

The geography of trade and supply chain reconfiguration: implications for trade, global value chains and transport



UN-ECE, 23 February,
Jan.Hoffmann@UNCTAD.org

1: Long-term trends

2: The crisis

3: Will the trends change?

4: What to do?



1: Long-term trends

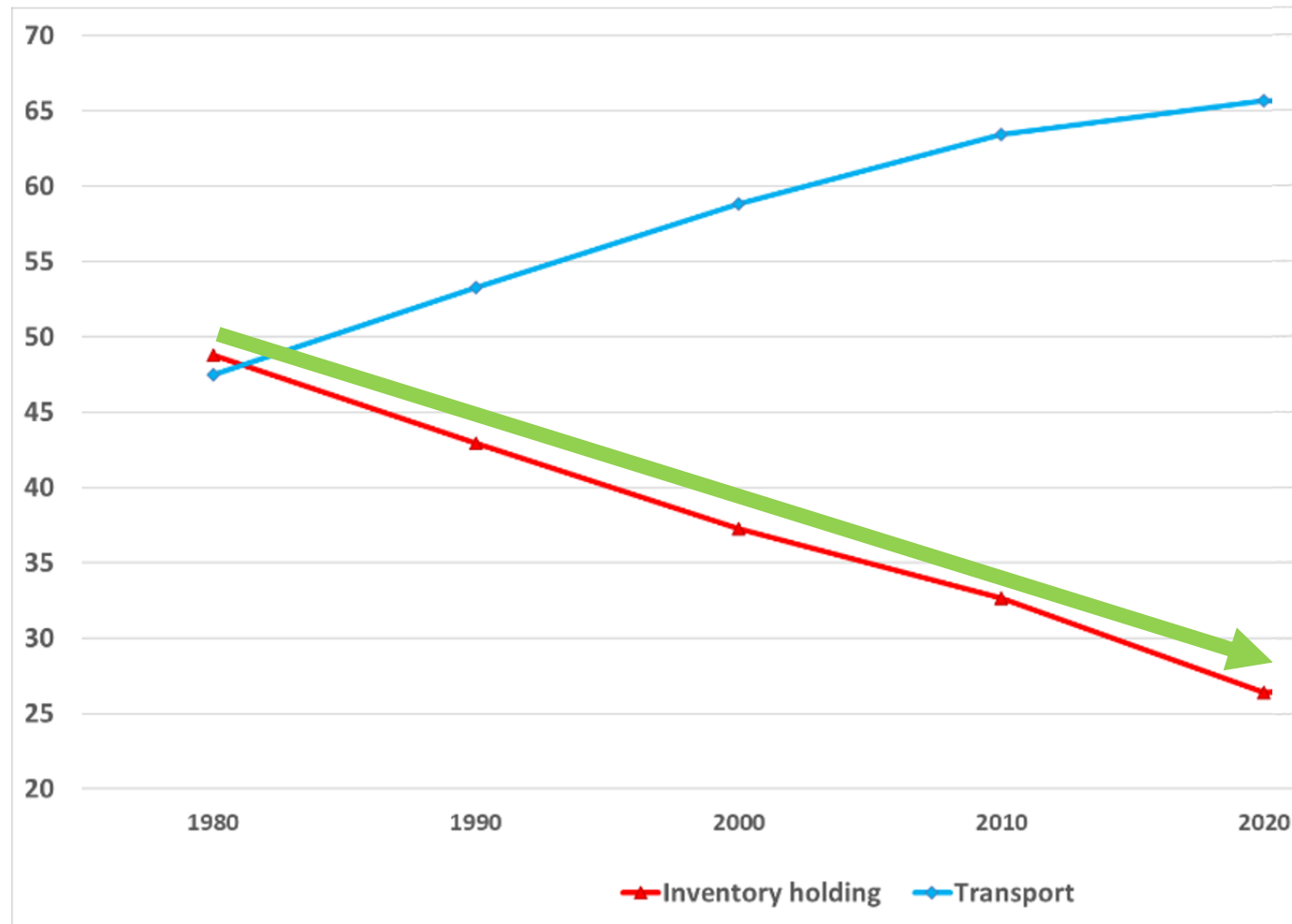
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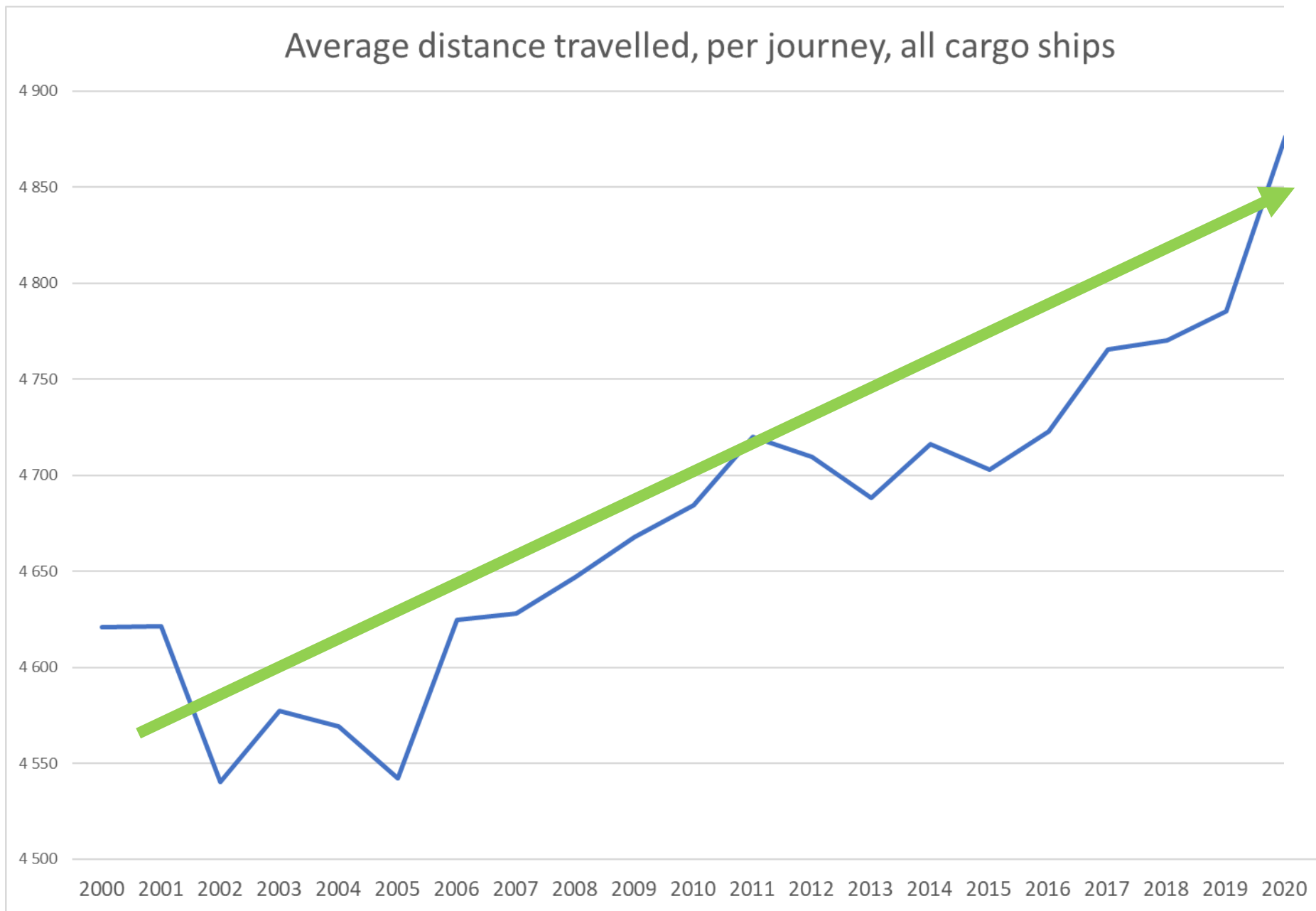
4: What to do?



