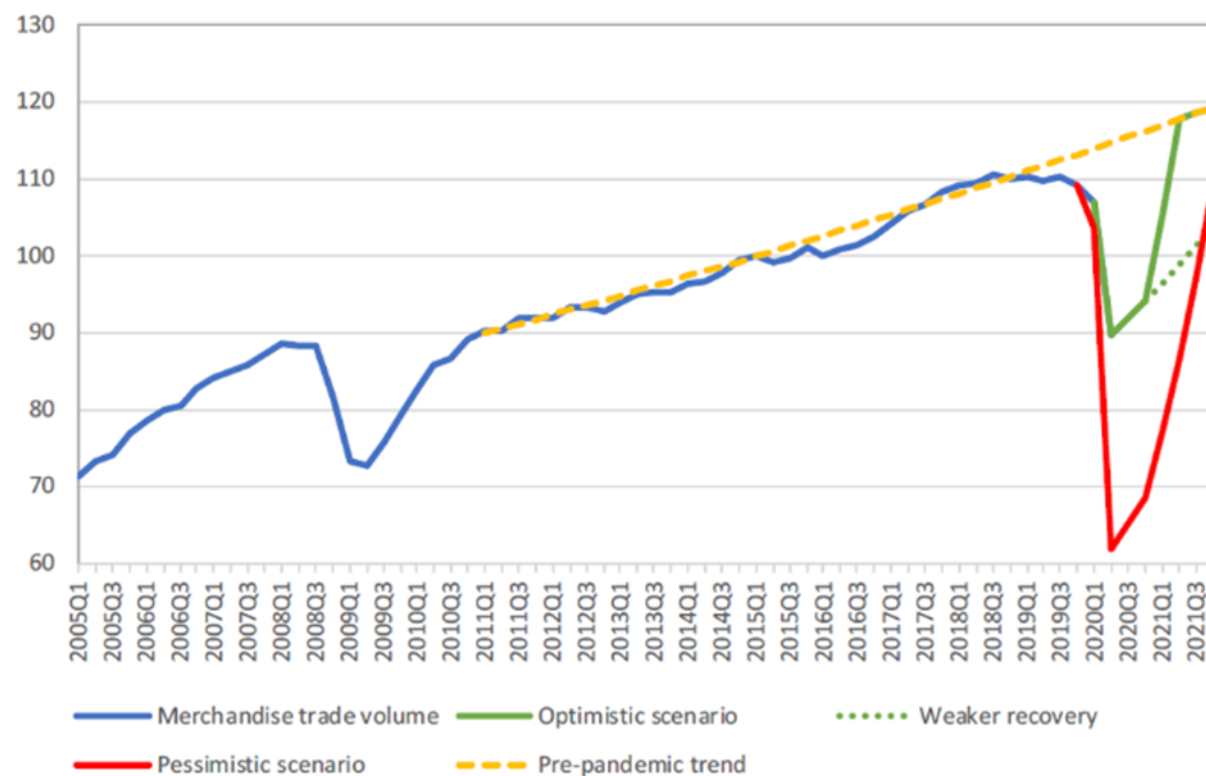# International trade – How to move beyond the Covid-19 shock

