

Chapter 1. Introduction

International trade touches more lives today than ever before. Technological progress combined with open economy policies have made it possible to exchange goods and services between countries that were previously unable to trade. This has also given rise to global value chains, with the manufacturing process distributed across several countries. This internationalization of production gives developing countries new opportunities to participate and benefit from regional and global trade. The Asia-Pacific region has benefitted heavily from this trend. It has experienced increasing welfare and a decrease in the number of people living in poverty in the region as an effect of the increase in investment and trade; as a result, it is now the world's largest trading region as well as the largest recipient of global inward foreign direct investment (FDI) (ESCAP, 2015).

Table 1.1. Intra- and extraregional comprehensive trade costs in the Asia-Pacific region (excluding tariff costs), 2008-2013

(Sub)Regions	ASEAN-4	East Asia-3	North and Central Asia-4	Pacific Islands-2	South Asia SAARC-4	AU-NZ	EU-3
ASEAN-4	76% (9%)						
East Asia-3	75% (5%)	51% (-5%)					
North and Central Asia-4	351% (9%)	177% (-7%)	121 (9%)				
Pacific Islands -2	175% (-11%)	174% (-9%)	368% (34%)	133% (-10%)			
South Asia SAARC-4	128% (2%)	125% (-0%)	282% (13%)	317% (2%)	114% (10%)		
AU-NZ	101% (4%)	89% (-3%)	338% (-5%)	73% (-22%)	142% (-1%)	54% (1%)	
EU-3	108% (2%)	85% (-4%)	152% (-8%)	211% (-6%)	114% (3%)	109% (0%)	43% (-4%)
United States	85% (11%)	63% (-0%)	180% (2%)	163% (-11)	109% (6%)	100% (4%)	67% (0%)

Source: ESCAP-World Bank Trade Cost Database (June 2015 update). Available at <http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=escap-world-bank-international-trade-costs> and www.unescap.org/tid/artnet/trade-costs.asp.

Note: Trade costs may be interpreted as tariff equivalents. Percentage changes in trade costs between 2002-2007 and 2008-2013 are in parentheses. ASEAN-4: Indonesia, Malaysia, Philippines, and Thailand. East Asia-3: China, Japan, and the Republic of Korea. North and Central Asia-4: Georgia, Kazakhstan, Kyrgyzstan, Russian Federation. Pacific islands-2: Fiji, and Papua New Guinea. SAARC-4: Bangladesh, India, Pakistan, and Sri Lanka. AU-NZ: Australia, and New-Zealand. EU-3: Germany, France, and United Kingdom.

As the production chain is becoming more fragmented, trade costs should be addressed to ensure that the interaction between the various stages of the production chain function as efficiently as possible, thereby highlighting the need for countries to facilitate trade and investment in an open,

predictable and transparent way (WTO/OECD, 2015). On average, developing countries have the highest trade costs, estimated at a value of 219% ad valorem tariff on international trade. In comparison, the trade cost of the same product is equivalent to 134% in developed countries (WTO, 2015). According to the latest data from the ESCAP-World Bank International Trade Cost Database, the overall cost of trading goods among the three largest European Union (EU-3) economies – tariff costs excluded – is equivalent to a 43% average tariff on the value of goods traded (see table 1.1). China, the Republic of Korea and Japan (East Asia-3) come closest to matching the low intra-European Union trade costs, with average trade costs among themselves amounting to a 51% tariff-equivalent, followed by the middle-income members of the Association of Southeast Asian Nations (ASEAN), whose intra-regional trade costs stand at 76% tariff-equivalent.

Other groups of Asia-Pacific economies face much higher costs of trading among each other, particularly in Central Asia, South Asia and the South Pacific. However, the scope for further reducing trade costs among Asia-Pacific developing economies is best understood when looking at interregional trade costs. For example, the trade costs between the neighboring Asian subregions of South-East (ASEAN-4) and South (SAARC-4) Asia (128%), are still much higher than those between ASEAN and the European Union (108%) or between SAARC and the United States (109%).²

It is well understood that a further reduction of trade costs in the Asia-Pacific developing economies is essential to enabling them to effectively participate in regional and global value chains, and to continue using trade as a main engine of growth and sustainable development. Recent studies have suggested that much of the trade cost reductions achieved during the past decade have been through the elimination or lowering of tariffs.³ Further trade cost reductions will therefore have to come not only from tackling non-tariff sources of trade costs – such as inefficient transport, and logistics infrastructure and services – but also cumbersome regulatory procedures and documentation. Indeed, trade facilitation (the simplification and harmonization of import, export and transit procedures), including paperless trade (the use and exchange of electronic data and documents to support the trade transaction process), has taken on increasing importance. This is evidenced by the successful conclusion of the negotiations on the WTO Trade Facilitation Agreement in December 2013 as well as the progress made at ESCAP on developing a complementary regional arrangement for the facilitation of cross-border paperless trade.

In that context, the ESCAP secretariat initiated a regional survey in 2012 among countries in Asia and the Pacific on trade facilitation and paperless trade implementation, which was expanded to a global effort in cooperation with all other United National Regional Commissions (UNRCs) in late 2014. Accordingly, chapter 2 of this monograph presents the regional results of the joint UNRC global survey and proposes a step-by-step approach for moving forward with implementation. In chapter 3, the UNRCs survey data are used to estimate the potential impact of the implementation of different types of trade facilitation and paperless trade measures on trade costs, taking into account other important cost

² For a more detailed discussion of these data and reducing trade costs, see ESCAP, 2015.

³ For example, see ESCAP, 2011.

factors and different implementation scenarios, such as implementation of binding or non-binding measures of the WTO TFA.

Chapter 2. Trade facilitation and paperless trade in Asia-Pacific: Current state of implementation⁴

2.1. Background and objective

For several years now, the ESCAP secretariat has systematically collected and analyzed information on the implementation of trade facilitation measures in the region, in order to provide a basis for developing more relevant capacity-building and technical assistance programs as well as for countries to design and prioritize their own trade facilitation implementation plans and strategies. Taking into account the interest of member States from the region in the application of modern information and communication technologies to trade procedures, a first regional survey on trade facilitation and paperless trade implementation was conducted in 2012, in conjunction with the Asia-Pacific Trade Facilitation Forum that is organized annually by ESCAP with the Asian Development Bank (ADB).⁵

Following a second regional survey in 2013 and extensive discussions at the Global Trade Facilitation Forum 2013⁶ on the lack of reliable, sufficiently detailed and regularly updated data on the implementation of trade facilitation in general – and Single Window and paperless trade in particular – it was decided that a global survey should be conducted jointly by all United Nations Regional Commissions (UNRCs), in cooperation with other interested international organizations.⁷

The 2015 UNRC Joint Survey on Trade Facilitation and Paperless Trade implementation covered 119 countries, which included 44 developed and developing economies from five different subregions in Asia and the Pacific. Following an introduction to the survey instrument and methodology in section 2.2, this chapter provides a region-wide overview of implementation of trade facilitation measures across countries, subregions and in countries with special needs. This is followed by a closer look at the implementation levels of various groups of trade facilitation measures as well as a review of the main trade facilitation achievements reported in Asia-Pacific economies during the past year and the key

⁴ Prepared by Yann Duval, Tengfei Wang, and Dimitra Tsoulou Malakoudi, Trade Facilitation Unit, Trade and Investment Division, ESCAP.

⁵ The scope of the survey was based on the definition and list of trade facilitation measures being discussed by the WTO Negotiation Group on Trade Facilitation, but was also extended to paperless trade measures, i.e., measures enabling trade transactions to be conducted on the basis of electronic rather than paper-based data and documents.

⁶ Organized jointly in Bangkok in November 2013 by all the UNRCs. See <http://www.unescap.org/events/global-trade-facilitation-conference-2013>.

⁷ The survey has been conducted in close collaboration with OECD, ITC and UNCTAD as well as several subregional organizations, such as SELA in Latin America and OCO in the South Pacific.

challenges faced. This chapter ends by highlighting some of the key findings and comparing the results to the WTO Trade Facilitation Agreement.⁸

2.2. Survey instrument and methodology

In preparing the survey instrument, the final list of provisions included in the WTO Trade Facilitation Agreement was taken into account as well as the content of the draft text of the regional United Nations treaty on cross-border paperless trade facilitation under negotiation at ESCAP. It covers 38 trade facilitation measures, divided into four groups, i.e., general trade facilitation measures, paperless trade, cross-border paperless trade, and transit facilitation.⁹

As shown in table 2.1, the general trade facilitation measures and transit facilitation measures are essentially measures featured in the WTO TFA. In contrast, most paperless trade and, in particular, cross-border paperless trade measures are not specifically featured in the WTO TFA, although their implementation in many cases would support better implementation of many of the general trade facilitation measures. It is worth noting that, to ensure comparability of implementation levels across countries, two of the measures classified under institutional arrangement and cooperation (No. 33, 34), one measure under paperless trade (No. 20), and one measure under transit facilitation (No. 35) are excluded from the regional analysis.

Table 2.1. Grouping of trade facilitation measures included in the questionnaire

		Trade facilitation measure (and question No.) in the questionnaire
General TF measures	Transparency	2. Publication of existing import-export regulations on the Internet. 3. Stakeholder consultation on new draft regulations (prior to their finalization). 4. Advance publication/notification of new regulations before their implementation (e.g., 30 days prior). 5. Advance ruling (on tariff classification). 9. Independent appeal mechanism (for traders to appeal customs and other relevant trade control agencies' rulings).
	Formalities	6. Risk management (as a basis for deciding whether a shipment will be or not physically inspected). 7. Pre-arrival processing. 8. Post-clearance audit. 10. Separation of release from final determination of customs duties, taxes, fees and charges. 11. Establishment and publication of average release times. 12. Trade facilitation measures for authorized operators. 13. Expedited shipments. 14. Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities.

⁸ The survey results for five subregions of Asia and the Pacific (South-East Asia, South and South-West Asia, North and Central Asia, Pacific Island Developing Economies and North-East Asia) as well as for three groups of Asia-Pacific economies with special needs – least developed countries (LDCs), landlocked developing countries (LLDCs) and Small Island Developing States (SIDs) – are discussed in more detail in separate reports to be made available online at <http://unnex.unescap.org/UNTFsurvey2015.asp>. The dataset is also available for further analysis.

⁹ The survey questionnaire is available in full at <http://unnex.unescap.org/tfforum14-survey.asp>.

	Institutional arrangement and cooperation	<ul style="list-style-type: none"> 1. Establishment of a national trade facilitation committee or similar body. 31. Cooperation between agencies on the ground at the national level. 32. Government agencies delegating controls to customs authorities. 33. Alignment of working days and hours with neighbouring countries at border crossings. 34. Alignment of formalities and procedures with neighbouring countries at border crossings
Paperless trade	<ul style="list-style-type: none"> 15. Electronic/automated customs system established (e.g., ASYCUDA). 16. Internet connection available to customs and other trade control agencies at border-crossings. 17. Electronic Single Window system. 18. Electronic submission of customs declarations. 19. Electronic application and issuance of trade licences. 20. Electronic submission of sea cargo manifests. 21. Electronic submission of air cargo manifests. 22. Electronic application and issuance of Preferential Certificate of Origin. 23. E-Payment of customs duties and fees. 24. Electronic application for customs refunds. 	
	Cross-border paperless trade	<ul style="list-style-type: none"> 25. Laws and regulations for electronic transactions are in place (e.g., e-commerce law, e-transaction law). 26. Recognized certification authority issuing digital certificates to traders to conduct electronic transactions. 27. Engagement of the country in trade-related, cross-border electronic data exchange with other countries. 28. Certificate of Origin electronically exchanged between country of origin and other countries 29. Sanitary and Phytosanitary Certificate electronically exchanged between your country and other countries. 30. Banks and insurers retrieving letters of credit electronically without lodging paper-based documents.
Transit facilitation	<ul style="list-style-type: none"> 35. Transit facilitation agreement(s) with neighboring countries. 36. Customs authorities limit the physical inspections of transit goods and use risk assessment. 37. Supporting pre-arrival processing for transit facilitation. 38. Cooperation between agencies of countries involved in transit. 	

The dataset was developed through the three-step approach detailed below.

Step 1. Data submission by experts. The survey instrument was sent by the ESCAP secretariat to selected trade facilitation experts (from Governments, the private sector, and/or academia) in Asia-Pacific countries as well as the participants at the Asia-Pacific Trade Facilitation Forum 2014,¹⁰ in order to gather preliminary information. The questionnaire was also made publicly available online and disseminated with the support of OECD, ITC, UNCTAD and IRU as well as the United Nations Network of Experts for Paperless Trade and Transport for Asia and the Pacific (UNNExT). In some cases, the questionnaire was also sent to relevant national trade facilitation authorities or agencies as well as

¹⁰ <http://unnex.unescap.org/tforum14.asp>.

regional trade facilitation partners or organizations. This first step took place for the most part between September 2014 and March 2015.

Step 2. Data verification by the ESCAP secretariat. The ESCAP secretariat cross-checked the data collected in Step 1. Desk research and data sharing among UNRCs and survey partners were carried out to further check the accuracy of data. Face-to-face or telephone interviews with key informants were arranged in order to gather additional information when needed. The outcome of Step 2 was a consistent set of responses per country. Step 2 took place as data was being received from individual experts, for the most part between October 2014 and April 2015.

Step 3. Data validation by national Governments. The ESCAP secretariat sent the completed questionnaire to each national Government to ensure that country had the opportunity to review the dataset and provide any additional information. The feedback from national Governments was incorporated to finalize the dataset. Step 3 took place between April and May 2015.¹¹

For the purpose of analysis and presentation of the results, the general trade facilitation measures have been further divided into three subgroups: transparency; formalities; and Institutional arrangement and cooperation (table 2.1). Based on the data collected, each of the trade facilitation measures included in the survey, and for which enough information was available, was rated either as “fully implemented”, “partially implemented”, “on a pilot basis” or “not implemented”. Definitions for each stage are given in annex 1. A score (weight) of 3, 2, 1, and zero was assigned to each of the four implementation stages in order to calculate implementation scores for individual measures across countries, regions or categories. Country groupings used in the analysis are defined in annex 2.

