

GMS Task Force on Trade and Investment

Yuya Yamamoto
Trade Specialist



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Background

- GMS Strategic Framework 2030 states that **“new sector working groups or taskforces will be formed to support the critical areas such as trade and investment facilitation.”** This mandate was reconfirmed by the GMS leaders at the 7th Summit of Leaders held on 9 September 2021.

Objectives

- **Act as a strategic advisory body** in prioritizing recommendations for enhanced cooperation in economic recovery and in revitalizing economic performance in the GMS. This will include identifying the Task Force’s deliverables within the time frame of its establishment.
- **Collaborate with a broad range of stakeholders such as related working groups**, forums, and action programs (e.g., Transport and Trade Facilitation Action Program, Working Group on Agriculture, etc.) to implement the agreements with and recommendations of the Task Force.

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Pillars and Theme

Pillar 1: Digitalization.

It is crucial for GMS countries to keep pace with digital developments and bridge the digital divide. The Task Force will focus on how to equip local businesses with digital skills to remain competitive, and on how to increase investments in digital infrastructure to bolster digital connectivity.

Pillar 2: Improving the business climate.

Diversifying trade and investment. The Task Force will work with economic agencies to assess and identify opportunities for diversifying trade and investments and collaborating with other countries.

Attracting foreign investment. The Task Force will work to increase regional coordination among investment promotion agencies to develop information dissemination campaigns, enable networking, and improve the ease of doing business.

Developing micro, small, and medium-sized enterprises (MSMEs). The Task Force will support the development of MSMEs through capacity building, training, and policy.

Pillar 3: Capacity Building to Maximize Free Trade Agreements.

The Task Force will help address the capacity gaps within the GMS countries so that the subregion can maximize the benefits of FTAs and meet implementation timelines.

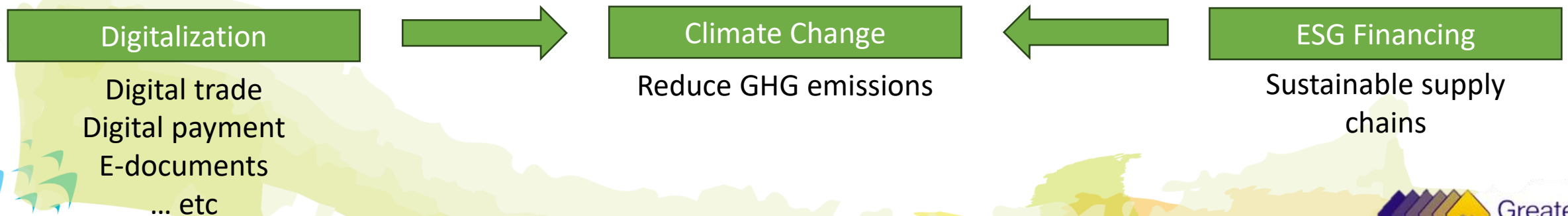
Cross-cutting Theme: Digital Supply Chain.

Since the above pillars cover broad areas, TFTI agreed to set “Digital Supply Chain” as a cross-cutting theme in developing their work plan at the first TFTI meeting. TFTI addresses the integration of advanced technologies into supply chains.

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GMS-2030 and Climate Change

- GMS-2030 will support, post-pandemic, the green and resilient recovery efforts of GMS countries in the medium and long terms.
- In the medium term, GMS-2030 will (i) support policies to build holistic community resilience, rebuild livelihoods, and create jobs without compromising ecosystem integrity; (ii) promote investments in cleaner air, water, and soil through the facilitation of low-carbon transitions in the energy, transport, and agriculture sectors; and (iii) **demonstrate digital and spatial technologies to accelerate recovery from the pandemic.**
- In the long term, GMS-2030 will (i) promote nature-based solutions to sustainably manage landscapes, cityscapes, seascapes, and wildlife; (ii) reduce supply chain risks and vulnerabilities to future pandemics by promoting resilient infrastructure in key sectors; and (iii) **enhance capacities to mobilize innovative green and blue financing.**



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Private Sector Consultation

- GMS TFTI is increasing opportunities to identify and analyze challenges which the private sector faces. Identified challenges will be incorporated into the final recommendations.

[Identified challenges (associated with climate change)]

- **Promotion of digital payment.** Thai GMS Business Council presented their efforts to expand digital payment (PromptPay). Digital payment is not only secure and fast, but also environmentally-friendly. One cash transaction produces 22g of CO2 emissions, one digital payment does 1g.
- **Paperless trade by electric bill of lading (eBL).** TradeGo showcased how eBL can contribute to secure, fast, efficient and traceable trade. Some use cases provided time saving up to 60% since eBL is shared among stakeholders with authentication, which enables immediate release of cargos.

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Capacity Building

- A series of capacity building trainings which focus on trade and supply chain financing is being provided. As some agenda items include climate change contexts, GMS officials improve their understanding and knowledge on climate change and trade.

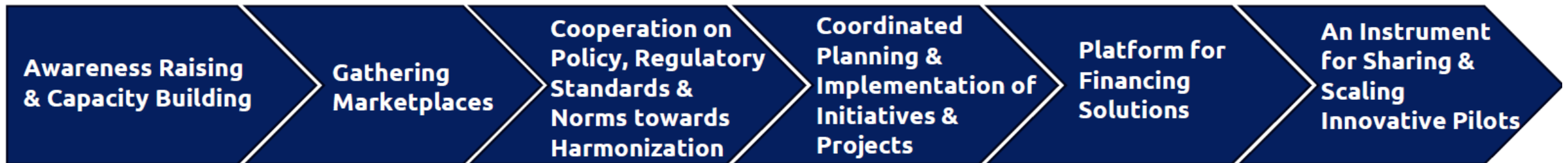
[Some highlights from the trainings]

- **Paperless trade.** Each trade transaction requires a total of 400-600 data fields. On the other hand, only 60-80 unique data are required. By avoiding duplication of inputs, paperless trade facilitates trade and decreases GHG emissions.
- **Digital trade.** UN's Model Law of Electronic Transferable Record (MLETR) can serve as a foundation of digital trade. Some countries are making/aligning national laws and regulations in line with MLETR.
- **ESG financing.** ESG financing is getting more important. Promoting ESG financing will lead to building sustainable supply chains. 80% of GHG emissions are linked with supply chains. In turn, its solution can come from supply chains.

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GMS Digital Economy Cooperation Initiative

- Digitalization is central to the efforts of the GMS to build a robust, regionally integrated economy in 2030, that is better able to withstand a competitive external environment, fully equipped to seize new opportunities, and capable of addressing the medium- to long-term challenges of economic and social risks brought by the pandemic.
- One of the objectives states “We will encourage the promotion of cross-border e-commerce development, the streamlining of trade procedures, trade cost reduction, and wider engagement with enterprises and consumers. **We will aim to release the potential of trade digitization** and fuel the transformation of traditional trade and high quality development.”
- GMS secretariat has consulted with many stakeholders (relevant government agencies, private sector, and academia) and conducted a scoping study. The study identified 6 entry points as below.



- As the next step, GMS program will develop the GMS Digital Action Plan. TFTI is supposed to identify and implement a specific action in relation to trade digitization.