

Developing Regional Cross-border E-commerce through Paperless Trade

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Yann Duval

Chief, Trade Facilitation Unit

Trade, Investment and Innovation Division

United Nations Economic and Social Commission for Asia and the Pacific

Cross-border e-commerce & paperless trade

- E-marketplaces brings buyers and sellers together, making contract/commercial procedures easier
- But goods still need to be transported to buyers,
goods still need to be paid for,
and regulations still need to be complied with
- ... all of which typically involve a lot of paperwork acting as a barrier to cross-border e-commerce dvpt



Presentation Overview

- Paperless Trade?
 - Benefits
 - From Paperless trade to cross-border paperless trade
- Paperless trade implementation in Asia-Pacific
- Paperless trade in Regional Trade Agreements
- Introduction to: *Framework Agreement on the Facilitation of Cross-Border Paperless Trade in Asia and the Pacific*

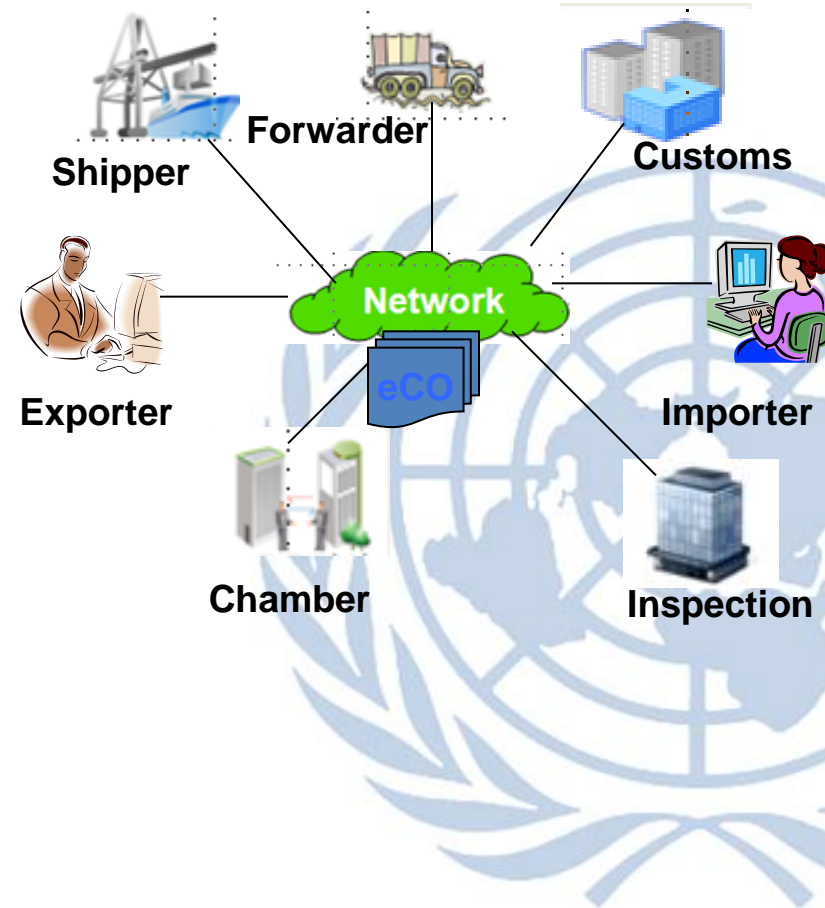
Paperless Trade (e-trade)?

■ 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. electronic Single Window facility, e-port management systems, Framework Act on Electronic Transaction (in RoK)*



Benefits of Paperless Trade

Government

Effective & Efficient
Deployment of
Resources

Correct
Revenue
Yield

Improved
Trader
Compliance

Enhanced
Security

Increased
Integrity &
Transparency

***Paperless
Trade***

Traders

Cutting Costs
through
Reducing Delays

Faster
Clearance &
Release

Predictable
Application and
Explanation of Rules

Effective & Efficient
Deployment of
Resources

Increased
Transparency

Towards Cross-border paperless trade

(including to enable cross-border e-commerce)