2.3. Trade facilitation implementation in the Asia-Pacific region

2.3.1. Overview

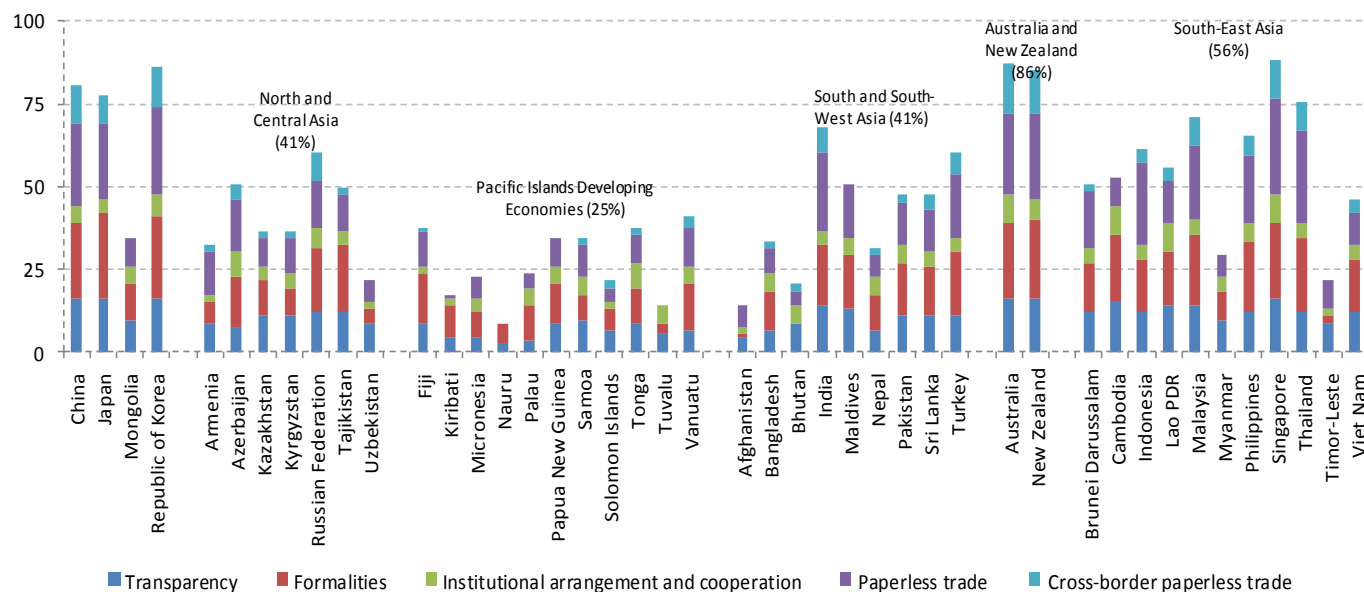
Figure 2.1 shows the overall implementation levels of all 44 Asia-Pacific countries, based on a common set of 31 trade facilitation and paperless trade measures included in the survey.¹² The regional average implementation of this comprehensive set of trade facilitation measures stands at 46.5%. The implementation of trade facilitation measures in the region is very heterogeneous. Australia, the Republic of Korea and Singapore achieve implementation rates in excess of 85%, while implementation in several other countries barely reaches 15%.

¹¹ Additional inputs on implementation of trade facilitation and paperless trade up to April 2015 in any of the countries covered are most welcome at any time in order to further improve the quality of the data and update the results to be maintained online.

¹² Among 38 trade facilitation measures surveyed, three measures – 20. Electronic submission of sea cargo manifests, 33. Alignment of working days and hours with neighbouring countries at border crossings, and 34. Alignment of formalities and procedures with neighbouring countries at border crossings – are excluded in calculating the overall score as they are not relevant to all the countries surveyed. Similarly, four transit facilitation measures are also excluded. The overall score of each country is simply a summation of the scores of implementation (3, 2, 1 or zero) it receives for each trade facilitation measure. The maximum possible (full) score of a country is 93 and the average score across all 44 countries is 43.3 (or 46.5% in percentage terms).

In general, more advanced or larger economies are at a higher level of trade facilitation than many other countries in the region, while small or less-developed countries, such as LDCs or small Pacific countries, lag behind in the implementation of trade facilitation measures, particularly those related to paperless trade. However, this is not always the case. For example, while both Cambodia and Lao PDR are LDCs, both countries achieve high scores of implementation. Similarly, Maldives achieves a relatively high score although it is a small island developing state (SIDS) that only recently graduated from the LDC group.¹³

Figure 2.1. Overall implementation of trade facilitation measures in 44 Asia-Pacific countries



Source: ESCAP, UNRC TF Survey 2015.

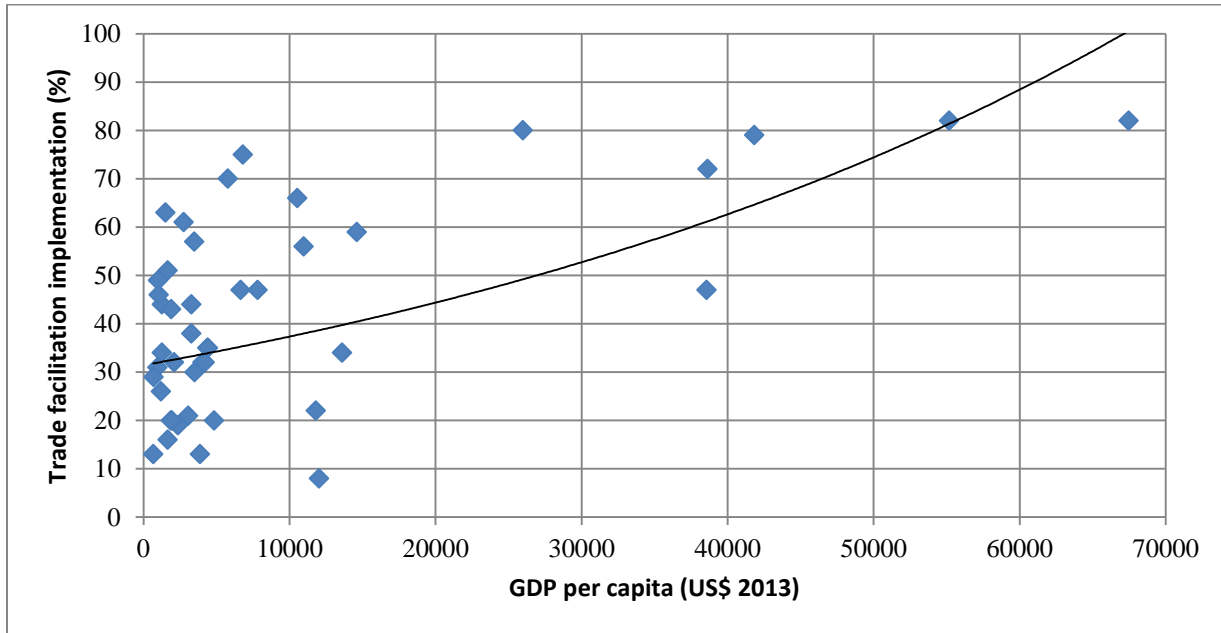
Further investigation of the level of trade facilitation implementation in relation to economic development shows that while high-income economies have systematically achieved high levels of trade facilitation implementation, the implementation levels in low-income economies differ dramatically from one country to another, ranging from less than 15% to more than 60% (figure 2.2).

2.3.2. Implementation in subregions and countries with special needs

Figure 2.3 presents an overview of the implementation of trade facilitation measures (measured by percentage) in the subregions (indicated by the blue diamonds) and the groups of countries with special needs (i.e., LLDCs, LDCs and SIDS (indicated by the green triangles) and the average level of implementation of each group of countries (indicated by the red bars). Aside from Australia and New Zealand (AU&NZ), the highest average level of implementation is obtained by East and North-East Asia (ENEA) at 70%, followed by South-East Asia (SEA), North and Central Asia (NCA), and South and South-West Asia (SSWA). The average implementation of Pacific Island Developing Economies (PIDEs) lags far behind other subregions at only 25%.

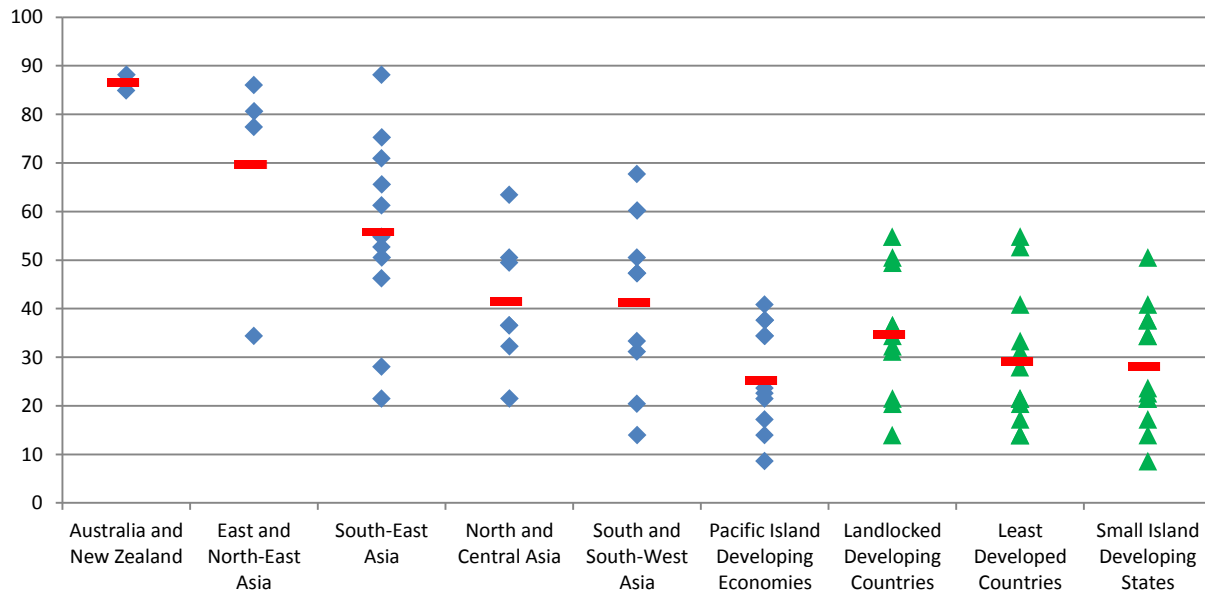
¹³ Maldives graduated in 2011. More information is available at www.un.org/en/development/desa/policy/cdp/ldc/ldc_graduated.shtml.

Figure 2.2. Trade facilitation implementation and GDP per capita of 44 Asia-Pacific economies



Sources: ESCAP, UNRC TF Survey 2015; World Bank World Development Indicators, accessed 29 May 2015.

Figure 2.3. Trade facilitation implementation in Asia-Pacific subregions and countries with special needs (Percentage)



Source: ESCAP, UNRCs TF Survey 2015.

◆ ▲ Trade facilitation implementation of individual economies (per cent).
 — Average trade facilitation implementation of the group (per cent).

In addition, trade facilitation implementation varies widely within each subregional grouping. Differences in trade facilitation implementation levels are the widest in South-East Asia, but this is essentially due to Myanmar and Timor-Leste, two economies that have only recently been able to actively engage in international trade. In fact, regional integration processes appear to have played a significant and positive role in trade facilitation implementation, as several LDCs in ASEAN – where regional cooperation on trade facilitation has long been promoted – achieving higher implementation rates than LDCs in other subregions. Differences in trade facilitation implementation levels are smallest within PIDEs, which might also be explained by the strong emphasis of ongoing economic cooperation initiatives on trade facilitation in this subregion – but arguably more likely by the fact that these small and generally isolated economies all face relatively similar implementation constraints. Countries with special needs in the Asia-Pacific region face particular challenges in the implementation of trade facilitation, particularly in the case of paperless trade and cross-border paperless trade measures. This is reflected in the average implementation levels of these countries, which varies between 25% and 35%, depending on the group of countries considered figure 2.3. Interestingly, LLDCs as a group appear to have achieved higher levels of trade facilitation on average than LDCs or SIDS. This is welcoming news, given the particular importance of trade facilitation for these economies and the strong support of development partners for the implementation of trade and transport facilitation in LLDCs, including in the context of the Almaty Programme of Action (APoA).¹⁴

