Framework Agreement on Facilitation of Cross-border Paperless Trade: North-East Asia perspectives

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

• UN treaty aiming at accelerating the implementation of digital trade facilitation measures for trade and development.

• Designed as an inclusive instrument for countries at all levels of development to develop their capacity to engage in cross-border paperless trade

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

Progress

- Four countries either ratified or acceded (Azerbaijan, Bangladesh Islamic Republic of Iran and the Philippines)
- Plus, China completed its domestic ratification process.
- Expected to enter into force in early 2021
Benefits of Cross-border Paperless Trade
### Expected Benefits - Cross-border Paperless Trade

#### Table 6: Changes in International Trade Costs of Asia and the Pacific as a Result of World Trade Organization Trade Facilitation Agreement Implementation (%)

<table>
<thead>
<tr>
<th>Asia and the Pacific: 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></td>
<td>Partially implemented</td>
<td>Fully implemented</td>
<td>Partially implemented</td>
</tr>
<tr>
<td>Model 1</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Overall trade facilitation</td>
<td>-2.84</td>
<td>-5.79</td>
<td>-4.57</td>
</tr>
<tr>
<td>Model 2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>General trade facilitation measures</td>
<td>-1.52</td>
<td>-3.05</td>
<td>-1.99</td>
</tr>
<tr>
<td>Digital trade facilitation measures</td>
<td>-</td>
<td>-</td>
<td>-1.97</td>
</tr>
</tbody>
</table>

Expected Benefits - Cross-border Paperless Trade: MONGOLIA

- At least partial implementation of cross-border paperless trade could boost exports by 19%.

- If WTO TFA together with cross-border paperless trade measures are implemented, trade cost savings could amount to $133 Mil.


Where Mongolia Stands On Cross-border
Paperless Trade
Cumulative Implementation of Trade Facilitation Measures, 2019

Note: Maximum possible implementation score is 100.
Source: UN Global Survey on Digital and Sustainable Trade Facilitation, 2019; untfusurvey.org
Overview of Trade Facilitation Measures Implementation - Mongolia

• Some progress over the past years for implementing trade facilitation measures
• Opportunities still exist for Mongolia to improve trade facilitation mechanisms, especially in the (cross-border) paperless trade area

Source: UN Global Survey on Digital and Sustainable Trade Facilitation, 2019; untfusurvey.org
Paperless Trade (2019)

Source: UN Global Survey on Digital and Sustainable Trade Facilitation 2019

- Mongolia
- Asia-Pacific
- East and North-East Asia
- LLDCs in Asia-Pacific

Automated Customs System

- Internet connection available to Customs and other trade con...
- Electronic Single Window System
- Electronic submission of Customs declarations
- E-Payment of Customs Duties and Fees
- Electronic application and issuance of Preferential Certific...
- Electronic Submission of Air Cargo Manifests
- Electronic application and issuance of import and export per...

Data source: UN Global Survey on Digital and Sustainable Trade Facilitation 2019 | UNITFSURVEY.ORG
Cross-Border Paperless Trade (2019)
Source: UN Global Survey on Digital and Sustainable Trade Facilitation 2019

Laws and regulations for electronic transactions

- Mongolia
- Asia-Pacific
- East and North-East Asia
- LLDCs in Asia-Pacific

Paperless collection of payment from a documentary letter of...

Recognised certification authority

Electronic exchange of Sanitary & Phyto-Sanitary Certificate

Electronic exchange of Customs Declaration

Electronic exchange of Certificate of Origin

Data source: UN Global Survey on Digital and Sustainable Trade Facilitation 2019 | UNTFSURVEY.ORG
Way Forward
Readiness Assessment for Cross-border Paperless Trade - Mongolia

An assessment of Mongolia’s readiness for cross-border paperless trade, i.e., the conduct of international trade transactions on the basis of electronic data and documents

Also, recommendations on both technical and legal aspects of cross-border paperless trade and a draft action plan for Mongolia to move forward

Technical Readiness for Cross-border Paperless Trade: Recommendations

• **Automation:**
  • Relevant regulatory agencies be enabled to use paperless trade systems

• **ICT plan:**
  • A strategic and holistic plan for business continuity of ICT systems
  • Business process re-engineering
  • Data harmonization and standardization
  • Capacity building programmes for all agencies

• **Regional engagement:**
  • Further engage in regional, subregional and bilateral initiatives on cross-border paperless trade, including the Framework Agreement
Legal Readiness for Cross-border Paperless Trade: Recommendations

- Modernize and simplify its statute governing electronic documents and signatures

- Provide a legal basis for establishing and operating a Single Window for cross-border paperless trade environment

- Accede to international treaties and consider how to incorporate relevant international legal standards, regulations and guidelines into its legal frameworks
Framework Agreement

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.
Framework Agreement

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.
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