Need to facilitate cross-border trade data exchange in the region and beyond

*International
Supply Chain
Integration / Cross-
Border e-Commerce*

*...Legal and technical
barriers in information
exchange (across borders)*

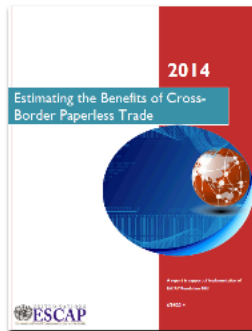
*Increased implementation of
(national) **Single Windows** and
paperless trade systems, but...*

Rise of regional and global production networks

Rise of cross-border e-commerce

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%

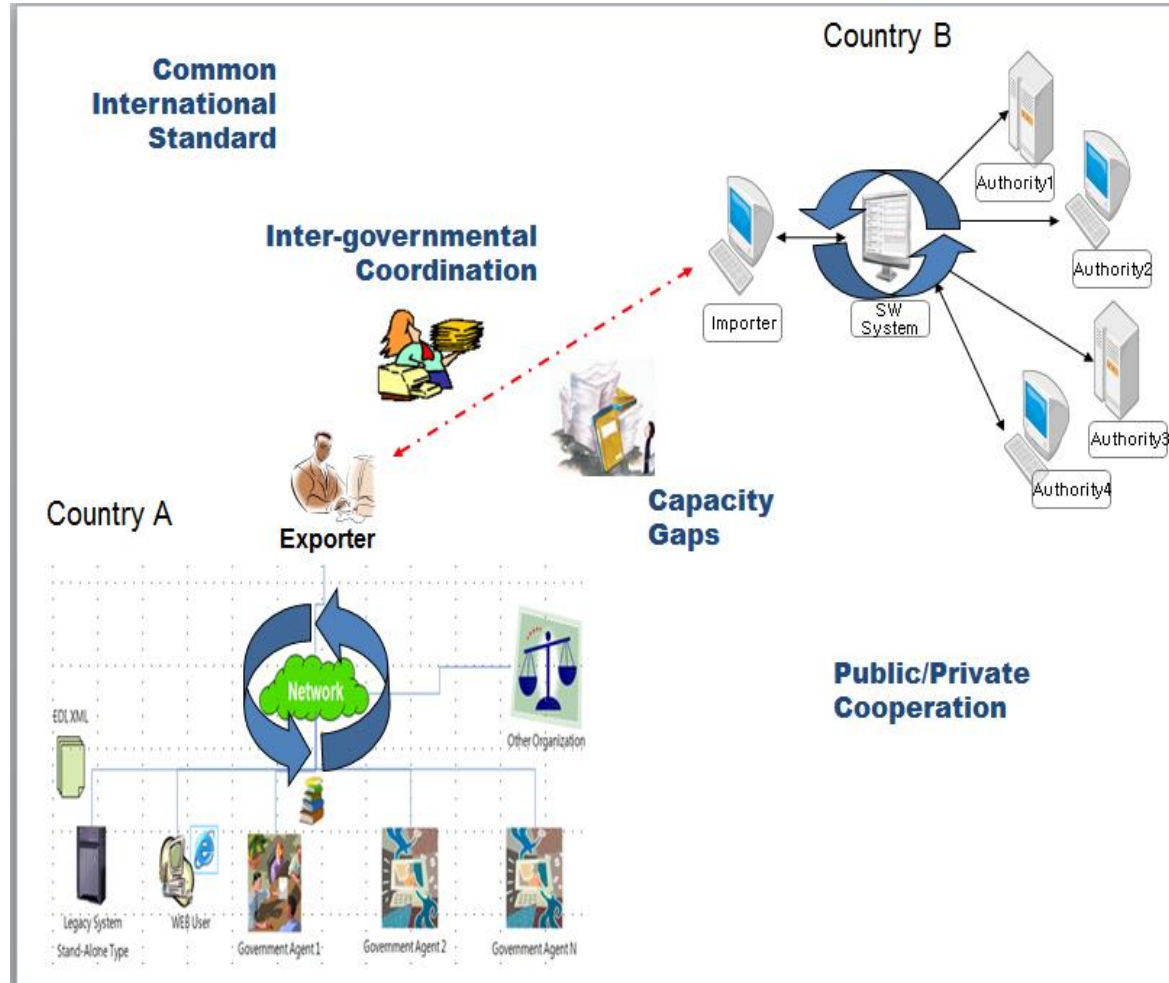
Export cost reduction: 17% to 31%

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

Source: <http://www.unescap.org/resources/estimating-benefits-cross-border-paperless-trade>