2.4. Most and least implemented trade facilitation measures

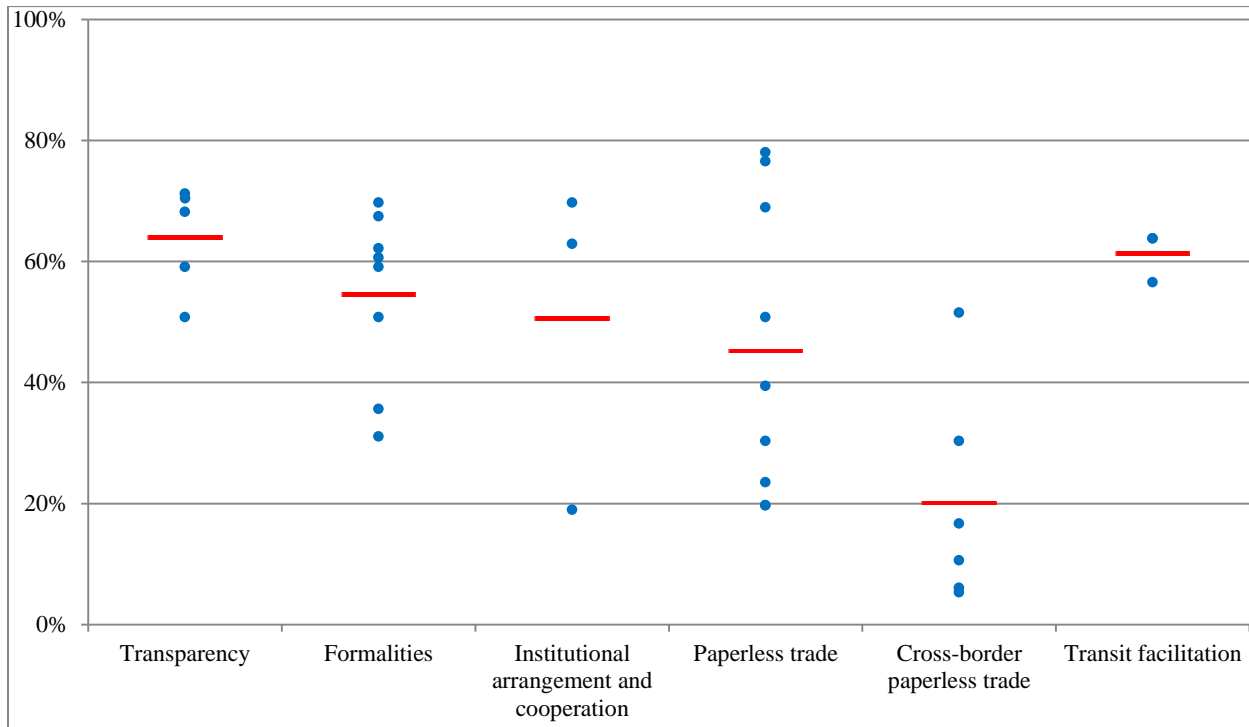
All countries are engaged in implementation of various measures aimed at enhancing the transparency of trade procedures as well as reducing the formalities associated with them. While implementation levels vary greatly across countries for all categories of trade facilitation measures, differences in overall implementation scores across countries are exacerbated by wide differences in the level of implementation of paperless trade measures, in particular cross-border paperless trade. Indeed, while all but two economies in the region have taken steps towards implementation of paperless trade, nearly a quarter of the countries have not implemented (even the pilot stage) any measures related to cross-border paperless trade, i.e., the exchange and legal recognition of electronic trade data and documents across borders with trade partners. Overall, as shown in figure 2.3 and table 2.2, “transparency” measures, such as stakeholder consultation on new draft regulations prior to implementation or publication of existing import-export regulations on the Internet, have been the best implemented (regional average implementation higher than 60%), followed by “transit facilitation” measures (57%). Measures aimed at reducing or speeding-up “formalities”, in particular implementation of risk management and pre-arrival processing of documents, have also been given serious attention in many economies of the region, with the regional average implementation rate exceeding 50% in that category. Regional average implementation has also reached 50% for measures related to “institutional arrangements and inter-agency cooperation” (50%), as many countries are working on the establishment of national trade facilitation committees.

¹⁴ www.unescap.org/events/final-regional-review-almaty-programme-action-addressing-special-needs-landlocked-developing.

The regional average level of implementation of “paperless trade” measures also stands close to 50%. However, implementation varies greatly depending on the individual measures considered. For example, while “Internet connections available to customs and other trade control agencies at border-crossings” and “electronic/automated customs system” are partially or fully implemented in nearly all countries, facilities enabling the “electronic application and Issuance of Preferential Certificate of Origin” have yet to be considered for implementation in many economies. Similarly, while many economies have developed legal frameworks to enable paperless trade, implementation of cross-border paperless trade has yet to begin in many developing countries.

The next section reviews regional implementation of the six groups of measures featured in figure 2.4 in more detail.

Figure 2.4. Implementation of different groups of trade facilitation measures: Asia-Pacific average (Percentage)



Source: ESCAP, UNRC TF Survey 2015.

Note: Blue dots show regional average implementation level of individual measures within each group.

— Average regional implementation level by groups of measures.

**Table 2.2. Most and least implemented measures in Asia-Pacific
(within each group of trade facilitation measures)**

	Most implemented	Least implemented
Transparency	<ol style="list-style-type: none"> 1. Stakeholder consultation on new draft regulations (prior to their implementation). 2. Publication of existing import-export regulations on the Internet. 	<ol style="list-style-type: none"> 1. Advance ruling (on tariff classification). 2. Advance publication/notification of new regulation before their implementation.
Formalities	<ol style="list-style-type: none"> 1. Risk management. 2. Pre-arrival processing. 	<ol style="list-style-type: none"> 1. Establishment and publication of average release times. 2. Trade facilitation measures for authorized operators.
Institutional arrangement and cooperation	<ol style="list-style-type: none"> 1. Cooperation between agencies on the ground at the national level. 2. Establishment of National Trade Facilitation Committee. 	Government agencies delegating controls to customs authorities.
Paperless trade	<ol style="list-style-type: none"> 1. Internet connection available to Customs and other trade control agencies at border-crossings. 2. Electronic/automated Customs System. 	<ol style="list-style-type: none"> 1. Electronic Application and Issuance of Preferential Certificate of Origin. 2. Electronic Application for Customs Refunds.
Cross-border paperless trade	<ol style="list-style-type: none"> 1. Laws and regulations for electronic transactions. 2. Recognized certification authority. 	<ol style="list-style-type: none"> 1. Banks and insurers retrieving letters of credit electronically without lodging paper-based documents. 2. Electronic exchange of Sanitary and Phytosanitary Certificate.
Transit facilitation	<ol style="list-style-type: none"> 1. Cooperation between agencies of countries involved in transit. 2. Customs authorities limit the physical inspections of transit goods and use risk assessment. 	Supporting pre-arrival processing for transit facilitation.

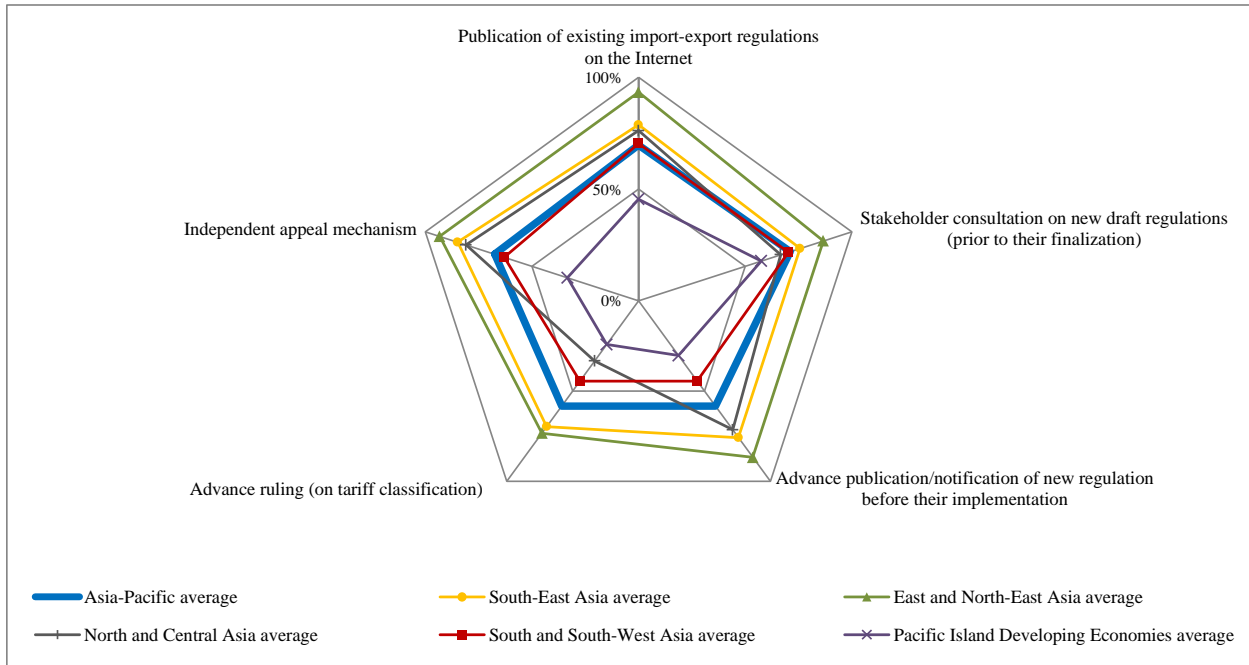
Source: ESCAP, UNRCs TF Survey 2015.

2.5. Implementation of trade facilitation measures: A closer look

2.5.1. “Transparency” measures

Five trade facilitation measures included in the survey can be categorized as “transparency” measures. They relate to Articles 1 to 5 of the WTO TFA and GATT Article X on Publication and Administration of Trade Regulations. Figure 2.5 confirms that the average level of implementation of all five “transparency” measures across the region are well in excess of 50%, indicating a significantly higher level of implementation compared with other types of measures. It also shows that implementation levels of these measures across subregions vary widely, with East Asia achieving almost full implementation. Implementation of advance rulings is found to be particularly lacking in both North and Central Asia and the Pacific Islands Developing Economies.

Figure 2.5. Implementation of “transparency” measures: Asia-Pacific average



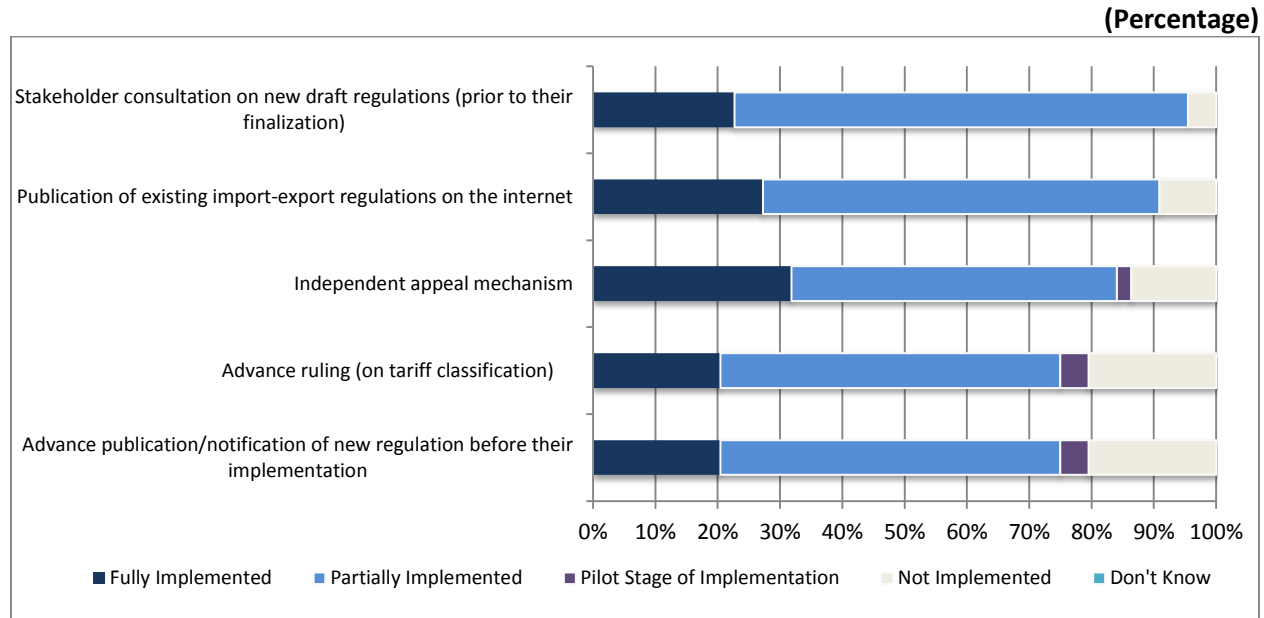
Source: ESCAP, UNRCs TF Survey 2015.

Figure 2.6 lists the number of countries that have fully and partially implemented “transparency” measures in descending order. Stakeholder consultation on new draft regulations (prior to their finalization) is the most implemented “transparency” measure in the region, as more than 95% of the 44 economies have either fully or partially implemented it.

The least implemented “transparency” measures are “advance ruling (on tariff classification)” and “advance publication/notification of new regulation before their implementation”. However, both have already been either fully or partially implemented by 75 % of the countries (33 countries) in the region. Two countries, Azerbaijan and Mongolia, are implementing these two measures on a pilot basis. Nine countries have not yet started implementing them.

The other two measures in this group, “publication of existing import-export regulations on the Internet” and “independent appeal mechanism”, have been implemented by most of the countries surveyed. Interestingly, although these two measures are not the most implemented ones in this group when partial implementation is taken into account, they have been “fully implemented” in more countries than any other measures in this group. This may be partly due to the fact that it is much easier to assess whether these two measures have been fully implemented than to determine whether sufficient and systematic consultations on trade regulations are taking place – in turn, suggesting the possible need to develop more detailed implementation criteria or guidelines regarding that measure.

