

ABAC COVID-19 Report: Laying the Groundwork for Economic Recovery and Resilience

Executive Summary

Introduction

The global economy is reeling from the impact of the COVID-19 pandemic, a health and economic crisis of unprecedented proportions. The crisis has severely impacted economies across the globe, costing many lives and harshly affecting the livelihoods of individuals, the viability of businesses, and economic growth both within and across economies.

Responding effectively to the pandemic in the immediate and longer term requires regional cooperation and leadership as well as public-private collaboration. Core APEC values of “*equal partnership, shared responsibility, mutual respect, common interest and common benefit*”, agreed by APEC Economic Leaders in 1994, have never been more relevant. Open markets and non-discrimination should continue to be our benchmarks as we address the many threats posed by COVID-19, and for any future crises that the region may face. We must also act with urgency to shape a more sustainable, low-carbon region going forward, bearing in mind that we may soon face similar adverse impacts arising from climate change.

In this report, the APEC Business Advisory Council (ABAC) sets out the actions that APEC economies should take to respond to the pandemic and its immediate and long-term economic consequences. This builds on our letter to APEC Ministers in March.

Part 1: Responding to the Immediate Impact of the Pandemic

These measures will ensure that essential goods, services, and people can go where they are needed, and will help to avoid prolonging the pandemic. It is also critical that support be given to businesses particularly micro, small and medium enterprises (MSMEs) to remain viable and to facilitate their recovery. Some of these measures will need to be sustained and enhanced over the medium to long term in order to promote economic recovery.

1. Keep markets for goods, services and investment open

- Remove all unjustified export restrictions and bans on an agreed list of essential medical supplies, and commit to a sectoral approach for a standstill followed by elimination of tariffs and non-tariff barriers on an agreed list of essential medical supplies and basic hygiene products.
- Shore up trade in food and agriculture, by removing unjustified export restrictions, eliminating non-tariff barriers, strengthening value chains and enhancing transparency, as some APEC members have already committed to do in the World Trade Organization (WTO) statement of 22 April.
- Resist the use of measures that will discourage foreign direct investments.

2. Minimize supply chain disruption

- Enter into agreements such as those between New Zealand and Singapore to keep supply chains working and food trade flowing and lead the development of similar multilateral commitments in the WTO.
- Resist any approach towards de-globalization and encourage diversification to ensure open, stable and secure supply chains.
- Make concrete improvements to trade facilitation measures, leveraging digital technology wherever possible, including for supply chain monitoring and digital border processes, and adopting expedited and flexible approaches to product standards and conformity assessment in emergencies.

3. Support MSMEs to address operational challenges, while recognizing the specific circumstances of economies and businesses

- Intensify efforts to enhance the financial inclusion of MSMEs and their participation in international trade through a more robust enabling environment and capacity building for digital transformation.
- Alleviate liquidity challenges where needed through temporary support measures and emergency credit programs tailored to the specific circumstances of MSMEs and economies.

- Facilitate speedy restructuring of non-viable businesses and accelerate fresh starts of insolvent businesses by streamlining personal insolvency regimes and introducing well-designed support programs where needed.

4. Leverage digital connectivity

- Foster the development of more secure, accessible and affordable digital infrastructure for all and of free and secure flows of data across borders.
- Release bands of spectrum on a temporary basis to expedite network expansion during the pandemic.
- Encourage interoperability between privacy regimes in order to enable secure sharing of health data, vaccine trials or data from contact tracing apps as appropriate, and including in relation to digital fencing for quarantine monitoring.

Part 2: Laying the Groundwork for Economic Recovery and Building Resilience

As economies move through the immediate aftermath of the first wave of the pandemic, it is clear that policymakers will need to turn their attention to laying the groundwork for economic recovery, including building resilience for the future. Markets will need to remain open for goods, services and investments; supply chains will need to be made resilient to disruptions; MSMEs will need to be readied for the “contactless and cashless” economy; and digital connectivity will need to be strengthened to ensure that it is affordable and reliable as more and more of our daily activities take place online.

History has shown that keeping markets open helps minimize the prolonged impact of global crises. In this regard, we should support the central role of trade in economic recovery by agreeing to refrain from imposing new trade and investment barriers, and supporting the WTO.

We highlight three recommendations which demonstrate the importance of working together in a coordinated way, and over a long period as the challenges of the pandemic will continue for many years into the future.

1. Support the central role of trade and sustainability in economic recovery

- Refrain from imposing new barriers to trade in goods, services and investment.
- Support the WTO by maintaining its core value and principles and making it fit-for-purpose through improvement in its functioning, rules, commitments and operation.
- Urgently work to achieve more inclusive and sustainable low-carbon businesses and economies.

2. Work collaboratively to plan for re-opening of borders

- Establish a temporary APEC coordination body as soon as possible to provide guidance for the orderly re-opening of borders and development of quarantine protocols. This body would collaborate, share information and evaluate available data against agreed criteria, that would enable all APEC economies to assess when and how to open borders and fully reconnect with other economies as safely as possible.
- In preparation for future crises, develop the APEC Policy Support Unit (PSU) checklist for pandemic planning into a regional policy toolkit, with business input.

3. Develop a regional framework for sustained recovery

- Develop a region-wide framework for sustained recovery and resilience so as to enable the sharing of best practices in post-pandemic policy setting.
- Work collaboratively with other multilateral institutions to re-establish global stability during and in the aftermath of the COVID-19 pandemic.

It is vital that APEC Ministers and Leaders continue to meet, including with ABAC’s participation as appropriate, as we collectively seek to make tangible progress on the action agenda set out above. To that end, business must also connect quickly in a coordinated and practical manner.

No single economy has the solution to the pandemic and its public health, social and economic consequences, but sharing experiences, keeping markets open and working together will achieve the best outcomes for us all. APEC

must remain true to its fundamental belief that regional cooperation, open markets, integration, innovation and inclusive, secure and sustainable growth best equip APEC economies to achieve the well-being and prosperity of our communities.