Challenges to moving forward on 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



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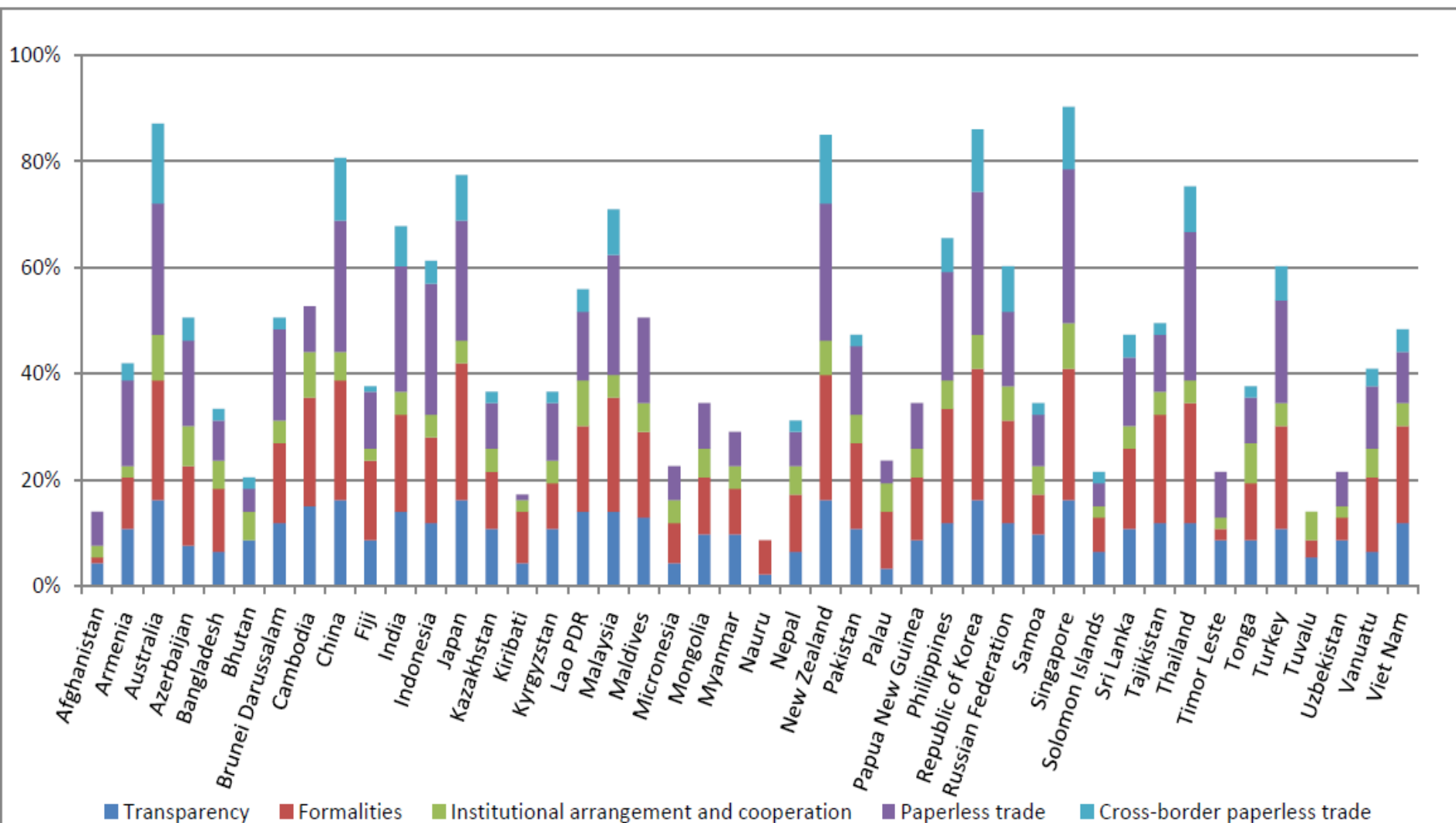
United Nations Regional Commissions

