

SDGs as a strategic tool for conquering the socio-economic challenges in the “new normal” emerged with COVID-19

***Online Discussion Forum
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**Reshaping the regional integration, investments,
and trade in support of Sustainable Development**

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Project Syndicate

The Year Ahead **2020**

As 2019 draws to a close, it is unclear whether we have reached “peak disruption,” or whether a further unraveling of political systems, economic models, and international arrangements is in the offing. Between the poles of populist/authoritarian “destruction” and liberal/reformist reconstruction, what specific forces are most likely to define the next year – and the next decade?

Surveillance Capitalism

The Myth of Global Decoupling

Protecting Competition in a Digital World

The Other Side of Growth



Brexit, nuclear weapons, prosperity
in China, green capitalism.....







COVID-19 and the GREAT LOCKDOWN shocks...



Higher trade costs

Trade impact:

- Lower tourism arrivals, receipts
- Lower goods trade



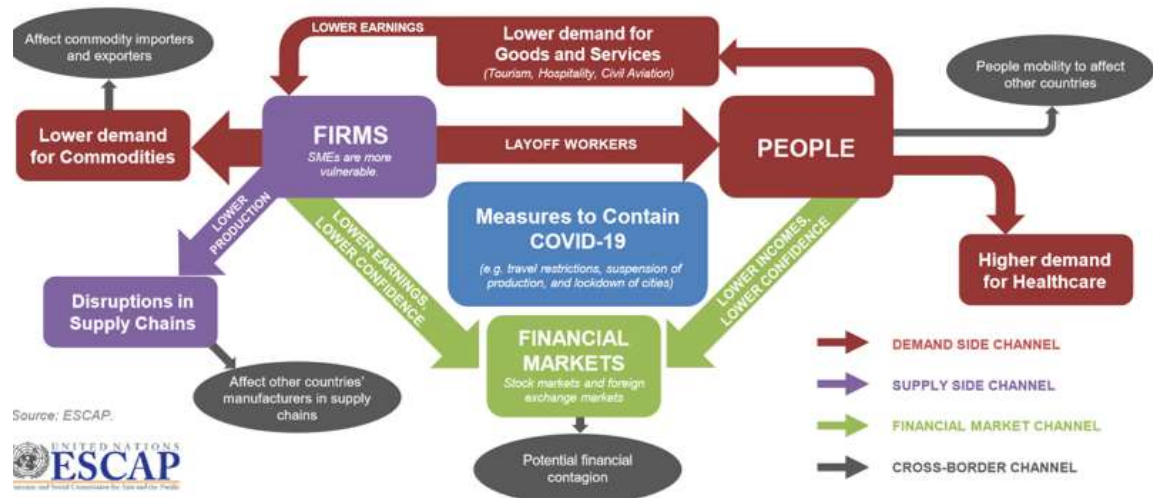
Negative productivity shock

Supply:

- Production disruptions
- Impaired labor mobility
- Transport restrictions

Demand:

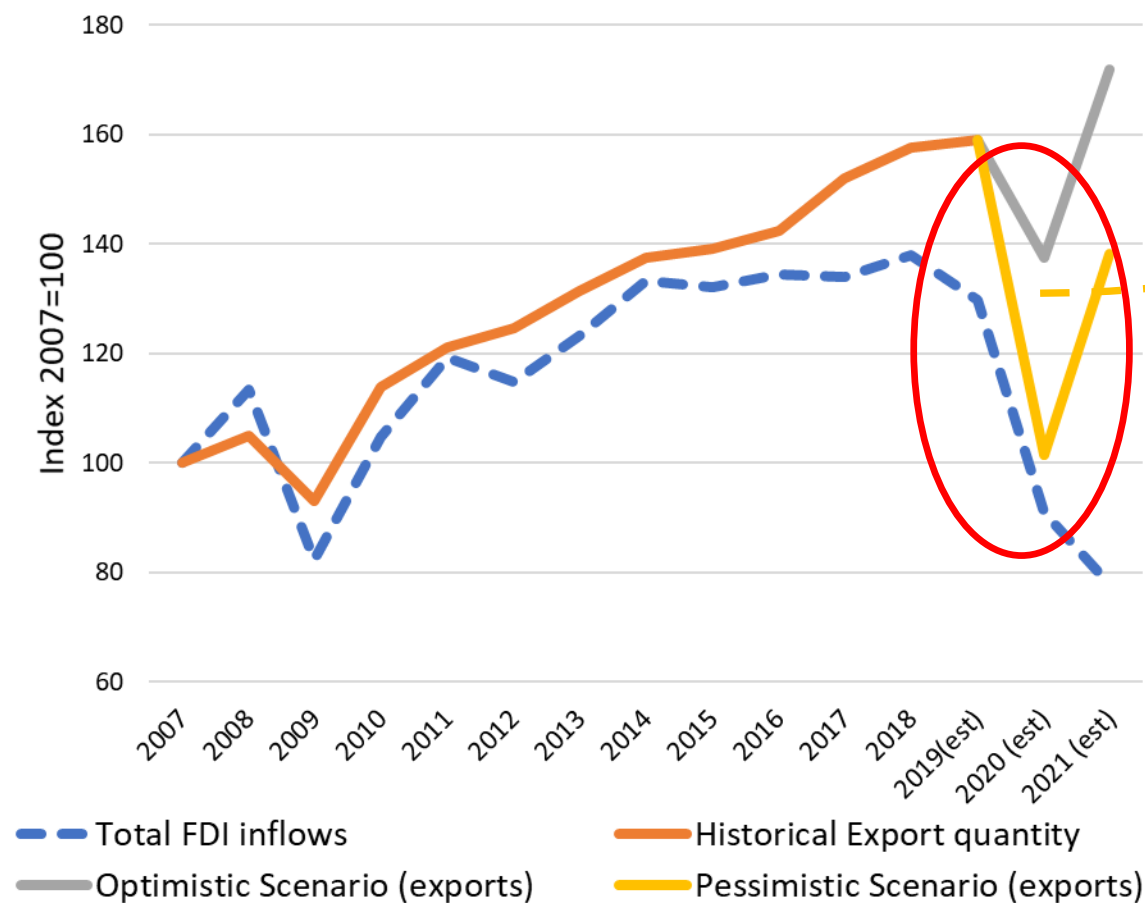
- Lower consumption growth
- Weaker investment growth





Impact on trade and FDI

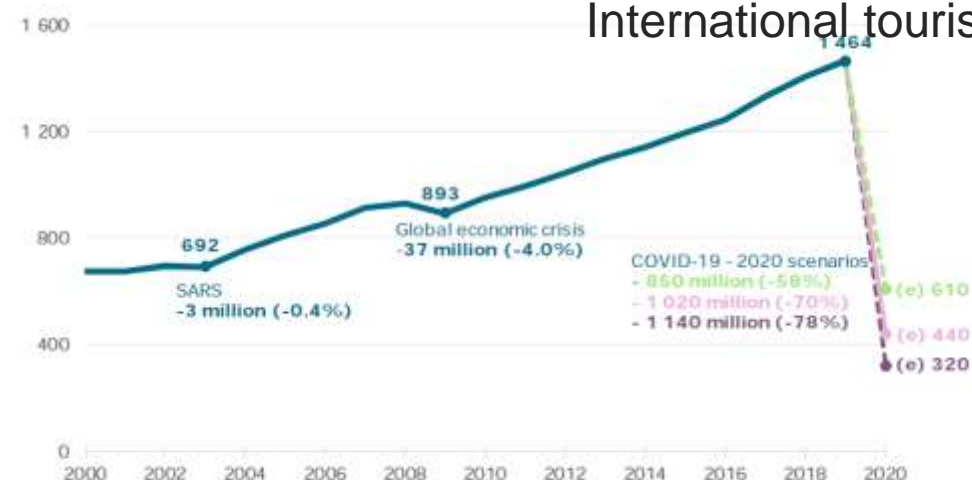
Asia-Pacific Exports & FDI Outlook



Global merchandise trade values
Growth rate over previous quarter, seasonally adj. series