Figure 2.6. State of implementation of “transparency” measures for trade facilitation in Asia-Pacific economies



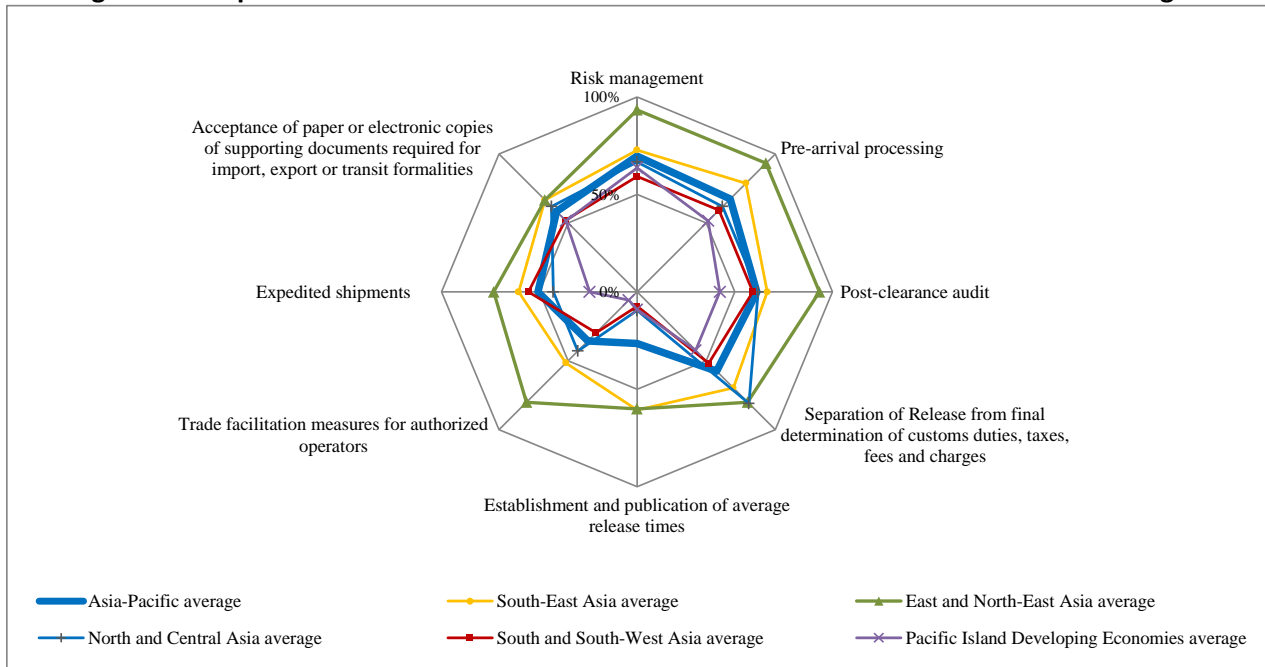
Source: ESCAP, UNRCs TF Survey 2015.

2.5.2. “Formalities” facilitation measures

Eight of the general trade facilitation measures included in the survey are categorized as “formalities” facilitation measures, which are aimed at streamlining and/or expediting regulatory trade procedures. They are related to Articles 6-10 of the WTO TFA and GATT Article VIII on “Fees and Formalities connected with Importation and Exportation”. The level of implementation at the regional level varies significantly across measures in this group (figure 2.7). Risk management, pre-arrival processing and, to a lesser extent, post-clearance audit are well on their way to being implemented. In contrast, the implementation of trade facilitation measures for authorized operators as well as establishment and publication of average release times has been generally limited, although countries in both East and North-East Asia and on South-East Asia subregions appear to have implemented both measures to a significant extent.

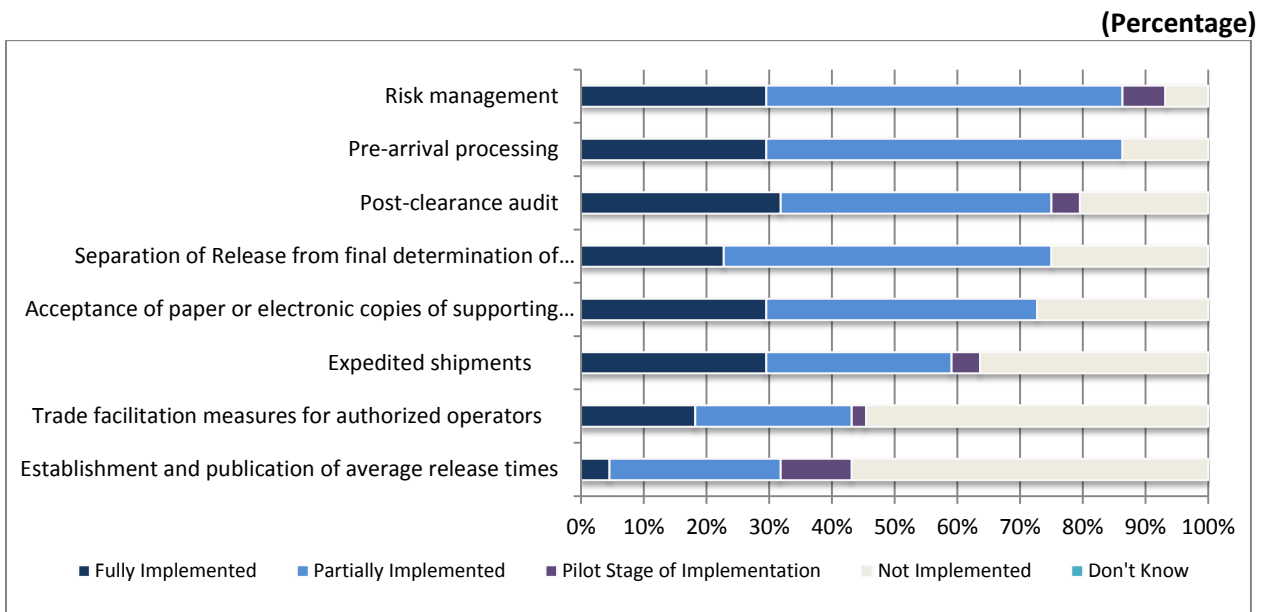
Figure 2.8 shows that risk management has been implemented by 41 countries, or 93% of the Asia-Pacific countries surveyed, although in some cases only on a pilot basis. Pre-arrival processing has been partially or fully implemented by 38 countries (more than 85% of the countries surveyed). Two other measures, post-clearance audit and separation of Release from final determination of customs duties, taxes, fees and charges have also been either fully or partially implemented by 75% of the countries surveyed. However, the latter is much less fully implemented than other popular measures in this group (i.e., by less than 25% of the countries), suggesting that relatively more support and guidance may be needed in order to complete implementation of this particular measure.

Figure 2.7. Implementation of trade “formalities” facilitation measures: Asia-Pacific average



Source: ESCAP, UNRCs TF Survey 2015.

Figure 2.8. State of implementation of trade “formalities” facilitation measures in Asia-Pacific economies



Source: ESCAP, UNRCs TF Survey 2015.

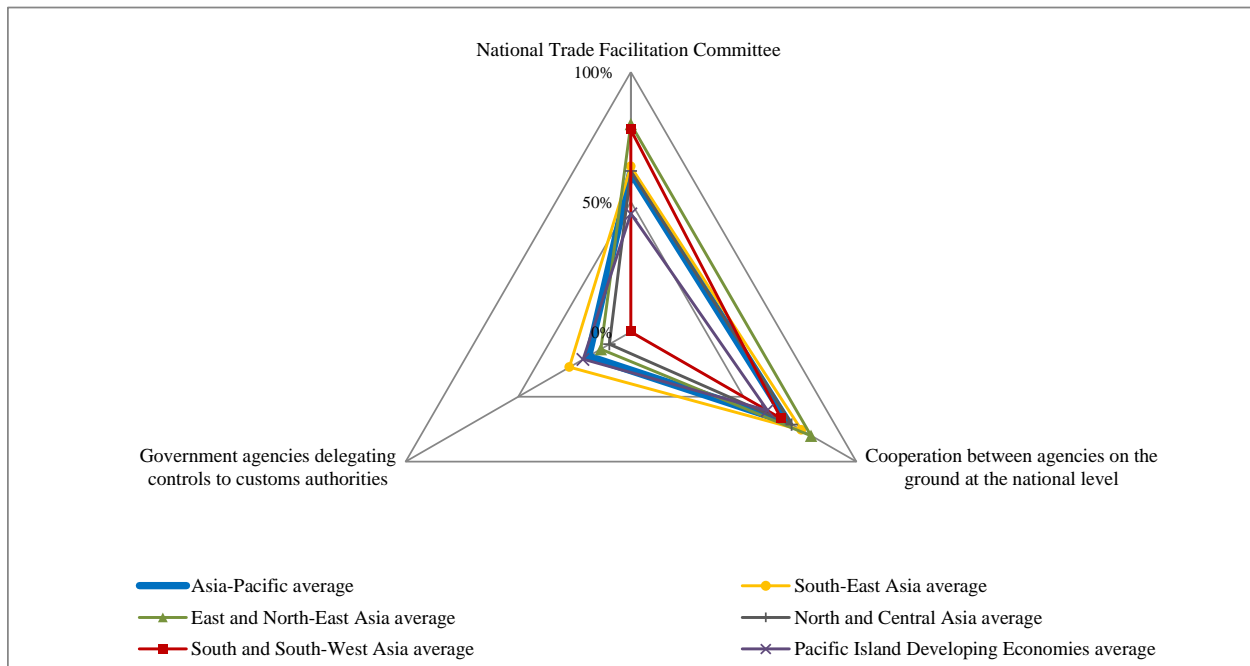
Acceptance of copies of supporting documents instead of originals as well as measures to facilitate expedited (express) shipping has been fully implemented in 30% of the countries, and is under implementation in the majority of other countries of the region. This is a welcoming finding, as both measures are particularly important facilitation measures for small and medium-sized enterprises less frequently involved in trade transactions or shipping low volumes of goods.

As mentioned above, two measures in this group particularly stand out as poorly implemented. Authorized economic operator programs have been initiated in fewer than 50% of the countries. Similarly, a majority of countries have not initiated establishment and publication of average release times, with only 14 countries considered to have partially or fully implemented this measure. However, the fact that a significant number of countries appear to have conducted time release studies on a pilot basis is encouraging.

2.5.3. “Institutional arrangement and cooperation” measures

Three trade facilitation measures featured in the survey are grouped under “Institutional and cooperation” measures. These are related to the long-standing recommendation that a national trade facilitation body and other measures are implemented to ensure coordination and cooperation among the various government agencies and other stakeholders involved in facilitating trade.¹⁵ All three measures are also specified in various Articles of the WTO TFA.

Figure 2.9. Implementation of “institutional arrangement and cooperation” measures: Asia-Pacific average

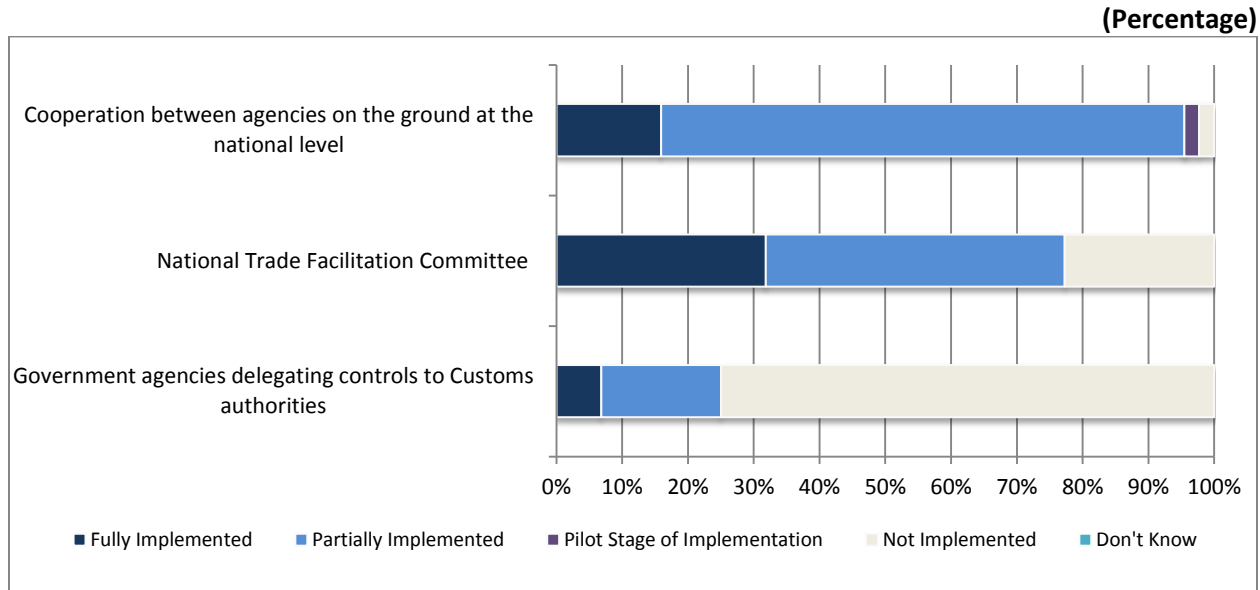


Source: ESCAP, UNRCs TF Survey 2015.

Figure 2.9 shows that two institutional arrangement and cooperation measures, National Trade Facilitation Committee and cooperation between agencies on the ground at the national level, have already been quite extensively implemented in the region and most subregions. In contrast, implementation levels of mechanisms enabling government agencies to delegate controls to customs authorities remain well under 50%. This is particularly the case in North and Central Asia as well as South and South-West Asia where the implementation level of this measure is near zero per cent.

¹⁵ See, for example, UN/CEFACT Recommendation No. 4 on establishment of national trade facilitation bodies, which was first issued in 1974.

Figure 2.10. State of implementation of “institutional arrangement and cooperation” measures for trade facilitation in Asia-Pacific economies



Source: ESCAP, UNRCs TF Survey 2015.

While cooperation between agencies is being implemented by almost all countries (97%), the results show that implementation has essentially been partial. In fact, only seven countries have fully implemented that measure, highlighting the fact that strengthening cooperation among agencies is an on-going process. Arguably, the ultimate form of inter-agency collaboration is the delegation of authority by one or more agencies to another, as suggested by the measure of government agencies delegating controls to customs authorities. Not surprisingly, this latter measure has only been implemented in very few countries, and more than 70% of the countries (33 of 44) have yet to take any action towards its implementation.

The most fully implemented measure of the three measures considered in this group is the establishment of a National Trade Facilitation Committee. Establishment of such a committee is mandatory for all countries intending to ratify the WTO TFA.¹⁶ Approximately 75% of the countries have already established such a body, although in many cases it remains unclear whether that body is fully operational or has the authority and membership necessary to support effective trade facilitation reforms.

