



Economic and Social Council

Distr.: General
10 November 2020

Original: English

Economic and Social Commission for Asia and the Pacific

6th meeting of the Interim Intergovernmental Steering Group
on Cross-border Paperless Trade Facilitation

Bangkok, 25 and 26 January 2021

Item 2 of the provisional agenda*

Review of regional progress in cross-border paperless trade

Results and implications of the United Nations Global Survey on Digital and Sustainable Trade Facilitation for Asia and the Pacific

Note by the secretariat

Summary

The latest results of the United Nations Global Survey on Digital and Sustainable Trade Facilitation for Asia and the Pacific show progress in all surveyed countries in implementing trade facilitation and paperless trade measures. However, trade facilitation implementation levels vary greatly by subregion and by category of measures. Implementation of cross-border paperless trade remains very low as a result of the difficulties involved in achieving consensus on technical and legal issues. Full implementation of cross-border paperless trade could reduce trade costs in the region by 17 per cent, on average. In this regard, the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific serves as a unique platform for States members of the Economic and Social Commission for Asia and the Pacific (ESCAP) to accelerate progress.

The present document is essentially a summary of the analysis presented in “Digital and sustainable trade facilitation report: Asia-Pacific 2019”, prepared by ESCAP. The Global Survey is being expanded in 2021 to incorporate trade facilitation measures for times of crises and pandemic, based on studies conducted during the coronavirus disease (COVID-19) pandemic.

The Interim Intergovernmental Steering Group on Cross-border Paperless Trade Facilitation may wish to consider the issues covered in the present document and provide guidance on the implementation challenges and gaps identified, including its role and the role of ESCAP.

* ESCAP/PTA/IISG/2021/L.1.

I. Introduction

1. Reducing trade costs is essential in enabling economies to effectively participate in regional and global value chains and continue to use trade as an important engine of growth and sustainable development. Moreover, streamlining cumbersome regulatory trade procedures and documentation is essential in lowering trade costs and making trade more inclusive.