Share (per cent) of transport and inventory holding expenditure within total logistics expenditure, United States, 1980 - 2021

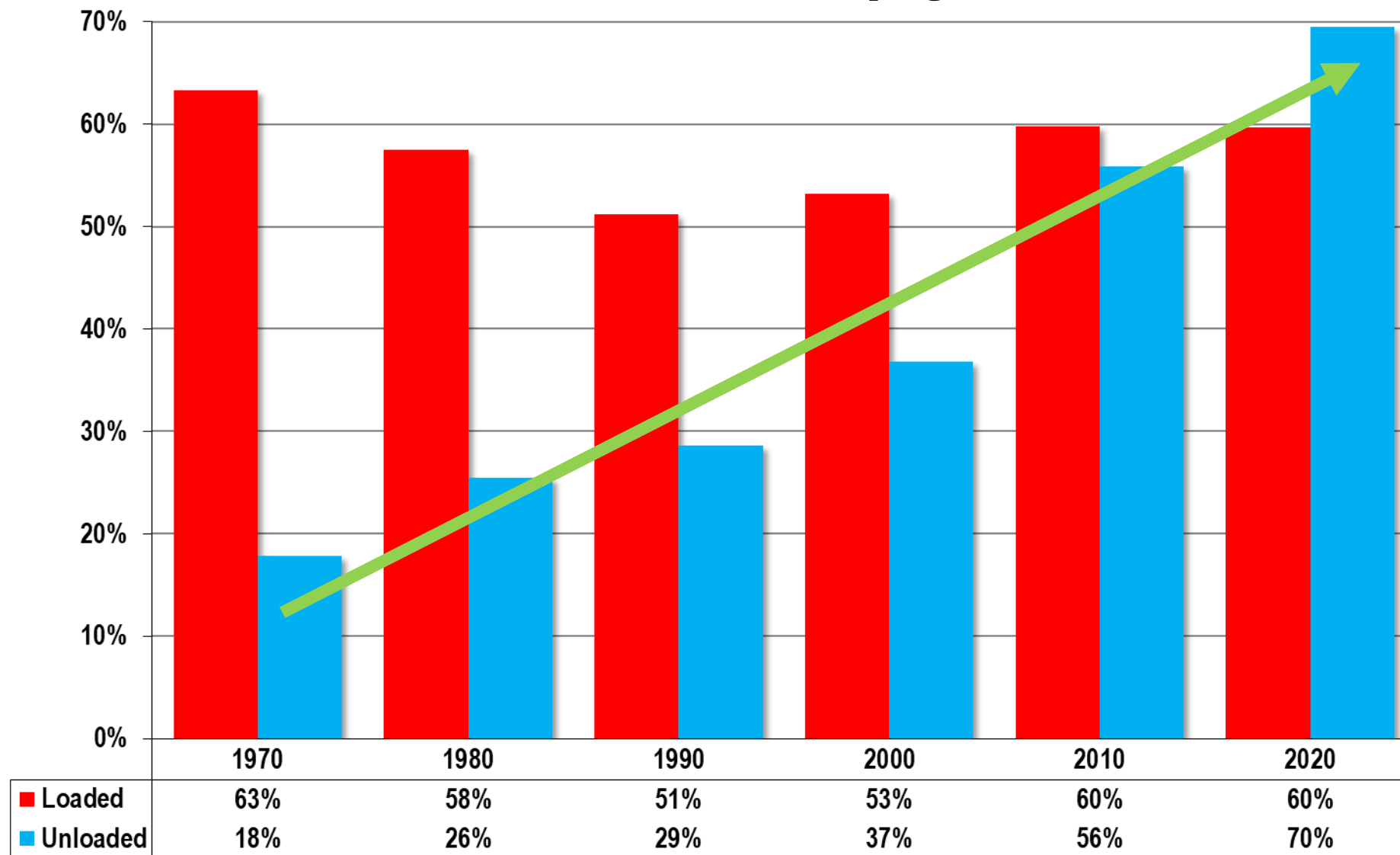


Source: UNCTAD, based on data from CSCMP Annual State of Logistics Report.
Presented in Issues Note on Geography of Trade, TDB, forthcoming



Source: UNCTAD, Issues Note on Geography of Trade, Trade and Development Commission, UNCTAD, 23 November 2022

Seaborne trade: share of developing countries



Share of developing countries in seaborne trade (tonnes)