Note: Shaded area indicates UNCTAD nowcasts



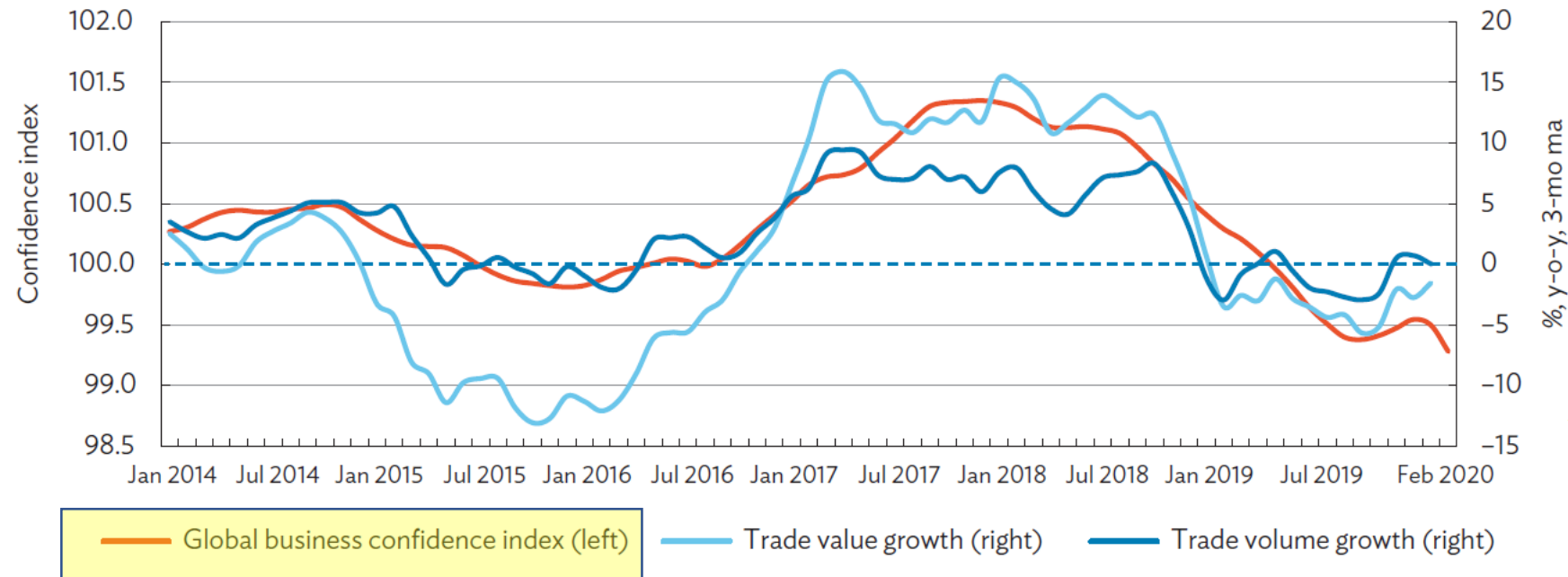
Source: UNWTO

The above are not forecasts. They are scenarios based on the possible opening of national borders and lifting of travel restrictions in July, Sept. and Dec. 2020 respectively



Impact on business

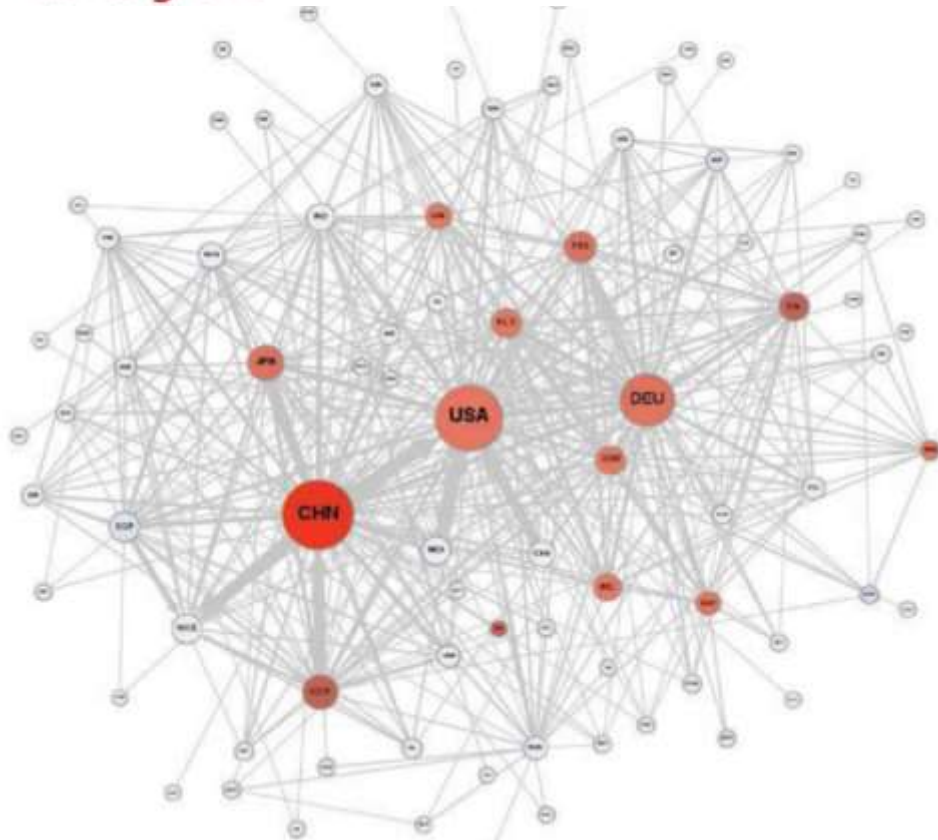
Global business confidence index and Asia's trade growth





