Asia-Pacific Trade Facilitation Report 2024
Promoting Sustainability and Resilience in Global Value Chains

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State of Play:
Digital and Sustainable Trade Facilitation Implementation in Asia and the Pacific
Background: UN Global Survey on Digital and Sustainable TF

- Biennial since 2015 - the latest 5th Survey covering 163 countries (47 Asia-Pacific countries)
- Conducted jointly by UN Regional Commissions (ECA, ECE, ECLAC, ESCAP, ESCWA) and UNCTAD
- Monitor progress on trade facilitation: enable evidence-based policy-making and identify areas for capacity building and tech assistance

2012-14: First regional (Asia-Pacific) surveys conducted
2015: 1st global survey on trade facilitation implementation; presented at the 5th Global Review of Aid for Trade in partnership with UNCTAD, ITC, OECD, and subregional orgs.
2019: 3rd global survey - Digital and Sustainable Trade Facilitation. New partnership with ICC
2021: 4th global survey, adding additional component on TF measures in time of crisis and epidemic
2023: 5th global survey — UNCTAD became a full partner

www.untfsurvey.org
### Survey scope: WTO TFA+

60 trade facilitation measures in 4 groups and 11 sub-groups

<table>
<thead>
<tr>
<th>Group</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>General TF</td>
<td>- WTO TFA-related measures</td>
</tr>
<tr>
<td>Digital TF</td>
<td>- Paperless trade</td>
</tr>
<tr>
<td></td>
<td>- Cross-border paperless trade</td>
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<tr>
<td>Sustainable TF</td>
<td>- Small and Medium Enterprises (SMEs)</td>
</tr>
<tr>
<td></td>
<td>- Agricultural Sector</td>
</tr>
<tr>
<td></td>
<td>- Women in TF</td>
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<tr>
<td>Other TF</td>
<td>- Trade finance</td>
</tr>
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<td>- TF in times of crisis</td>
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</tbody>
</table>

[www.untfsurvey.org](http://www.untfsurvey.org)
Continued progress in streamlining and digitalizing trade procedures across Asia and the Pacific
Implementation varies greatly between subregions and countries

Transparency | Formalities | Institutional arrangement and cooperation | Paperless trade | Cross-border paperless trade

East and North-East Asia (83%)
North and Central Asia (74%)
South and South-West Asia (65%)
Pacific Islands Developing Economies (42%)
South-East Asia (76%)
Australia and New Zealand (97%)

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Implementation varies by different groups of TF measures

- WTO TFA related measures are generally well-implemented
- Implementation of cross-border paperless trade is still a challenge despite progress
Implementation of cross-border paperless trade measures

*Note: ‘percentage’ refers to the proportion of countries that have either partially or fully implemented these measures, or are currently in the pilot testing phase for their implementation.

- Recognised certification authority
- Laws and regulations for electronic transactions
- Paperless collection of payment from a documentary letter of credit
- Electronic exchange of Customs Declaration
- Electronic exchange of Sanitary & Phyto-Sanitary Certificate
- Electronic exchange of Certificate of Origin

Fully implemented | Partially implemented | Pilot stage of implementation | Not implemented | Don’t know | Not applicable

*www.untfsurvey.org*
### Significant room to cut trade costs through trade digitalization

Trade digitalization can **reduce trade costs in the Asia-Pacific region by approximately 11%**.

<table>
<thead>
<tr>
<th>Asia-Pacific region: trade costs model</th>
<th>WTO TFA (binding only)</th>
<th>WTO TFA (binding + non binding)</th>
<th>WTO TFA+ (binding + non binding + other paperless and cross-border paperless trade)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Partially implemented</strong></td>
<td>-0.59%</td>
<td>-1.15%</td>
<td>-5.15%</td>
</tr>
<tr>
<td><strong>Fully implemented</strong></td>
<td>-2.68%</td>
<td>-4.61%</td>
<td>-11.05%</td>
</tr>
</tbody>
</table>

**Model 1**
- Overall trade facilitation
  - Model 1: -0.59% to -11.05%

**Model 2**
- General trade facilitation measures
  - -0.46% to -3.42%
- Digital trade facilitation measures
  - -0.50% to -6.95%

Realizing trade digitalization: a dedicated UN treaty for Asia-Pacific countries

Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA)

