Cross-Border Paperless Trade

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Introduction

- The Paperless Trade Project Update
- Use of paperless trade in the region
- Types of documents most exchanged
- Legal Environment - Regional Trade Agreements
- Emerging Themes and Next Steps

Paperless Exchange of Certificates and Customs Data

	eSPS	ePhyto	Traces	eTIR	NSW/ASW	ACTS	eCOO
Afghanistan			x				
Australia	x		x				x
Azerbaijan			x				x
Bangladesh			x				
Brunei			x		x	x	
Cambodia		x			x	x	x
China	x	x	x		x		x
Fiji		x					
India		x	x				x
Indonesia		x	x		x	x	
Kazakhstan			x	x			
RoK	x	x	x				x
Kyrgysztan			x	x			
Lao PDR					x	x	
Malaysia		x	x		x	x	
Mongolia							
Myanmar		x	x		x	x	
Nepal		x	x				
Pakistan			x				
PNG		x					
Philippines		x	x		x	x	
Singapore		x	x		x	x	x
Sri Lanka		x	x				x
Tajikistan			x	x			x
Thailand		x	x		x	x	
Turkmenistan			x				
Uzbekistan		x	x	x			
Vietnam			x		x	x	x

Observations

Variable adoption across measures.

While there is a clear shift towards paperless trade in the Asia-Pacific region, there's a significant variation in the rate and extent of different measure adoptions across countries.

These patterns reveal influencing factors such as the countries
- economic structure,
- digital infrastructure,
- geography
- regulatory climate
- trading partners

- Popularity of ePhyto and TRACES
- Sparse adoption of eTIR (landlockedness)
- Difficulty of rolling out COOs (partner-by-partner)
  - Various types of emanifest exchange (Mongolia-Rus-China)
  - Sri Lanka -India

- Strong embrace of NSWs/ASW by ASEAN countries

- Paperless trade depends on your partners
- NSW/ASW
  - Correlated to paperless trade?
- eCOOs , single partner relationships only
- eSPS, relatively rare
- FTAs facilitate paperless exchange (RoK FTA partners)

Paperless Exchange of Certificates and Customs Data

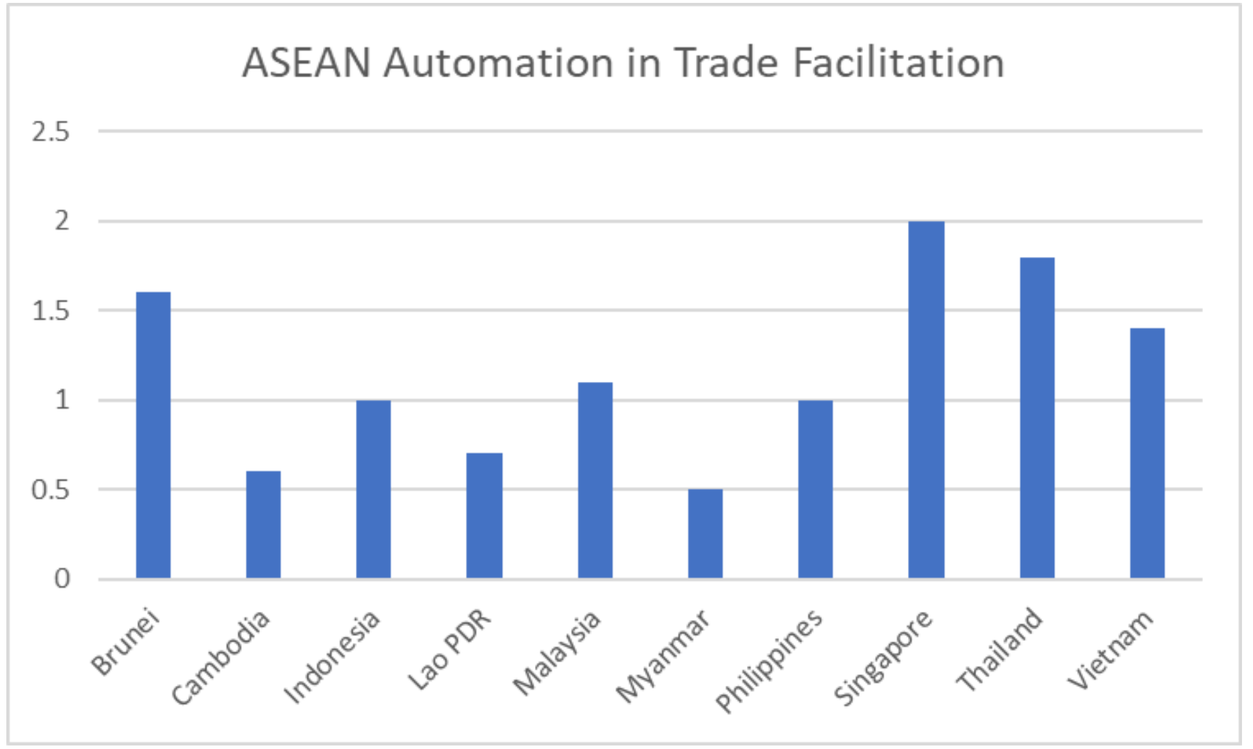
- Examples of e-phyto/e-SPS certificate exchanges between countries:
  - Uzbekistan - Korea
  - Sri Lanka - Australia
  - Thailand - Australia
  - Fiji – New Zealand
- These exchanges primarily occur through the IPPC e-phyto hub, facilitating seamless digital transactions.
- The adoption of e-phyto/e-SPS certificates supports a paperless approach and streamlines trade procedures.

