

Cross-border Paperless Trade and Role of a UN Treaty for Trade Digitalization



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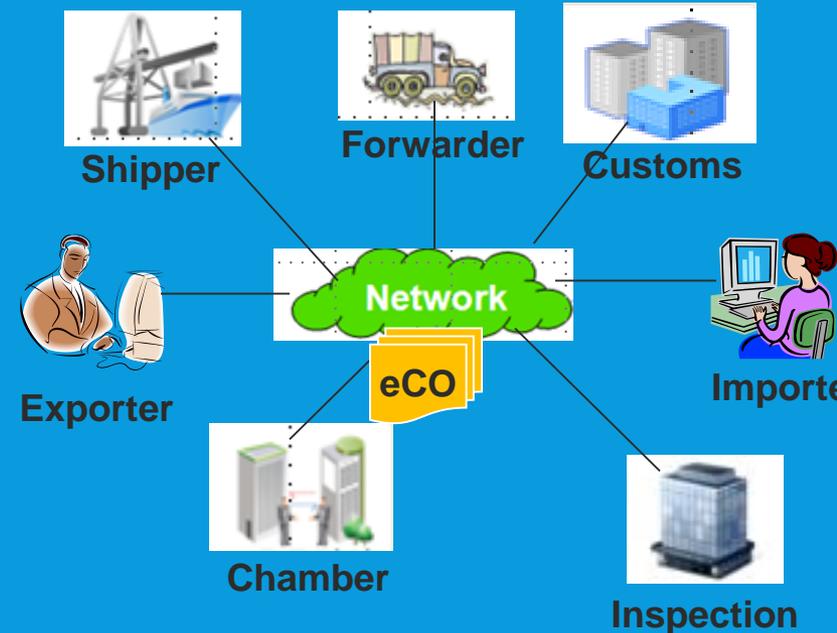
Paperless Trade (Trade Digitalization)?

- Paperless Trade

Conduct of trade activities on the basis of electronic rather than paper documents *e.g. electronic Customs declaration, electronic cert. of origin* (application of e-commerce to international trade domain)

- Paperless Trade Systems

Legal/regulatory and technical frameworks in which paperless trade transactions take place *e.g. Digital customs system, electronic Single Window facility, e-port management systems, Framework Act on Electronic Transaction (in RoK)*



Benefits of Trade Facilitation & Paperless Trade

Government

Effective & Efficient
Deployment of
Resources

Correct
Revenue
Yield

Improved
Trader
Compliance

Enhanced
Security

Increased
Integrity &
Transparency

Traders

Cutting Costs
through
Reducing Delays

Faster
Clearance &
Release

Predictable
Application and
Explanation of Rules

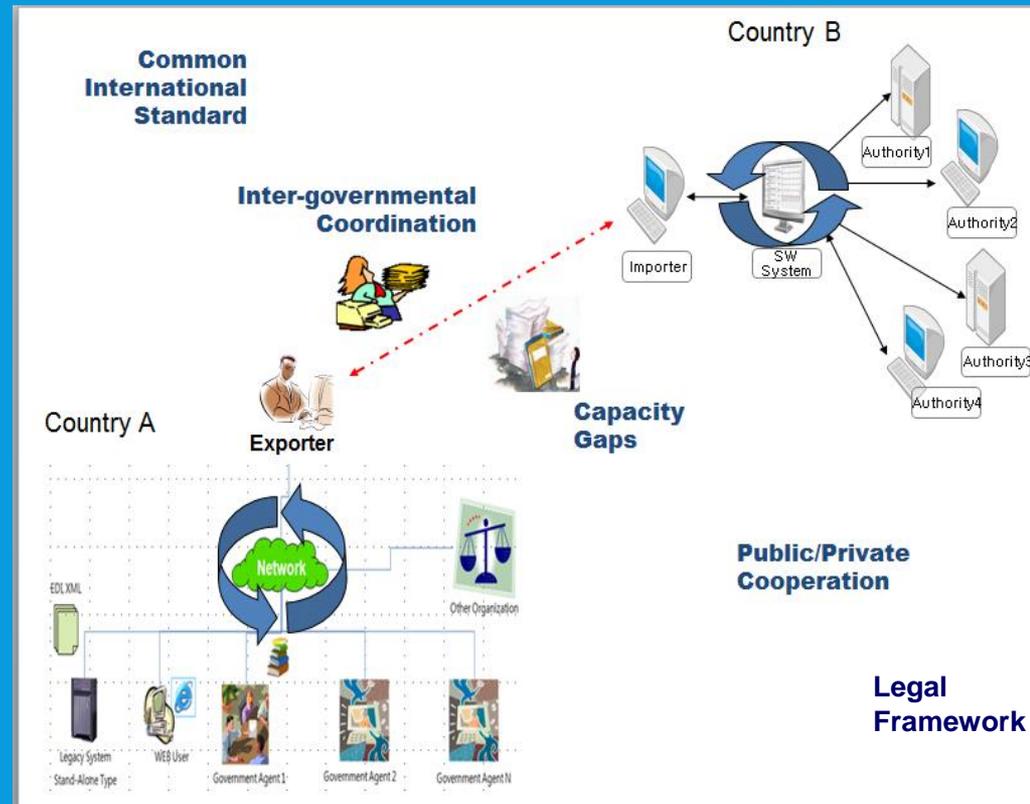
Effective & Efficient
Deployment of
Resources

