

# NAVIGATING REGULATORY CHALLENGES AMIDST COVID-19

Augmenting Economic Integration in ASEAN

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# COVID-19 PERIOD: HOW IT WAS CHALLENGING

- Countries went into progressive lockdown very quickly: ability to secure supply chains impacted
- Conflicting information on what was allowed or disallowed at lockdown: difficult to make decisions with limited information (eg. employee movements, different regions, regional versus national, essential versus non-essential)
- Skeletal teams of officials to process and approve shipments: slowed down ability to clear even with automation
- Stringent PPE checks for export/import: increased physical inspections slows processing time, impacts lives
- Restrictions imposed for personal imports of PPEs and medications: impacted those stuck in lockdown but required medicines, disallowed ability to address PPE shortfalls in-country
- More could be done to automate government approval processes: unstable automation environment, manual approval processes etc. exacerbated the challenges amidst the pandemic (although some improvements were put in place in some cases)
- Fear of digitalisation momentum post lockdown slows down

# COVID-19 SPECIFIC ASEAN POLICY RESPONSES TO CONSIDER

- Can ASEAN take a regional coordinated approach to addressing the pandemic – single point of contact/information?
- Can an ASEAN-wide MRA for PPEs be formulated and quickly?
- Can there be an ASEAN approach to addressing the logistical challenges for potential vaccine(s)?
- Can ASEAN put in place trade continuity and trade recovery measures to ensure borders remain open should another crisis occur?
- Would setting up a “rapid reaction task force” to address the pandemic regionally (rather than unilaterally) be desirable?
- What other ‘out-of-the-box’ approach can be undertaken? Digitalisation? More efficient decision making process?

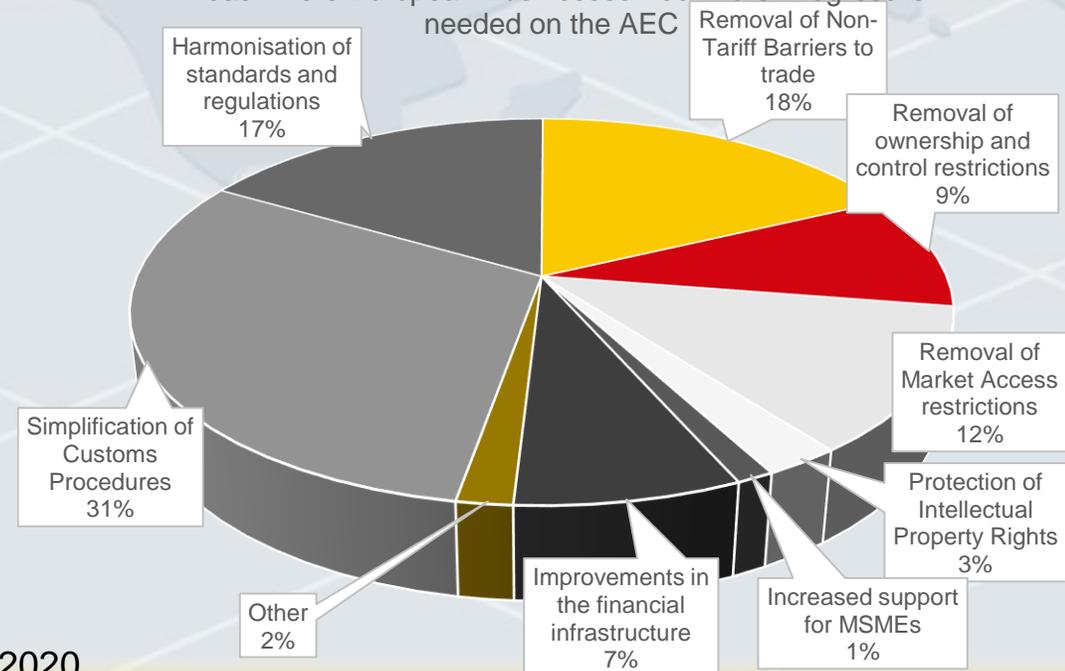
# HOW DO BUSINESSES RATE ASEAN INTEGRATION EFFORTS IN 2020?

**Only 9%** of respondents feel that ASEAN has achieved its aim of establishing “single market and production base”

**Only 12%** of respondents feel that there are NOT too many barriers to the efficient use of regional supply chains in ASEAN