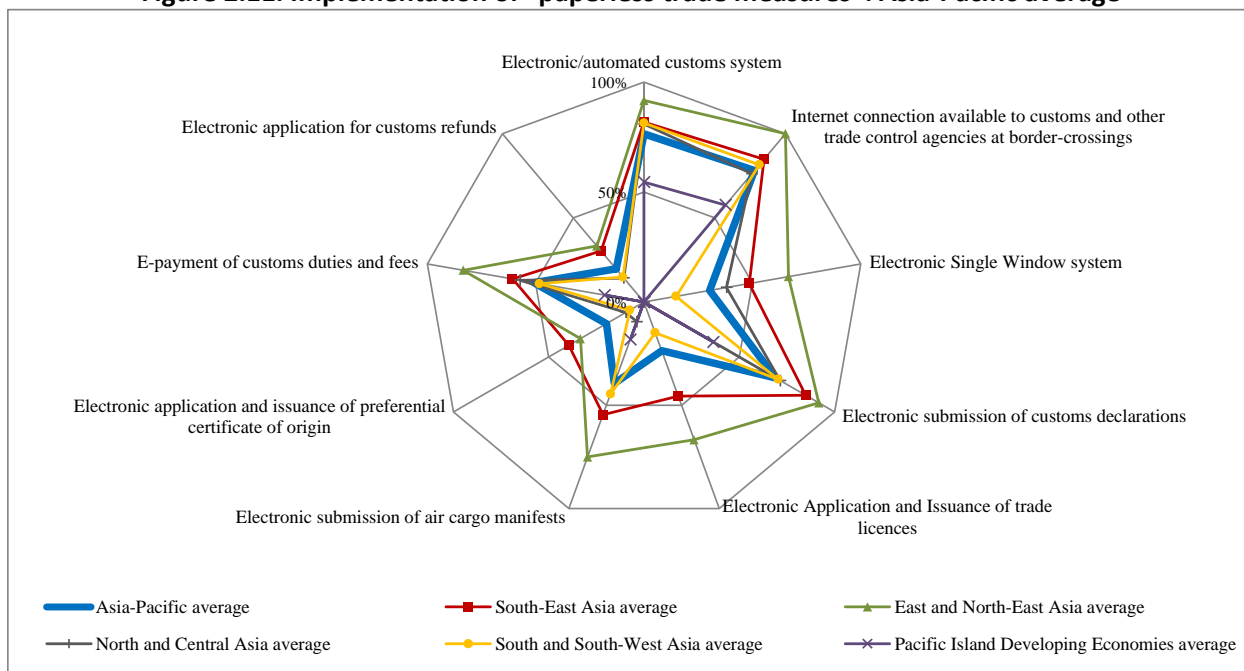
2.5.4. “Paperless trade” measures

Nine of the trade facilitation measures included in the survey are categorized as paperless trade measures. All these measures involve the use and application of modern information and communications technologies (ICT) to trade “formalities”, starting from the availability of Internet connections at border crossings and customs automation to full-fledge electronic Single Window facilities. Many of the measures featured here are closely related to those specified in the WTO TFA,

¹⁶ See Article 23.2 of the WTO TFA.

although the new WTO agreement typically only encourages economies to work towards implementation of such measures, rather than making them a requirement.¹⁷

Figure 2.11. Implementation of “paperless trade measures”: Asia-Pacific average



Source: ESCAP, UNRCs TF Survey 2015.

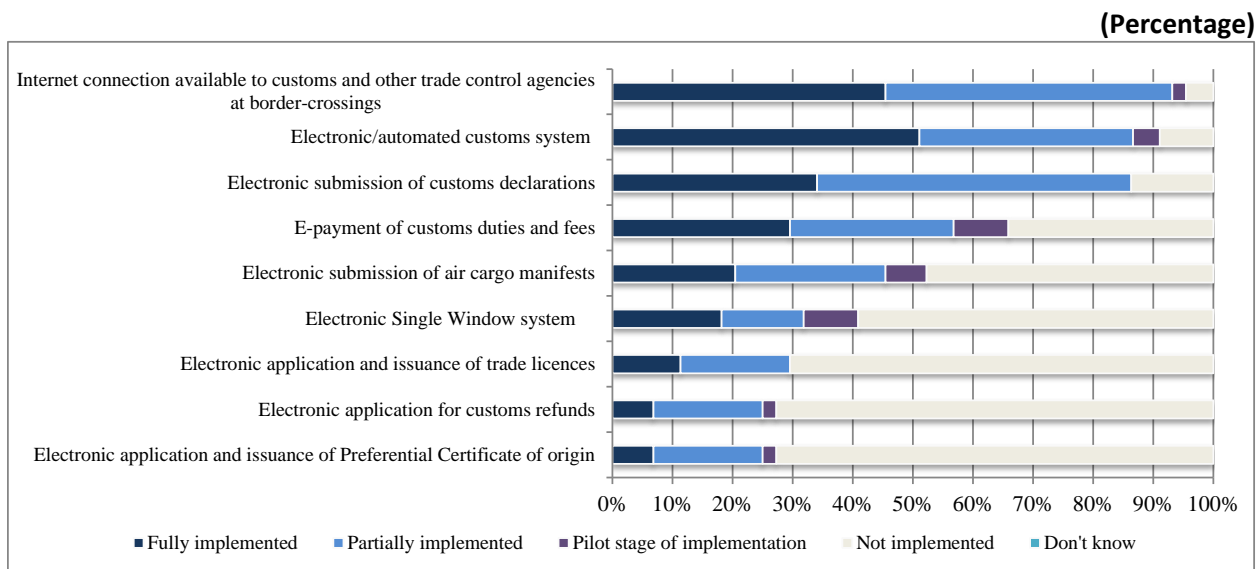
The regional and subregional average levels of implementation of the nine measures considered under paperless trade vary widely, as shown in figure 2.11. At the regional level, “Internet connection available to customs and other trade control agencies at border-crossings”, availability of “electronic/automated customs system”, together with “electronic submission of customs declarations”, are among the most implemented measures of all trade facilitation measures included in the survey. In contrast, regional implementation of almost all other measures, including “electronic application and issuance of Preferential Certificates of Origin as well as trade licences are well below the overall regional implementation average. The implementation levels of paperless trade measures in South-East Asia and East and North-East Asia exceed those in the other subregions, especially for “electronic Single Window system”, “electronic application and issuance of trade licences”, and “electronic submission of air cargo manifests” (particularly in the case of East and North-East Asia).

Recognizing the importance of having the basic ICT infrastructure and services in place to enable paperless trade, nearly all countries (96%) have fully, partially or on a pilot basis made Internet connection to trade control agencies at border crossings available (figure 2.12). Electronic/automated customs systems have been fully implemented in more than half of the countries of the region and are, in any case, available at the main customs station(s) of 39 of 44 countries included in the survey.

¹⁷ An example of this is the WTO TFA Article 10.3 on Single Windows, which states: “Members shall endeavour to establish or maintain a Single Window, enabling traders to submit documentation and/or data requirements for importation, exportation or transit of goods through a single entry point to the participating authorities or agencies... Members shall, to the extent possible and practicable, use information technology to support the Single Window.”

Similarly, electronic submission of customs declaration has been fully or partially implemented by 14 and 24 countries, respectively (86% of the countries surveyed). Electronic payment of customs duties is also at least partially available in the majority of the countries surveyed, with a significant number of countries currently pilot testing e-payment systems.

Figure 2.12. State of implementation of “paperless trade” measures in Asia-Pacific economies



Source: ESCAP, UNRCs TF Survey 2015.

Beyond the use of electronic data and documents for customs procedures, an electronic Single Window system (see box 2.1) has been implemented fully, partially or on a pilot basis by 17 countries (nearly 40% of all the Asia-Pacific countries surveyed). Clearly, benchmarked against the high implementation rate of customs automation, electronic Single Window system implementation remains at a relatively early stage, with the majority of the countries surveyed not yet having taken any significant steps towards its implementation.

Box 2.1. Electronic Single Window Implementation¹⁸

Examining the electronic Single Window systems measure in particular shows that it is “fully implemented” in around 20% of all the Asia-Pacific countries surveyed, “partially implemented” in 10% of the countries, and “at the pilot stage” in 9% of them. The survey also shows that implementation of electronic Single Window systems, together with upgrading of customs automation systems, were among the measures on which countries in Asia-Pacific focused the most on during the past year.

Twelve of the 17 countries, where a Single Window system is at least at the pilot stage, have Single Window-specific legislation in place. Similarly, 60% of these countries have already connected relevant trade facilitation stakeholders to the E-Single Window system. Table 2.3 gives information on the eight countries that have the most fully implemented systems as well as which of the seven

¹⁸ For a further discussion, see UNNEXT Brief No. 17 at <http://unnex.unescap.org/pub/Brief17.pdf>.

paperless trade procedures included in the survey that can be conducted through the Single Window in each of the countries. It shows that the Republic of Korea and Singapore use Single Windows for all seven paperless procedures, while the others use Single Windows for a more limited number of processes.

Table 2.3. E-Single Window System functionalities in eight Asia-Pacific countries

	Azerbaijan	Indonesia	Japan	Malaysia	New Zealand	Korea (Rep. of)	Singapore	Thailand
1. E-submission of customs declarations	√	√	√	√	√	√	√	√
2. E-Application and issuance of trade licences	√	√	√	√	√	√	√	√
3. E-submission of sea cargo manifests	-	√	√	√	x	√	√	√
4. E-submission of Air cargo manifests	x	√	√	√	√	√	√	√
5. E-application and issuance of Preferential Certificates of Origin	x	√	x	√	x	√	√	x
6. E-payment of customs duties and fees	√	√	√	√	x	√	√	√
7. E-Application for customs refunds	x	x	√	x	x	√	√	√

Legend: √ – “Yes”; x – “No”.

Source: ESCAP, UNRCs TF Survey 2015.

Very limited or no information is available on Single Window functionalities in countries that have partially implemented Single Windows, indicating the difficulty in actual access and use of the systems by the relevant stakeholders. In large countries such as China and India, Single Windows are often accessible and link agencies with each other; however, these systems may not be not fully integrated or interconnected at the national level (e.g., no “national” Single Window).¹⁹

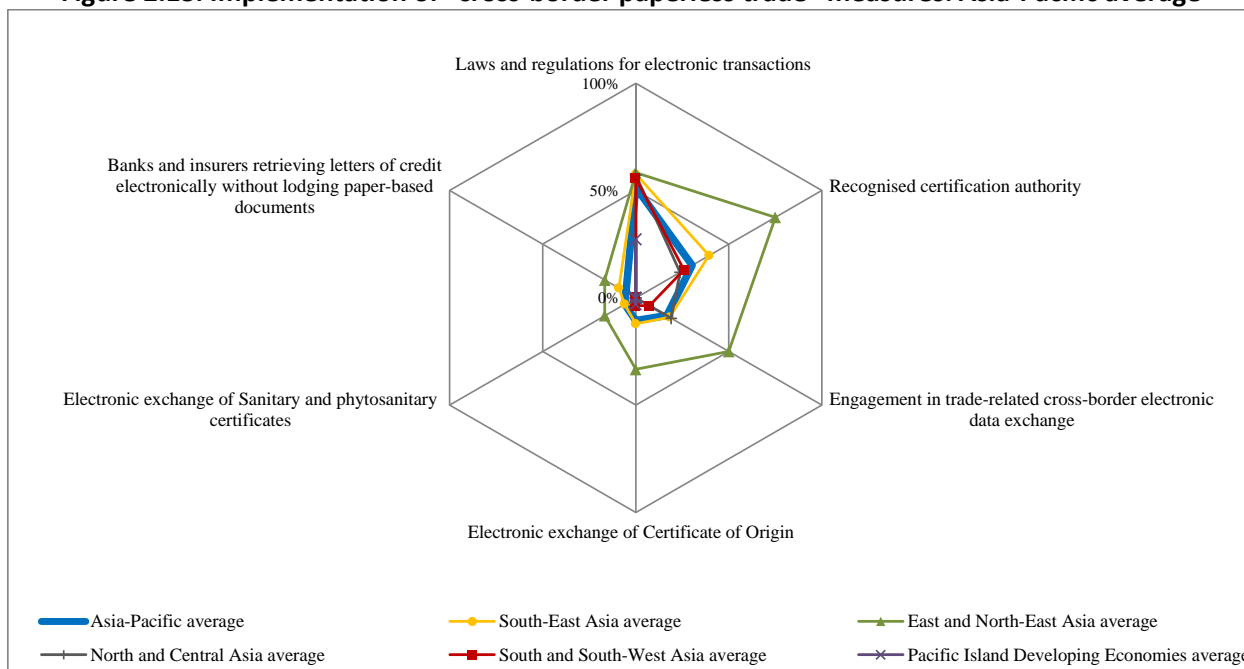
Interestingly, relatively simpler measures such as electronic application and issuance of trade licences and electronic application and issuance of Preferential Certificates of Origin are even less implemented than Single Windows. This may be explained in part by the fact that such agency-specific systems may become redundant as Single Window systems are implemented. However, this also highlights the fact that customs authorities in most countries are indeed much more advanced than other trade-related agencies in developing and using electronic and automated systems for trade facilitation and compliance.

¹⁹ The situation in China is such that it does not have a “national” E-Single Window system, but instead has many “local” Single Windows developed by its different provinces and cities (e.g., Shanghai and Xi An). Similarly, many of its busiest port and trading cities are located along the eastern coast, where the quality of trade facilitation infrastructure is much more advanced than in western regions. See also UNNEXT Brief No. 13 on China E-Port System at <http://unnex.unescap.org/pub/brief.asp>.

2.5.5. “Cross-border paperless trade” measures

Six of the trade facilitation measures included in the survey are categorized as cross-border paperless trade measures, as shown in figure 2.13. Two of the measures, laws and regulations for electronic transactions and recognized certification authority, are basic building blocks towards enabling the exchange and legal recognition of trade-related data and documents not only among stakeholders within a country, but ultimately between stakeholders along the entire international supply chain. The other four measures are related to the implementation of systems enabling the actual exchange of trade-related data and documents across borders, removing the need to send paper documents.