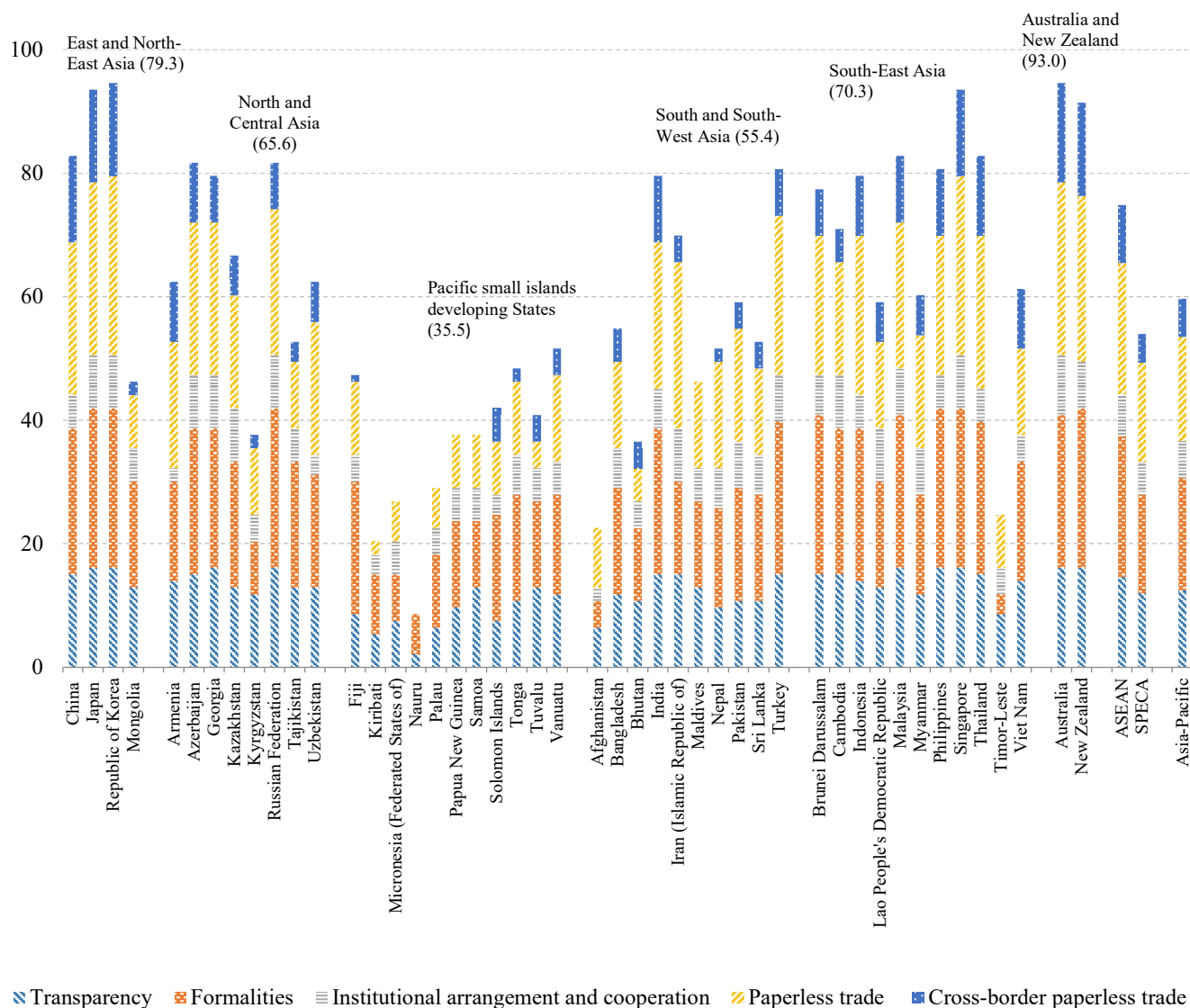
2. In this context, the Economic and Social Commission for Asia and the Pacific (ESCAP) and the other four regional commissions have conducted global surveys on the implementation of a wide range of trade facilitation measures since 2015. The latest survey, the United Nations Global Survey on Digital and Sustainable Trade Facilitation 2019 for Asia and the Pacific, was conducted during the first half of 2019 and covered 53 trade facilitation measures, broadly categorized under four groups: general trade facilitation, digital trade facilitation, sustainable trade facilitation and trade finance. The scope of the survey includes measures specified in the World Trade Organization (WTO) Agreement on Trade Facilitation as well as other complementary measures including digital and sustainable measures that are not specifically included in that Agreement. The full list of measures as well as data for the 46 countries covered in the survey are available online at untfsurvey.org.

3. Preparations for the 2021 survey are under way. Given the recent developments in trade facilitation measures in response to the coronavirus disease (COVID-19) pandemic, the 2021 survey will include additional measures on trade facilitation in times of crises and pandemic.

II. Trade facilitation implementation in Asia and the Pacific: overview

4. The regional implementation rate increased by more than 10 percentage points since the previous survey was conducted in 2017, reaching nearly 60 per cent in 2019. This suggests that member States generally accelerated their implementation efforts over the last two years, as the increase in implementation between 2015 and 2017 was just over 5 percentage points. Progress has been made in all countries and subregions, with the greatest progress observed in North and Central Asia, followed by South-East Asia and South and South-West Asia, as shown in figure I.

Figure I
Overall implementation of trade facilitation measures in 46 Asia-Pacific countries
(Percentage)



Source: ESCAP, “Digital and sustainable trade facilitation report: Asia-Pacific 2019” (Bangkok, 2019).

Abbreviations: ASEAN, Association of Southeast Asian Nations; SPECA, United Nations Special Programme for the Economies of Central Asia.