**Only 14%** of respondents feel that the number of Non-Tariff Barriers to trade in ASEAN are decreasing

Areas where European Businesses Feel More Progress is needed on the AEC

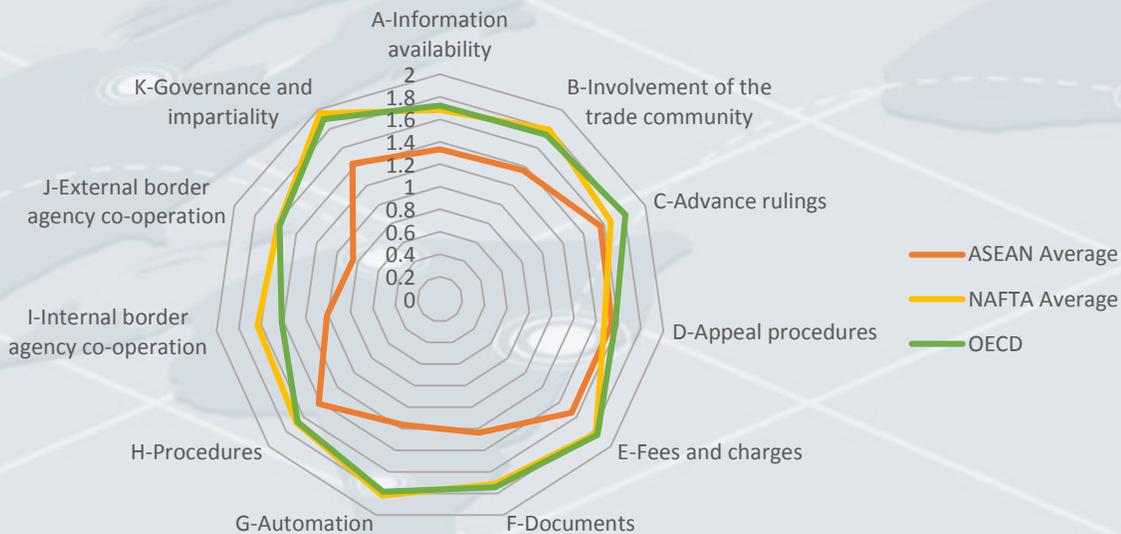


Source: EU-ASEAN Business Council Business Sentiment Survey 2020

# HOW HAS TRADE FACILITATION FARED?

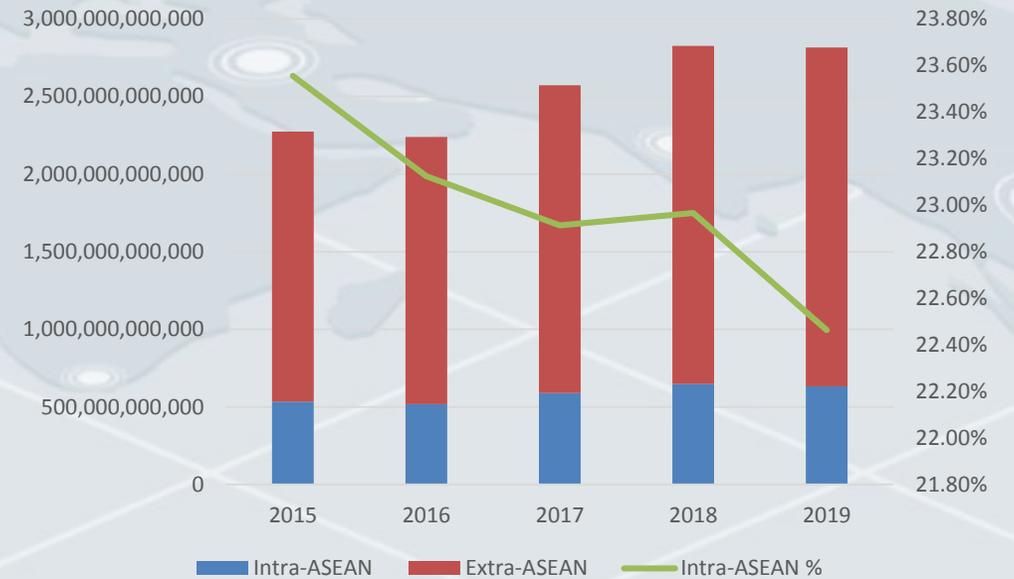
## Trade Facilitation Indicators

Source: [www.oecd.org/trade/topics/trade-facilitation](http://www.oecd.org/trade/topics/trade-facilitation) (Extracted 5.8.2020)



