

BUSINESS RESUMPTION: LESSONS LEARNED DURING THE COVID-19 PANDEMIC – BEST PRACTICES FOR CUSTOMS

The COVID-19 pandemic has proven how interconnected economies are in today's globalized world and how important Customs are as connectors of global supply chains.

While it was a priority first to ensure the flow of essential goods across borders, the change in consumer demand globally has posed many challenges for business continuity in the context of a global health emergency crisis. Supply chains have experienced many disruptions that have highlighted the importance of growing their resilience, while also preparing Customs to fulfil their missions, even in times of crisis.

With the slowing of the pandemic, many governments have started to roll back some of the emergency measures that have proven beneficial during the pandemic, which is why, now after two years in, it is a good moment to take stock and provide insights from the private sector to assess 1. What has been challenging, 2. What has worked well and how a successful economic recovery can be built after the pandemic with the help of best practices for Customs.

The Private Sector Consultative Group (PSCG) is delighted to provide insights to the World Customs Organization (WCO) and its Members to assess what introduced measures meant in practice and how they can impact businesses.

1. CHALLENGES TO BUSINESS CONTINUITY

No Crisis Management Plans

Ensuring the safety of its employees has been the priority of many businesses and measures have been adopted to enable the business to continue without endangering the health of employees or customers, for instance through setting up remote working or by providing adequate protective equipment.

With everyone concerned, challenges vary across sectors and locations – using the example of remote working: it could not be implemented smoothly for everyone, resulting in bottlenecks at borders or slowdowns in negotiations with governments.

At the onset of the pandemic, it became quickly clear that businesses or governments who had business continuity or emergency/crisis plans in place were able to respond quicker and had better results.

→ **Enhance resilience through business continuity/crisis preparedness plans.**

Ineffective Health Measures that Challenge Business Continuity and Resumption

After two years of COVID-19, there are some measures that have proven their effectiveness, whereas others still fail to do so (“tried-and-failed” approach).

In a globalized world, cross-border movement is vital for keeping trade flowing and closing borders to contain new variants has not only shown limited success of containment but proven detrimental to different transport modes.

Complicated and sometimes excessive quarantine and testing regimes that are not harmonized across borders pose real challenges to the movement of goods across borders. Such policies have contributed to already existing labor shortages in many transport sectors.

For instance, when looking at transport by road, some of the challenges encountered include:

- Truck drivers have to quarantine for 14 days outside a country for entry;

- Required transshipment of goods at the borders through trailer swaps;
- Changing drivers from foreign to national for entry in some countries;
- Ro-Ro vessels that only accepted trailers/semitrailers, i.e., without a truck, or containers, no drivers or cargo attendants could board the vessels;
- Added costs for companies through unreasonable required procedures in some countries, such as spraying vehicles with disinfectant at border crossing.

While some progress has been made with easing procedures and harmonizing processes, for instance through digital certificates for testing and vaccination in many countries and some regions, there is still little harmonization across borders. For example, after the introduction of the EU Digital Certificate, still:

- 30% of EU Member States did not recognize antigen testing,
- 41% did not accept vaccinated travelers from low-risk non-EU countries,
- no real harmonization on Passenger Location Forms.

Such policies have contributed to significant labor shortages, e.g., in the air transport sector, also partly due to excessive quarantine measures.

Overall, the lack of official and clear information and transparent procedures continue to cause disruptions as well as unjustified expenses for companies.

PSCG members agree that it is of utmost importance for governments to consider the potential effects of their measures on different transport modes and operations. Whereas certain policies or measures can make sense for the civil society, it is important to consider the particularity of transport and logistics operations and Customs in the design of policies and measures (e.g., passenger and air cargo transport do not operate the same way and health measures should take that into account to ensure business continuity while keeping everyone safe).

→ **Reasonable and effective health measures that are harmonized across borders as much as possible.**

2. GOOD PRACTICES AS A FOUNDATION TO ENABLE A SUCCESSFUL ECONOMIC RECOVERY

Preparing for Crisis

Some countries and regions had more or less specific emergency/crisis plans in place, and it has proven helpful for all stakeholders to react quickly and effectively.

For instance, in the USA, the private and public sector worked together quite well when the crisis hit, and trade and emergency resumption plans were already in place on a smaller scale, and it helped implement temporary measures quickly. Designing and establishing crisis preparedness plans can help build a “mindset” for such unique situations and good planning can enable stakeholders to react swiftly.

Aside from national and local crisis preparedness, international organizations can also assist in such emergency situations, as did the WCO with much success, for instance, by providing guidance to Customs authorities through publishing classification codes for essential medical supplies.

The PSCG members welcome the capacity-building the WCO is doing to help countries set up emergency plans to be better prepared for crisis, e.g., the recent project in Madagascar where the WCO supports local Customs by drafting Standard Operating Procedures for expediting the movement of relief goods and humanitarian aid.