Global Survey on Trade Facilitation and Paperless Trade Implementation



TF and Paperless Trade Implementation in Asia-Pacific: Survey Highlights

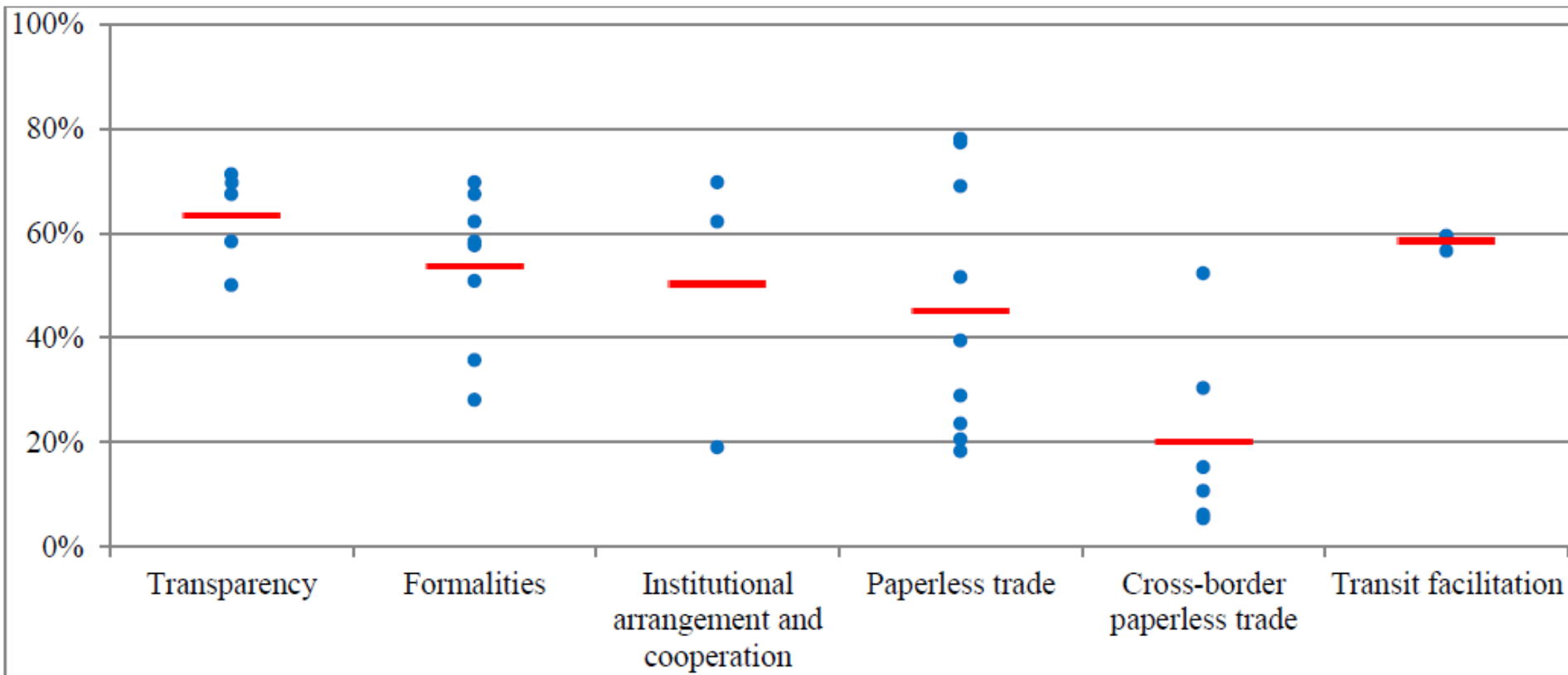
Implementation very heterogeneous across the region



TF and Paperless Trade Implementation in Asia-Pacific: Survey Highlights

Transparency measures most implemented;

Cross-border paperless trade measures least implemented



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

Figure 12: State of implementation of “paperless trade” measures in Asia-Pacific economies (in %)

