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## **STRENGTHENING ARAB ECONOMIC INTEGRATION FOR SUSTAINABLE DEVELOPMENT**

### **Concept Note and Provisional Annotated Agenda**

#### **Regional Workshop on The Impacts of the COVID-19 Pandemic on the Trade in Services Within the Arab Region**

**(June 15, 2020 - 11:00 Cairo Time)**

**Via video-conference**

#### **Background**

Services trade may be the component of world trade most directly affected by COVID-19 through the imposition of transport and travel restrictions and the closure of many retail and hospitality establishments. Services are not included in most of recent merchandise trade forecasts, but the fact is most trade in goods would be impossible without trade in services (i.e. transport, logistics, distribution, financial ...etc.). Unlike goods, there are no inventories of services to be drawn down today and restocked at a later stage. As a result, declines in services trade during the pandemic may be lost forever. Services are also interconnected, with air transport enabling an ecosystem of other cultural, sporting and recreational activities. However, some services may benefit from the crisis. This is true of information technology services, demand for which has boomed as companies try to enable employees to work from home and people socialize remotely.

The impact of the COVID-19 outbreak on international trade is not yet visible in most trade data but some timely and leading indicators may already yield clues about the extent of the slowdown and how it compares to earlier crises. Indices of new export orders derived from Purchasing Managers' Indices (PMIs) are particularly useful in this regard. The JP Morgan global PMI for March 2020 showed export

orders in manufacturing sinking to 43.3 relative to a baseline value of 50, and new services export business dropping to 35.5, suggesting a severe downturn<sup>1</sup>.

As the world continues to grapple with the global Covid-19 pandemic, the LAs Secretariat wishes to express solidarity with the work of Arab governments and regional and international organizations to combat its spread in Arab region. It is fundamental that Arab governments apply a range of exceptional trade measures in services to maintain resilience in the supply of essential services during the times of Covid-19 crisis. Financial services, Information and communications technology (ICT) services, retail and distribution, tourism and travel, and transportation and logistics services are all examples, though not exhaustive, of critical enablers of trade in medical goods and agri-food products, as well as services that enhance social welfare. As Arab governments curtail commercial activity and social interaction to fight the pandemic, it is a crucial for them to allow for continuation of these and other essential services, while of course ensuring the health and safety of the personnel involved.

Cargo flights must be able to continue in order to move critical life-saving medical equipment and supplies, as well as food products that consumers rely for daily sustenance. It is crucial that Arab governments coordinate together to develop standards that ensure within reasonable safeguards that cargo pilots are not subject to mandatory 14-day quarantine periods. Arab governments would consult regularly about facilitating greater use of passenger aircraft for essential deliveries of medical and food supplies.

Sophisticated medical equipment cannot be functioned without the support of the key medical services. For example, the work of individual service suppliers, such as technicians that service (e.g. maintenance & repair services) critical medical equipment, is a crucial to fighting the Covid-19. Arab governments should therefore ensure that travel restrictions justifiably put in place do not have unintended consequences that inhibit the cross-border movement of critical services.

Banks, insurers, reinsurers, electronic payment service suppliers, mutual funds and pensions, and related professions supporting them, including call center and in-person customer support functions, must be allowed to facilitate the purchase and delivery of those goods and food supplies. These are services that Arab citizens and businesses rely on and ensure stability in national and regional financial markets.

ICT services are crucial and have to remain available so that essential supply chains could continue to function and digital options could support and assist Arab governments and citizens to overcome the challenges of lock-downs and social distancing, it is these business services that will allow continuous access to the goods and services that are needed to protect against Covid-19.

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<sup>1</sup> [https://www.wto.org/english/news\\_e/pres20\\_e/pr855\\_e.htm](https://www.wto.org/english/news_e/pres20_e/pr855_e.htm)

Some ICT services are highly important, they include; remote exchanges among research teams to fight against the virus and look for medicines and vaccines; e-health services to allow daily medical services be delivered to the increased number of patients; e-learning services to allow teachers to continue the education of students; teleworking facilities to allow employees to stay at home but continue to sustain economic activity; and connectivity services that minimize the adverse effects of social distancing. It is therefore necessary that Arab governments cooperate regionally to avoid constricting the supply of these essential enabling services within the Arab region.