Increased
Transparency

**Trade
Facilitation
&
Paperless
Trade**

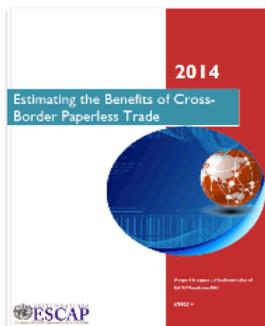
Challenges - Cross-border Paperless Trade

- Adoption of common International Standards
- Harmonization of legal frameworks
- Capacity gaps among the parties (infrastructure & HR)
- Cooperation between public and private sectors
- Lack of intergovernmental coordination mechanism



Benefits of Cross-Border Paperless Trade

Estimating the Benefits of Cross-Border Paperless Trade



Date: Tuesday, June 24, 2014

Type: Books

ABSTRACT

This report estimates the possible economic benefits—export gains, and cost savings—from partial or full implementation of cross-border paperless trade facilitation measures. Simulation results suggest that cross-border paperless trade has significant potential to reduce trade costs and boost trade in the Asia-Pacific region. Moreover, there is every reason to believe that these are low-end estimates of the possible economic gains from reform, due to the way in which the simulations are set up on a technical level, and the fact that they focus on implementation of cross-border measures only. In reality, paperless trade is typically implemented on a broader basis, which would tend to increase the level of export gains and cost savings reported here.

DOWNLOAD:

Benefits of Cross-Border Paperless Trade

▼ Download

Annual regional export gains : \$36 bn (for partial implementation) to \$257 bn (full implementation)

Export time reduction: 24% to 44%

Export cost reduction: 17% to 31%

Total direct cost savings across all trade: \$1bn to \$7bn annually



Search... [magnifying glass icon]

About the Facility	The Trade Facilitation Agreement	Notification & Ratification	Donors & Organizations	National contact points	TFAF Assistance	Media and Resources
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Home ["It is expected to provide countries of Asia and the Pacific with a new tool and "digital" complement for better implementation of the WTO Trade Facilitation Agreement \(TFA\) and the development of cross-border e-commerce."](#)

New UN treaty to facilitate paperless trade in Asia and the Pacific to support Trade Facilitation Agreement implementation

01.10.2016

A new UN treaty, entitled *Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific*, will open for signature on 1 October 2016. It is expected to provide countries of Asia and the Pacific with a new tool and "digital" complement for better implementation of the WTO Trade Facilitation Agreement (TFA) and the development of cross-border e-commerce. Grounded on a common set of general principles and a dedicated intergovernmental platform, the regional treaty will provide Parties with enhanced opportunities to exchange and harmonize practices, build each other's capacity, and multilaterally develop, adopt and implement more specific and detailed technical and/or legal protocols needed to achieve safe and secure cross-border paperless trade. Implementation will build upon existing international standards as well as on-going bilateral and subregional initiatives, such as the ASEAN Single Window.

