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POLICY BRIEF

Key points

- There is a need to keep ships moving, ports open and cross-border trade flowing, while ensuring that border agencies can safely undertake all necessary controls.
- Facilitating trade and the transport of goods has become more important than ever, to avoid logistics obstacles that lead to shortages of necessary supplies.
- The concrete measures proposed in this policy brief help to facilitate transport and trade and to protect the population from COVID-19.



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COVID-19: A 10-POINT ACTION PLAN TO STRENGTHEN INTERNATIONAL TRADE AND TRANSPORT FACILITATION IN TIMES OF PANDEMIC

The coronavirus disease (COVID-19) pandemic is substantially impacting people's lives and livelihoods and putting extreme stress on socioeconomic systems. International collaboration, coordination and solidarity among all is going to be key to overcoming this unprecedented global challenge. As part of efforts aimed at reducing the international spread of the virus and to mitigate the potentially crippling longer-term consequences of the pandemic, especially for the most vulnerable countries, policymakers need to take a number of measures to ensure the facilitation of international trade and the transport of goods. It is crucial to keep ships moving, ports open and cross-border and transit trade flowing, while ensuring that border agencies can safely undertake all necessary controls.

Challenges for international trade logistics*

Border agencies face the challenge of expediting imports, exports and transit, including of necessary medical supplies, donations and relief consignments, while ensuring epidemic prevention and providing adequate customs clearance and compliance controls of goods and transport personnel.

This challenge affects goods and services that are necessary for the preservation of many jobs in manufacturing, on which modern society depends. Particular efforts need to be made on the part of Governments to secure and enhance the production and distribution of critical goods needed to contain and combat the pandemic (such as medical supplies and equipment) and to secure basic needs (including food and energy).

Relevant service providers and the supporting infrastructure need to be protected as a matter

of priority. This includes ensuring that transport services, ports and border agencies not only remain operational, but are effectively strengthened to cope with the exceptional challenges they face.

Governments need to adopt common approaches to addressing these issues across the global network of supply chains to avoid widespread economic collapse and critical supply chain disruptions. In the absence of urgent action in this regard, the post-pandemic economic recovery may be severely hampered, potentially worsening long-term sustainable development prospects, particularly for the world's poorest and most vulnerable.

International cooperation on these points is vital, as protectionism may significantly exacerbate the global health crisis and delay a post-pandemic economic recovery. Effective collaboration, coordination and cooperation among public and private stakeholders at all levels will also be key.

* Note: All websites referred to in this document were accessed in April 2020.



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The foundations for economic recovery need to be set today. Building upon the experience of ongoing UNCTAD projects and the compilation of repositories of measures on cross-border movement of goods and persons, in the following 10-point action plan, concrete activities for Governments and international organizations are proposed to achieve this objective.²

A 10-point action plan to support the logistics of international trade

1. Ensure uninterrupted shipping

Around 80 per cent of global trade volume is transported by commercial shipping, which moves the world's food, energy and raw materials, as well as manufactured goods and components. For carriers to remain operational, flag and port States need to continue to provide all necessary services, from bunkering and supplies, to health services for sailors and certification of regulatory compliance. **Seafarers are critical personnel**, for whom teleworking is not possible. It is particularly important to allow crews to board their ships or be repatriated from any seaport in the world.³

2. Maintain ports open

Ports provide essential services to international trade. They need to remain open to ships and intermodal connections. Staggered working hours and **non-stop operations**, if not already practiced, can help spread workloads and physical contacts.

Certain restrictions – for example, on weekend operations – may need to be lifted during the current emergency.

Governments need to ensure that health measures are implemented in ways that minimize interference with international traffic and trade. The principles of avoiding unnecessary restrictions or delay in port entry for ships, persons and property on board are also embodied in articles I and V and section 6 of the annex of the International Maritime Organization's Convention on Facilitation of Maritime Traffic. The requirements of the International Ship and Port Facility Security Code⁴ need to be applied judiciously, to ensure continued security of maritime supply chains while preserving the flow of trade. An UNCTAD technical note on port operations provides further concrete good practices to protect port personnel while maintaining efficient port operations.⁵

3. Protect international trade of critical goods and speed up customs clearance and trade facilitation

The World Customs Organization has recently provided a list of Harmonized System codes for critical medical equipment that helps Governments and customs agencies to allow for fast-track clearance of these goods.⁶ Government and airport and border agencies need to ensure express clearance and release of these goods. UNCTAD is compiling country case studies on good practices and lessons learned.⁷

Several **specific trade facilitation measures**

² See the repositories of measures on cross-border movement of goods and persons, available at <https://unctad.org/en/Pages/Coronavirus/measures-affecting-cross-border-movement-of-goods-and-persons.aspx>.

