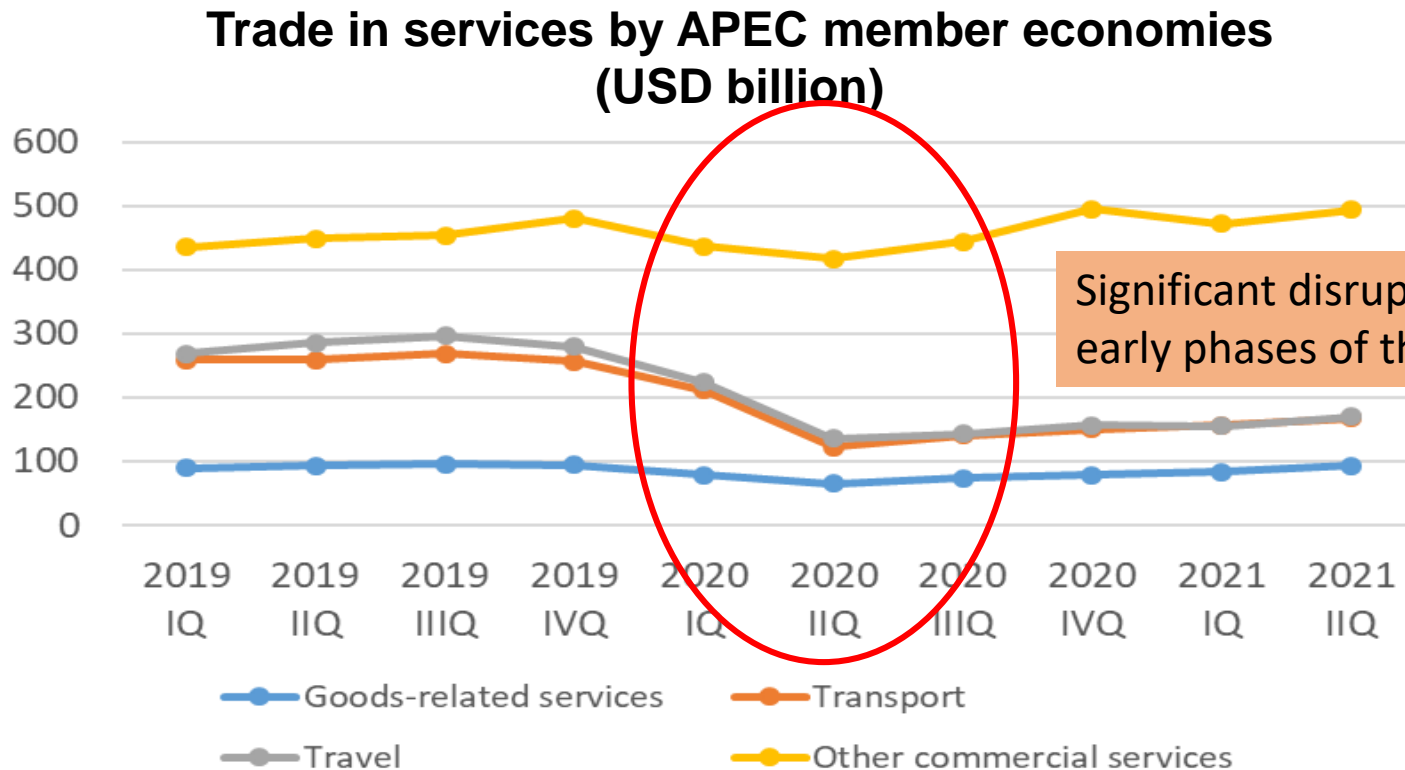
Import tariff reduction in response of the COVID-19 pandemic

Status/Date	As of 8 Sep 2020	As of 7 March 2022	Difference
In force	10	20	+10
Not in force	5	7	+2
Total	15	27	+12

Governments have **reduced or eliminated import tariffs** for a number of medical products, but mostly on a **temporary basis**.

Challenge # 2: Disruption of trade in services

Services relying on cross-border movement of people are mostly affected



- **Transportation and travel** are among the most affected sectors.
- **Essential services** relying on **cross-border movement of workers** are affected.
- Important to have **commitments to keep airports, ports and customs facilities operational**.

Challenge # 3: Difficulties in supply chain logistics

Connectivity issues and soaring shipping costs.

- **Delays in ports** due to COVID-19 restrictions. **Reduced air freight** capacity.
- Important to go beyond WTO Trade Facilitation Agreement
- Need for **reduced paperwork, expedited shipments** and **release of goods**.