As there have been public statements and calls highlighting the need for regional cooperation in facilitating delivery of essential medical and food products, Arab governments would also focus equally on the key role of essential enabling services. The evolution of the covid-19 crisis has demonstrated the resilience and innovative capacity of the global services sector, which has made rapid shifts in work practices and supply-chain adaptation. Therefore, Arab governments must broaden their approach to recognize essential services as systemically crucial to the smooth functioning of the Arab economy at the time of pandemic.

The necessary trade measures in services to respond to Covid-19 crisis cannot become an opportunity to introduce unjustifiable protectionist measures further disrupting the regional economic integration. The LAS Secretariat believes that this is the time for building bridges, not barriers within the Arab region. It is important for Arab governments to be transparent regarding the trade measures in services that they are taking at national level to respond to Covid-19. An open, coordinated and transparent approach could only reinforce the spirit of regional collaboration that is essential to combat the pandemic.

In moving forward towards implementing the trade policy tools and instruments to respond to the Covid-19 crisis within the Arab region, it was agreed that the services sectors would be tackled to learn how to benefit from trade in services policies in fighting the pandemic in Arab countries. UNDP cooperates with the Arab Economic Integration Department (AEID LAS) in the Economic Sector at the LAS to conduct a Regional Workshop via video conference on the implications of the Covid-19 on the Services Sectors in Arab Countries, to be scheduled on Monday, June 15, 2020 at 11.00 am Cairo time. Thematically, this forms part of support activities of the project aimed at Strengthening Arab Economic Integration for Sustainable Development to support the LAS Secretariat and Arab countries to meet the new challenges to combat the Covid-19 crisis.

### **Objectives**

The regional Workshop on impacts of Covid-19 on trade in services pursues the following:

Objective 1. To achieve a better understanding of the impacts of the covid-19 on the services sectors at the global and regional level, and how Arab countries are affected, and its implications for key policy areas in services sectors, in particular essential enabling services.

Objective 2. To support the Arab policymakers in trade in services to identify how trade measures in service could respond effectively to Covid-19, what are the best practices at international and regional level in terms of responding to the pandemic, related actions/measures that are already in force at the international level, and to provide inputs to Arab policymakers in trade in services in the design of new policies and relevant measures to respond to the Covid-19 crisis.

Objective 3. To enhance the perspectives of the Arab policymakers on the linkage between trade in services and trade in goods in times of crisis.

Objective 4. To share knowledge on the fundamental role that services sectors plays in combating covid-19, and thus reaffirm the need for active involvement and, on some issues, leadership by the public and private service sectors in advancing the trade in services agenda in times of pandemic in the Arab region.

Objective 5.To develop a set of recommendations related to services policy at the regional level and an action plan of subsequent interventions as part of responding to the Covid-19 pandemic.

### **General Description of the Regional Workshop**

The Regional Workshop on the impacts of Covid-19 on the trade in services will be the first online trade in services platform to gain more in-depth understanding of national policies and measures undertaken by Arab countries in the times of the crisis, it would provide an idea regarding the impacts of Covid-19 on the services sectors and the potential services measures to respond to the pandemic. This becomes imperative as the Arab Services Agreement has entered into force since October 14<sup>th</sup>, 2019. Furthermore, this online forum would address a number of trade measures in services that countries applied in responding to the Covid-19 at the national level. As such, it is expected that efforts by Arab policymakers and dynamics by private suppliers of essential enabling services would improve the leading role of services in fighting the pandemic.

In addition, technical discussions and interactions among the participants would look into how services maintain backward linkages to sectors of economy and contribute to economic growth and employment in other sectors. More importantly, the regional workshop provides opportunity for Arab officials, to meet together with experts of international and regional organizations in times of crisis to coordinate and work together to overcome the current challenges and to fight the Covid-19.

The regional workshop should also be the enablers for participants to exchange of national/regional/international experiences and best practices including the better implementation of

the trade in services policies, improve the services sectors and reduce trade barriers, as well as enhance regional communication and coordination between governmental related-bodies responsible for trade in services sectors in time of crisis within the Arab region.