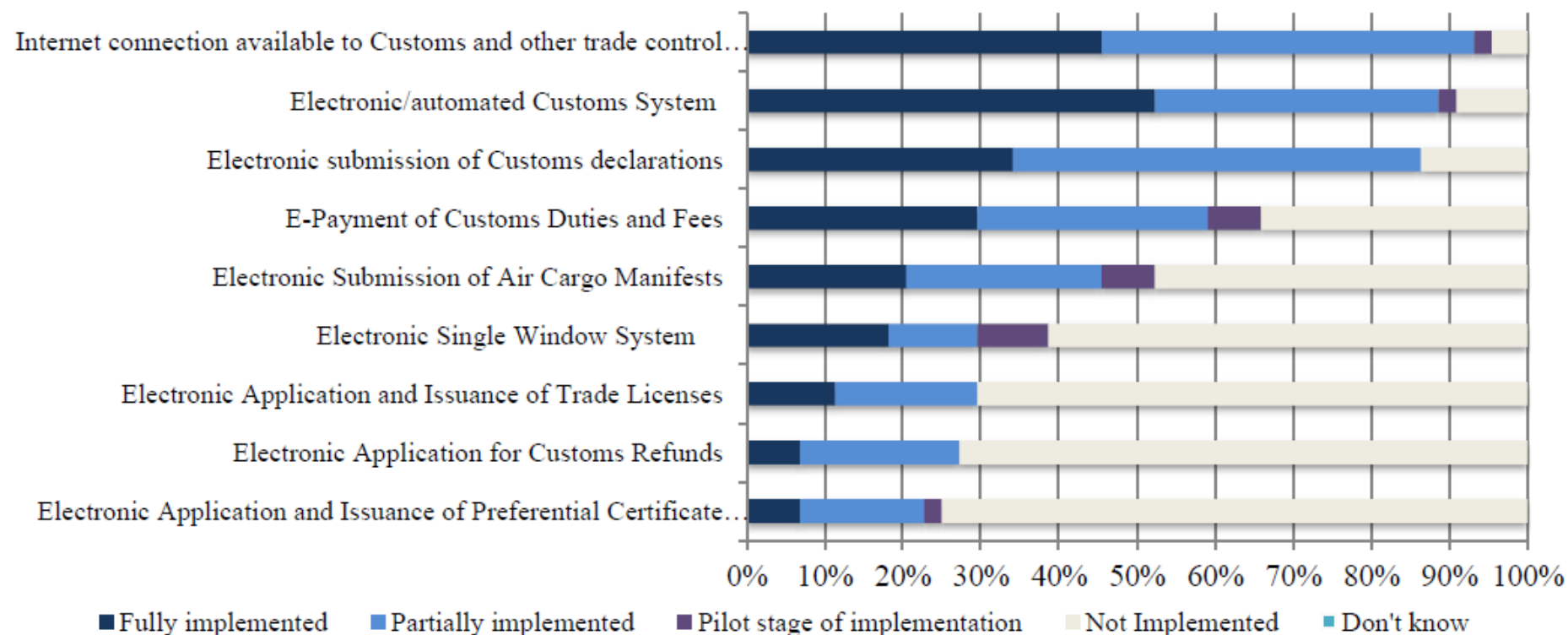
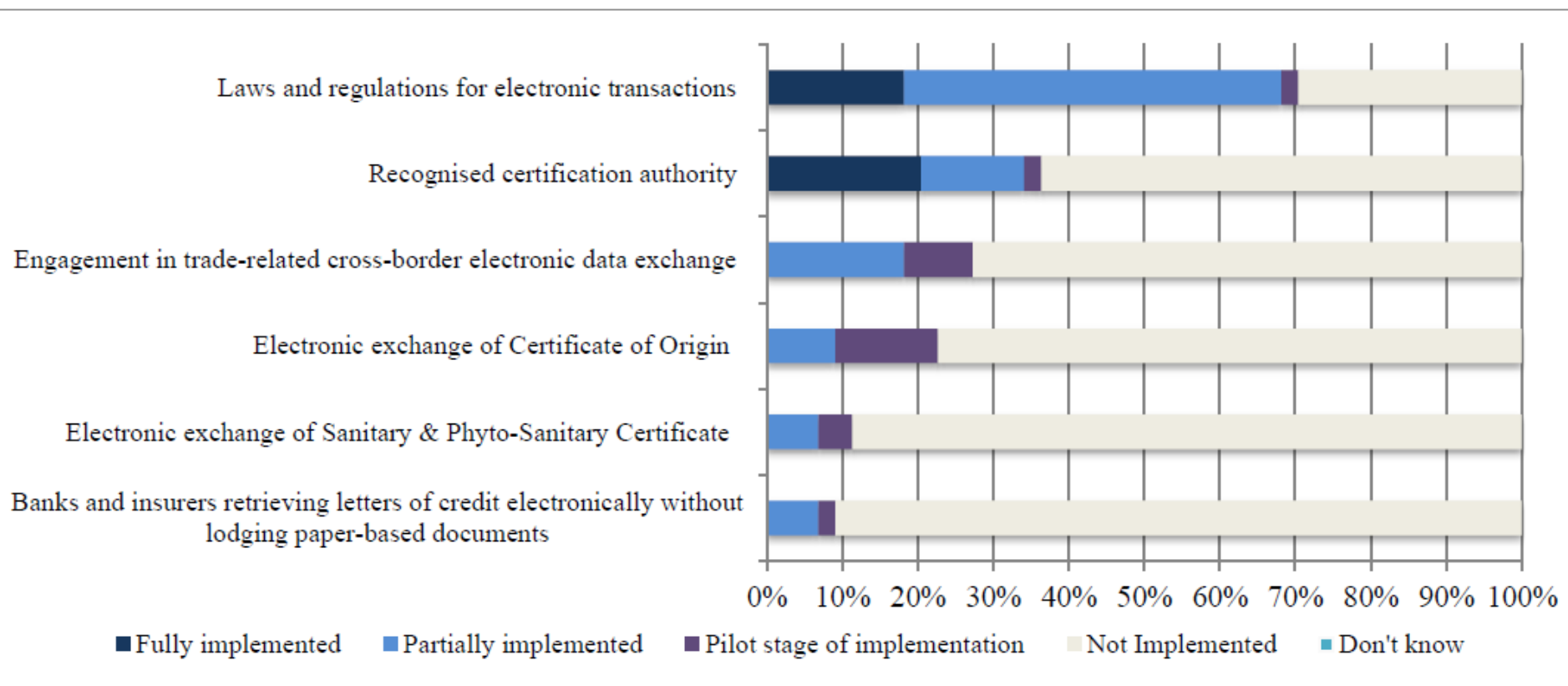