Source: Review of Maritime Transport 2021

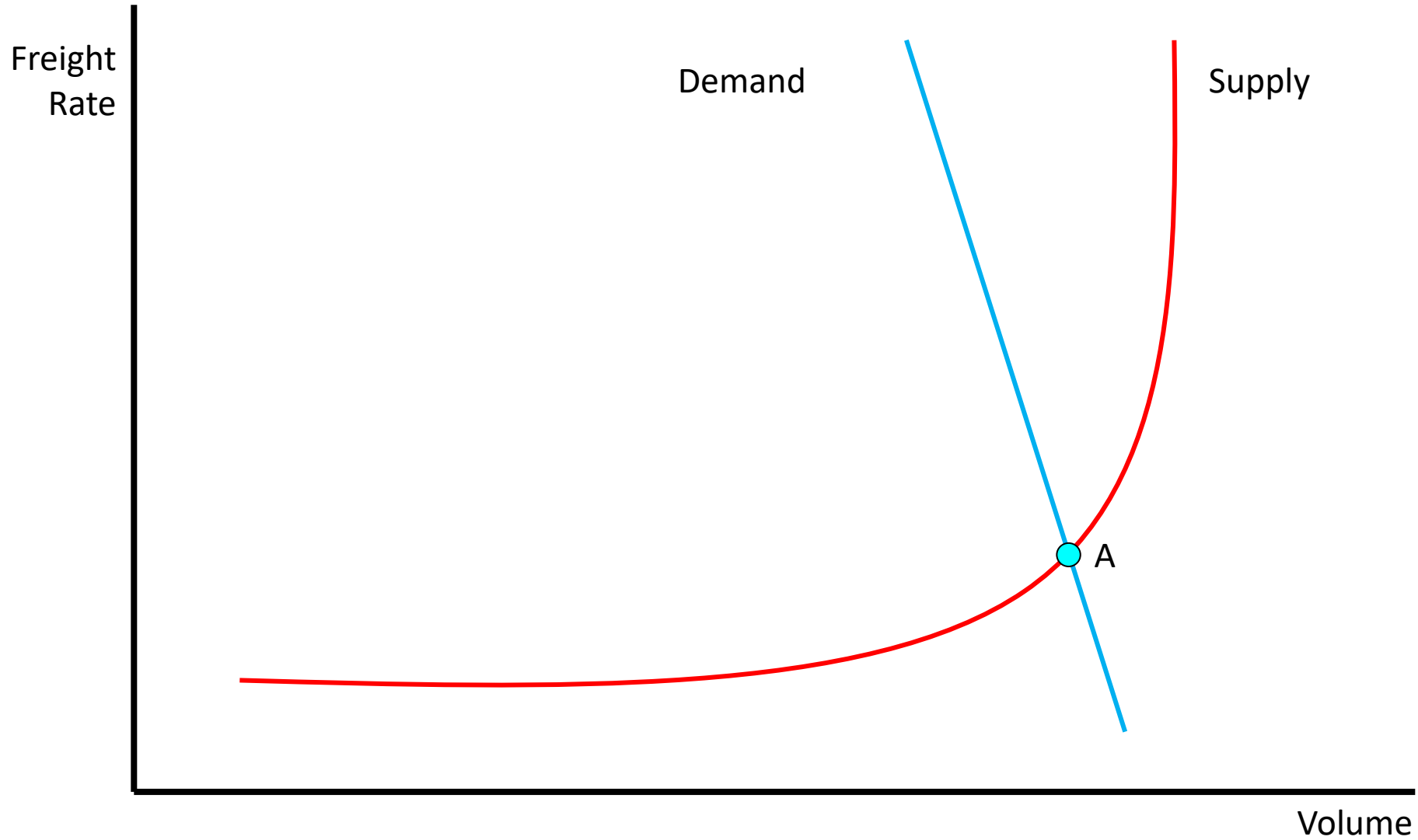
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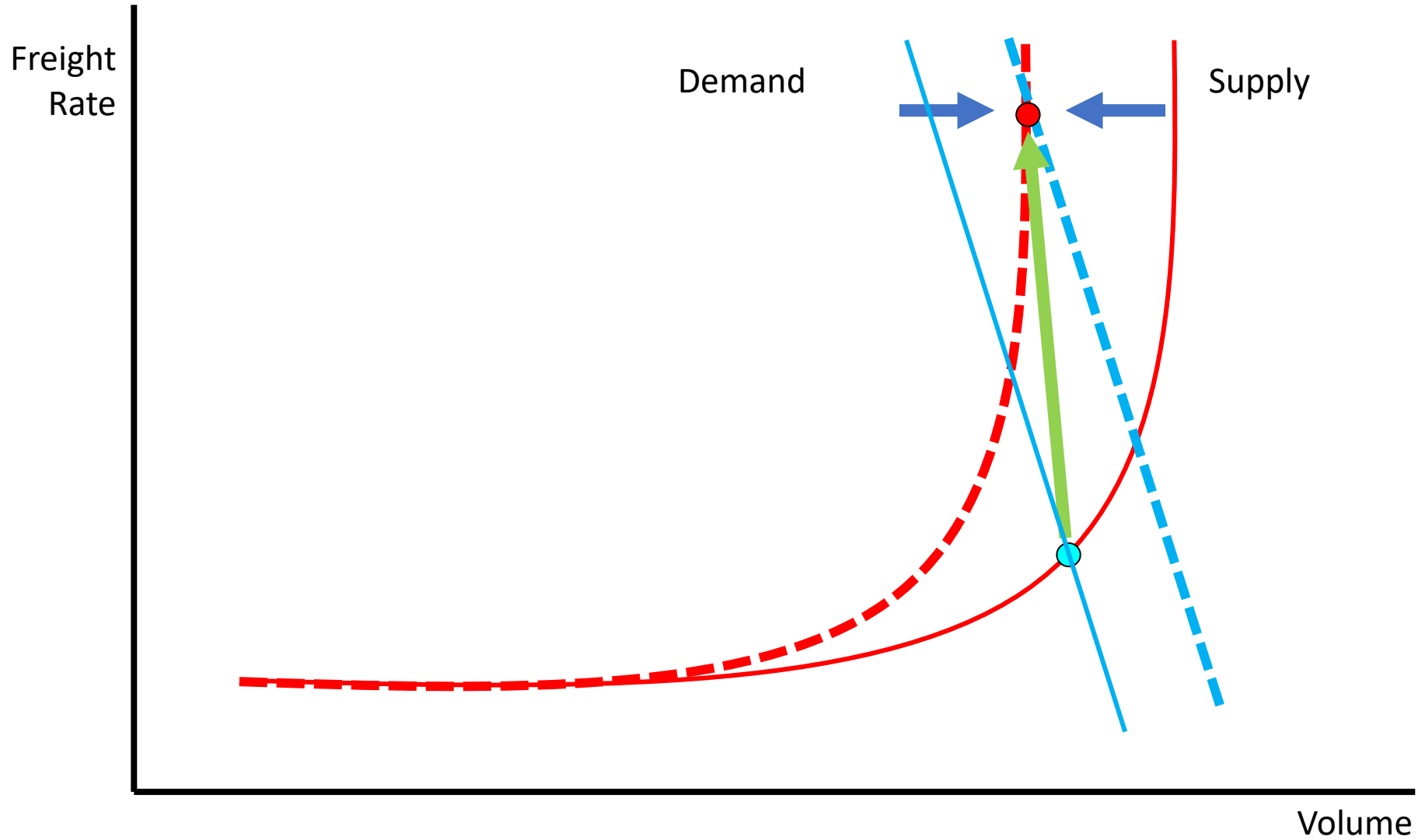
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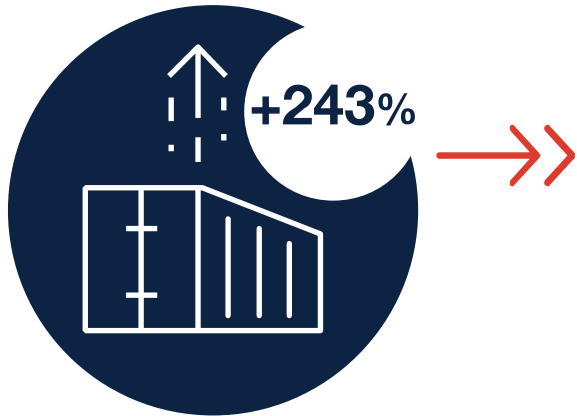