Emmanuelle Ganne
Senior Analyst
World Trade Organization

Steep decline in world trade expected

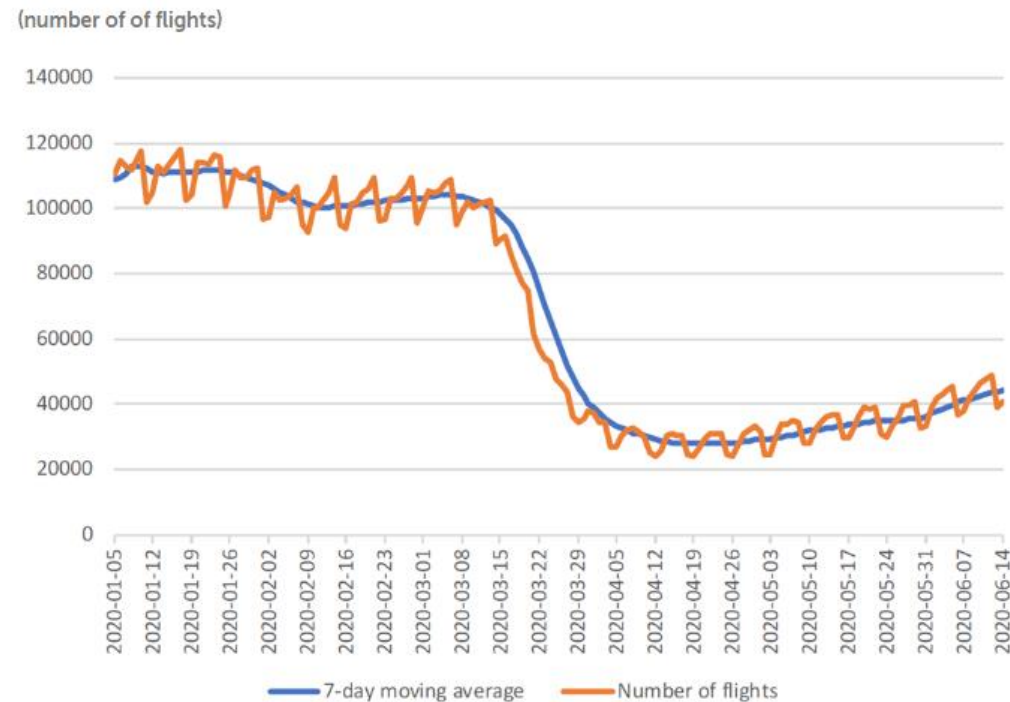World merchandise trade volume, 2005Q1-2021Q4

(Index, 2015=100)

Expected decline of -13% to -32%

Legend:
- Merchandise trade volume
- Optimistic scenario
- Weaker recovery
- Pessimistic scenario
- Pre-pandemic trend

Source: WTO/UNCTAD and WTO Secretariat estimates.

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Commercial flights were down ¾ between January and April

Global commercial flights per day tracked by FlightRadar

(number of of flights)