Freightos Baltic Index (FBX) Global Container Index

FBX Global Container Freight Index

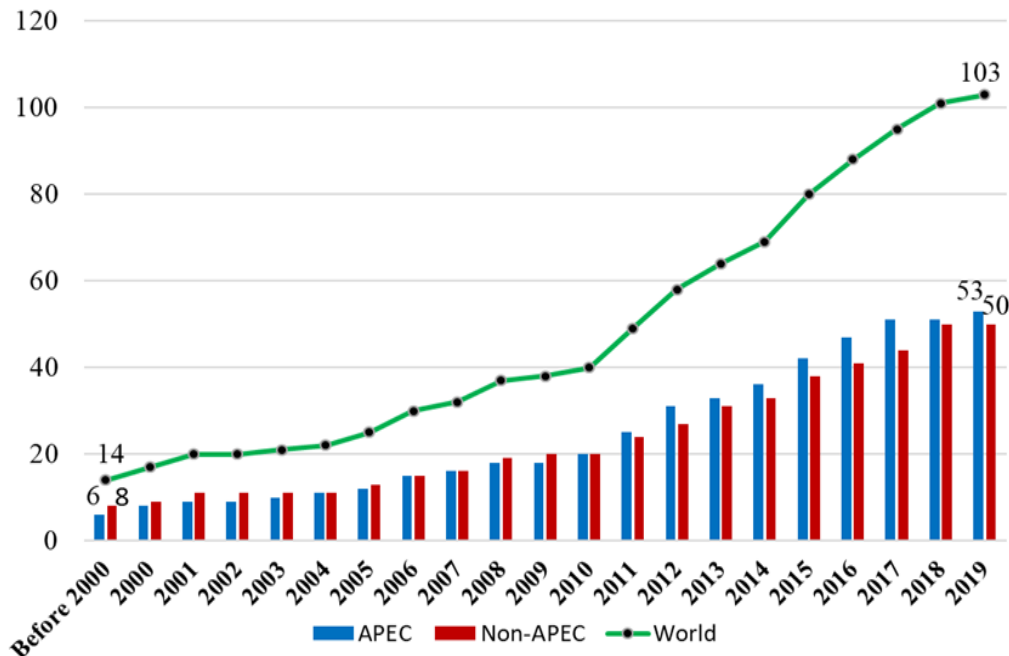
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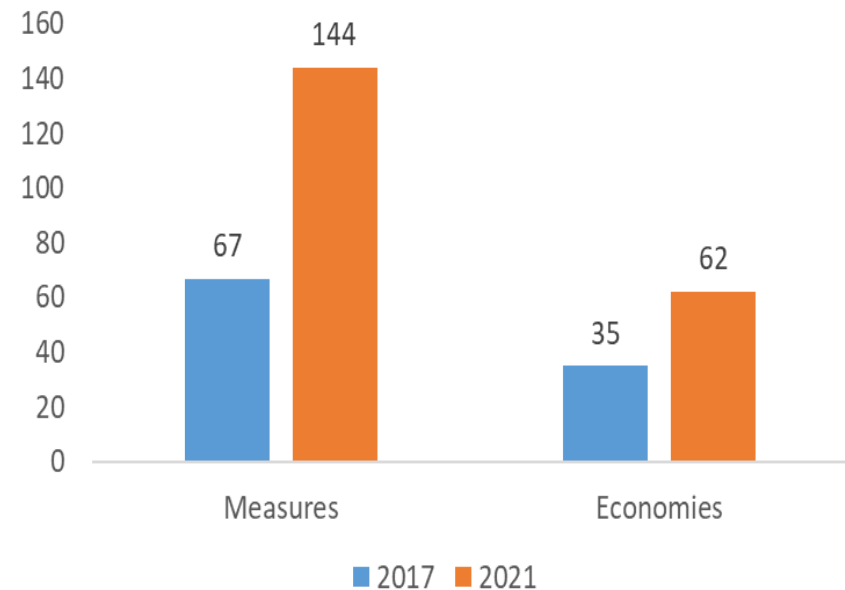
Challenge # 4: Digital transformation

Trade rules are not evolving at the same pace

Cross-border data restrictions in force (Source: ECIPE Digital Trade Estimates Database)



Data localization measures in force and implementing economies (Source: Cory & Dascoli (2021), Information Technology & Innovation Foundation)