HIGHER TRANSPORT COSTS DO LEAD TO HIGHER INFLATION

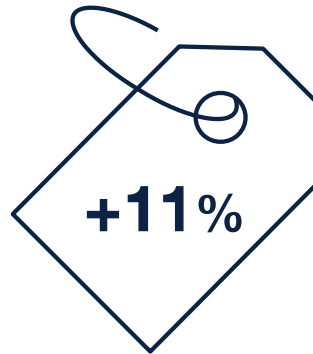
Simulation assumption:

Sustained increase in container freight rates

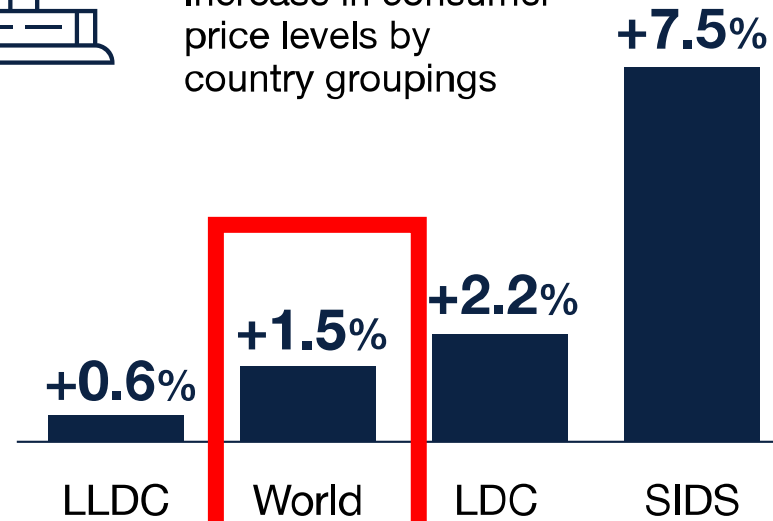


Simulation results:

Increase in global import price levels



Increase in consumer price levels by country groupings



SIMULATED IMPACT OF CONTAINER FREIGHT RATE SURGES

Hardest hit will be SIDS

Simulation assumption:

Sustained increase in container freight rates

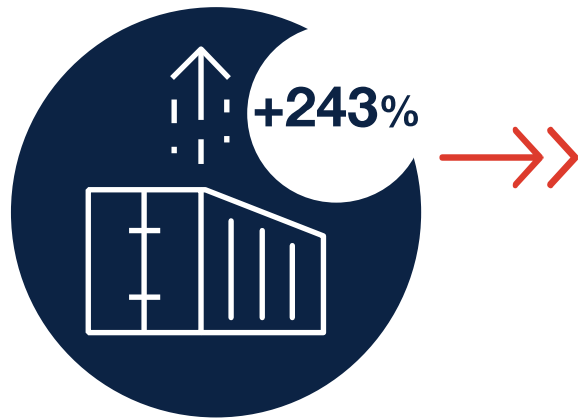
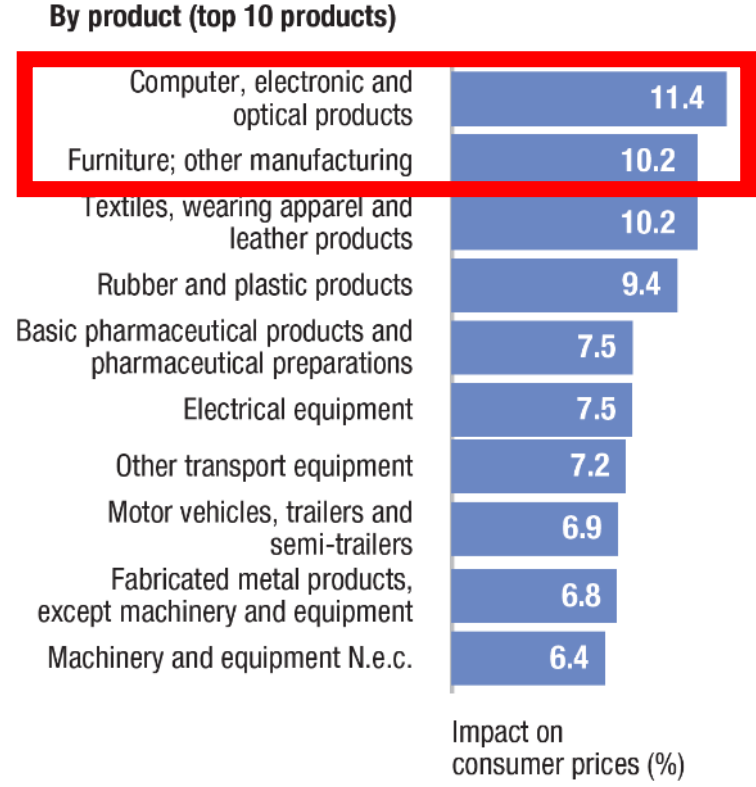
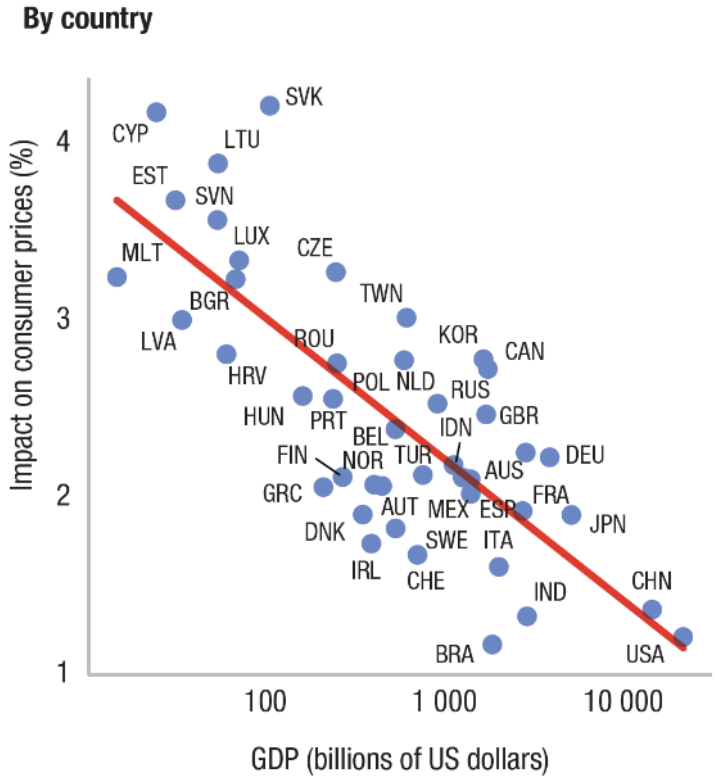