Source: FlightRadar.
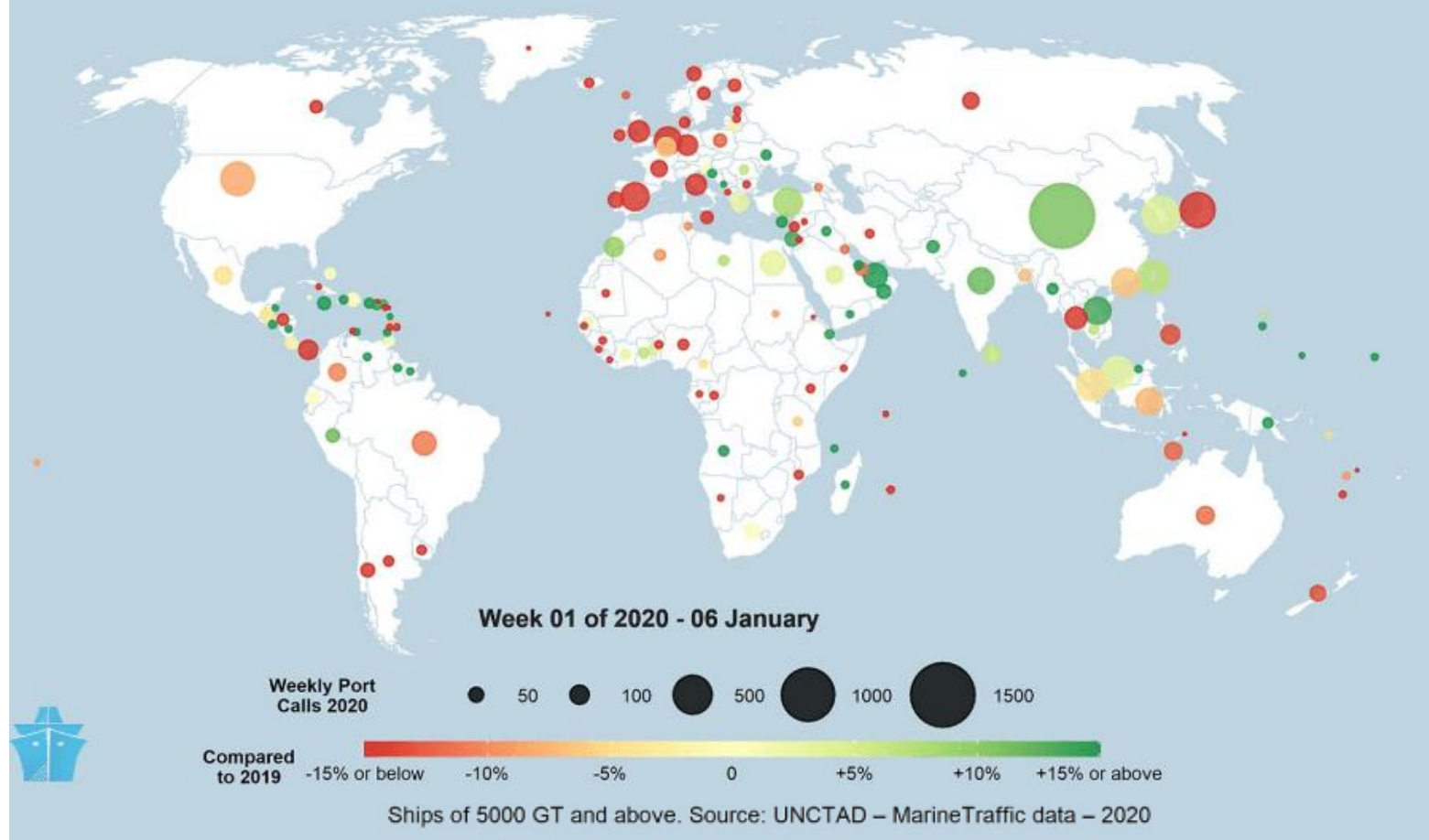
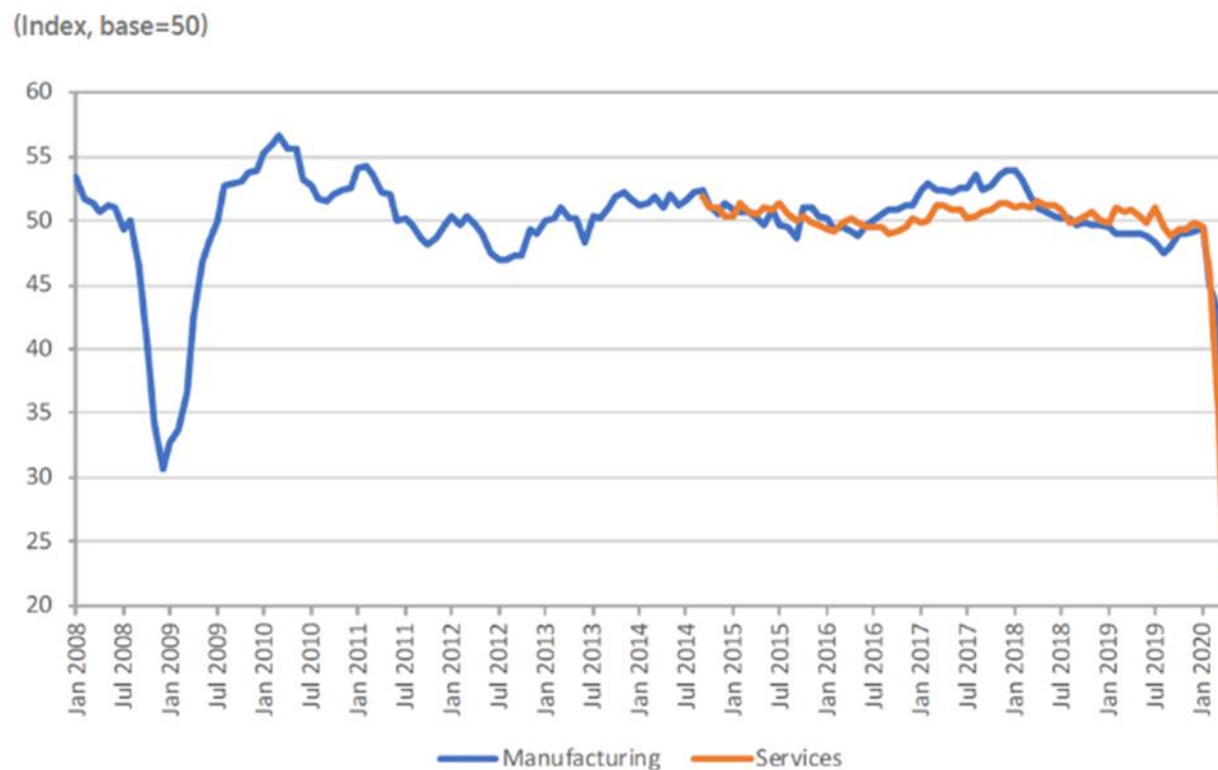# With dire consequences…

