



ASIAN INFRASTRUCTURE
INVESTMENT BANK

Joint MDB Report and Webinar Series:

WEBINAR 3

Quality Regional Connectivity for a Post Pandemic Future

27 May 2021

4:00 – 5:30 p.m. (GMT +8)



Globally, trade performed remarkably well during the pandemic. After an initial shock decline with the onset of Covid-19, trade rebounded strongly since mid-2020. This points to the resilience of global value chain, adaptability of businesses, as well as policy makers efforts to keep trade going.

Nevertheless, uncertainties around the future of trade and connectivity have risen in the past few years. Participation in global value chains has declined in the past decade.

Connectivity infrastructure quality in Asia remains uneven. From countries cross sectional data, there is a clear correlation between infrastructure quality and GVC participation. In fact, GVC participation seems to really take off upon countries achieving a minimal standard of infrastructure quality.

Furthermore, the relationship is expected to be mutually reinforcing i.e., infrastructure improvements are likely to induce better GVC participation of firms by alleviating key structural bottlenecks, but it is also equally possible that regions with growing GVC participation allows infrastructure investments to be productive.

Time and cost overruns due to weak transport infrastructure also inhibit a country's participation in GVCs, given the need to move of intermediate goods across multiple centres of production in different countries rapidly, reliably, and at reasonable cost. Delayed delivery of individual products raises the cost of holding stocks, inhibit swift responses to modifications in orders placed by customers or lead firm and rapidly replace defective parts and components, thereby raising the cost of integrating into value chains. Delays in transportation of individual parts and components can hold up the entire production process and thereby inflict losses that may be disproportionate to the share of the value of the component in the production chain.

There are also signs of rising protectionism, in addition to geopolitical, trade, and technology risks, as cited in the recent IMF World Economic Outlook 2021. On the one hand, the pandemic has accelerated changes in connectivity (e.g., acceleration towards e-commerce). On the other hand, it has also exposed the unevenness in infrastructure (e.g., within and across countries digital divide).

Finally, it is also noted that the transportation sector that undergirds global trade also produces significant amounts of greenhouse gases. There is thus an urgent need to build back better – with connectivity infrastructure that is consistent with climate change goals.

The open webinar is designed for AIIB to share some preliminary findings and for speakers, from both the public and private sector, to share their perspectives on connectivity in Asia Pacific in the post-pandemic future.

4:00 p.m. – 4:08 p.m.

Presentation

Dr. Jang Ping Thia

Manager
Economics Department
Asian Infrastructure Investment Bank

4:08 p.m. – 4:48 p.m.

Sharing by invited panelists

Dr. Joachim von Amsberg

Vice President
Policy and Strategy
Asian Infrastructure Investment Bank

Mr. Wang Zhongjing

CEO
Multilateral Centre for Development Finance

Dr. Pear Mohammad

Additional Secretary
Economic Relations Department, Bangladesh

Mr. Kevin Leung

CEO
Global Forwarding
DHL

4:48 p.m. – 5:08 p.m.

Question and Answer

5:08 p.m. – 5:16 p.m.

Summary and Closing Remarks

Ms. Xiaoqin (Emma) Fan

Director
Public Management, Financial Sector, and Regional Cooperation
Division, East Asia Regional Department, ADB