³ For further analysis of seaborne trade and the importance of international shipping, see the Review of Maritime Transport and online statistics of UNCTAD, at <http://unctad.org/RMT> and <http://stats.unctad.org/maritime>, respectively.

⁴ For more information, see https://www.imo.org/en/OurWork/Security/Guide_to_Maritime_Security/Pages/SOLAS-XI-2%20ISPS%20Code.aspx.

⁵ The UNCTAD, 2020, Ports in the fight against COVID-19, available at <https://tft.unctad.org/ports-covid-19>, provides best practices and guidelines based on and experiences from ports that are part of the UNCTAD Train for Trade network.

⁶ Available at https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/covid_19/hs-classification-reference_en.pdf?la=en. For updates, see www.wcoomd.org.

⁷ For example, see an UNCTAD case study on the trade facilitation responses of China to the COVID-19 pandemic,

can be particularly useful to speed up clearance and release of critical goods at ports and border crossings. These include special and accelerated provisions for expedited shipments, relief and medical consignments, and perishable goods. Schemes such as the authorized economic operator and pre-arrival processing key tools for ensuring a secure, transparent and predictable trading environment should be fully used where already in place or implemented as a matter of urgency. Sanitary and health restrictions should not become a disguised barrier to trade in goods or services.⁸

Some measures, as identified in guidelines prepared by the Automated System for Customs Data (ASYCUDA) of UNCTAD, such as the separation of release from clearance and the acceptance of digital copies, can be effective tools for faster clearance, but will require particularly careful monitoring when it comes to potentially contaminated cargo.⁹

4. Facilitate cross-border transport

Lorries, trains, aeroplanes and relevant transport workers need to be able to cross borders in order to keep supply chains functioning. Limits on transport operation during weekends may need to be suspended.

Air freight is particularly critical for certain goods and urgent deliveries. Available geo-tracking solutions for critical goods could help customs and other border agencies to speed up clearance through pre-arrival processing. Governments and industry should liaise closely to facilitate availability of strategic supplies throughout supply chains, and industry should be encouraged to provide transport and storage facilities where critically needed.¹⁰

5. Ensure the right of transit

All countries, including **landlocked and transit countries need to maintain their access to seaports**. National Governments, in particular transit countries, and regional organizations should support transit, transport and trade corridors and maintain customs transit regimes and other transit-related facilitation procedures, such as use of special procedures and lanes for transit traffic. Recent experiences suggest that transit is indeed

impeded by increasing health controls, slowing down the flows of goods to landlocked countries.¹¹ UNCTAD supports cooperation among transit countries and landlocked developing countries, inter alia, through the Empowerment Programme for National Transit Coordinators and the Transport Corridor.¹² Ongoing UNCTAD collaboration in the East African Community and other regions show that regional agreements and the mutual recognition of certificates and other documents, for goods and for lorry drivers, can further facilitate transit. There is an important role for regional economic communities to play in this regard.¹³

6. Safeguard transparency and up-to-date information

In times of a rapidly changing trading environment, it is particularly important for Governments to communicate clearly and ensure information is available to all actors and stakeholders and to **keep online trade information and help desks updated** and operational continuously. Trade information systems should provide remote access to all forms and requirements and ensure that anyone interacting with a Government can find what is required of them online, without having to go to seek information physically.

International efforts such as the Observatory on Border Crossings Status due to COVID-19¹⁴ can also be very helpful. Governments should support industry associations in their efforts to share information and offer assistance throughout their global networks.¹⁵

7. Go paperless

As physical contact between people needs to be minimized, **electronic submissions and paperless transactions** become ever more important. Although goods still need to be moved physically, clearance operations and the exchange of information should make use of existing electronic data interchange as much as possible. Electronic alternatives to traditional, paper-based negotiable bills of lading should be used by contracting parties where possible. Non-negotiable transport documents should be used where independent documentary security is not needed or the sale of

available at <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2328>.

⁸ For updated trade-related information, including relevant notifications by World Trade Organization members and the impact COVID-19 has had on exports and imports, see https://www.wto.org/english/tratop_e/covid19_e/covid19_e.htm#measures.

⁹ See UNCTAD, 2020, Adapting the use of ASYCUDA World to the COVID-19 situation: Guidelines to customs administrations, available at <https://asycuda.org/en>. The guidelines assist customs administrations in coping with COVID-19 measures at their workplace and reducing direct interaction, while continuing to facilitate international trade.

¹⁰ The UNCTAD Sustainable Freight Transport Framework, available at <https://www.sft-framework.org>, provides a toolkit and key performance indicators to support transport corridors and public-private partnerships in international transport.

¹¹ See, for example, the repositories of measures on cross-border movement of goods and persons available at <https://unctad.org/en/Pages/Coronavirus/measures-affecting-cross-border-movement-of-goods-and-persons.aspx>.