In May 2012, Member States of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) adopted a Resolution on Enabling Paperless Trade and the Cross-border Recognition of Electronic Data and Documents for Inclusive and Sustainable Intraregional Trade Facilitation. In May 2016, after four years of consultations and negotiations, the text of a new UN treaty to facilitate cross-border paperless trade in Asia and the Pacific was adopted. Participation

Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific: Contents

Preamble

Articles 1 to 16: Substantive clauses

Article 1: Objective

Article 2: Scope

Article 3: Definitions

Article 4: Interpretation

Article 5: General principles

Article 6: National Policy Framework, Enabling Domestic Legal Environment and Paperless Trade Committee

Article 7: Facilitation of Cross-border Paperless Trade and Development of national Single Window(s)

Article 8: Cross-border Mutual Recognition of Trade-related Data and Documents in Electronic Form

Article 9: International Standards for Exchange of Trade-related Data and Documents in Electronic Form

Article 10: Relation with Other Legal Instruments Enabling Cross-Border Paperless Trade

Article 11: Institutional Arrangements

Article 12: Action Plan

Article 13: Pilot Projects and Sharing of Lessons Learned

Article 14: Capacity Building

Article 15: Implementation of the present Framework Agreement

Article 16: Other agreements in force

Articles 17 to 25: Final clauses

Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific: Key Provisions

Article 1: Objective

The objective of the present Framework Agreement is **to promote cross-border paperless trade** by enabling the exchange and mutual recognition of trade-related data and documents in electronic form and facilitating interoperability among national and subregional single windows and/or other paperless trade systems, for the purpose of **making international trade transactions more efficient and transparent while improving regulatory compliance.**

**Article 5:
General
Principles**

**Article 8:
Cross-
border
Mutual
Recognition**

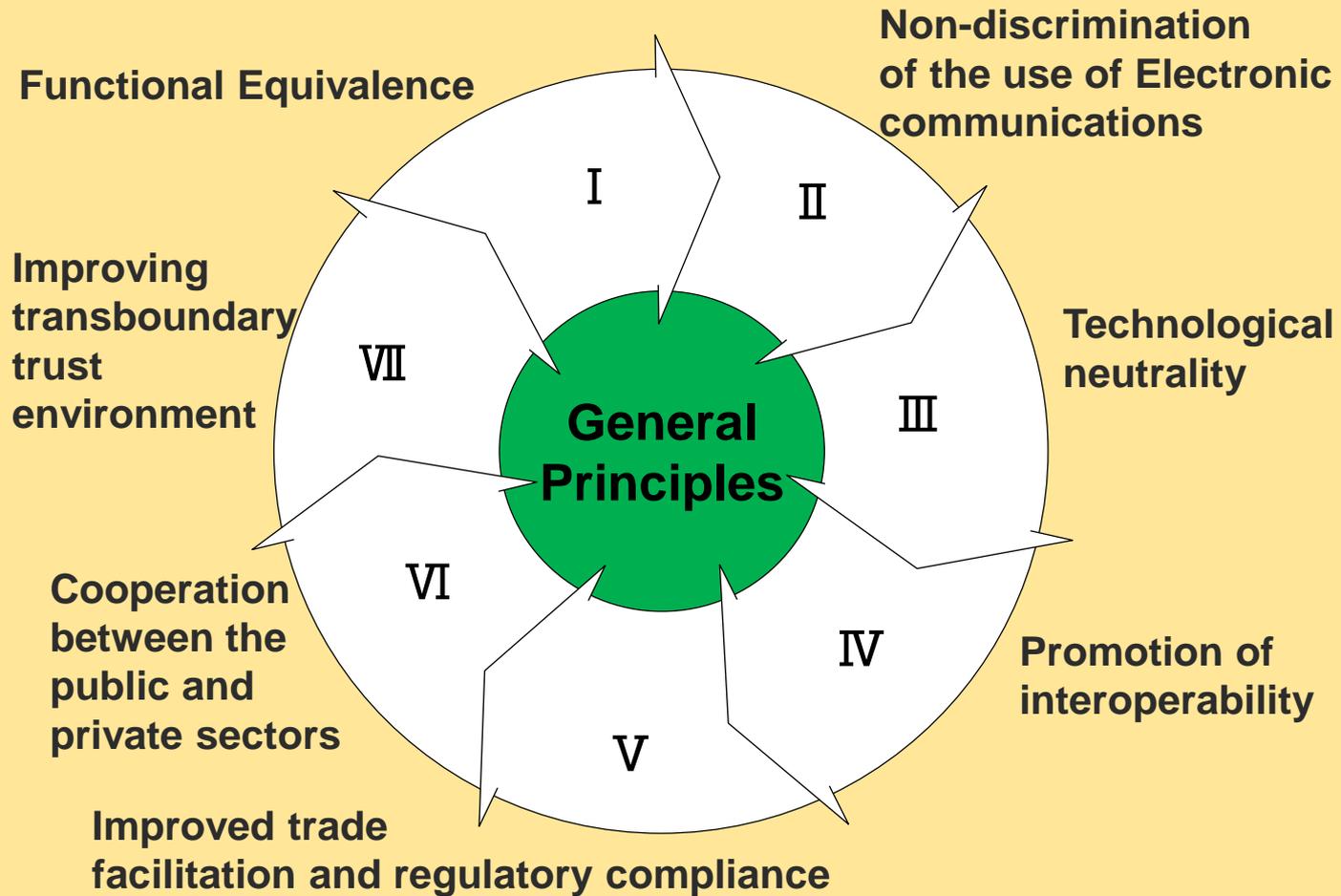
**Article 11:
Institutional
Arrangemen
ts**