- A UN Treaty: enabling and action-oriented
  - Open to interested (53) ESCAP member states to become parties
  - Entered into force in 2021
- Objective
  - To facilitate cross-border paperless trade (data exchange) among willing ESCAP member States by providing a dedicated intergovernmental framework to develop legal and technical solutions
  - Complementary to the WTO Trade Facilitation Agreement (TFA) as well as (sub)regional efforts
- 13 Parties and several more in the domestic process

https://www.unescap.org/kp/cpta
Trade Digitalization Index (TDI): A NEW METRIC

- Designed to assess the global progress in digitalizing trade procedures
- Significant disparities evident among and within regions globally

Source: Duval, Prince, and Utoktham (2024).
Implementation of sustainable TF measures remains low

- Particularly those tailored for SMEs and women
- Still, continued progress, especially for measures for women in TF
Synergetic opportunities: digital and sustainable TF

- A strong positive correlation between the digital and sustainable TF

- Forward-looking: Climate smart trade achieved through trade digitalization

“Each single end-to-end trade transaction undertaken fully digitally could save emissions equivalent to planting 1.5 trees. For the whole of Asia-Pacific, this implies savings of about 13 million tons of CO2 annually, equivalent to the carbon absorbed by 400 million trees.”

www.unescap.org/kp/APTIR2021

Policy Implications

1. Continue pursuing trade digitalization
   Develop paperless trade systems domestically & also interoperable at multilateral and regional levels

2. Collaborative efforts are imperative
   Countries to join the UN treaty on cross-border paperless trade in Asia-Pacific

3. Foster inclusive and sustainable TF mechanisms
   Concurrent implementation of digital and sustainable TF measures
   Holistic TF policies embracing measures tailored to groups with special needs
Theme chapter:
Promoting Sustainability and Resilience in Global Value Chains
Public interest in supply chain sustainability and resilience rose significantly

Web Search Results for “supply chain resilience”, “supply chain sustainability”, and “trade facilitation”

Sw MA = 5-week moving average.
Note: In the upper panel, the numbers indicate the search interest relative to the highest point on the chart within the specified region and timeframe. A value of 100 represents the peak popularity of the term.
Source: Google Trends (accessed on 20 November 2023).
Enhanced trade facilitation raises global value chains (GVC) participation, and can significantly impact various stages in GVCs.

**Potential Trade Facilitation Impact on GVC Stages**

<table>
<thead>
<tr>
<th>Trade Facilitation Elements/GVC Stages</th>
<th>R&amp;D</th>
<th>Design</th>
<th>Raw Material Sourcing</th>
<th>Production</th>
<th>Assembly</th>
<th>Logistics</th>
<th>Marketing and Sales</th>
<th>After-Sales Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs procedures</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Institutional arrangement and cooperation</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Trade policies</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Transport facilitation</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
<td>Very High</td>
<td>High</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Paperless trade facilitation</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Moderate</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Access to trade finance</td>
<td>Moderate</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>IT and communication</td>
<td>High</td>
<td>High</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors. Asia-Pacific Trade Facilitation Report 2024

**Correlation between trade facilitation performance and GVC participation, World, 2022**

Source: ADB MRIO Table, OECD TFI.

TFI = trade facilitation indicator
Sustainability challenges in Asia's GVCs are intensified by substantial carbon emissions

CO2 emissions from trade have grown more rapidly

Manufacturing exports account for 75% of embodied emissions

Exports of intermediates are more carbon intensive than final goods

Asia’s CO2 Emissions, Production vs Trade (1995=100)

Asia’s Embodied CO2 Emissions in Exports, by Industry, 2018

Asia’s CO2 Intensity of Exports of Intermediates vs Final Goods, 2010-2018 (tons of CO2 per million USD)

Source: Authors’ calculations based on OECD Carbon Dioxide Emissions Embodied in International Trade Database

CO2 = carbon dioxide, EEE = emissions embodied in exports; EEI = emissions embodied in imports. Source: OECD TeCO2 database.
Environment-related notifications to WTO are on the rise

- Most provisions fall under Agreements on Technical Barriers to Trade, Sanitary and Phytosanitary Measures

Number of environment-related notifications by WTO Agreement, 2009 – 2022

Note: Others include quantitative restrictions, trade facilitation, regional trade agreements, government procurement, trade related aspects of intellectual property rights, General Agreement on Trade in Services, state trading, safeguards, customs valuation, trade-related investment measures, anti-dumping, other notification provisions, balance of payments, pre-shipment inspection, and rules of origin.

Increased pressures on supply chains have put the resilience of GVCs to the test during the pandemic.

