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Rebuilding Supply Chains in APEC

This calls for greater collaboration.

by Rebecca Sta Maria

We began 2022 with much optimism. The spread of COVID-19 seemed on the wane and borders were reopening. Unfortunately, by late February, all bets were off. The war in Ukraine, high inflation, supply chain disruptions, food security, and other challenges meant we had to recalibrate and collaborate to ensure we weather this polycrisis.

In the early days of the COVID-19 pandemic when we experienced disruptions in supply chains, we learnt very quickly that we needed to adapt and change in response to this new reality. Businesses had to rethink their supply and value chains—not just optimising for lower costs but also planning for resilience and managing logistical risks. For governments and policymakers, it meant having a greater focus on collaboration and facilitation.

Let me highlight two points: the role of government and that of Asia-Pacific Economic Cooperation (APEC) in this conversation on strengthening supply chains.

THE ROLE OF GOVERNMENT

The APEC region's economic recovery in 2023 is expected to be fragile, given the headwinds of rising inflation and prolonged geopolitical conflicts. In view of such a scenario, the role of government must be to facilitate business and foster a conducive environment for trade and investment. This involves collaborating with partners at the macro level to manage cross-border challenges and non-tariff measures, as well as ensuring policy coherence and mutual recognition of regulations. At the same time, there must be efforts to work domestically on chokepoints that impede the flow of goods and services. Additionally, there needs to be a focus on building the necessary digital infrastructure and promoting digital skills development and literacy to enable meaningful participation of small businesses in supply chains.

For example, Thailand launched CustomsConnect, an online platform that enables traders to pay customs duties

and related fees to the Royal Thai Customs conveniently and securely anytime, enabling the country to collect revenue faster and more cost-effectively.¹

Meanwhile, in the area of digital connectivity, China has introduced several pilot projects to enhance cross-border customs collaboration by utilising intelligent and creative approaches. These initiatives primarily concentrate on the creation of interoperable digital systems that facilitate trade, reduce the time required for customs clearance, and improve the overall effectiveness and efficiency of customs control.²

THE ROLE OF APEC

APEC's *raison d'être* is to make it faster, cheaper, and easier to do business in the APEC region, so that the open, dynamic, resilient, and peaceful region envisaged under APEC Putrajaya Vision 2040 can become a reality.³ The Aotearoa Plan of Action brings the vision to life by outlining clear actions for APEC member economies to work on through their domestic policy.⁴ For example, member economies can develop tools to help businesses operate easily and cost-effectively across borders.

At the onset of the pandemic, there were concerns with protectionism and vaccine nationalism. But the 21 APEC member economies came together, meeting virtually, to pledge support for the facilitation of vaccine movement across borders and low tariffs for essential medical goods. APEC policymakers worked closely with the business community to facilitate the flow of goods and services, especially those that most support health and economic responses at that critical time. They ramped up trade facilitation efforts to move COVID-19 vaccines and essential goods across borders, including preventing the movement of counterfeit vaccines and related goods in cooperation with relevant international organisations.

For example, Australia implemented temporary export controls to stem the hoarding, non-commercial export, and profiteering of personal protective equipment and disinfectants.

These measures prevented individuals and criminal organisations from purchasing these items in bulk from retail stores for profit. The New Zealand Customs Service also facilitated uninterrupted trade by assisting various parties, such as importers, exporters, customs brokers, and logistics operators, with their COVID-19-related concerns. It provided dedicated teams to handle queries about border clearance of essential goods and services.⁵

APEC policymakers also refrained from imposing unnecessary export restrictions. Some economies even continued to liberalise or maintain zero to low tariffs for vaccines and other medical supplies. For example, the Health Sciences Authority of Singapore (HSA) temporarily liberalised its import regulations for surgical masks, particulate respirators, thermometers, and protective gear for medical professionals. It did not require importers of these products and devices to obtain an importer's licence. Instead, prior to importation, importers were only required to notify HSA of their intention to import, as well as provide information on the brand and quantity of the products and devices.⁶

At the same time, Best Practice Guidelines for APEC Customs Administrations were put in place.⁷ The guidelines comprised a set of operational and practical measures to ensure the region's supply chains are equipped to facilitate the flow of COVID-19 vaccines and related goods.

APEC'S WORK ON SUPPLY CHAINS

APEC provides the platform to strengthen collaboration, including making sure that supply chains embody strong environmental and labour standards, and working to identify bottlenecks in the supply chains of different sectors. An important part of APEC's work is strengthening global supply chain integrity. It developed the Roadmap for Supply Chain Security, which included the Supply Chain Security Toolkit aimed at improving global medical product quality and supply chain security across its entire lifecycle.⁸ It also provides an international forum for experts in medical product quality and supply chain security to collaborate and address the continuing challenges of an increasingly globalised and complex supply chain of medical products.

In 2022, APEC members endorsed Phase Three of the Supply Chain Connectivity Framework Action Plan (SCFAP III) 2022-2026. This supports APEC businesses in building secure, resilient, sustainable, and open supply chains, thus creating a predictable, competitive, and digitally-interconnected Asia Pacific region.⁹

GOING FORWARD

The pandemic may be waning, but we are not out of the woods yet. We remain vulnerable to supply shortages in addition to

other global challenges, including that of climate change with continuing acceleration of extreme weather disasters, which affect workers, businesses, and households across the globe. Last year, Thailand, as the host of APEC, led initiatives focusing on connectivity, inclusivity, and the environment. These reflected the importance of collaboration and flexibility: a collective realisation that working for the greater good remains relevant. These are the values that APEC will continue to promote in 2023. As APEC 2023 host, the US will steer the group as it tackles the downside risks, focusing on the economic well-being of the region. In fact, over the past months, senior officials from all APEC member economies have been holding in-person meetings in the US, signalling renewed commitment to cooperation despite divergences arising from global geopolitics.

We started this year with a stronger sense of optimism. We need to build on the lessons learned from the pandemic, specifically in ensuring predictability in our rules, and flexibility to facilitate the flow of essential goods and people. This requires more regional and global collaboration in research, manufacturing, and distribution. Governments must ensure that rules and regulations do not stifle innovation, and balance facilitation with public interest. As such, the work in APEC will continue to focus on reviewing our policies, guidelines, and regulatory innovation, thus distilling best practices and sharing them more widely. [▶](#)

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