Figure 2.13. Implementation of “cross-border paperless trade” measures: Asia-Pacific average

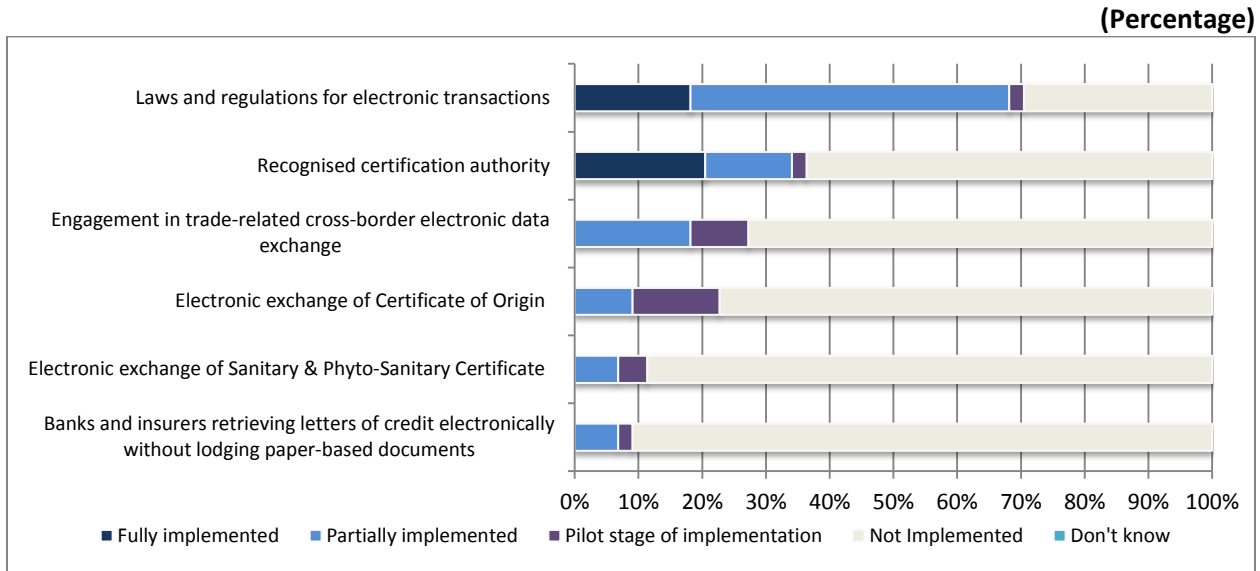


Source: ESCAP, UNRCs TF Survey 2015.

Figure 2.13 shows the average regional scores for cross-border paperless trade measures, together with the subregional ones. At the regional level, the implementation of these measures is very low with the exception of laws and regulation for electronic transactions, the implementation level of which is slightly more than 50%. The pattern is similar at the subregional level, apart from East and North-East Asia where the implementation levels far exceed those of other subregions for most of the cross-border paperless trade measures.

Figure 2.14 shows that while about 68% of the countries surveyed in the Asia-Pacific region have at least partially developed the legal and regulatory frameworks needed to support electronic transactions, that these frameworks remain 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 Certification Authorities (CAs) – needed to issue traders with recognized electronic signature certificates – which have yet to be established, even on a pilot basis, by a large majority of countries in the region.

Figure 2.14. State of implementation of “cross-border paperless trade” measures in Asia-Pacific economies



Source: ESCAP, UNRCs TF Survey 2015.

In part as a result of the lack of institutional and legal frameworks to support cross-border paperless trade, engagement in trade-related cross-border electronic data exchange has remained limited, typically conducted on a limited basis with a few specific trade partners, and often only on a pilot basis. Indeed, electronic exchange of Certificates of Origin and electronic exchange of sanitary and phytosanitary certificates have been implemented on a limited basis by less than 10% of the economies in the region. Similarly, in all but three Asia-Pacific countries included in the survey, it is not yet feasible for banks and insurers to retrieve letters of credit electronically without lodging paper-based documents.

Closer analysis of existing multi-agency paperless systems suggests that, overall, implementation often remains rather rudimentary, inward looking, and not developed for interoperability and connectivity beyond national borders. This is unfortunate, as paperless trade reforms hold much potential for Asia-Pacific countries (see box 2.2). Interoperability and solutions early on can help developing countries in almost all stages of development to most efficiently implement customs and other trade facilitation measures.

Box 2.2. Securing the benefits from cross-border paperless trade in Asia-Pacific²⁰

Recent analyses suggest that implementation of cross-border paperless trade measures included in the survey can potentially increase regional exports annually by US\$ 36 billion up to US\$ 257 billion. In tandem, the time required to export would fall between 24% and 44%, and the direct costs between 17% and 31%, depending on the reform scenario considered. Furthermore, the total direct cost savings across all trade in the Asia-Pacific region would be approximately US\$ 1 billion annually for partial reform, and US\$ 7 billion annually for full implementation.²¹

Given the large potential benefits associated with the implementation of these “next generation” trade facilitation measures, it is in the interest of countries 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. Some work has already been done bilaterally as well as in several Asian subregions (e.g., the ASEAN Single Window). This work can be developed further at the regional level through the adoption and implementation of the intergovernmental agreement for the facilitation of cross-border paperless trade that is currently under negotiation at ESCAP.

The agreement would provide an overarching regional-level framework to facilitate the interoperability of existing and emerging bilateral and subregional cross-border paperless trade initiatives, aimed at supporting intraregional trade as mandated by ESCAP Resolution 68/3 (2012). As noted in a follow-up ESCAP Resolution (70/6), establishing a formal mechanism for its negotiation, the regional arrangement, with its wholly ICT-based trade facilitation provisions, is complementary to the WTO Agreement on Trade Facilitation. In its current drafted form, the ESCAP agreement would provide parties with:

- (a) A common set of general principles, based on which paperless trade systems could be implemented;
- (b) A dedicated intergovernmental platform to exchange best practices, request/offer capacity-building and technical assistance;
- (c) The opportunity to multilaterally develop, adopt and implement more specific and detailed technical and/or legal protocols needed to achieve safe and secure cross-border paperless trade (e.g., the exchange and legal recognition of e-Certificates of Origin or other relevant documents).

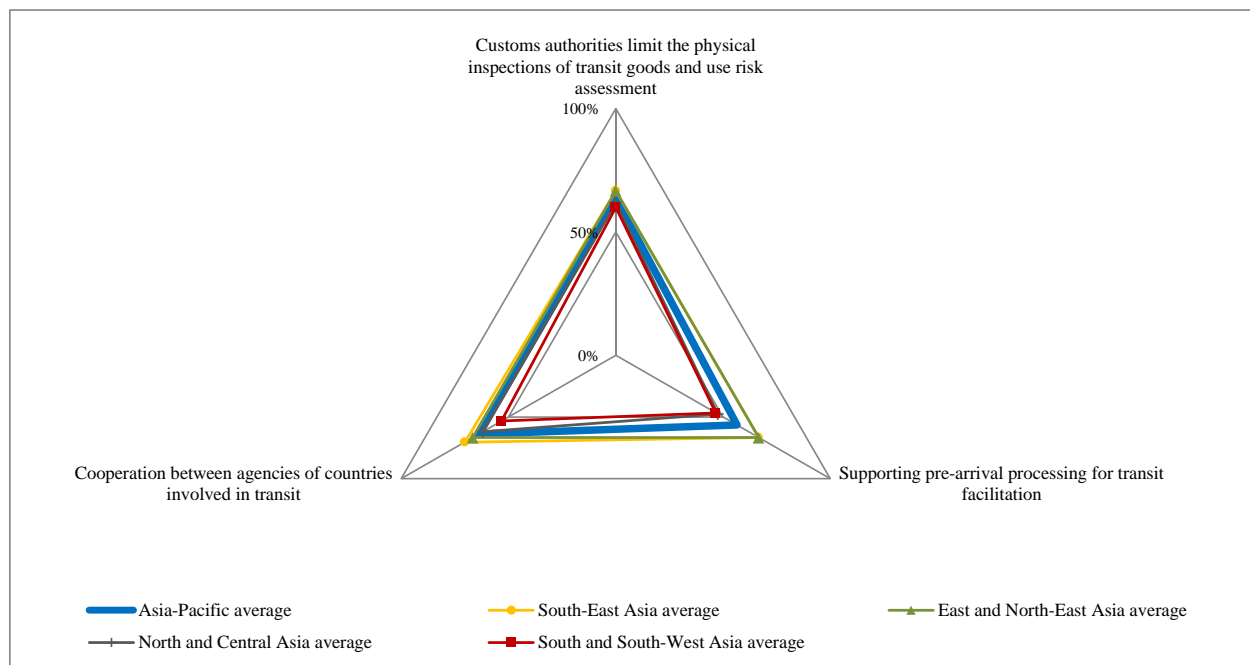
²⁰ For a further discussion see UNNExT Brief No. 17 at <http://unnex.t.unescap.org/pub/Brief17.pdf>

²¹ Shepherd and Duval (2014). Estimating the Benefits of Cross-Border Paperless Trade. See complete report at: <http://www.unescap.org/resources/estimating-benefits-cross-border-paperless-trade>

2.5.5. “Transit facilitation” measures

Three trade facilitation measures included in the survey are related specifically to transit facilitation and WTO TFA Article 11 on Freedom of Transit.²² The objective of these measures is to reduce as far as possible all the formalities associated with traffic in transit, allowing goods exported from one country to another country to be seamlessly transported through one or more transit countries. These measures are particularly important to landlocked developing countries, whose goods typically need to go through a neighboring country’s territory before reaching a seaport for onward transportation to their final destination.

Figure 2.15. Implementation of “transit facilitation” measures: Asia-Pacific average



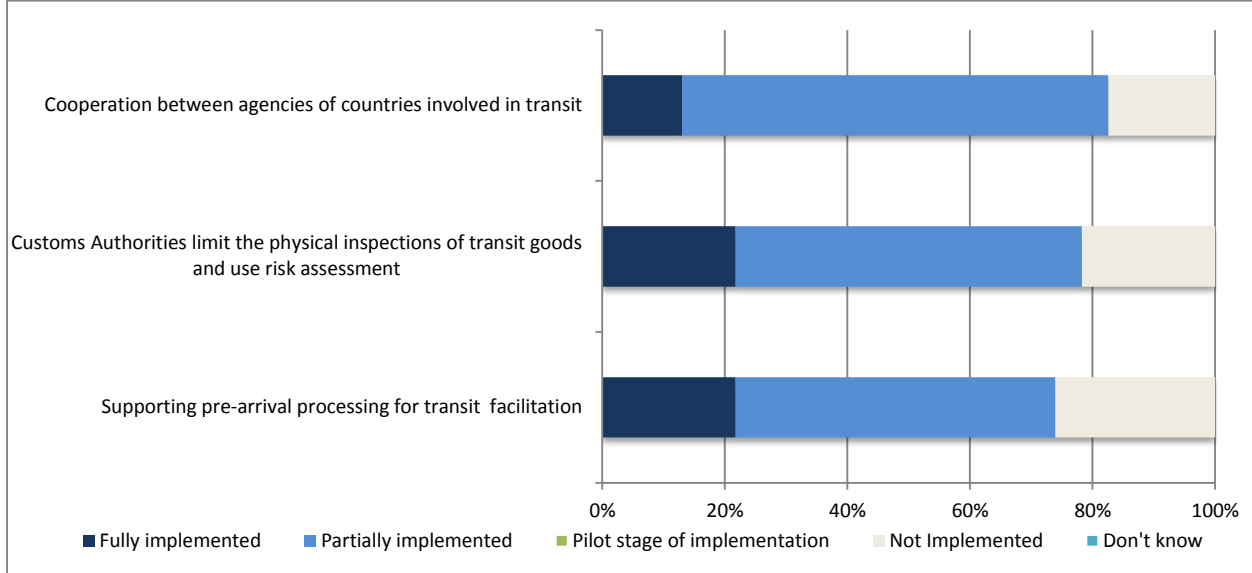
Source: ESCAP, UNRCs TF Survey 2015.

As shown in figure 2.15, the average implementation level across all measures of “transit” measures in the region slightly exceeds 50%. The same holds true in all subregions except North and Central Asia, where the implementation level is just under 50%. In South-East Asia, and East and North-East Asia, these levels are higher and fluctuate around 70%.

Unfortunately, as shown in figure 2.16, much remains to be done to achieve full regional implementation, despite the fact that most of the countries involved in transit have already concluded specific transit agreements at the bilateral or regional level.

²² These measures are not directly applicable to all countries in the region, as some countries are unlikely to see any traffic in transit in their territory. This is particularly the case with “island” countries but also with other countries facing specific geographical constraints. Therefore, only 23 of 44 countries are included in the analysis of transit measures, as follows: Afghanistan, Armenia, Azerbaijan, Bangladesh, Brunei Darussalam, Cambodia, China, India, Indonesia, Kazakhstan, Kyrgyzstan, Lao PDR, Malaysia, Mongolia, Myanmar, Pakistan, Russian Federation, Singapore, Tajikistan, Thailand, Turkey, Uzbekistan and Viet Nam.

Figure 2.16. State of implementation of “transit facilitation” measures in Asia-Pacific economies (Percentage)



Source: ESCAP, UNRCs TF Survey 2015.