Global Supply Chain Pressure Index (GSCPI) and related indicators during the pandemic, 2019-2022

3MA = 3-month moving average, GSCPI = global supply chain pressure index.
Note: The indexes have been normalized using z-scores. Calculated mean and standard deviation of the indexes were for January 2018 to 23 December 2022.
Trade facilitation measures positively impact sustainability and resilience outcomes

Note: Orange circles represent factors with high relevance to trade facilitation.
Source: Authors.
Particularly, supply chain visibility can be enhanced by technology to identify and address bottlenecks, verify sourcing of goods.
### Various trade facilitation measures can be matched with specific sustainability and resilience objectives

<table>
<thead>
<tr>
<th>Factors</th>
<th>Role of Trade Facilitation</th>
<th>Examples of Trade Facilitation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GVC Sustainability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Chain Transparency and Traceability</td>
<td>Enhance transparency and flow of cross border information exchange on supply chain events.</td>
<td>Traceability for Sustainable Trade: A Framework to design Traceability Systems for Cross Border Trade</td>
</tr>
<tr>
<td>Sustainable Sourcing and Material Use</td>
<td>Allow better access to production inputs that are sustainably sourced.</td>
<td>Streamlined border controls and simplified procedures for inputs and materials that are sustainably sourced. UN ECE Sustainable Procurement</td>
</tr>
<tr>
<td>Environmental Standards Compliance</td>
<td>Ensure environmental sustainability and prevention of illegal trade environmentally destructive commodities and substances like hazardous waste and endangered species.</td>
<td>Green Customs Initiative; WTO Agreement on Fisheries Subsidies.</td>
</tr>
<tr>
<td><strong>GVC Resilience</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Chain Visibility and Transparency</td>
<td>Enhances transparency through improved customs procedures and better information sharing across borders</td>
<td>APEC List of Environmental Goods, WCO's HS classification for COVID-19 medical supplies, ADB's Supply Chain Maps for Pandemic-Fighting Products,</td>
</tr>
<tr>
<td>Diversification</td>
<td>Helps firms better access and establish relationships with international partners</td>
<td>Most trade facilitation measures help reduce trade costs, leading to enhanced export diversification</td>
</tr>
<tr>
<td>Flexible Production and Logistics</td>
<td>Supports the agility needed in logistics and supply management through simplified procedures and faster border crossings</td>
<td>Authorized operators (specified in WTO TFA)</td>
</tr>
<tr>
<td>Technological Adoption</td>
<td>Paperless trade facilitation supports the seamless flow of data and goods across borders</td>
<td>UN Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA)</td>
</tr>
<tr>
<td>Regulatory Compliance and Standards</td>
<td>Making compliance easier by harmonizing standards and regulations</td>
<td>ICC Digital Standards Initiative, ISSB Sustainability Disclosure standards, UNCITRAL Model Law on Electronic Transferable Records</td>
</tr>
<tr>
<td>Financial Strength and Flexibility</td>
<td>Easier access to trade finance can support the financial stability of businesses in GVCs.</td>
<td>G20 support for trade finance, national and regional trade finance measures</td>
</tr>
</tbody>
</table>
Trade facilitation implementation can be realigned to include measures specific to sustainability and resilience.

- Use of digital tools and single windows bolster sustainability and resilience scores.

### Level of Trade Facilitation Implementation with Adjustment for Sustainability and Resilience in GVCs (2023 = 100)

<table>
<thead>
<tr>
<th>Region</th>
<th>Overall trade facilitation implementation (2023 = 100)</th>
<th>Sustainability-adjusted score</th>
<th>Resilience-adjusted score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central and West Asia</td>
<td>101</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>East Asia</td>
<td>99</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Oceania</td>
<td>96</td>
<td>97</td>
<td></td>
</tr>
<tr>
<td>Pacific</td>
<td>88</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>South Asia</td>
<td>97</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>102</td>
<td>104</td>
<td></td>
</tr>
</tbody>
</table>

Source: UN Global Survey on Digital and Sustainable Trade Facilitation. untfsurvey.org; Based on Kim, et. al (2024).
Policy Implications

- Imperative to adopt digitalization in trade facilitation
- Environmental sustainability becoming increasingly important in recent trade agreements
- Emergence of green trade facilitation in international trade underscores the need to integrate environmental sustainability into the trade facilitation framework
- Building sustainable and resilient global supply chains hinges on developing institutional quality and regional cooperation
Thank you