**Article 12:
Action Plan**

**Article 13:
Pilot
Projects
and
Sharing of
Lessons
Learned**

**Article 14:
Capacity
Building**

Art. 5: General principles



Overview of provisions: Cross-border mutual recognition

Article 8

Cross-border mutual recognition of trade-related data and documents in electronic form

1. The Parties shall provide for mutual recognition of trade-related data and documents in electronic form originating from other Parties on the basis of a substantially equivalent level of reliability.
2. The substantially equivalent level of reliability would be mutually agreed upon among the Parties through the institutional arrangement established under the present Framework Agreement.
3. The Parties may enter into bilateral and multilateral arrangements to operationalize cross-border mutual recognition of trade-related data and documents in electronic form, in a manner consistent with the principle of the transboundary trust environment and all the other general principles, provided that the provisions of these bilateral and multilateral arrangements do not contradict the present Framework Agreement.

Overview of provisions: Institutional arrangements

Article 11

Institutional arrangements

1. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) shall, for the purposes of the present Framework Agreement, establish a paperless trade council comprising one (1) high-level nominee from each Party. The Council shall meet upon request but at least once a year.
2. In the performance of its functions, the Paperless Trade Council shall be supported by a standing committee, which shall supervise and coordinate the implementation of the present Framework Agreement and submit its recommendations to the Council for review. The Standing Committee shall be composed of senior representatives of each Party and will meet at least once a year.
3. For the purposes of implementing the present Framework Agreement, the Standing Committee may establish working groups which shall report to the Standing Committee on the implementation of the related action plan under the present Framework Agreement.

Overview of provisions: Institutional arrangements (Cont'd)

4. The ESCAP secretariat shall be designated the secretariat of the present Framework Agreement and shall also be the secretariat of the bodies established under the present Framework Agreement. It shall provide support in coordinating, reviewing and supervising the implementation of the present Framework Agreement and in all related matters.

5. The Council shall, by a two-thirds majority vote, adopt such rules of procedure as may be required for the performance of its functions, including for the Standing Committee and the Working Groups. Except as otherwise provided for in the present Framework Agreement, decisions by the Council shall be taken by a majority of votes cast by members present and voting, provided that at least two thirds of the participating States are present.

6. The Council and the Standing Committee may, under their competence determined in the rules of procedure, adopt protocols on specific legal, technical and organizational matters. The requirements for entry into force of any protocol shall be established in that instrument.

Overview of provisions: Action plan

Article 12

Action plan

1. The Standing Committee, under the supervision of the Paperless Trade Council, shall develop a comprehensive action plan, which shall include all concrete actions and measures with clear targets and implementation timelines necessary for creating a consistent, transparent and predictable environment for the implementation of the present Framework Agreement, including the implementation schedules of the respective Parties. The Parties shall implement the action plan in accordance with the schedule, and the implementation status of each Party shall be reported to the Standing Committee.

2. The implementation schedule for each Party shall be developed as part of the action plan based on a self-assessment of their readiness.