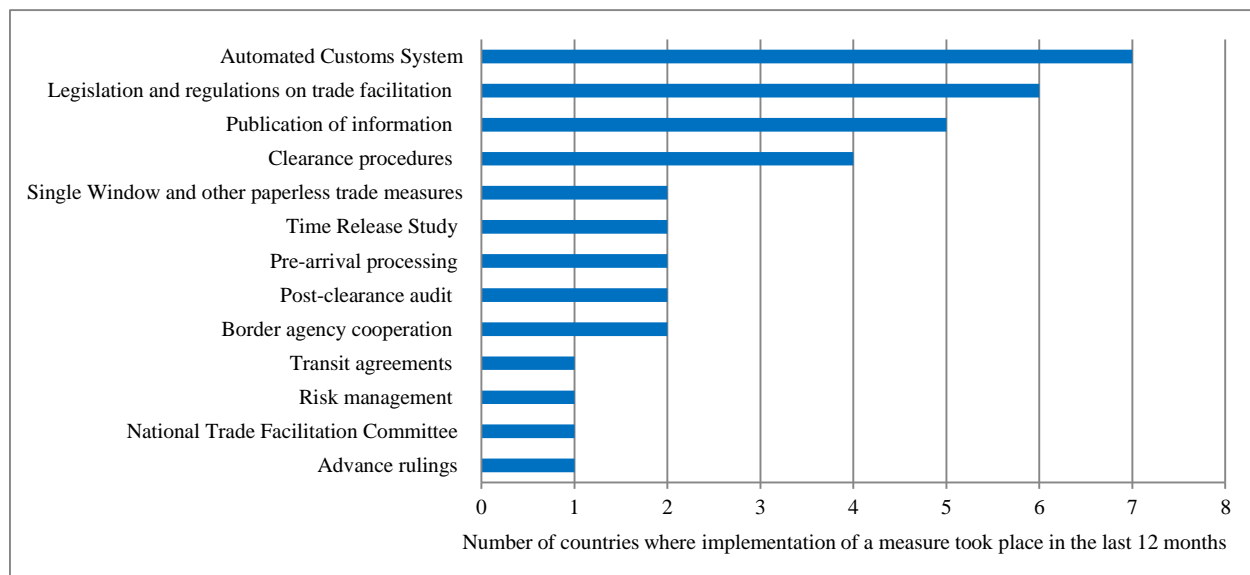
The relatively low average implementation scores for transit facilitation can be explained by the patterns in figure 2.16. Indeed, while the three transit facilitation measures have been implemented by more than 70% of the countries involved, implementation has mainly been partial. Indeed, cooperation between agencies of countries involved in transit is considered fully implemented in only 15% of the countries involved. Similarly, limited physical inspection of goods in transit as well as pre-arrival processing of documents for goods in transit are fully in place in less than 25% of the countries.

2.6. Notable achievements and common challenges in implementation

As part of the data collection process, experts were asked to identify the trade facilitation measures on which the most progress had been made by their countries during the past 12 months. Responses received from experts from 27 countries in Asia-Pacific are summarized in figure 2.17.

While remaining anecdotal in nature, the data suggest that during the past year many countries across the Asia-Pacific region had put the most emphasis on improving their automated customs systems and related risk management systems. Many also worked on implementing Single Window and other paperless trade measures, as well as on adopting new legislation and regulations for trade facilitation (e.g., adoption of new or amended customs laws). Finally, implementation of post-clearance audit, a measure very much complementary to risk management, and the establishment of National Trade Facilitation Committees, a measure required in the WTO TFA finalized in December 2013, also received particular attention during the past 12 months across the region.

Figure 2.17. Trade facilitation measures on which greatest progress has been made in Asia-Pacific economies since 2013/14

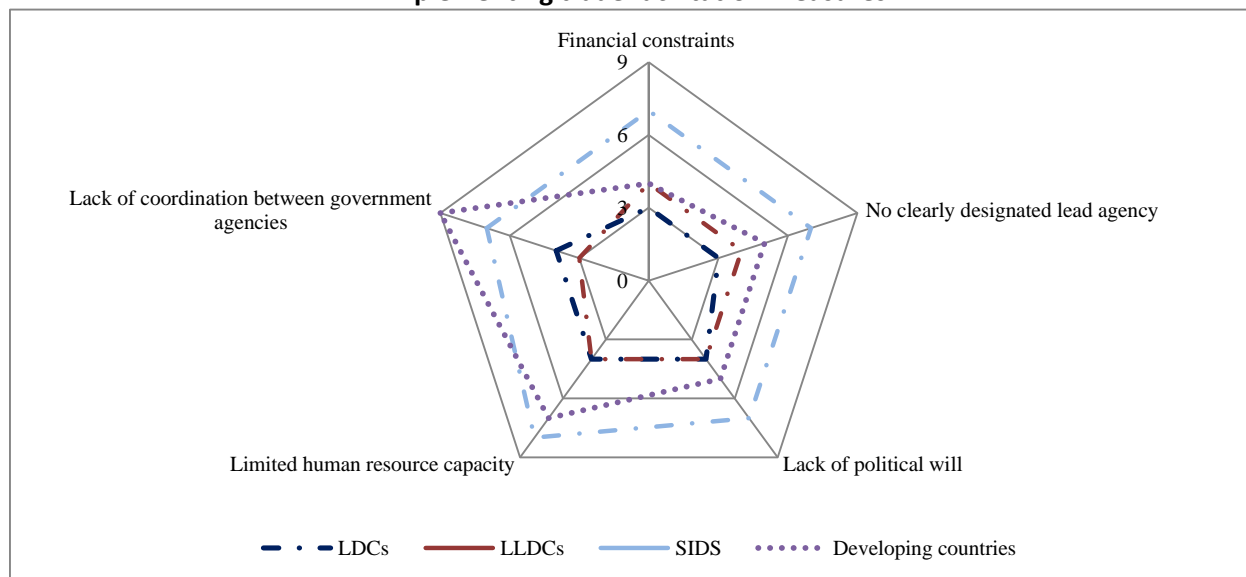


Source: ESCAP, UNRCs TF Survey 2015.

Experts involved in the survey were also asked to identify three key challenges faced by their countries in the implementation of trade facilitation measures. Responses were received from 30 countries. Lack of coordination between government agencies and limited human resource capacity were highlighted as the most serious challenges faced in the implementation of trade facilitation measures in 21 of 30 countries. Lack of political will, no clearly designated lead agency, and financial constraints were also mentioned in at least 16 countries.

Interestingly, the importance of the 5 most common challenges associated with trade facilitation varies significantly across country groups. Figure 2.18 shows that while all five challenges appear to be equally important in LDCs, limited human resource capacity appears to be relatively more important than other challenges in SIDS. In LLDCs, lack of coordination between government agencies appears to be relatively less important than other challenges, such as financial constraints or lack of political will to facilitate trade. In contrast, in other developing countries, the lack of coordination between government agencies appears to be the main challenge in making further progress on implementation of trade facilitation.

Figure 2.18. Challenges faced by Asia-Pacific LDCs, LLDCs, SIDS and other developing countries in implementing trade facilitation measures



Source: ESCAP, UNRCs TF Survey 2015.

Note: Data shown refer to the number of countries in each group where a particular challenge was identified.

2.7. Survey results in the context of the WTO Trade Facilitation Agreement

In December 2013, negotiations on the World Trade Organization Trade Facilitation Agreement (WTO TFA) concluded in Bali, Indonesia, with the agreement containing provisions for expediting the movement, release and clearance of goods, including goods in transit. It provides clearer guidance on the implementation of three specific articles of the 1994 General Agreement on Trade and Tariffs (GATT), detailed procedures for customs cooperation, and special differential treatment for developing economies that explicitly link implementation with capacity-building and technical assistance (WTO 2015). The WTO Trade Facilitation Agreement will enter into force once two-thirds of the WTO members have completed their domestic ratification process.²³ A full implementation of the WTO TFA corresponds to a country having an implementation level of 54.8% of all trade facilitation measures in this survey.²⁴ Figure 2.19 shows the 17 measures in the survey, which are directly related to the WTO TFA. A total of 14 of the 17 measures (more than 80%) have been at least partially implemented in more than half of all 44 Asia-Pacific countries surveyed, indicating that WTO TFA implementation in the region is already significantly underway. With the exception of establishment and publication of average release times, all measures have been fully implemented in approximately 15 (30%) countries.

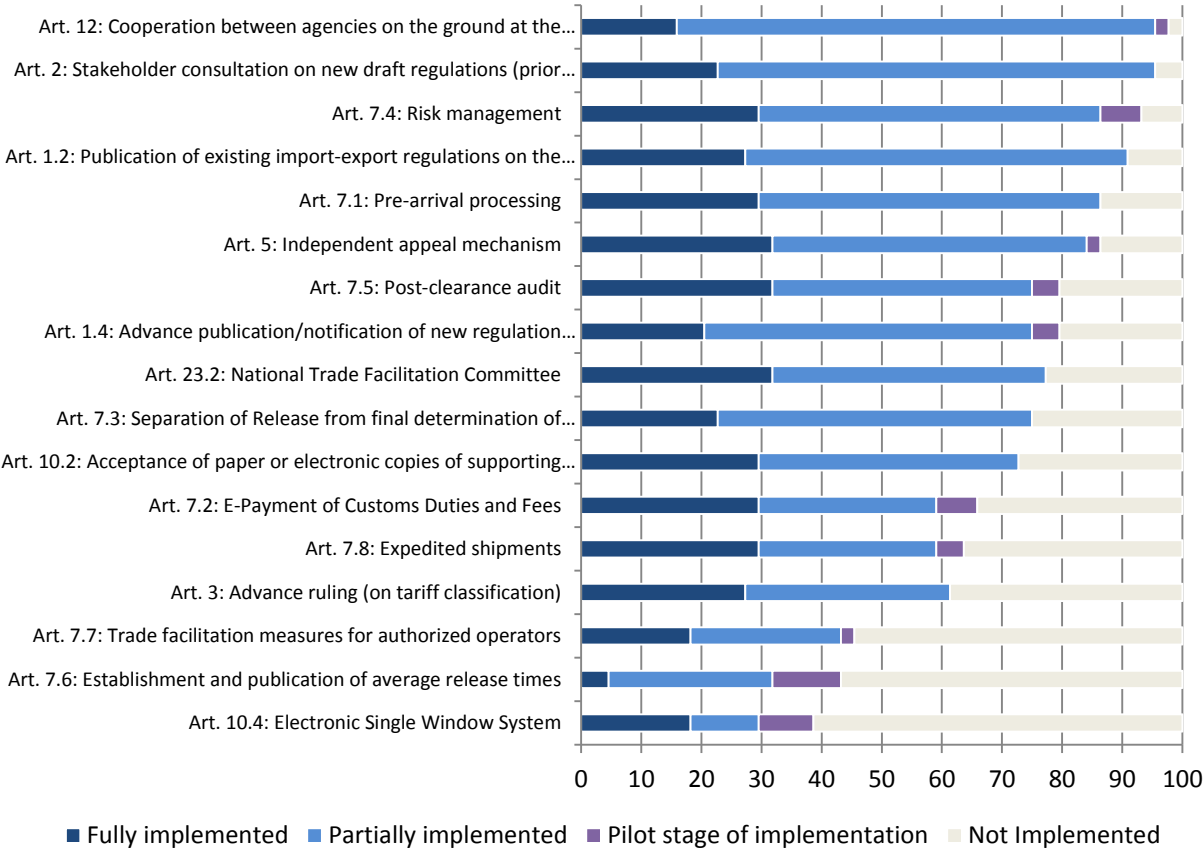
The four measures most implemented in relation to the WTO TFA (fully, partially or on a pilot basis) in Asia-Pacific countries are (a) cooperation between agencies, (b) stakeholder consultation on

²³ Following a comprehensive legal review of the text in 2014, WTO member States are now in the process of ratifying the agreement (ICCWBO, 2015). The agreement will enter into force once 107 member States have ratified it. As of 16 November 2015, it had been ratified by 52 countries.

²⁴ For reference, 17 of the 31 measures discussed in this report are directly related to WTO TFA commitments (both binding and non-binding). This implies that the minimum implementation rate that an economy would need to achieve in order to be fully compliant with WTO TFA stands at about 55% ($17/31 = 54.8\%$).

new draft regulations, (c) risk management, and (d) publication of existing import-export regulations, with implementation ongoing in 90% of the countries in the region. These four measures, however, appear to be at different stages of implementation.

Figure 2.19. Implementation of WTO TFA-related measures in Asia-Pacific, 2015
(Percentage of countries)



Source: ESCAP, UNRCs TF Survey 2015.

The three least- implemented WTO TFA measures are trade facilitation measures for authorized operators, establishment and publication of average release times and electronic Single Window systems, all of which have been initiated in less than 50% of the economies. E-payment of customs duties and expedited shipments has also been partially or fully implemented in only 60% of the Asia-Pacific economies. The implementation levels in figure 2.19 indicate that some of the more advanced measures are either in the early stages of implementation or have yet to be implemented.

The data collected from experts in 30 economies across the region also reveal that the establishment of National Trade Facilitation Committees, as required by the WTO TFA, is recently receiving particular attention across the Asia-Pacific region. Even though cooperation among agencies is one of the measures most implemented in Asia and the Pacific, it is among the least “fully implemented” measures. This indicates that many countries still have some way to go in relation to establishing a lead agency and a functioning inter-agency cooperation.

2.8. Conclusion and Way Forward

This chapter presented data on trade facilitation and paperless trade implementation collected as part of a UNRC global survey²⁵ from 44 economies across the Asia-Pacific region, covering five different subregions. The survey did not only cover implementation of general trade facilitation measures, including most of those featured in the WTO TFA, but also more advanced ICT-based trade facilitation measures aimed at making data and documents needed to support trade transactions flow seamlessly among stakeholders within a country as well as across countries.

