International trade – How to move beyond the Covid-19 shock

Emmanuelle Ganne
Senior Analyst
World Trade Organization
Steep decline in world trade expected

World merchandise trade volume, 2005Q1-2021Q4

Expected decline of -13% to -32%

Source: WTO/UNCTAD and WTO Secretariat estimates.
Commercial flights were down $\frac{3}{4}$ between January and April.

Global commercial flights per day tracked by FlightRadar

Source: FlightRadar.
With dire consequences...

Kenya’s flower industry dying due to COVID-19

A worker at a flower farm in Kiambu County, Kenya, piles up roses to be dumped on March 24, 2020. Patrick Meinhardt / AFP / Getty Images
Weekly container ship arrivals in 2020, compared to average of first 24 weeks of 2019

Week 01 of 2020 - 06 January

Weekly Port Calls 2020

Compared to 2019
-15% or below  -10%  -5%  0  +5%  +10%  +15% or above

Ships of 5000 GT and above. Source: UNCTAD – MarineTraffic data – 2020
Export orders collapsed

New export orders from purchasing managers' indices,
January 2008 – May 2020

Note: Values greater than 50 indicate expansion while values less than 50 denote contraction.
Source: JPMorgan/IHS Markit.
MSMEs are at the center of the crisis

• 50%-60% of SMEs are severely affected
• 40%-50% at risk of being put out of business in less than three months
• Disproportionate presence in most affected economic sectors
• Self-employed are hit strongly
• Trade finance is becoming even more difficult to secure
COVID-19 lessons

• When tracking becomes vital

• The need for agile supply chains and trusted suppliers schemes

• Digitalization is a must
Trade remains labour- and paper-intensive
Where do we stand in terms of trade digitalization?

Source: Blockchain and DLT in Trade: A Reality Check (2019)
What do we need to make it happen?

Interoperability!

Technical
- At the platform level (consensus mechanism, smart contracts, authentication/authorization)
- At the business level: data standardization (semantics/data models)

Governance/commercial model
- At the business level (e.g. KYC)

Legal/regulatory
- Recognition and acceptance of e-signatures and e-documents
- Digitalization of documents of titles: MLETR
- Liability framework, legal clarity/certainty

→ We need global coordination!
“COMING TOGETHER IS THE BEGINNING, KEEPING TOGETHER IS PROGRESS, WORKING TOGETHER IS SUCCESS”

HENRI FORD
Thank you for your attention!