5. Trade facilitation implementation levels vary greatly across subregions. Apart from Australia and New Zealand, East and North-East Asia had the highest average level of implementation at 79.3 per cent, followed by South-East Asia, North and Central Asia, and South and South-West Asia. Pacific small island developing States lagged far behind other subregions. At the country level, the Republic of Korea, Japan, Singapore, Australia and New Zealand had scores in excess of 90 per cent.

6. Among the groups of countries with special needs, least developed countries have made the most progress since 2017 with an increase in trade

facilitation implementation of over 12 percentage points, followed by landlocked developing countries with over 11 percentage points. The small island developing States recorded an increase of only 7.4 percentage points over the past two years.

7. Trade facilitation implementation levels also vary by category of measures. The region's implementation of measures related to the WTO Agreement on Trade Facilitation is relatively high, at approximately 60 to 80 per cent. Implementation of national paperless trade measures is also relatively high, as many member States are endeavouring to develop e-payment systems for duties and fees and to initiate the development of electronic single window facilities. However, implementation of cross-border paperless trade remains very low owing to the difficulties involved in achieving consensus on technical and legal issues associated with exchanging electronic data and documents across borders.

8. Measures under the sustainable trade facilitation category are the least implemented, particularly those aimed at women and small and medium-sized enterprises. These measures are not specified in multilateral or regional agreements, but they need to be further emphasized to ensure that trade facilitation benefits a wider range of stakeholders. Data on the implementation of trade finance facilitation measures were collected for the first time this year and do not provide a complete picture. They suggest, however, a serious lack of awareness about the importance of these measures and how they could be integrated into trade facilitation strategies.

III. A closer look at the implementation of paperless trade measures

9. Recognizing the importance of having the basic information and communications technology infrastructure and services to enable paperless trade, nearly all member States (96 per cent) have made electronic/automated customs systems fully or partially available. Over 90 per cent of the member States surveyed have implemented measures related to ensuring an internet connection to trade control agencies at border-crossings and the electronic submission of customs declaration, at least on a partial basis.

10. Electronic single window systems have been implemented fully, partially or on a pilot basis in 32 countries, or nearly 70 per cent of all the Asia-Pacific countries surveyed. However, some relatively simpler measures, such as measures related to the electronic application and issuance of import and export permits, the electronic submission of air cargo manifests and the electronic application and issuance of preferential certificates of origin, have lower implementation rates. This could be explained in part by the fact that single window systems in most countries are developed and led by customs authorities, and information and documents issued by other trade-related agencies are not fully automated or connected with the single window.

11. The implementation of cross-border paperless trade measures remains low. More than 60 per cent of the member States surveyed have at least partially developed the legal and regulatory frameworks needed to support electronic transactions, but these frameworks are mostly incomplete and may not readily support the legal recognition of electronic data or documents received from stakeholders in other countries. This is also true for measures related to the certification authorities needed to issue traders with recognized electronic signature certificates to conduct electronic transactions, which have yet to be established in half of the countries in the region, even on a pilot basis.

12. Owing to the lack of national and intergovernmental legal frameworks to support cross-border paperless trade and the limited capacity to establish paperless systems in many developing economies, the electronic exchange of trade-related documents, such as customs declarations, certificates of origin, and sanitary and phytosanitary certificates, typically continues to be conducted on a limited or pilot basis with a few specific trade partners. One exception is the Association of Southeast Asian Nations (ASEAN), in which the electronic exchange of certificates of origin is now in progress among most if not all 10 member countries.

13. Experts involved in the survey were requested to identify and rank the three key challenges facing their countries in the implementation of trade facilitation and paperless trade measures. Responses were received from 20 countries. Lack of coordination between agencies and limited human resources were identified as key challenging factors in 17 and 15 countries, respectively. These two challenges were also identified as the most pressing overall, as both were ranked as the most serious challenge in 9 countries. Having no clearly designated lead agency was also seen as one of the key challenges, having been identified as a challenge in 11 countries and as the most serious challenge in 6.