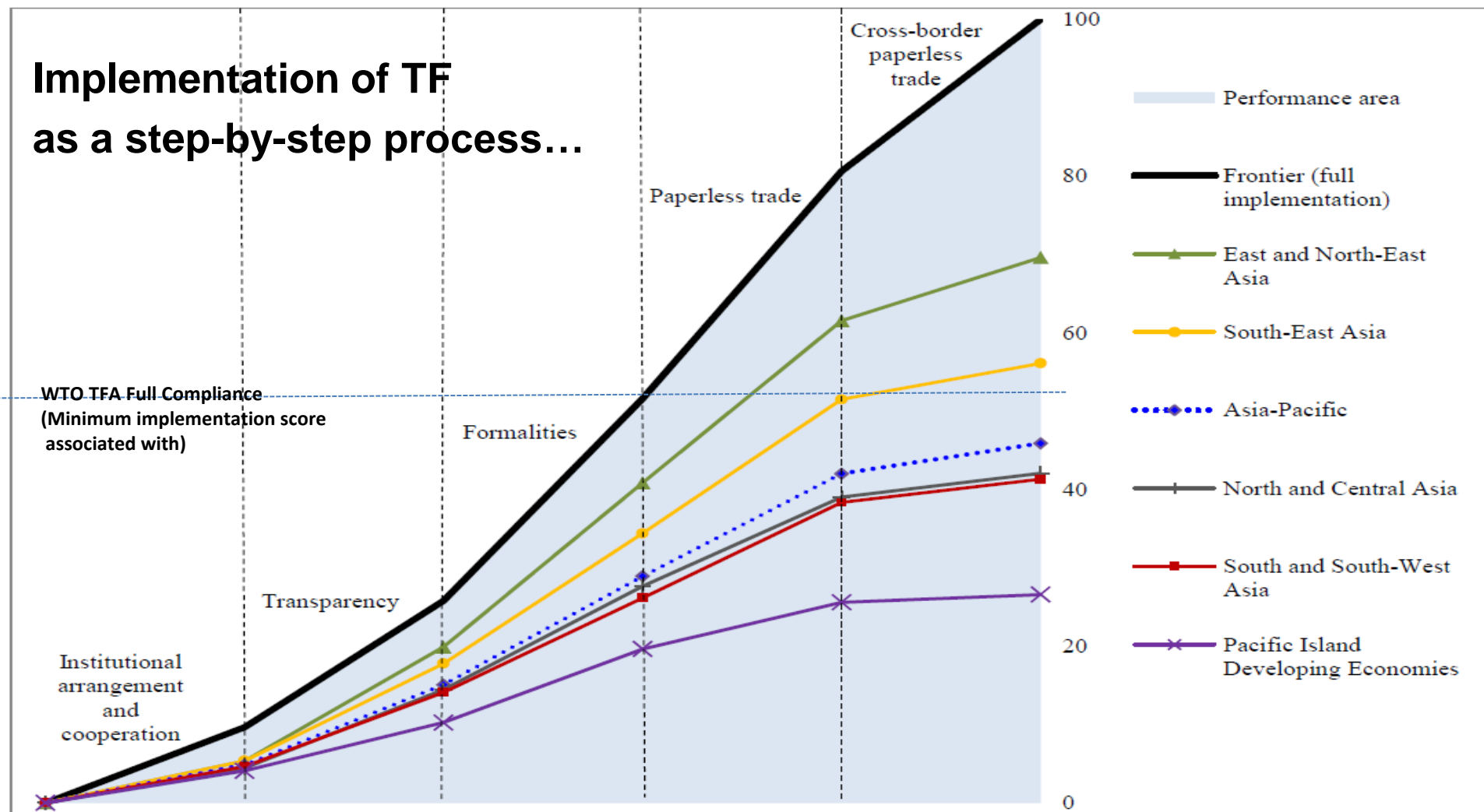
Figure 14: State of implementation of “cross-border paperless trade” measures in Asia-Pacific economies (in %)