¹² For information on UNCTAD support to transit coordinators and to corridors, see <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1864> and <https://unctad.org/en/Pages/DTL/TTL/Infrastructure-and-Services/Transport-Networks-and-Corridors.aspx>, respectively.

¹³ More information on the UNCTAD collaboration with the East African Community is available at <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1962> and on UNCTAD support to landlocked developing countries, at <https://unctad.org/en/Pages/ALDC/Landlocked%20Developing%20Countries/UN-recognition-of-the-problems-of-land-locked-developing-countries.aspx>.

¹⁴ See <https://wiki.unecp.org/display/CTRBSBC/Observatory+on+Border+Crossings+Status+due+to+COVID-19+Home>.

¹⁵ For information on foreign trade procedures, including forms, requirements and contact data on UNCTAD trade information portals, see <http://tradeportal.eregulations.org/?l=en>.



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goods in transit is not envisaged.¹⁶

Processes need to be dematerialized, including through automation, electronic payments and the acceptance of digital copies. Contactless terminals, contactless delivery and automated transport minimize the risk of COVID-19 transmission through contaminated surfaces and protect the health of all workers involved. At the same time, efforts to combat cybercrime and address cyberthreats need to be scaled up as a matter of urgency.

Allowing traders to electronically submit applications for permits and licences, and obtain the corresponding certificates from border regulating agencies, is an easy and quick way to eliminate physical interactions and dematerialize the process. Ensuring that destination and importing countries accept digital copies of certificates that can be further secured through easy-to-install Quick Response (QR) codes can also be an effective trade facilitation measure.

8. Address early on legal implications for commercial parties

The unprecedented disruptions associated with the pandemic and its massive socioeconomic consequences are giving rise to a **plethora of legal issues affecting traders across the globe** (for example, delays and performance failure, liability for breach of contract, frustration and force majeure). The effects of such issues may lead to business losses and bankruptcies, and overwhelm courts and legal systems. Industry and traders need to be encouraged to waive some of their legal rights and agree on moratoriums for payments, performance and the like, where appropriate.¹⁷

The International Maritime Organization's list of recommendations¹⁸ on the facilitation of maritime trade during the COVID-19 pandemic, proposed by a broad cross section of global industry, is an example of the type of collaborative action that is needed.

9. Protect shippers and transport service providers alike

Economic emergency and social protection measures need to include the international logistics industry among its priority beneficiaries.

Transport and logistics service providers may need financial support to enable them to stay in business and ensure supply chain resilience throughout the pandemic and post-pandemic period.

At the same time, Governments should ensure that carriers do not impose undue fees and charges, such as demurrage on charterers and shippers for delays in loading/discharge operations or returning equipment/containers that are not within their control. Blank sailings, abandoning contracted rates and other measures taken by transport service providers need to be minimized in order to protect critical services provided by shippers and ensure that supply chains remain open, especially for the benefit of the most vulnerable countries.

10. Prioritize technical assistance

Many of these measures require investment in **human, institutional and technological capacities** and should thus be given priority immediate technical support by development partners. Even before the current pandemic took hold, many developing countries were already confronted with challenges to undertake the necessary investments in transport infrastructure and services and trade facilitation reforms.

Implementing electronic trade facilitation solutions is easier for countries that already have electronic single windows, modern customs clearance systems and digital trade solutions in place, such as that provided by ASYCUDA in over 100 countries and territories. The international community is called upon to provide technical assistance in support of trade logistics solutions as a matter of urgency. In view of the practical obstacles to travel, online and distance-learning tools need to be used to a maximum, combined with support to developing countries in the area of the persistent digital divide and digital connectivity. UNCTAD is providing extensive support to its member States in their efforts to address the unprecedented global challenges resulting from the COVID-19 pandemic. Support includes tailor-made advisory services, as well as research and capacity-building programmes in international transport services and legislation, port management, trade and transit facilitation, and customs automation.

For more information

M. Kituyi, Secretary-General of UNCTAD (2020). Coronavirus: Let's keep ships moving, ports open and cross-border trade flowing. Available at <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2311>.

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¹⁶ For an update on the Digital Economy Report 2019, see The COVID-19 crisis: Accentuating the need to bridge the digital divides, available at https://unctad.org/en/PublicationsLibrary/dtinf2020d1_en.pdf.

¹⁷ Further information on UNCTAD work on transport legislation is provided in reports on the carriage of goods and international trade law, available at <https://unctad.org/en/Pages/DTL/TTL/Legal.aspx>.

¹⁸ See International Maritime Organization, 2020, IMO Circular Letter No.4204/Add.6, 27 March, available at <http://www.imo.org/en/MediaCentre/HotTopics/Documents/Circular%20Letter%20No.4204Add.6%20%20Coronavirus%20Covid-19%20Preliminary%20List%20Of%20Recommendations.pdf>.