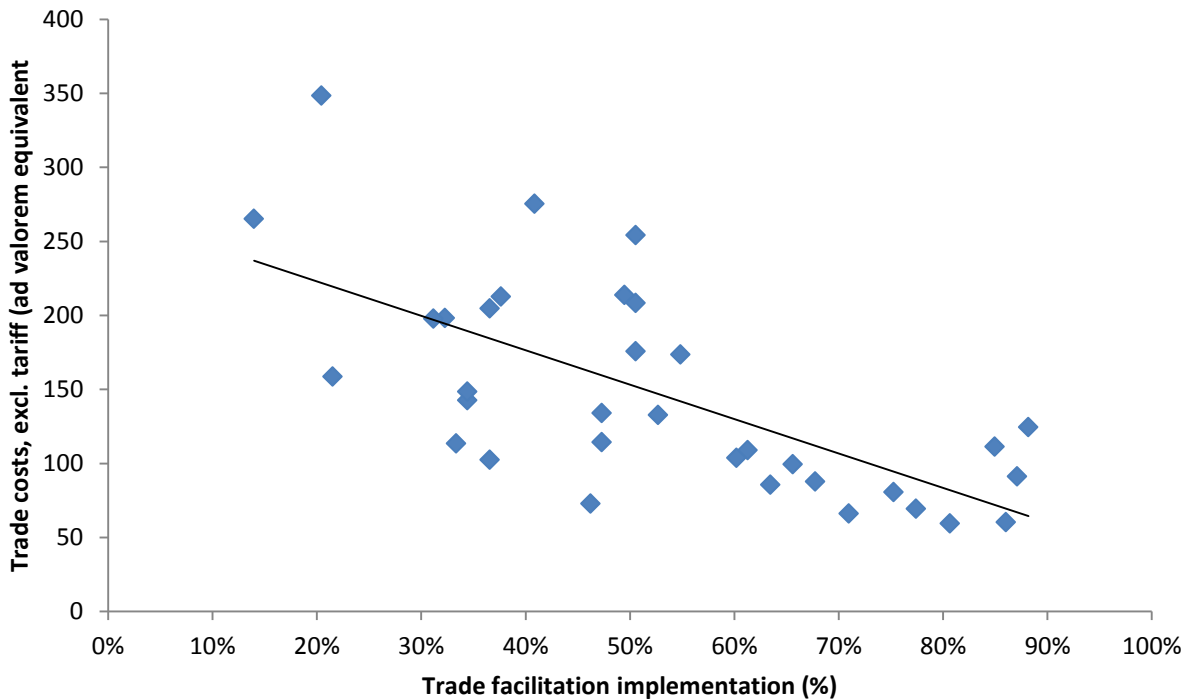
Based on an ambitious package of more than 30 trade facilitation measures included in the survey, average regional trade facilitation implementation is found to be close to 50%, suggesting that the region has not only been actively implementing trade facilitation initiatives but also that there is significant room for progress in many of the Asia-Pacific economies. The actual level of implementation across Asia and the Pacific differs widely from country to country. Economies such as Australia and the Republic of Korea all have implementation levels above 85%, whereas certain Pacific island developing economies have implementation levels closer to 15%.

The assessment confirmed that a large majority of countries in the region has been actively engaged in implementing measures to improve transparency, enhance inter-agency coordination and cooperation, and streamline fees and formalities associated with trade. While customs authorities in essentially all the countries have been actively developing paperless systems to speed up customs clearance while also improving control, nearly 40% of the economies are now also engaged in implementation of more advanced national multi-agency paperless systems, such as national electronic single windows. Figure 2.20 shows the strong negative relationship between Asia-Pacific countries' international trade costs and their level of trade facilitation implementation as revealed by the survey, providing a strong rationale for further implementation.

Remarkably, the only trade facilitation performance “monitoring” measure included in the survey (establishment and publication of average release times) is still one of the least implemented measures across the region. This is worth highlighting, as what ultimately matters is not how many measures a country implements, but how effective they are in reducing the time and cost of trade transactions. Indeed, it is important to realize that trade facilitation and paperless trade measures are very much inter-related and that the effect of a particular measure on trade transaction costs depends on whether, and how well, other measures have been implemented.

²⁵ <http://unnex.unescap.org/UNTFSurvey2015.asp>

Figure 2.20. Trade facilitation implementation and trade costs of Asia-Pacific economies (Percentage)



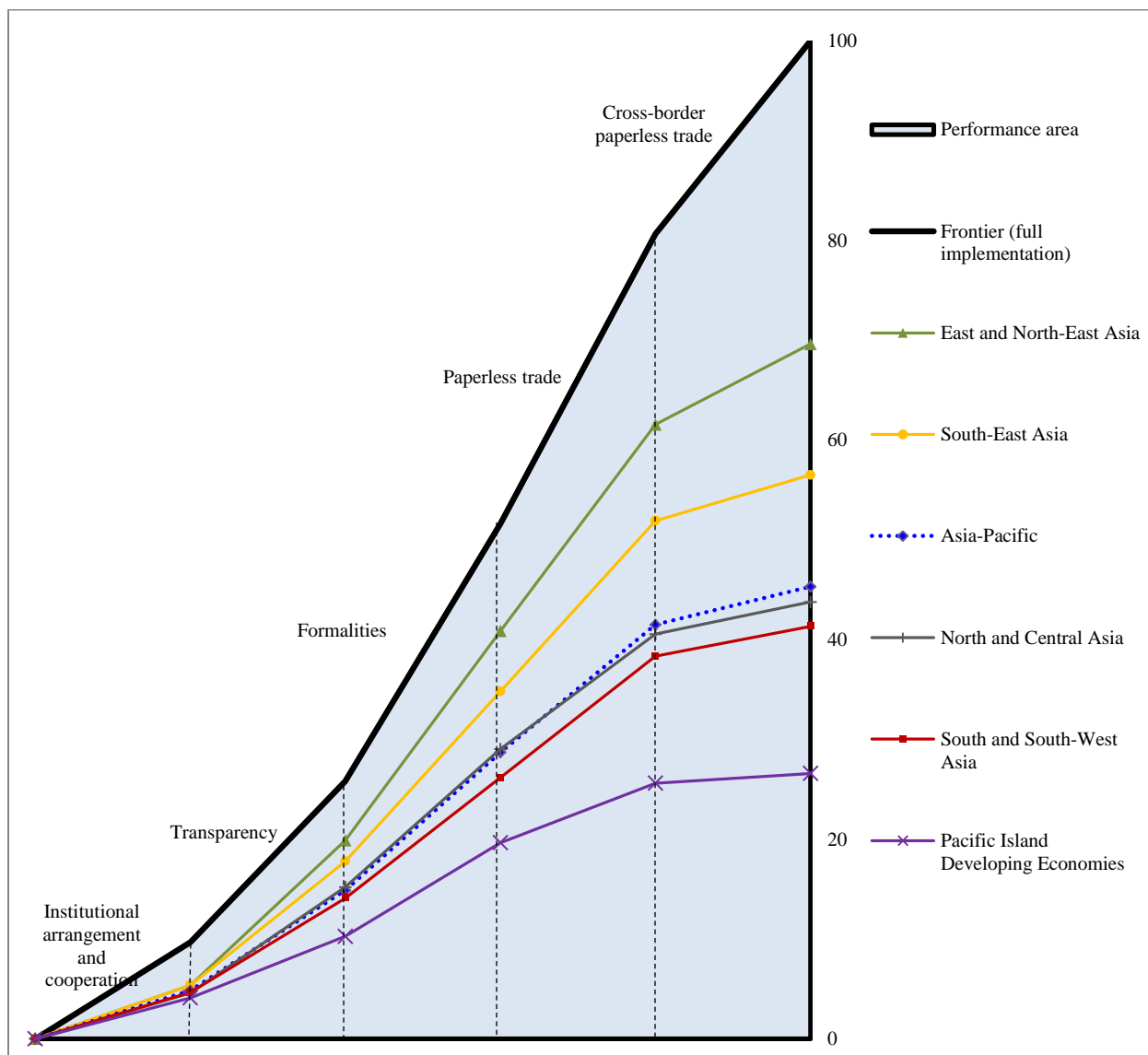
Sources: ESCAP-World Bank International Trade Cost Database and ESCAP, UNRCs TF Survey 2015

Note: Country trade costs are based on average comprehensive bilateral trade costs with Germany, China and the United States (2008-2013) and expressed as ad valorem equivalents (%).

In that context, figure 2.21 shows the implementation of trade facilitation as a step-by step process, based on the groups of measures included in this survey. Trade facilitation begins with establishing an institutional arrangement needed to prioritize and coordinate implementation of trade facilitation measures. The next step is to make the trade processes more transparent by sharing information on existing laws, regulations, and procedures as widely as possible, and by consulting with stakeholders when developing new ones. Designing and implementing simpler and more efficient trade formalities is the next step. The re-engineered and streamlined processes may first be implemented based on paper documents, but can then be further improved through ICT and the development of paperless trade systems. The ultimate step is to enable electronic trade data and documents exchange by traders, Governments and service providers within national (Single Window and other) systems to be used and re-used to provide stakeholders in partner countries with the information they need to speed up the movement of goods and reduce the overall costs of trade.²⁶

²⁶ This step-by-step process is inspired by, and generally consistent with the UN/CEFACT step-by-step approach to trade facilitation towards a Single Window environment.

Figure 2.21. Moving up the trade facilitation ladder towards seamless international supply chains



Source: ESCAP, UNRC TF Survey 2015.

Note: the figure shows cumulative trade facilitation implementation scores of Asia-Pacific subregions for the five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100.

As shown figure 2.21, while the regional and subregional cumulative trade facilitation implementation levels in East and South-East Asia are well above the Asia-Pacific average, all subregions clearly have significant room to make progress in all areas of trade facilitation, starting with institutional arrangements and further enhancing inter-agency cooperation. At the same time, implementation of cross-border (bilateral, subregional or regional) paperless trade systems remains mostly at the pilot stage. This is certainly not surprising given that, on the one hand, many less advanced countries in the region are at an early stage of development of national paperless systems while, on the other hand, more advanced countries have paperless systems in place that are not fully inter-operable with each other.

Given the large potential benefits associated with the implementation of these “next generation” trade facilitation measures,²⁷ it is in the interest of all countries across the region to work together in developing the legal and technical protocols needed for a seamless exchange of regulatory and commercial data and documents along the international supply chain. Some work has already been done bilaterally as well as in several Asian subregions (e.g., in ASEAN as part of the implementation of the ASEAN Single Window). This work can be further developed at the regional level through the adoption and implementation of the intergovernmental agreement for the facilitation of cross-border paperless trade currently under negotiation at ESCAP.²⁸

²⁷ See ESCAP, 2014. Available at www.unescap.org/resources/estimating-benefits-cross-border-paperless-trade.

²⁸ Full implementation of cross-border paperless trade is expected to generate US\$ 257 billion of additional export potential annually for the Asia-Pacific region alone. See www.unescap.org/resources/estimating-benefits-cross-border-paperless-trade.

Annex 2.1. Definition of the different stages of implementation

Definition of stage of implementation	Coding/ Scoring
<p>Full implementation: The implemented trade facilitation measure is: (a) in full compliance with commonly accepted international standards, recommendations and Conventions (such as the Revised Kyoto Convention, UN/CEFACT Recommendations or the WTO Trade Facilitation Agreement); (b) implemented in law and in practice; (c) available to essentially all relevant stakeholders nationwide, supported by an adequate legal and institutional framework as well as adequate infrastructure and financial and human resources.</p>	3
<p>Partial implementation: A measure is considered to be partially implemented if at least one of the following is true: (a) the trade facilitation measure is not in full compliance with commonly accepted international standards, recommendations and conventions; (b) the country is still in the process of rolling out the implementation of measure; (c) the measure is practiced on an unsustainable, short-term or ad hoc basis; (d) the measure is not implemented in all targeted locations (such as key border crossing stations); or (e) not all targeted stakeholders are fully involved.</p>	2
<p>Pilot stage of implementation: A measure is considered to be at the pilot stage of implementation if, in addition to meeting the general attributes of partial implementation, it is available only to (or at) a very small portion of the intended stakeholder group (location) and/or is being implemented on a trial basis. When a new trade facilitation measure is under pilot stage of implementation, the old measure is often continuously used in parallel to ensure the service is provided in case of disruption of new measure. This stage of implementation also includes relevant rehearsals and preparation for the fully-fledged implementation.</p>	1
<p>Not implemented: This means a trade facilitation measure has not been implemented. However, this stage does not rule out initiatives or efforts towards implementation of the measure. For example, under this stage, (pre-)feasibility or planning of implementation can be carried out, and consultation with stakeholders on the implementation may be arranged.</p>	0

Annex 2.2. Grouping of the countries surveyed²⁹

The survey covers 44 Asia-Pacific countries, which can be divided into the following six subregions:

- East and North East-Asia (ENEA): China, Japan, Mongolia and the Republic of Korea;
- North and Central Asia (NCA): Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan and Uzbekistan;
- Pacific Island Developing Economies (PIDEs): Fiji, Kiribati, Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu;
- South and South-West Asia (SSWA): Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka and Turkey;
- Pacific developed countries(AU&NZ): Australia and New Zealand;
- South-East Asia (SEA): Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste and Viet Nam.

Analysis is also extended to the following group of countries with special needs:³⁰

- Least developed countries (LDCs): Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, the Lao People's Democratic Republic, Myanmar, Nepal, Solomon Islands, Timor-Leste, Tuvalu and Vanuatu;
- Landlocked developing countries (LLDCs): Afghanistan, Armenia, Azerbaijan, Bhutan, Kazakhstan, Kyrgyzstan, Lao PDR, Mongolia, Nepal, Tajikistan and Uzbekistan;
- Small Island Developing States (SIDS): Fiji, Kiribati, Maldives, Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu and Vanuatu.³¹

²⁹ This grouping is largely in line with the Economic and Social Survey of Asia and the Pacific 2015.

³⁰ More details are available at http://unohrlls.org/UserFiles/1_countries_with_special_needs.pdf.

³¹ It is important to note that Afghanistan, Bhutan and the Lao PDR are LDCs as well as LLDCs, while Kiribati, Solomon Islands, Timor-Leste, Tuvalu and Vanuatu are LDCs as well as SIDS.