Figure 3.9 Simulated impacts of the container freight rate surge on consumer price levels, by country and by product



Sources: UNCTAD calculations based on the WIOD (accessed 7–8 June 2021) developed by Timmer et al., 2015, Clarkson Research, *Shipping Intelligence Network* (accessed 2 September 2021), UNCTADstat (accessed 24 June 2021), and the Centre d'Études Prospectives and d'Informations Internationales, *Gravity Database* (accessed 21 May 2021).

Note: The impacts of the container freight rate surge on prices are based on a 243 per cent increase in the CCFI between August 2020 and August 2021. The simulated impacts on price levels are long-term impacts, i.e., the simulation assumes that the current container freight rate surge and the corresponding increases in production costs are fully passed to consumers. See technical note 2 for the detail of the methodology.

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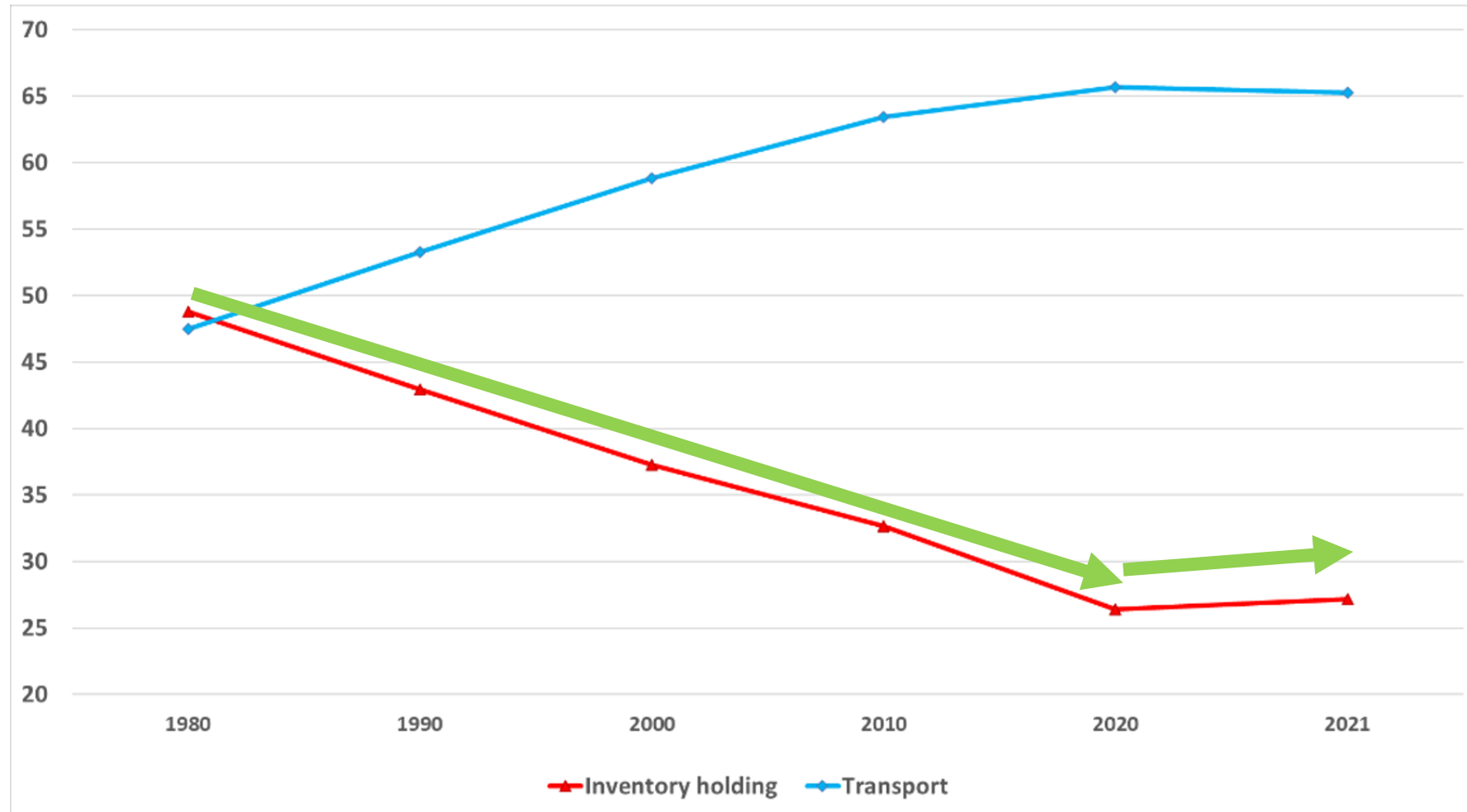
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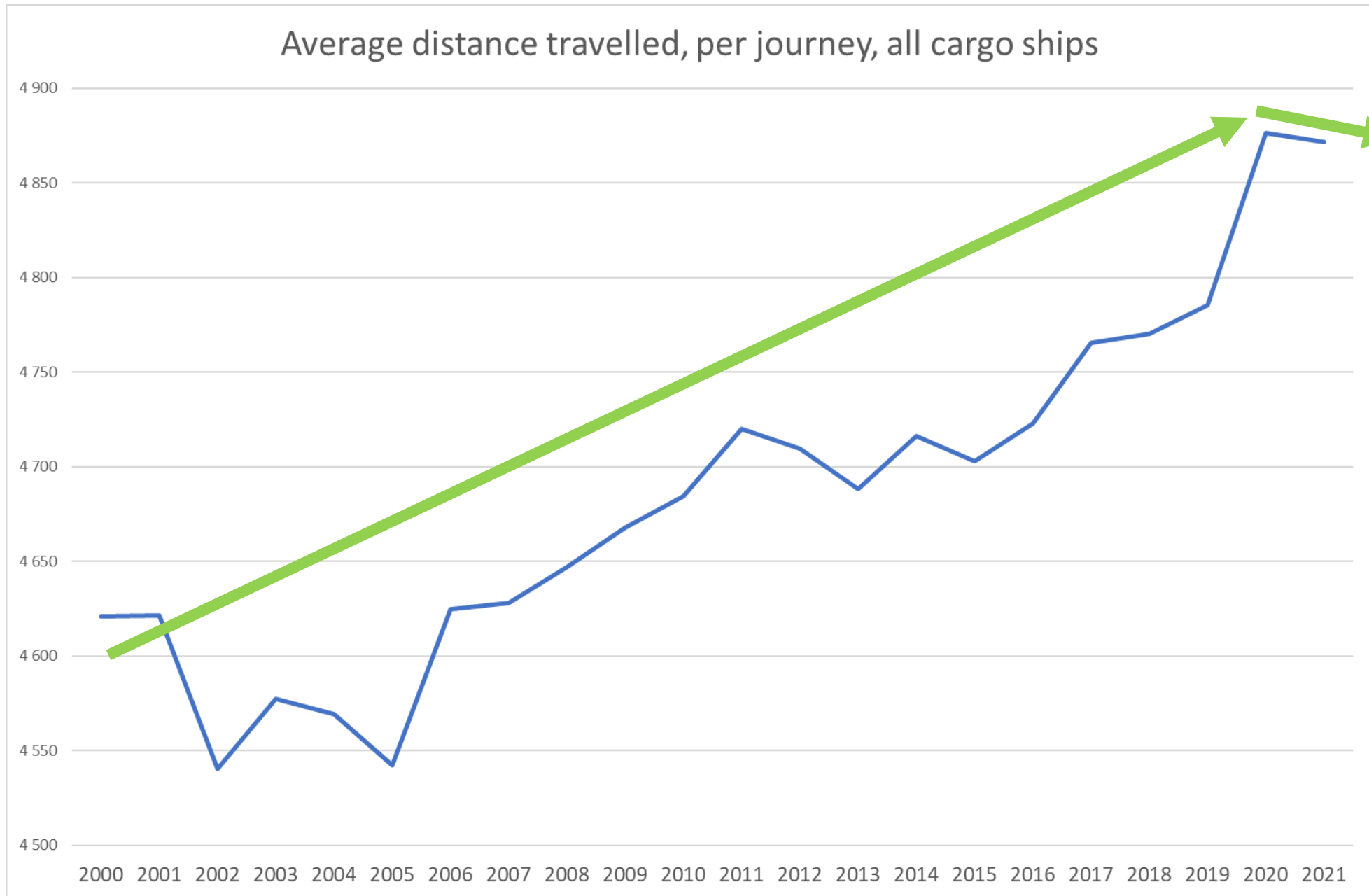
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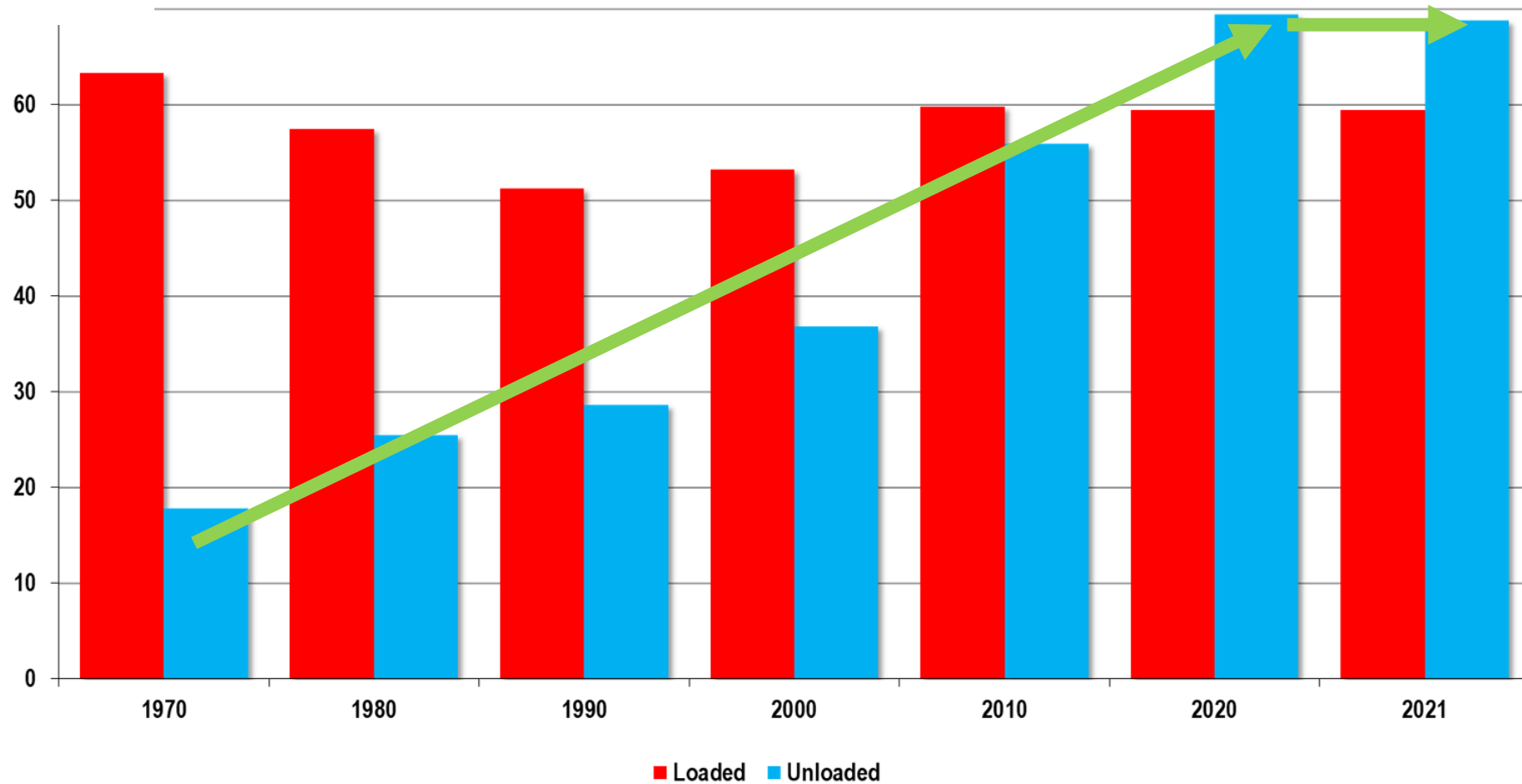