Overview of provisions: Pilot projects and sharing of lessons learned

Article 13

Pilot projects and sharing of lessons learned

1. The Parties shall endeavour to initiate and launch pilot projects on cross-border exchange of trade-related data and documents in electronic form, in particular among customs and other regulatory agencies. The Parties shall collaborate on such pilot projects through the institutional arrangements established under the present Framework Agreement.
2. The Parties shall report to the Standing Committee on the progress of pilot projects to facilitate the sharing of experience and lessons learned and to establish a collection of best practices for interoperability of cross-border exchange of trade-related data and documents in electronic form. The exchange of experience and lessons learned would extend beyond the Parties to the present Framework Agreement, to the extent possible and as appropriate, in an effort to promote paperless trade implementation throughout the region and beyond.

Overview of provisions: Capacity building

Article 14

Capacity-building

1. The Parties may cooperate to provide technical support and assistance to each other in order to facilitate the implementation of the present Framework Agreement.
2. The Parties may collaborate on capacity-building through the institutional arrangements established under the present Framework Agreement.
3. The Parties shall give special consideration to requests from least developed and landlocked developing countries for technical assistance and cooperation arrangements designed to assist them in developing their paperless trade capacity and in taking full advantage of the potential benefits of the present Framework Agreement.
4. The Parties may invite development partners for more effective technical and financial assistance in the implementation of the present Framework Agreement.

Provisions for Promoting Cross-border Interoperability

Article 9 International standards for exchange of trade-related data and documents in electronic form

1. The Parties shall endeavour to apply international standards and guidelines in order to ensure interoperability in paperless trade and to develop safe, secure and reliable means of communication for the exchange of data.
2. The Parties shall endeavour to become involved in the development of international standards and best practices related to cross-border paperless trade.

Article 10 Relation to other legal instruments enabling cross-border paperless trade

1. The Parties may, where appropriate, adopt relevant international legal instruments concluded by United Nations bodies and other international organizations.
2. The Parties shall endeavour to ensure that the cross-border exchange of trade-related data and documents in electronic form is consistent with international law as well as regional and international regulations and best practices, as identified by the institutional arrangements established under the present Framework Agreement.

Provision on Single Window

Article 7

Facilitation of cross-border paperless trade and development of single-window systems

1. The Parties shall endeavour to facilitate cross-border paperless trade by enabling exchange of trade-related data and documents in electronic form, utilizing the existing systems in operation or creating new systems.
2. The Parties are encouraged to **develop single-window systems** and use them for cross-border paperless trade. In developing single-window systems or upgrading existing ones, the Parties are encouraged to make them consistent with the general principles provided in the present Framework Agreement.

General Benefits of the Framework Agreement

❑ **Region-wide multilateral intergovernmental platform**

Builds upon existing bilateral/subregional initiatives; Supports WTO TFA implementation; Forster harmonization and minimize necessity for numerous bilateral/subregional intergovernmental approach;

❑ **Strong capacity building programme**

Inclusive initiative, open to Asia-Pacific countries at all levels of development; Strong emphasis on knowledge sharing and CB/TA among parties

❑ **Pilot projects**

Allow parties to adjust their systems before engaging in actual cross-border trade data exchange

❑ **Action Plan**

Allow parties with different implementation level to set actions based on their respective readiness