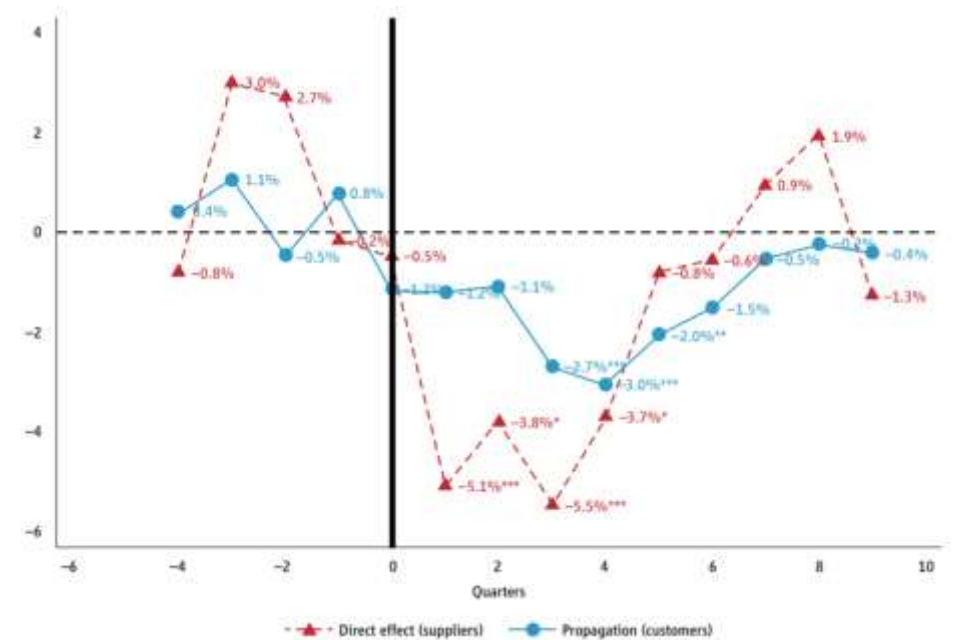
Impact on GVCs

Position in the global network of intermediate trade of the 17 nations with the highest number of contagions



Source: World Bank 2020

INSIGHTS

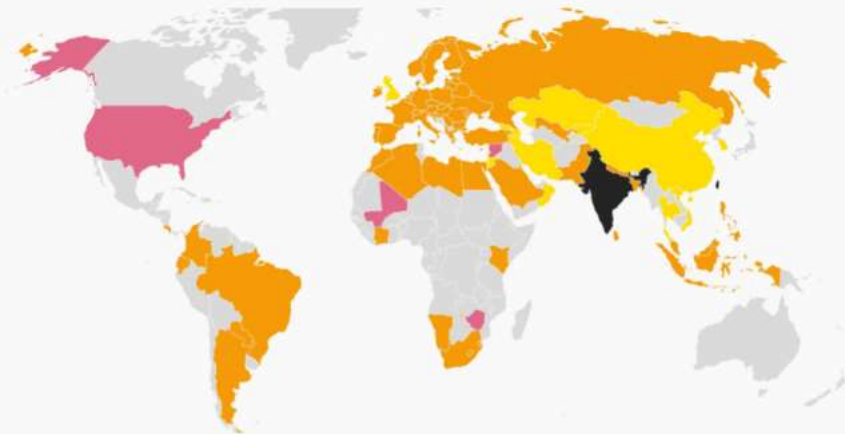




Countries used both anti- and pro-trade 'ad-hoc' measures

Exports of medical supplies & medicines: 83 jurisdictions are reported executing a total of 150 export controls since the beginning of 2020

Updated on 8 May 2020



January measures
February measures
March measures
April measures
May measures

Source: Information collected by the Global Trade Alert team as part of a joint project with the European University Institute and the World Bank. Policy changes identified from official decrees, regulations, and announcements and from media reports. Some policy measures are announced to the press before implementing regulations are published. Information based on media reports is updated when an official state act is located. Date of first relevant policy information by a jurisdiction was used to prepare this map. The information collection methodology as well as the worksheet of information on policy change used to construct the latest version of this map can be downloaded from <https://www.globaltradealert.org/reports/54> (Please copy & paste this URL into your browser).