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

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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
50   100   500   1000   1500

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

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Export orders collapsed

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

(Index, base=50)

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

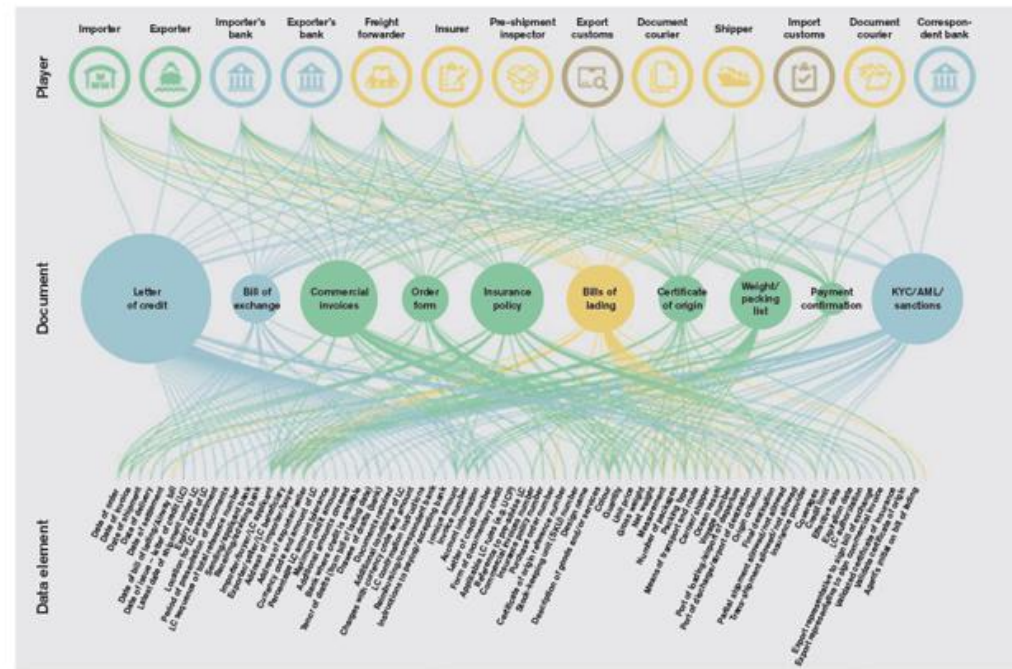- **Trade finance** is becoming even more difficult to secure

