

## COVID-19 Related Projects



### 1. 10+3 Cooperation for Improvement of Supply Chain connectivity (SCC)

The 21st ASEAN Economic Ministers Plus Three Consultations reached a consensus to carry out a Joint Study on '10+3 Cooperation for Improvement of Supply Chain Connectivity (SCC).' On the sidelines of the 21st ASEAN Plus Three (APT) Summit in November 2018, the parties involved announced the launch of the Joint Study and appointed their research institutions to conduct it. The institutions are Chinese Academy of International Trade and Economic Cooperation (CAITEC), Economic Research Institute for ASEAN and East Asia (ERIA), Japanese External Trade Organization (JETRO), and Korea Institute for Foreign Economic Policy (KIEP).

ASEAN has been taking its own initiatives to improve the trade facilitation environment amongst its member states through reducing trade transaction costs by 10% in the region by 2020 as agreed by the ASEAN Economic Ministers (AEM) at the 23rd AEM Retreat held in March 2017. In this regard, the ASEAN Seamless Trade Facilitation Indicators (ASTFI) and Trade Transaction Costs (TTC) projects, conducted in cooperation with the ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC), Coordinating Committee on Customs (CCC) and the ASEAN Secretariat (ASEC), are studying the trade environment in ASEAN by conducting surveys of the government agencies and measuring trade costs through conducting a Time Release Study and dwell time data. Simultaneously, the recently

updated ERIA–UNCTAD Non-Tariff Measures (NTMs) database which was shared by ERIA to ASEAN Member States (AMS) to populate their respective national trade repositories (NTRs) will contribute towards increased transparency. In addition, managing NTMs in ASEAN project will help provide the necessary approaches to streamline NTMs. Further, ASEAN has also adopted the Guidelines for the Implementation of ASEAN Commitments on Nontariff Measures on Goods to address and manage future NTMs.

The proposed Joint Study on '10+3 Cooperation for Improvement of Supply Chain Connectivity (SCC)' would, therefore, complement the ongoing trade facilitation initiatives in ASEAN, help improve trade amongst ASEAN Member States, and enhance supply chain connectivity between ASEAN and CJK countries. The APT members, geographically from Northeast Asia to Southeast Asia, comprise developed countries and developing countries, whose population accounts for 57%, GDP for 88%, and trade volume exceeds 50% of Asia's total. Extension of the scope of SCC research to the APT countries will not only boost the region's economic development and increase the scale of trade between these countries, but will also be of great significance for SCC building in Asia or even worldwide.

On 14 April 2020, the Special ASEAN Plus Three Summit on COVID-19 was held via video conference. In the Joint Statement 1, the Leaders reaffirmed their commitment to APT cooperation and mutual support. The Leaders agreed that APT countries need to enhance macroeconomic policy coordination, ensure the smooth functioning of the industrial and supply chains, and gradually

restore social and economic order. Facing the unprecedented challenges of COVID-19, APT countries need to work together to overcome the pandemic and restore economic vitality as soon as possible by taking effective measures to strengthen SCC cooperation in the region.

Policy Implications:

- An overview of the general situation of SCC in APT countries.
- Constraints and risks encountered by enterprises in the APT countries, through desk research and interviews, in relation to physical infrastructure, logistics, trade facilitation environment regulations, amongst others, including how they have been affected by the current pandemic.
- Policy recommendations to improve SCC in the APT countries.

## 2. Survey of the Impact of COVID-19 on Business Activities and Supply Chains in East Asia and the ASEAN Region

COVID-19 has seriously affected the economies of East Asia and Southeast Asia through disruptions in the movement of goods and services in the global value chains of the region and a fall in demand resulting from social distancing and lockdown measures. Moreover, the uncertainty of when the pandemic will end puts pressure on economic activities. The economic shock caused by the COVID-19 crisis is likely to more significantly impact the real economy than the recent financial crisis. In particular, in East Asia and Southeast Asia, which have established themselves as the 'factory of the world', concerns about the impact of the pandemic

on their corporate activities and production networks are prevalent.

In November 2020–February 2021, the Economic Research Institute for ASEAN and East Asia (ERIA) surveyed local and foreign companies in ASEAN and India to understand the impact of COVID-19 on business activities and supply chains.

Key findings of the survey include the following:

1. The COVID-19 impact promotes changes in the supply chain, whose effects are larger than the trade frictions between China and the United States (US).
2. Many of the respondents have already implemented changes on the customer side of supply chains. Changes on the supplier side and in production locations are still being considered.
3. About 40% of the manufacturing respondents have already implemented changes to or planned to change the production location in response to the COVID-19 pandemic.
4. Many respondents have resorted to cost reduction and optimisation as supply chain measures in response to COVID-19, but not many have adopted digitisation.

## Deepening Economic Integration