❑ **Mutual recognition**

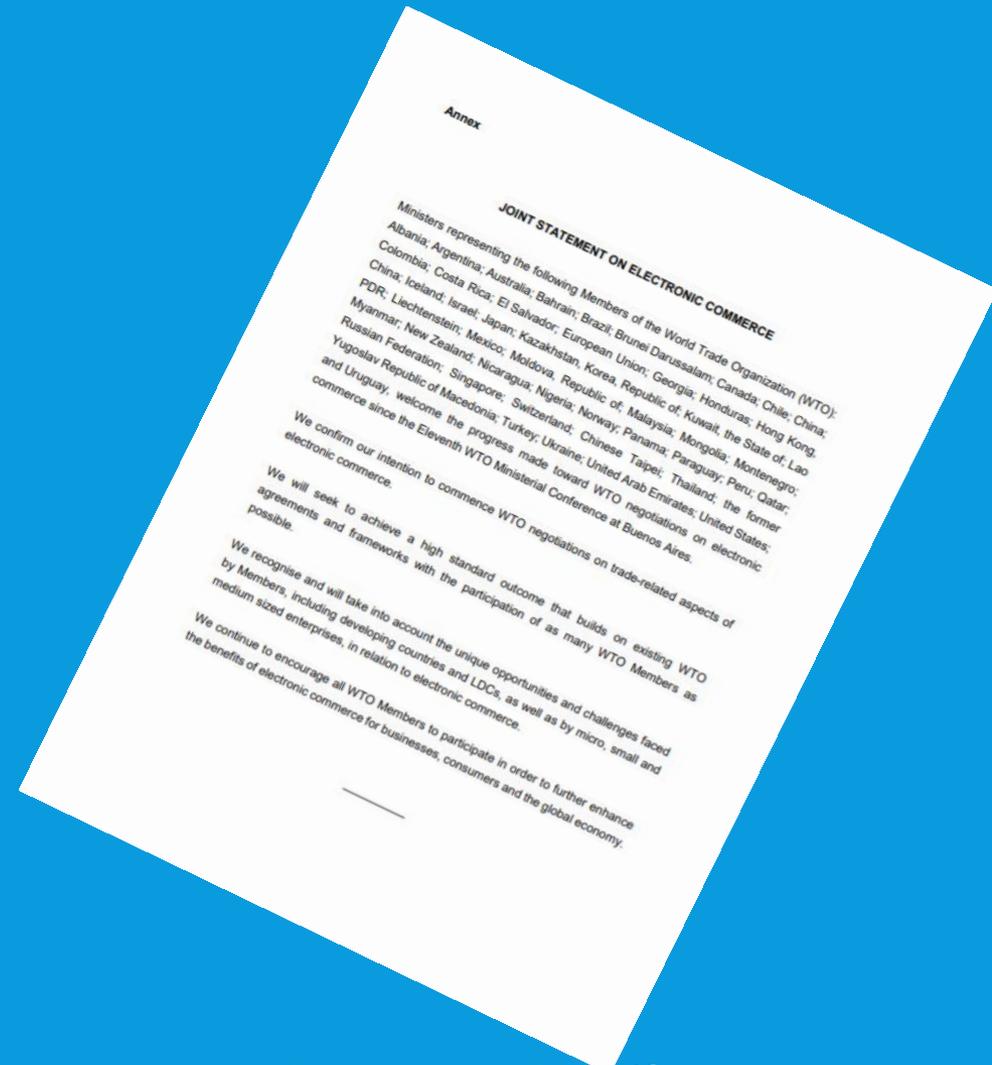
Commit to the goal, while allowing flexibility in how to materialize the goal

Contribution of the Framework Agreement in the context of WTO TFA Implementation

The Framework Agreement complements WTO TFA and helps implementation of several provisions of the WTO TFA in an efficient and value-added manner with its ICT-based implementation approach (paperless trade).

WTO TFA Provisions supported by the FA-PT
ARTICLE 1: PUBLICATION AND AVAILABILITY OF INFORMATION
ARTICLE 7: RELEASE AND CLEARANCE OF GOODS
ARTICLE 8: BORDER AGENCY COOPERATION
ARTICLE 10: FORMALITIES CONNECTED WITH IMPORTATION, EXPORTATION AND TRANSIT
ARTICLE 11: FREEDOM OF TRANSIT
ARTICLE 12: CUSTOMS COOPERATION

The Framework Agreement can also contribute to WTO negotiation on e-commerce: Recent WTO Joint Statement on Electronic Commerce.