Towards “Next Generation” TF [and cross-border e-commerce] in Asia-Pacific

Figure 20: Moving up the trade facilitation ladder towards seamless international supply chains

Implementation of TF
as a step-by-step process...



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

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Digital Trade Facilitation: Paperless Trade in Regional Trade Agreements



ADB Working Paper Series

**DIGITAL TRADE FACILITATION:
PAPERLESS TRADE IN REGIONAL
TRADE AGREEMENTS**

Yann Duval and
Kong Mengjing

No. 747
June 2017

Asian Development Bank Institute

Available at:

<https://www.adb.org/publications/digital-trade-facilitation-paperless-trade-regional-trade-agreements>



Typology of Paperless trade related provisions & measures

- Based on the review, compiled a list of 27 paperless trade related provisions and measures

	Measure/Provision
1	Acceptance of e-copies
2	E-submission/processing of trade-related data/documents
3	E-submission of Sea Cargo Manifests
4	E-submission of Air Cargo Manifests
5	E-system of Export/Import Licenses or Permits
6	E-system of SPS certificates
7	E-system of COO
8	E-record keeping
9	E-payment system
10	E-application for customs refunds
11	E-Customs System/ Customs Automation
12	Automated System for Risk Management and targeting
13	Single Window System
14	E-system for inter-organization communication



Typology of Paperless trade related provisions & measures

15	Laws for electronic transactions
16	Use of electronic certificates and electronic signatures
17	(Mutual) determination of authentication technologies
18	Proving in court legal compliance of E-authentication
19	Meeting standards for E-signature and E-authentication
20	Mutual recognition of digital certificates and E-signature
21	Interoperability of digital certificates used by business
22	Trade-related electronic data exchange
23	E-exchange of COO related information
24	E-exchange of SPS related information
25	E-exchange of TBT related information
26	E-transmission of financial information
27	Use of international standards for paperless trade