14. The challenges vary across groups of countries. The lack of coordination between agencies appears to be a common challenge for all groups and is more pronounced than other challenges. Limited human resource capacity appears to be the most acute challenge for the least developed countries and other developing countries. A lack of political will appears to be more pertinent than other challenges for small island developing States.

IV. Implications and way forward

15. An analysis of the impact of increasing the implementation of trade facilitation and paperless trade measures on trade costs in Asia and the Pacific, conducted by ESCAP in collaboration with the Asian Development Bank (ADB)¹ and based on the survey and the most recent data from the ESCAP-World Bank Trade Cost Database,² reveals that the full implementation of the binding measures of the WTO Agreement on Trade Facilitation would result in a decrease in trade costs of 5.8 per cent, while full implementation of all the measures in the Agreement would result in a 9.4 per cent reduction. In contrast, digital implementation of the Agreement, together with the facilitation of the seamless electronic exchange of trade data and documents across borders, would result in much larger trade cost reductions than average, at nearly 17 per cent for Asia and the Pacific as a whole.

16. Each Asia-Pacific economy also stands to make gains from accelerating trade facilitation implementation, although the extent of these potential gains varies widely, given the substantial differences in the existing state of implementation of trade facilitation and levels of trade costs. As shown in figure II, trade costs would be reduced for all economies in each of the three implementation scenarios, namely (a) implementation of binding measures of the WTO Agreement on Trade Facilitation, (b) implementation of binding and non-binding measures of the Agreement and (c) implementation of binding and non-binding measures of the Agreement as well as other paperless trade

¹ See ADB and ESCAP, *Asia-Pacific Trade Facilitation Report 2019: Bridging Trade Finance Gaps through Technology* (Manila, 2019).

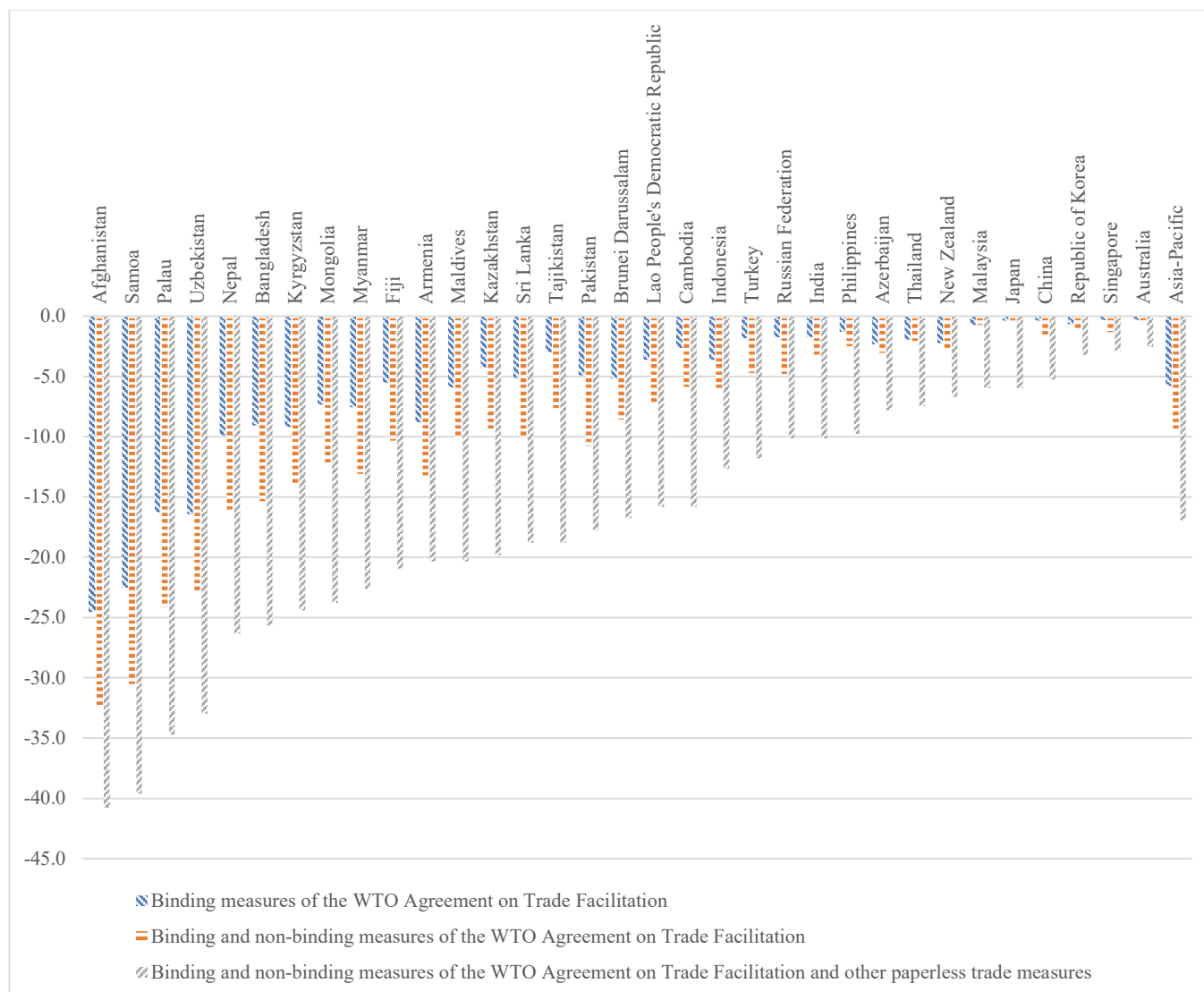
² Available at www.unescap.org/resources/escap-world-bank-trade-cost-database (accessed on 28 January 2020).

