

INTRODUCTION

Recognizing the fact that benefits such as improved trade efficiency will be gained from implementing paperless trade, a number of Asian and Pacific countries, such as the Republic of Korea and Singapore, have already introduced paperless trade systems. A recent survey carried out by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), as part of the Asia-Pacific Trade Facilitation Forum (APTFF) 2012, revealed the readiness of the region to make a transition to a paperless trade environment. Ninety-two per cent of the responding countries had an automated customs system in place, either nationwide or in major ports and/or airports.

With regard to the submission of electronic customs declarations, 96 per cent responded that most (more than 90 per cent) or at least some documentation could be submitted electronically. The region is also a home to many cases of the implementation of Single Windows, an advanced form of paperless trade systems that has drawn much attention in the field of trade facilitation during the past decade; 23 per cent of the respondents are currently operating Single Window systems, while 31 per cent are in the process of developing Single Windows.

The APTFF 2012 survey thus revealed a high level of commitment to implementing cross-border paperless trade. A total of 38 per cent of the respondents are involved in cross-border paperless trade documentation or data exchange. Considering the difficulty of cross-border trade data exchange, it is very likely that many of those respondents are still at the stage of basic data exchange with limited scope or in a pilot project testing mode; however, it is still an impressive indication of progress within the region since it demonstrates the commitment to cross-border paperless trade. Another indicator of commitment is that many countries in the Asia-Pacific region have shown a high level of willingness to implement paperless trade at the bilateral level by including paperless trade provisions in their free trade agreements (FTAs).

It should be noted that current implementation of paperless trade systems in the region focuses on application to domestic parts of trade processes, while international trade inherently requires trade information to flow across borders along internal supply chains. With current practices of paperless trade implementation limited predominately to the national level, the flow of trade information does not continue along an international supply chain; thus, it is being disrupted at the borders and results in traders turning to conventional paper-based trade practices. Yet given the fact that those countries in the region that are benefiting from implementing paperless trade only at domestic level, it is not difficult to see that efficiency gains will be considerably greater when the flow of trade information is facilitated across borders. This will, in turn, undoubtedly lead to major improvements in regional connectivity.

However, implementing cross-border paperless trade cannot be carried out by individual countries alone because it involves the coordination and harmonization of different practices in two or more countries. Thus, while the private sector, through the innovative application of information and communication technology and business process re-engineering, can attempt to facilitate cross-border paperless trading, they can only do so within a limited scope; an intergovernmental mechanism is necessary to fully implement the process. Such a mechanism can be installed at the bilateral, subregional, regional and global levels. However, the regional level approach, in a form of regional arrangement, is the most practical form of implementation, as the bilateral approach tends to encourage fragmentation of practices while the global approach is unreachable within a practical time frame.

Comprising three chapters and three annexes, this publication comprehensively assesses the current status of paperless trade in the region and beyond, elaborates on the need for having regional arrangements to facilitate cross-border paperless trade, and provides specific direction and details for putting a practical regional arrangement in place.

Chapter 1 comprises a needs assessment for utilizing regional arrangements for facilitating and enabling paperless trade in the Asia-Pacific region, including the background for ESCAP to adopt the Resolution 68/3. Chapter 2 reviews in detail the existing practices for facilitating paperless trade, including a systematic analysis of options for regional arrangements and a proposed best practice option for the region. Chapter 3 elaborates on the salient features that the proposed regional arrangement should include.

Annex 1 presents a case study of cross-border paperless trade involving the exchange of electronic Certificates of Origin (e-CO) between the Republic of Korea and Taiwan Province of China – which is briefly visited in chapter 2 – together with lessons learnt. Annex 2 provides the full text of ESCAP Resolution 68/3, which acts as a guide for the region in moving towards the facilitation of cross-border paperless trade. Annex 3 contains the draft “Regional Arrangement: Agreement [Framework Agreement] on Facilitation of Cross-Border Paperless Trade for the Asia-Pacific Region” that resulted from a systematic development process, including a regional study, two rounds of expert group meetings, three subregional meetings (South-East, South and South-West, and East and North-East Asia) as well as a regional meeting for ESCAP members’ consultations.