The Philippines: Findings from National Readiness Assessments for Cross-border Paperless Trade

• The Philippines’ journey towards digital transformation

Trade plays a pivotal role in enabling countries such as the Philippines. Efficient and transparent trade procedures are essential for making trade more inclusive and for minimizing the negative impacts associated with the COVID-19 pandemic.

The Philippine Bureau of Customs made automation of customs processes among its top transformation priorities, and was able to automate 33 ICT projects and systems resulting to 91.76% (or 156 out of the 170) in 2019. It continuously made significant progress in implementing trade facilitation measures in recent years, with its implementation level now significantly above the Asia-Pacific regional average.

Key factors that contributed to its success is top level sponsorship - wherein the digitalization was driven directly from the Office of the Commissioner. Another factor is the strong internal IT capacity which enabled the Bureau of Customs to deliver solutions in-house, allowing for quick deployment as well as flexible customization of the application. The pandemic further accelerated the digitalization of these processes and steady improvements in finance, market creation, and trade competitiveness are evident.

• Accession to the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific

The Philippines further demonstrated strong political will in accelerating cross-border paperless trade, becoming the first ASEAN country to accede to the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific on 20 December 2019.

The “Framework Agreement” is fully dedicated to the digitalization of trade processes, aiming to enable the exchange and mutual recognition of trade-related data and documents in electronic form among national and subregional paperless trade systems. It lays out standards for relevant government trade regulatory and administrative agencies to facilitate electronic exchange of data, documents and other information between trading entities from State Parties.

A team of national experts from the United Nations ESCAP conducted an assessment study following the readiness checklists developed by the ESCAP Interim Intergovernmental Steering Group on Cross-Border Paperless Trade Facilitation. A series of national consultation on facilitating cross-border paperless trade were organized to discuss the initial recommendations and action plan and get the agencies’ comments and inputs. The Philippines officially submitted the final report on the Readiness Assessment, co-published by ESCAP and the Philippine Bureau of Customs (BOC) on March 01, 2021.

In a virtual ceremony held last June 02, 2022, the Philippines, through the NSW Technical Working Group (NSW-TWG), together with the United Nations Economic and Social Commission for Asia and the Pacific (United Nations ESCAP) formally launched the Philippines’ Readiness Assessment for Cross-Border Paperless Trade.
• **Importance of Implementing the Technical and Legal Readiness Assessments**

The readiness assessments, together with the action plan serves as a foundation for elaborating more detailed activities at the national and agency levels, supports the continuous development and enhancement of trade-related electronic systems and other trade IT projects, promotes interoperability among trade-related agencies, enhances trade facilitation, and opens opportunities for the electronic exchange of cross-border documents. It is seen to serve as an important guide in improving trade facilitation in the Philippines covering four (4) essential areas that provide a benchmark of the country’s legal and technical preparedness in identifying specific pilot projects, capacity building, and technical assistance needs.

It is worth noting that despite the challenges of recent years, the Philippines' implementation level hovers well above the Asia Pacific regional average. As the first ASEAN country to accede to the Framework Agreement on the Facilitation of Cross-Border Paperless Trade in Asia and the Pacific, the Philippines aims to continue efforts in creating an enabling environment for trade to take place and thrive.

The report serves not only as a celebration of the Philippines’ achievements toward implementing cross-border paperless trade, but as a challenge to constantly find ways of making trade easier so that it brings prosperity to all.

• **Challenges in moving towards cross-border paperless trade (based on the readiness assessment)**

Recognizing that cross-border trading as an intricate process that is highly dependent on the exchange of data and documents, the primary challenge is to streamline the process of various actors in the supply chain, standardize data elements, reduce pre-border and border costs, minimize trade disruptions as well as human interactions, and encourage the competitiveness of our importers and exporters, especially the Micro-, Small and Medium-sized Enterprises (MSMEs).

Pressing issues also include the technical challenges and issues on data harmonization encountered by the PH government in realizing the goal of the single window, lack of in-depth understanding of the single window and business process analysis concepts among government agencies, and the lack of regional agreement/legal basis for the exchange of electronic documents.

• **Key findings and ways forward**

To move forward on a cross-border paperless exchange, the ESCAP study and the Framework Agreement implementation could help support overcoming these challenges by assisting the Philippines in (i) harmonizing technical and legal standards that apply to electronic trade data and documents; (ii) developing technical solutions for trade digitalization such as master data, and routing platforms; (iii) reducing capacity gaps among government agencies by providing inclusive access to knowledge and capacity building opportunities in a single window and other areas for paperless trade; and lastly, (iv) assisting the development of bilateral or multilateral agreements that would allow the exchange of electronic documents among countries in the region.

The Philippines intends to refer to the recommendations of the readiness assessment study in accelerating trade digitalization.