### **Structure and Topics**

The workshop aims to support and assist the Arab officials in identifying the best way of their implementation of the services policies in times of pandemic. Toward this goal, it intends to provide a comprehensive overview of the impacts of the Covid-19 on services sectors, background and main concepts with focusing on the affected essential enabling services sectors, potential reform and possible scenarios of using trade measures in services in responding to covid-19. It will also support participants gain greater insights into various related-matter such as, the role of private sector in trade in services towards better responding to Covid-19.

The workshop will help to provide the participants with a set of recommendations on trade measures in services to be undertaken in times of pandemic, in particular, in the most affected services. In order to ensure the best possible outreach, the workshop will be delivered through theoretical and practical presentations, with a view to strengthen the capacity and capability of the Arab officials who are responsible of services policy design. Additionally, it serves to discuss challenges and potential solutions and to explore suitable approaches to overcome the negative impacts of the Covid-19.

### **Key topics of the Workshop include**

- 1) The global impacts of the Covid-19 crisis on services sectors, the main affected services sectors in light of the available information, and the key role of services trade in offsetting the pandemic.
- 2) An overview on the financial crises in 2008/2009 and the main differences between this crisis and the Covid-19 crisis in terms of the impacts and remedy tools, from the services perspective.
- 3) The impacts of the Covid-19 crisis on services sectors in Arab countries, the main affected services sectors in light of the available information.
- 4) The impacts of the Covid-19 crisis on tourism and travel services sectors in Arab countries.
- 5) The impacts of the Covid-19 crisis on transportation and logistics services sectors in Arab countries.
- 6) The impacts of the Covid-19 crisis on financial services (Banking sector) in Arab countries.
- 7) A brief on the trade measures in services in responding to the Covid-19 crisis that undertaken by countries including Arab countries in light of the available information.

### **Expected outputs from the Workshop**

From the Regional Workshop, participants should be able to:

- 1) Achieve detailed understanding of the importance of the role of services trade in combatting the Covid-19 crisis.
- 2) Participants are fully aware with negative impacts of the Covid-19 on the services sectors at international and regional level.
- 3) Enhance participants' understanding on key issues related to the negative impacts on tourism and travel services sectors in Arab countries.
- 4) Enhance participants' understanding on key issues related to the negative impacts on transportation and logistics services sectors in Arab countries.
- 5) Identify the key challenges, identify the way to coordinate to overcome the negative impacts of the pandemic and discuss the best approach of using trade measures in services to offset the Covid-19 at national and regional level.
- 6) Exchange experiences among the participants, and explore the best practices in encouraging its growth and development in times of the crisis.
- 7) Develop recommendations related to trade services at the regional level and an action plan of subsequent interventions as part of strengthening the Arab economic integration process.

#### **Modality of Delivery of the Regional Workshop**

The workshop will be held through video conferencing technology by using the Microsoft Teams program, and participants must log in to the interface/portal an hour before the workshop to register and to take an access test to the site. It would be conducted in interactive format to discuss technical issues and exchange views and experiences in order to identify a common framework of coordination. In order to make these constructive, it is essential that the participants have adequate preparation prior to their effective participation to the online conference with preliminary identification of priority areas.

The regional workshop will be delivered by international and regional experts from UNDP, regional organizations such Arab Tourism Organization and Arab Transportation and logistics Union, and international and local speakers who are experts in trade in services.

#### **Nomination of participants**

The LAS Secretariat will invite representatives of all Arab countries to participate in the workshop. The electronic link for the workshop will be sent to the Member States Contact points to be circulated to senior officials and policymakers dealing with trade in services at the national level, with a maximum of three participants from each country. Contact points are required to send the names of the participants and a brief description of them before the workshop to prepare a list of participants to facilitate discussions during the workshop, and to verify the identity of the participants in the workshop and that they are official representatives of countries.

for assistance, kindly refer to Mrs. Nora Al-Nabawi and Mr.Sameh Abdul Karim through e-mail: [nourelnabwi@yahoo.com](mailto:nourelnabwi@yahoo.com), [sameh.abdelkarim@las.int](mailto:sameh.abdelkarim@las.int).