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Presented in Issues Note on Geography of Trade, forthcoming



Source: UNCTAD, Issues Note on Geography of Trade, forthcoming

Seaborne trade: share of developing countries



Source: UNCTAD, Review of Maritime Transport, various issues, including Review of Maritime Transport 2022 (forthcoming)

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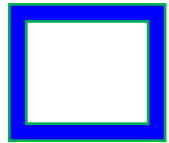


Always ahead.

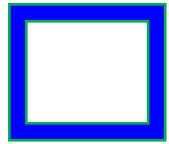
- How to set today the rules for the future of transport?

Technological progress will never be as slow as today

Who leads the IT reforms in your company?



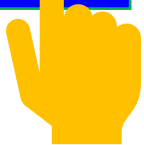
The CEO



The CTO



Covid-19



Transport in times of COVID19

A 10-point action plan

<https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2713>



Is there a trade-off between controls and trade facilitation?



The concrete measures proposed in this policy brief help to facilitate transport and trade and to protect the population from COVID-19.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
UNCTAD

No. 79
APRIL 2020

POLICY BRIEF

COVID-19: A 10-POINT ACTION PLAN TO STRENGTHEN INTERNATIONAL TRADE AND TRANSPORT FACILITATION IN TIMES OF PANDEMIC

The coronavirus disease (COVID-19) pandemic is substantially impacting people's lives and livelihoods and putting extreme stress on socioeconomic systems. International collaboration, coordination and solidarity among all is going to be key to overcoming this unprecedented global challenge. As part of efforts aimed at reducing the international spread of the virus and to mitigate the potentially crippling longer-term consequences of the pandemic, especially for the most vulnerable countries, policymakers need to take a number of measures to ensure the facilitation of international trade and the transport of goods. It is crucial to keep ships moving, ports open and cross-border and transit trade flowing, while ensuring that border agencies can safely undertake all necessary controls.

Key points

- There is a need to keep ships moving, ports open and cross-border trade flowing, while ensuring that border agencies can safely undertake all necessary controls.
- Facilitating trade and the transport of goods has become more important than ever, to avoid economic collapse and critical supply chain disruptions.
- The concrete measures proposed in this policy brief help to facilitate transport and trade and to protect the population from COVID-19.

Challenges for international trade logistics*

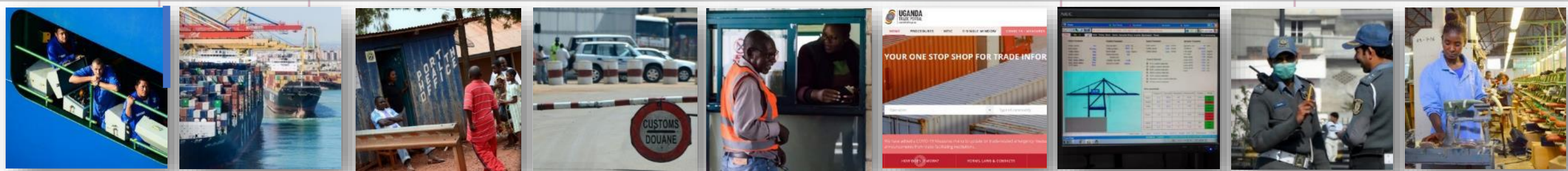
Border agencies face the challenge of expediting imports, exports and transit, including of necessary medical supplies, donations and relief consignments, while ensuring epidemic prevention and providing adequate customs clearance and compliance controls of goods and transport personnel.

This challenge affects goods and services that are necessary for the preservation of many jobs in manufacturing, on which modern society depends. Particular efforts need to be made on the part of Governments to secure and enhance the production and distribution of critical goods needed to contain and combat the pandemic (such as medical supplies and equipment) and to secure basic needs (including food and energy). Relevant service providers and the supporting infrastructure need to be protected as a matter of priority. This includes ensuring that transport services, ports and border agencies not only remain operational, but are effectively strengthened to cope with the exceptional challenges they face.

Governments need to adopt common approaches to addressing these issues across the global network of supply chains to avoid widespread disruptions. In the absence of urgent action in this regard, the post-pandemic economic recovery may be severely hampered, potentially worsening long-term sustainable development prospects, particularly for the world's poorest and most vulnerable.