Potential Advantages and disadvantages

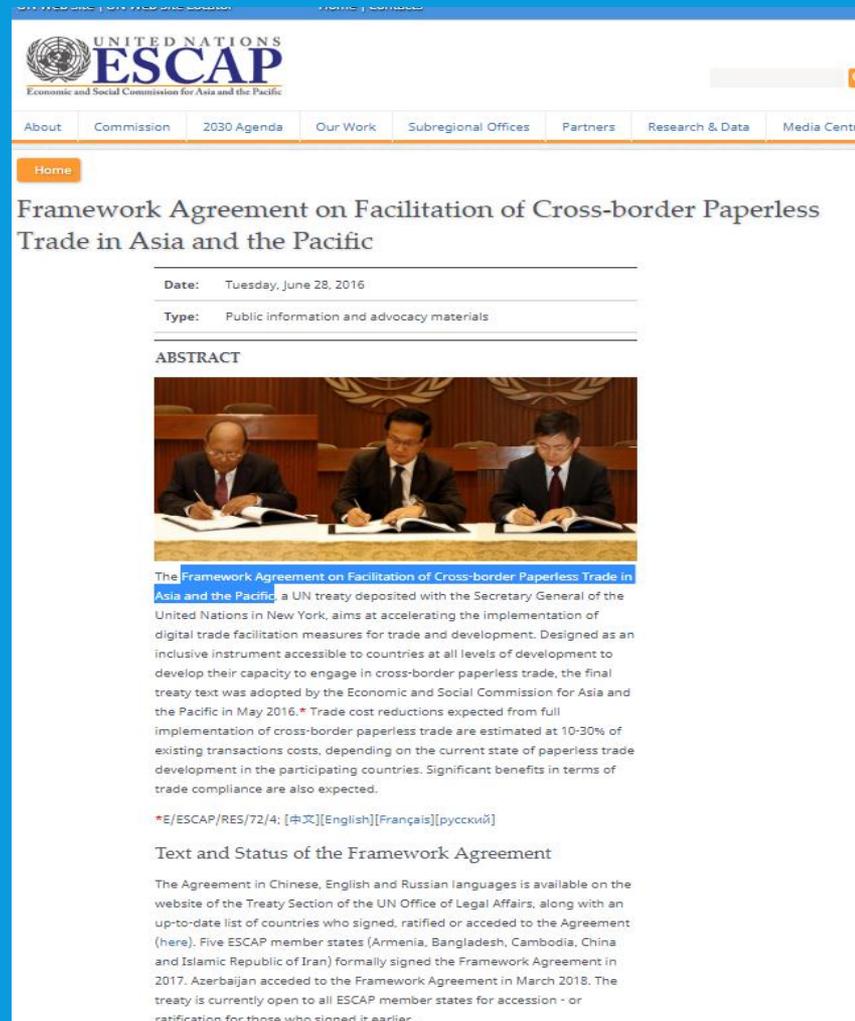
Advantages:

- Helps/facilitates society to transition into knowledge-based economy with wide application of information and communication technologies (ICTs) in international trade transactions
- Network effects to also stimulate other related sectors (like logistics and other service industries) to move into knowledge-based economy
- Improved transparency, safety and security in international trade transactions
- Improved trade efficiency and competitiveness (lower cost and less time)
- Chance for enhancement of human capacity with capacity building opportunities (trainings, workshop, knowledge-sharing, pilot projects, etc.)
- More chance to get support from development partners in developing hard and soft infrastructure for international trade transactions
- Improvement of external image and recognition from other countries

Disadvantages: ???

More information: Webpage on the FA-PT

<http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>



The screenshot shows the ESCAP website header with the logo and navigation menu. The main heading is "Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific". Below the heading, there are fields for "Date: Tuesday, June 28, 2016" and "Type: Public information and advocacy materials". An "ABSTRACT" section follows, containing a photograph of three men signing documents at a table. Below the photo is a paragraph of text describing the agreement as a UN treaty aimed at accelerating digital trade facilitation. At the bottom, there is a link for "Text and Status of the Framework Agreement" and a paragraph detailing the agreement's availability in Chinese, English, and Russian, along with a list of countries that have signed or acceded to it.

UNITED NATIONS ESCAP
Economic and Social Commission for Asia and the Pacific

Home

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

Date: Tuesday, June 28, 2016

Type: Public information and advocacy materials

ABSTRACT



The Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, a UN treaty deposited with the Secretary General of the United Nations in New York, aims at accelerating the implementation of digital trade facilitation measures for trade and development. Designed as an inclusive instrument accessible to countries at all levels of development to develop their capacity to engage in cross-border paperless trade, the final treaty text was adopted by the Economic and Social Commission for Asia and the Pacific in May 2016.* Trade cost reductions expected from full implementation of cross-border paperless trade are estimated at 10-30% of existing transactions costs, depending on the current state of paperless trade development in the participating countries. Significant benefits in terms of trade compliance are also expected.

*E/ESCAP/RES/72/4; [中文][English][Français][русский]

Text and Status of the Framework Agreement

The Agreement in Chinese, English and Russian languages is available on the website of the Treaty Section of the UN Office of Legal Affairs, along with an up-to-date list of countries who signed, ratified or acceded to the Agreement (here). Five ESCAP member states (Armenia, Bangladesh, Cambodia, China and Islamic Republic of Iran) formally signed the Framework Agreement in 2017. Azerbaijan acceded to the Framework Agreement in March 2018. The treaty is currently open to all ESCAP member states for accession - or ratification for those who signed it earlier.

Thank you