### Working Languages

The regional workshop will be conducted in Arabic.

### Experts/Resource Persons

The workshop would be delivered by the following:

1. The technical team of UNDP.
2. LAS Secretariat.
3. Domain experts of regional organizations such as Arab Tourism Organization and Arab Transportation and logistics Union .
4. International and local Trade in services specialists.

### Draft Agenda (Rev 2)

Monday, June 15, 2020

Timing of sessions	Subject	Speakers
10.00 - 11.00	<b>Registration and Access test</b>	
11.00 – 11.10	<b>Opening session:</b> H.E Ambassador Dr. Kamal Hassan Ali, Assistant Secretary-General and Head of Economic Affairs Sector at the Arab League. Mr. Waleed El Nozahy, International Trade Adviser, UNDP	
11.10 – 11.30	<b>Session 1: The global impacts of the Covid-19 crisis on services sectors.</b> The presentation will provide an overview of the impacts of Covid-19 on the services sectors at the global level, highlighting on the main affected services sectors in light of the available information, and the key role of services trade in offsetting the pandemic, a brief on the financial crises in 2008/2009 and the main differences between this crisis and the Covid-19 crisis in terms of the impacts and remedy tools, from the services perspective and expectations of the services sectors development worldwide for the years 2020 and 2021, and after the Corona crisis.	<b>Mr. Hamid Mamdouh</b> Former WTO Director of Trade in Services and Investment - Senior counsel, King and Spalding law firm and Visiting professor at London University.
11.30 – 11.40	<b>Questions and comments</b>	
11.40 – 12.00	<b>Session 2: Implications of the crisis on services sectors on Arab countries.</b> The presentation will include an overview of the impacts of the Covid-19 crisis on services sectors	<b>Dr. Ahmed Ghoniem</b> Professor of Economy. Faculty Economy and Political Science – Cairo

Timing of sessions	Subject	Speakers
	in Arab countries, the main affected services sectors in light of the available information. The challenges facing regional trade in services sectors, and the way to overcome the negative impacts.	University - Trade in Services Expert
<b>12.00 - 12.10</b>	<b>Questions and comments</b>	
<b>12.10 - 12.30</b>	<b>Session 3: Implications of the crisis on Tourism and Travel services in Arab countries</b> The presentation will include an overview of the impact of the Covid-19 crisis on tourism and travel services sectors in Arab countries. The immediate steps that governments in the Arab region have taken to tackle the Covid-19. Impacts of Covid-19 on employment and economic growth in the tourism sector of the Arab region and what policy options to mitigate these impacts and facilitate strong and fast recovery.	<b>Rep. of the Arab Tourism organization</b> Will be invited by the Las Secretariat.
<b>12.30 - 12.40</b>	<b>Questions and comments</b>	
<b>12.40 - 13.00</b>	<b>Session 4: Implications of the crisis on Transportation and Logistics services in Arab countries</b> The presentation will include an overview of the impact of the Covid-19 crisis on transportation and logistics services sectors in Arab countries, including the impacts on employment and operations. An overview on what measures are operators, authorities and associations taking in response to the impact of the COVID-19 crisis in Arab region.	<b>Rep. of the Arab Transportation and Logistics Union</b>
<b>13.00 - 13.10</b>	<b>Questions and comments</b>	
<b>13.10 – 13.30</b>	<b>Session 5: The Corona crisis and impact on the banking sector</b> The presentation will include an overview of the impact of the Covid-19 crisis on banking services sector in Arab countries, including the impacts on employment and operations. An overview on what measures are operators, authorities and associations taking in response to the impact of the COVID-19 crisis in Arab region.	<b>Ms. Rima Younes El Khatib</b> Chair of the UNDP Working Group on SDG - Trade in Services Expert.
<b>13.30 – 13.40</b>	<b>Questions and comments</b>	
<b>13.40- 14.00</b>	<b>Conclusions and recommendations</b>	<b>Dr. Bahgat Abu Al-Nasr</b> Director of the Arab Economic Integration Department - LAS