Imports of medical supplies & medicines: 90 jurisdictions are reported executing a total of 123 import policy reforms since the beginning of 2020

Updated on 8 May 2020



January measures
February measures
March measures
April measures
May measures

Source: Information collected by the Global Trade Alert team as part of a joint project with the European University Institute and the World Bank. Policy changes identified from official decrees, regulations, and announcements and from media reports. Some policy measures are announced to the press before implementing regulations are published. Information based on media reports is updated when an official state act is located. Date of first relevant policy information by a jurisdiction was used to prepare this map. The information collection methodology as well as the worksheet of information on policy change used to construct the latest version of this map can be downloaded from <https://www.globaltradealert.org/reports/54> (Please copy & paste this URL into your browser).



BUILDING BACK BETTER (BBB) towards sustainable development





Some challenges for BBB

- Apart from the obvious (getting COVID-19 under control via vaccine and effective treatment), there are issues for policymakers, private sector and international organizations/ institutions
- For policymakers:
 - **uncertainty** is higher than at the end of 2019
 - **trust** among actors **and confidence** in partnerships is lacking
 - **resources /investment**; balancing **short vs. long term** and domestic groups
- For private sector:
 - **adapting business model** (with respect to supply chains; social contact building...)
 - How to effectively **engage in PPP** and contribute to SD
- For IOs:
 - **multilateralism** has further weakened
 - Crowded field



What can governments do?

- G20 statement of Trade and Investment Ministers offers one example- the first step is to engage and coordinate policy responses
 - Short term (immediate use) – decisions related to “stand down” of bans and measures “doing/causing harm” to partners while maintain those that are supporting trade
 - Longer term – engaging in reform/ re-set of the multilateral trading system ...
- ASEAN, EAEU and other sub-regional blocks:
 - Engage on building **non-competing conditions** for FDI entry
 - Establishing **regional funds/reserves for essential goods**
 - Establishing **regional support for trade adjustments** (loss of revenue or loss of jobs) linked to agreements ...
- At **national** level:
 - **Mainstream trade and investment into sustainable development**
 - Maximize **transparency**
 - Adopt **e-Government** and invest heavily in physical and soft connectivity ...



In the trade, investment and integration area ESCAP offer includes (1):

Thought leadership:

- Propositions for re-setting free /regional trade and investment agreements to make them aligned with sustainable development, e.g. by offering principles / model provisions which will better manage trade and investment in time of emergencies; speed introduction of contactless trade processes; protect HR and labour standards; etc
- Re-configuring and extending regional cooperation / integration beyond trade
- Working with private sector experts on new business models especially with application of digital technology (fintech, blockchains, etc)



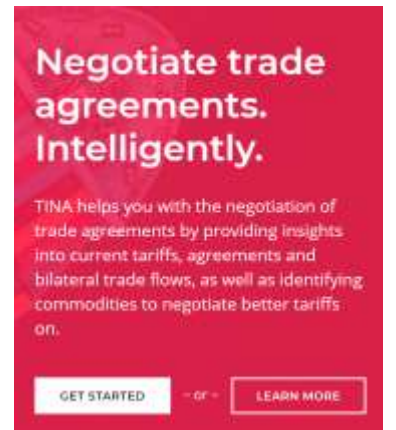
In the trade, investment and integration area ESCAP offer includes (2):

Analysis and data-sets/ tool building:

- See details on the website of ESCAP
- With partners including our knowledge networks (ARTNeT, UNNExT)

Training and technical assistance:

- We are increasingly moving training online (started before COVID-19)
- See e.g. Trade Intelligence and Negotiation Advisor (TINA) at <https://tina.negotiatetrade.org/>.
- Focus on women and MSME in transacting across borders





In summary

- COVID-19 crisis is likely going to have a long-term effect on (de)globalization and the structure of GVCs (among other things)
- Opportunities for new locations /participants
- Rules for are still not clear but will differ in the following aspects:
 - services, knowledge, digital and green activities
 - stronger role of state (e.g. national interest); taxation
- Regional integration could help strengthen economies of scale, coalitions

THANK YOU



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- **World Bank 2020, East Asia and the Pacific in the Time of COVID-19 – Regional Economic Update, April 2020**
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ANNEX: Policy priorities for building back better (ESCAP)

- Invest in **social protection** and healthcare systems
- Align fiscal and monetary stimulus with the 2030 Agenda by integrating **decarbonization**, energy efficacy and pollution reduction
- **Build resilience in supply chains through regional cooperation on sustainable trade and investment and accelerated trade digitalization**
- **Restore ecosystems**
- Ensure sustainable transition for ICT and transport sectors to enhance **green connectivity**