measures. However, the reductions would be much larger if cross-border paperless trade were achieved. Capturing these reductions will require closer cooperation between economies on developing interoperable paperless trade systems as envisaged in the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.

17. The COVID-19 pandemic has severely strained international trade worldwide and in Asia and the Pacific. Subregional studies supported by ESCAP reveal that countries in the region have increased digitization of trade procedures as a way to minimize disruptions during the COVID-19 pandemic and to build back better.³ Given the significant impact of the pandemic on trade facilitation practices, the 2021 survey will include an additional module on measures to facilitate trade in times of crises and pandemic. The survey module, developed jointly by all United Nations regional commissions and the United Nations Conference on Trade and Development, is currently being pilot tested in the Asia-Pacific region. Preliminary results suggest that many of the cross-border paperless trade measures put in place during the pandemic remain temporary. Implementation of the Framework Agreement could focus on removing legal, technical, institutional and/or capacity-building constraints to make these facilitation measures more permanent.

³ These studies have been issued for comments on trade facilitation practices from East and North-East Asia (available at www.unescap.org/resources/trade-facilitation-times-pandemic-practices-east-and-north-east-asia); North and Central Asia (available at www.unescap.org/resources/trade-facilitation-times-pandemic-practices-north-and-central-asia); and South and South West Asia (available at www.unescap.org/resources/trade-facilitation-times-pandemic-practices-south-and-south-west-asia).

Figure II
Impact of full implementation of trade facilitation measures on trade costs
in Asia-Pacific economies
(Percentage)



Source: ESCAP, “Digital and sustainable trade facilitation report”.

Abbreviation: WTO, World Trade Organization.

V. Issues for consideration by the Steering Group

18. The Steering Group may wish to deliberate on the status of cross-border paperless trade implementation in the region and the recommendations in the present document, in particular with regard to the roles of ESCAP and the Steering Group. In addition, it may wish to discuss how Asia-Pacific countries, with the support of ESCAP, may work together on the following actions:

- To accelerate progress in implementing cross-border paperless trade;
- To work together and develop the legal and technical protocols needed for the seamless exchange of regulatory and commercial data and documents along the international supply chain;

(c) To discuss ways to accelerate and promote accession to and ratification of the Framework Agreement by as many Governments as possible, which serves as a regional platform to accelerate progress in this area.