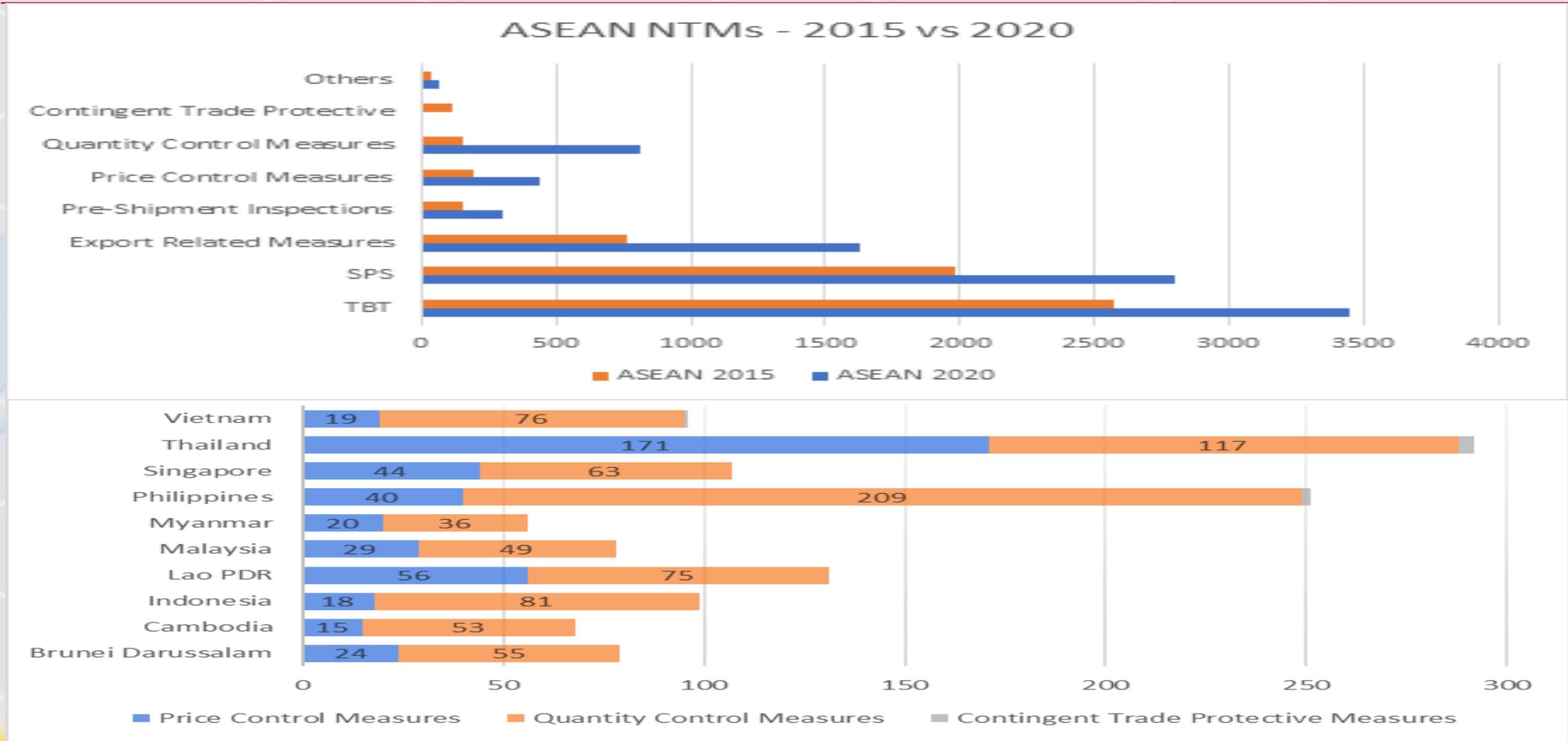
## ASEAN Trade in Goods 2015 to 2019

Source: ASEAN Statistical Database (extracted 5/8/2020)



Intra-ASEAN trade is falling in both absolute and percentage terms (down to 22.5% of total ASEAN trade in 2019, and lower by US\$16.3bn YoY)

# NON-TARIFF MEASURES HAVE INCREASED IN ASEAN



# COVID-19: ASEAN LEADERS HAVE SET THE DIRECTION

- “**Commit to** build a highly integrated, cohesive, innovative and resilient ASEAN Economic Community *with seamless movement of goods, services, investment, capital, and skilled labour*; promote inter-operable payment systems; encourage Member States to increase efforts *in finding innovative solutions to boost intra-ASEAN trade and investment, through the progressive reduction or elimination of restrictions, including addressing the trade barrier effects of non-tariff measures* amongst others, with a view to reaching the target of doubling intra-ASEAN trade by 2025” (emphasis added). Paragraph 13 - ASEAN LEADERS’ VISION STATEMENT ON A COHESIVE AND RESPONSIVE ASEAN: RISING ABOVE CHALLENGES AND SUSTAINING GROWTH, Ha Noi, 26 June 2020
- “Take proactive action in enabling an effective trade facilitation to ensure the flows of goods amongst ASEAN Member States and **intensify efforts to address barriers to the smooth flow of essential and critical goods**, including food, medicines, and medical and other essential supplies, and services.” – Paragraph 2.5, HANOI PLAN OF ACTION ON STRENGTHENING ASEAN ECONOMIC COOPERATION AND SUPPLY CHAIN CONNECTIVITY IN RESPONSE TO THE COVID-19 PANDEMIC

# BUSINESSES LOOK FORWARD TO ACTIONS ON NTBS

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- NTM Guidelines in practice: is it being enforced?
- Regulatory Impact Assessment: needs to be applied to all regulatory measures
- Full implementation of the ASEAN Trade Repository would enhance transparency
- Industry submissions to the ASEAN Solutions for Investment, Services and Trade (ASSISTS) have not led to concrete responses
- Businesses have been told cases are “resolved”, but yet to see changes on the ground: can ASEAN create an objective mechanism to take a guillotine approach to NTBs?
- ASEAN Joint Business Councils have asked for commitment to remove all NTMs by the end of 2021 that restrict prices or impose price controls on imported goods; that impose quantity controls or import quotas on imported goods; and those classified as Contingent Trade Protective Measures

**COVID-19 necessitates a “new normal” – this requires decisive ASEAN-wide actions to address NTBs**



THANK YOU