Electronic TIR international system, eTIR, enables paperless operations for the United Nations TIR Convention.

- Popular with landlocked countries
- Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan have been piloting the eTIR system since December 2022.

WTO and ASEAN Automation in Trade Flows

- Several initiatives have been taken at the multilateral and regional level to make cross-border trade paperless.
- WTO negotiations on a specific agreement for digital trade are progressing slowly, with Member States suggesting that an agreement is near. However, related documentation is not publicly available.
- If the WTO Agreement is released during the formulation of the Digital Economy Framework Agreement (DEFA) (ASEAN), its obligations will be fully incorporated into the draft agreement.
- Developing countries, including large exporters like India, are demanding time and space to configure their domestic regulations, slowing down the ambition and complexity of the WTO negotiations.
- Key topics being discussed in the WTO negotiations include customs duties on electronic transmissions, cross-border data flows, data localization, source code, electronic transactions frameworks, cybersecurity, electronic invoicing, and market access.



Source: OECD Trade Facilitation Index, 2022

ASEAN Trade Facilitation



- The AEC 2025 Strategic Trade Facilitation Strategic Plan aims to enhance the participation of all ASEAN Member States (AMSs) especially CLMV countries, in the implementation of ASEAN trade facilitation programs through technical assistance and training initiatives.

- The Consolidated Strategic Action Plan (CSAP) of AEC 2025 includes a strategic measure to accelerate and deepen the implementation of trade facilitation measures in areas such as trade in goods, trade facilitation, customs, and standards.

- Non-Tariff Measures (NTMs) have been increasing in ASEAN, impacting economic development and trade within and beyond the region.

- Challenges persist in the areas of technical capacity, physical infrastructure, and others.

- Electronic customs clearance: difficulties reflect the AMS's struggle to overcome the digital divide.

- Despite the implementation of national single windows, inconsistencies arise due to different systems provided by various donors.

- The implementation of single-stop inspections faces delays due to the need for coordination, harmonization of rules and regulations, and lack of information data exchanges between customs officials across borders.

AMS Commitments on Digital Trade in the RCEP

	SG	BN	MY	THA	ID	PH	VN	LAO	KH
Liberalization									
Data free flow	X	X	X	X	X	X	X	X	X
Non-imposition of tariffs	X	X	X	X			X		
National treatment	X	X	X				X		
MFN treatment	X	X	X				X		
Ban on data localization	X	X	X	X	X	X	X	X	X
Ban requests for source codes	X	X	X		X		X		
Ban cryptography information	X								
Facilitation									
Paperless trade	X	X	X	X	X	X	X	X	X
E-authentication, e-signature or digital certificates	X	X	X	X	X	X	X	X	X
Credibility									
Concumer protection	X	X	X	X	X	X	X	X	X
Data protection	X	X	X	X	X	X	X	X	X
Cybersecurity	X	X	X	X	X	X	X	X	X
Enforcement									
DSM applies to major e-commerce provisions	X	X	X	X	X	X	X	X	X

More advanced provisions can be found in the RCEP, though

- commitment to these provisions
- implementation and enforcement of them in the AMS remains weak.

Emerging themes

- Countries more likely to digitalize when there are automated systems in place
- Digitization tends to propagate – digitalization in one area will lead to digitalization elsewhere , between departments and between countries



Emerging Themes

- Digitalization leads to better inter-ministerial cooperation
- Public private sector partnerships can work (Bangladesh)
- Internal barriers as challenging as external ones (China case study)
- A lot of “work in progress”. The Paperless Trade initiative should be used as a stepping stone to better inter-regional coordination

Next Steps – Effective Implementation

Embrace the Framework Agreement:

- Encourage countries not yet Party to the Agreement to officially join and actively engage in its implementation.
- Emphasize the importance of their involvement in realizing the objectives of the Agreement.

Establish Favorable Legal Framework:

- Encourage countries to develop or update national legislation to facilitate paperless and cross-border trade.
- Create an enabling legal environment that supports seamless trade transactions.

Pilot Projects as Precursors:

- Initiate pilot projects guided by the Framework Agreement and drawing insights from existing database projects.
- Utilize pilot projects as a stepping stone while awaiting full readiness of the legal environment.

Strengthen National Systems:

- Enhance national systems, particularly electronic national single windows, to facilitate cross-border paperless trade.
- Ensure these systems achieve functional equivalence, embrace technological neutrality, and promote interoperability.

Next Steps – Effective Implementation

Establish Specialized Institutions:

- Establish or restructure institutions at the national level dedicated to paperless and cross-border trade.
- Foster collaboration between public and private sectors within these institutions.

Active Engagement in Institutional Arrangements:

- Actively participate in establishing the institutional arrangements outlined in the Agreement.
- Foster dynamic and effective implementation of the Framework Agreement's provisions.

Enhance and Promote the UNESCAP-ICC Database:

- Further develop and promote the UNESCAP-ICC database on cross-border paperless trade.
- Encourage stakeholders to contribute comprehensive information to enrich the database.

Thank You

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