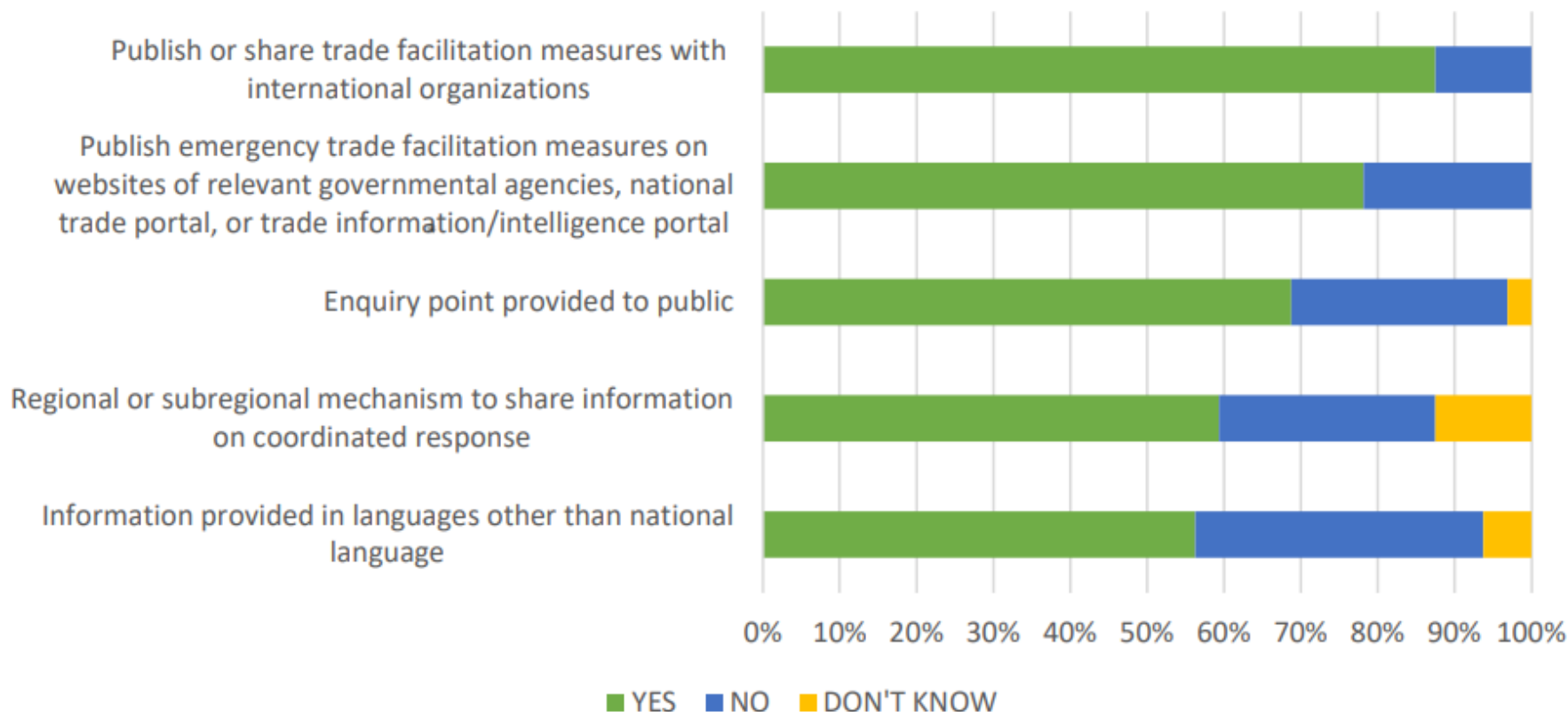


- More **cross-border data restrictions** means **more costs** for businesses.
- Important to **discuss rules** on data privacy, localization, consumer protection, e-payments, electronic signatures, among others.

Challenge # 5: Transparency

Many new regulations or changes during pandemic. They need to reach exporters, importers, producers and consumers quickly.

UNESCAP survey on implementation of transparency measures in times of crisis and the COVID-19 pandemic



- **Problems with consignments** in customs after changes in rules
- In many occasions, **information is only provided in the local language**, not in one of the WTO official languages

Challenge # 6: Regulatory Issues

Regulatory bottlenecks could affect trade of essential goods

- **Proportionality and compatibility of measures.** Bottlenecks in regulatory approval. Disruptions to supply chains during the pandemic raised problems regarding SPS and TBT measures to essential goods.
- **Issues in intellectual property rights** could affect plans to ramp up vaccine production. It could affect production of new COVID-19 antivirals and immunomodulators.
- **Good Manufacturing Practice** is a **requirement** to produce any vaccine and therapeutics. **Divergences in protocols** among economies could complicate plans to ramp up production of COVID-19 vaccines and therapeutics.
- Lack of **inter-institutional coordination** among regulatory authorities and border agencies could lead to delays in the release of essential goods.



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