Building resilience to protect supply chains against shocks has become a priority for many companies and governments, thus it does not only mean going back to the starting point, but instead resilience means to constantly learn and go beyond in terms of good processes that are put in place.

Now is the time to assess what has and has not worked – to continue with processes that have proven beneficial instead of rolling them back, while considering cutting back on processes that have proven unnecessary and burdensome.

Health Measures that make sense

The COVID-19 pandemic is the first of its kind, thus there was much uncertainty (in terms of knowledge) at its onset, and, in addition, with human lives at stake, it was difficult to adopt and implement measures. After two years, much has been learned and clearly some measures have proven ineffective, while others have proven effective in protecting human life while also enabling business continuity. Those are the measures, the PSCG members are urging governments to keep in place and build on.

Positive examples include countries that have:

- provided clear guidelines for health measures online and in a timely manner to allow for preparation and adaption of processes to ensure compliance;
- reduced contacts through expansion of the use of technology and data, while also facilitating the move to remote or hybrid working, while ensuring the good functioning of their offices; e.g. the Canadian Border Services Agency (CSBA) and their Electronic Longroom initiative that allowed for documentation previously paper-based to be emailed to select CBSA locations as a PDF file; many customs authorities moved to doing audits virtually and it has proven more efficient;
- adopted health measures that consider differences between civil society and trade relevant sectors that can be considered essential, e.g., border closures that did not inhibit cargo operations, prioritizing continued movement of cargo and that port closures were limited to non-essential travelers/passengers.

Unleash the Potential of Trade Facilitation

The COVID-19 pandemic has laid bare how important the adoption and implementation of longstanding international standards and recommended practices for efficient border management is. For instance, the WTO's Trade Facilitation Agreement (TFA) entered into force in 2017 or the Immediate Release Guidelines by the WCO that were issued many years ago but have been implemented by very few countries since.

During the pandemic, countries that have already implemented and adopted such international standards and recommended practices for their border management processes have experienced much less disruptions to their supply chains than others. These trade facilitation "tools" offer many advantages during normal times, but in a crisis, they can become crucial to ensure the smooth flow of goods.

Trade facilitation can help drive down trade costs and thereby increase economic growth and welfare for the long-term, and especially for developing and least-developed economies. The OECD estimates that the TFA could reduce trade costs worldwide by between 10% and 18%.¹

¹ OECD: Why trade facilitation matters in today's global economy. [https://www.oecd.org/trade/topics/trade-facilitation/#:~:text=Trade%20facilitation%20benefits%20businesses%20and,global%20value%20chains%20\(GVCs\), \(28/02/22\).](https://www.oecd.org/trade/topics/trade-facilitation/#:~:text=Trade%20facilitation%20benefits%20businesses%20and,global%20value%20chains%20(GVCs), (28/02/22).)

The use of ICTs and automation for streamlined border and customs procedures are among the key components for successful border management and paperless trade.

For instance, India has adopted several facilitation measures during the COVID-19 pandemic, that have accelerated their move away from paper-based processes and towards a “Faceless Assessment program” in a larger effort for a paperless customs process.

Next to the mentioned trade facilitation benefits, the growing trade digitalization combined with more streamlined and transparent processes reduces the risks of corruption and bribery significantly.

Concrete examples of good practices that have proven beneficial during the crisis:

- Customs treated and processed essential goods as a priority for import, export, or transit;
- Tariffs and non-tariff measures affecting imports of essential goods, equipment and products were removed for a certain period;
- For road transport: Some countries lifted seasonal load restrictions for heavy goods transport, in many places bans to drive on weekends and holidays were suspended;
- Exceptional acceptance of expired licenses, authorizations, permits, cards, visas, etc. even internationally;
- Simplified procedures and increased use and acceptance of ITCs and single windows;
- Establishment of “green” corridors to ensure smoother flows of goods.

CONCLUSION

The PSCG thanks the WCO for the opportunity to provide their insights on lessons learned during the COVID-19 pandemic.

At the onset of the crisis, the WCO has reacted swiftly to ensure its functioning, but furthermore, invaluable guidance was provided to Customs authorities worldwide. Building on that engagement, the PSCG is delighted to provide an assessment of what government emergency measures have worked and which ones have failed to prove their effectiveness to contribute to building resilience in the long-term.

Please find below the most important areas to focus on to ensure a successful economic recovery next to building resilience that will help protect cross-border trade from future crises through effective border management.

1. Enhance resilience: Business continuity/crisis preparedness plans.
2. Reasonable and effective health measures that are harmonized across borders as much as possible.
3. Accelerate implementation of existing trade facilitation tools: Trade Facilitation Agreement, Revised Kyoto Convention among others.
4. Advance customs modernization and digitalization.