COVID-19 lessons

- When tracking becomes vital

- The need for agile supply chains and trusted suppliers schemes

- Digitalization is a must

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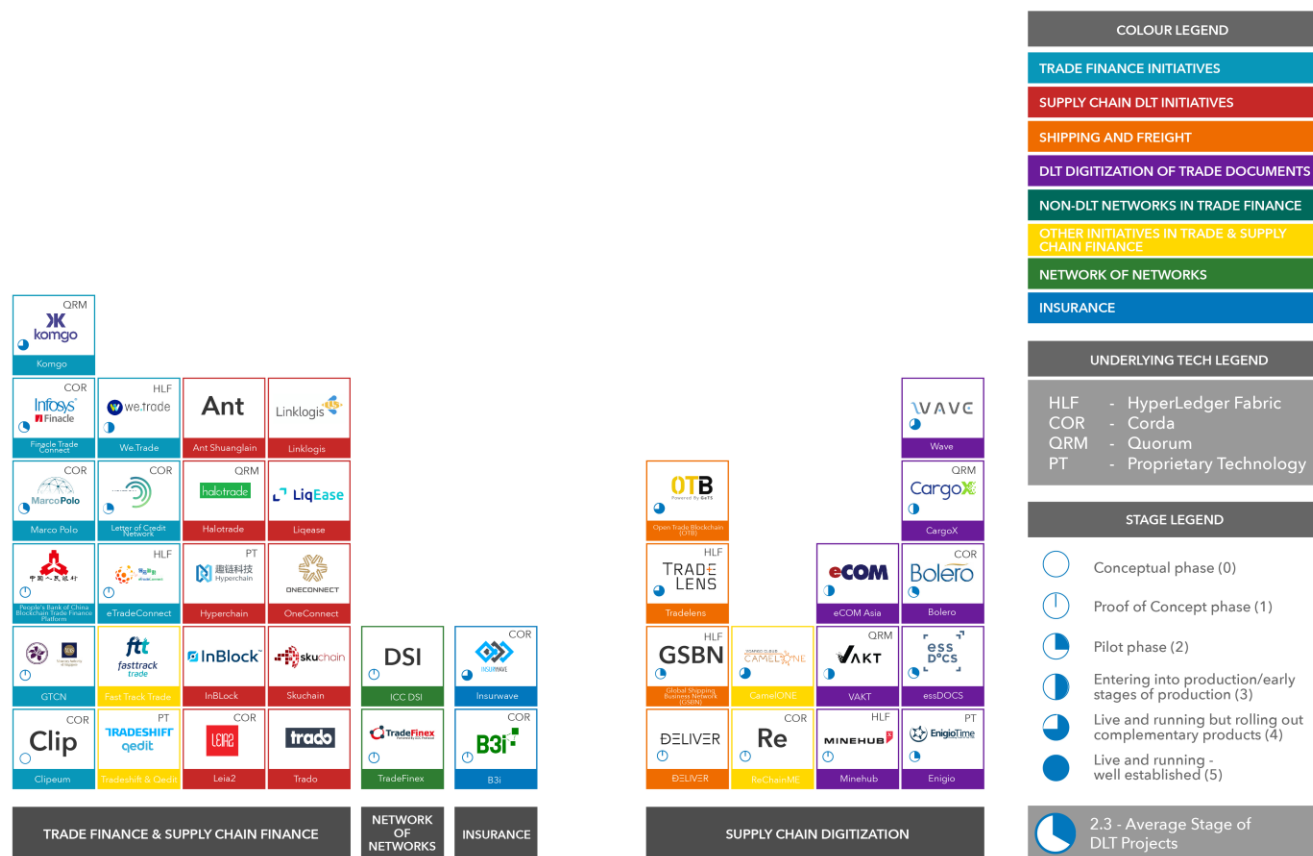
Trade remains labour- and paper-intensive

Actors and documents involved in a trade finance transaction

Source: Boston Consulting Group (2017).

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!

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"COMING TOGETHER IS THE BEGINNING, KEEPING TOGETHER IS PROGRESS, WORKING TOGETHER IS SUCCESS"

HENRI FORD

Thank you for your attention!