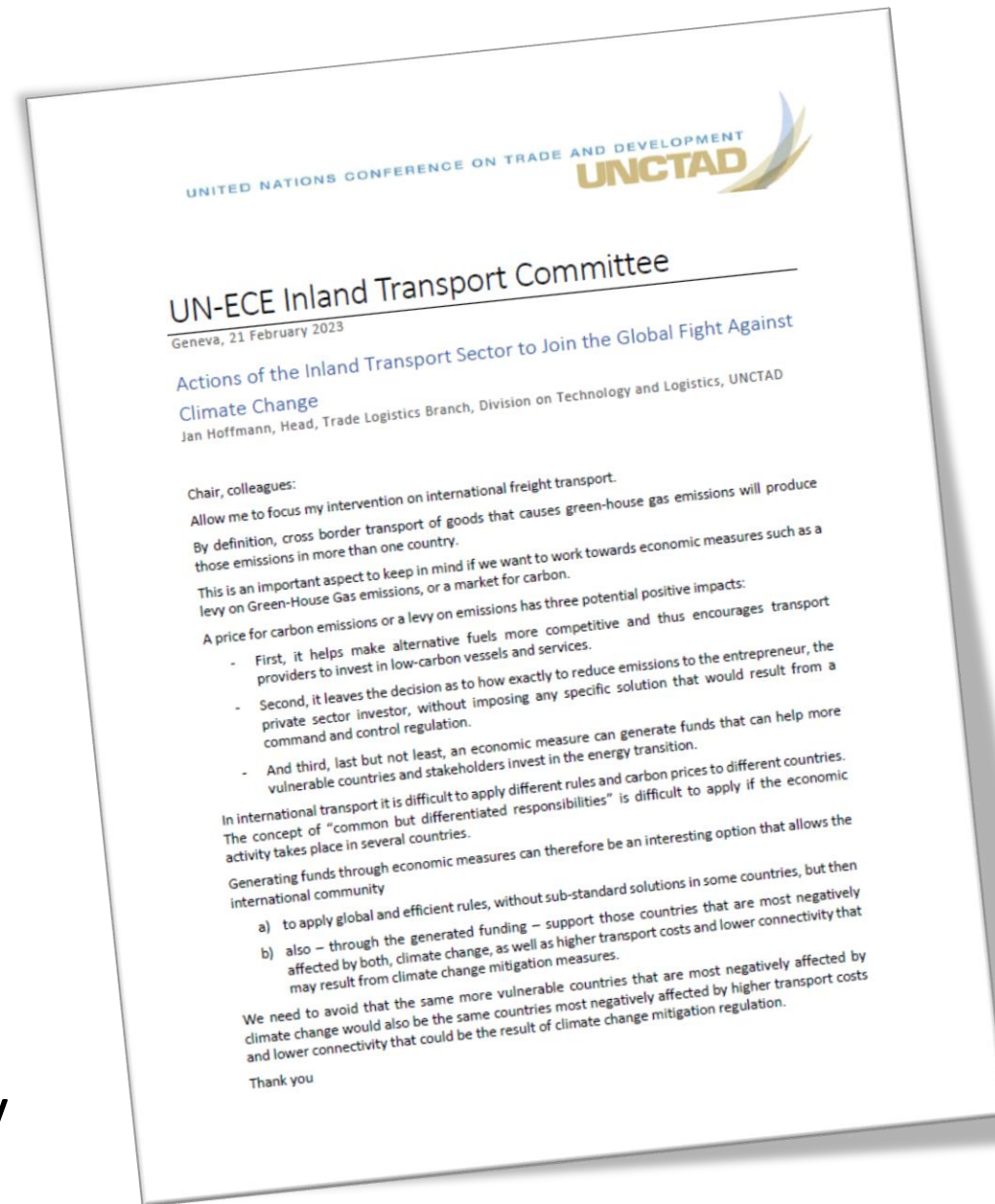
International cooperation on these points is vital, as protectionism may significantly exacerbate the global health crisis and delay a post-pandemic economic recovery. Effective collaboration, coordination and cooperation among public and private stakeholders at all levels will also be key.

* Note: All websites referred to in this document were accessed in April 2020.

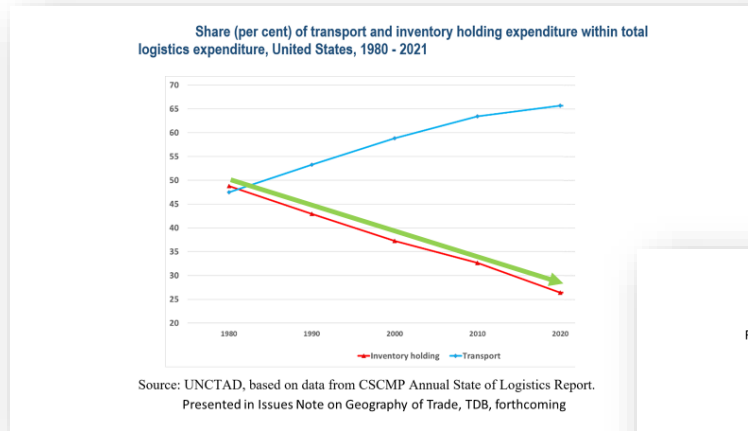


Decarbonization

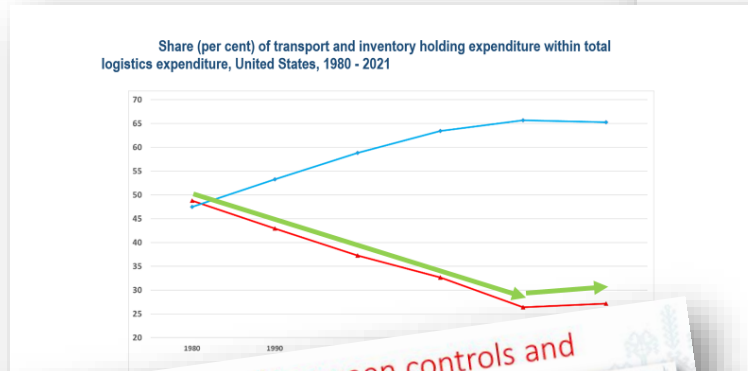
- **Need clear rules to avoid delays in investment**
- **Advantages of economic measures:**
 1. Help make alternative fuels more competitive and thus encourages transport providers to invest in low-carbon vessels and services.
 2. Leaves the decision as to how exactly to reduce emissions to the entrepreneur, the private sector investor, without imposing any specific solution that would result from a command and control regulation.
 3. Last but not least, an economic measure can generate funds that can help more vulnerable countries and stakeholders invest in the energy transition.



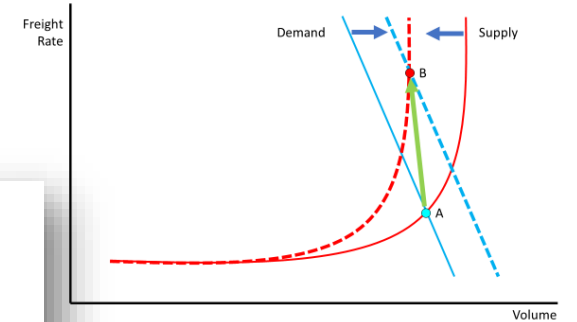
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UN-ECE Inland Transport Committee
Working Paper No. 10
2021