Paperless trade coverage of RTAs

- Figure shows number of measures (our of 27) that are featured in each RTA
- Measures mainly found in **TF & Customs** chapters, and **e-commerce** chapters
- Regional findings:
 - TPP most far reaching
 - Rep.of Korea, USA, and Australia/N-Z leading
 - East Asia is leading subregion, followed by South-East Asia
 - RTAs of South and Central Asia are (far) behind; India as a leader

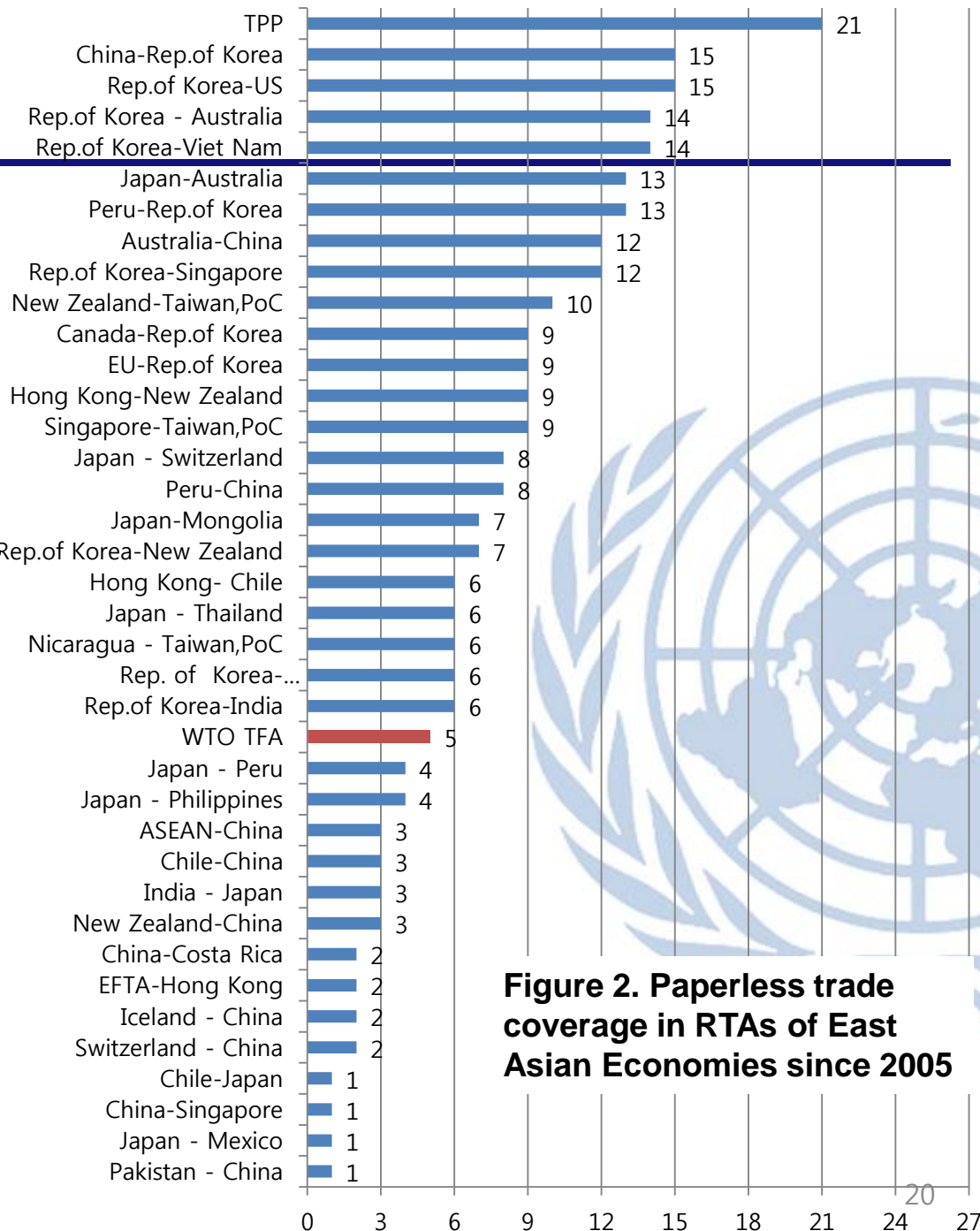


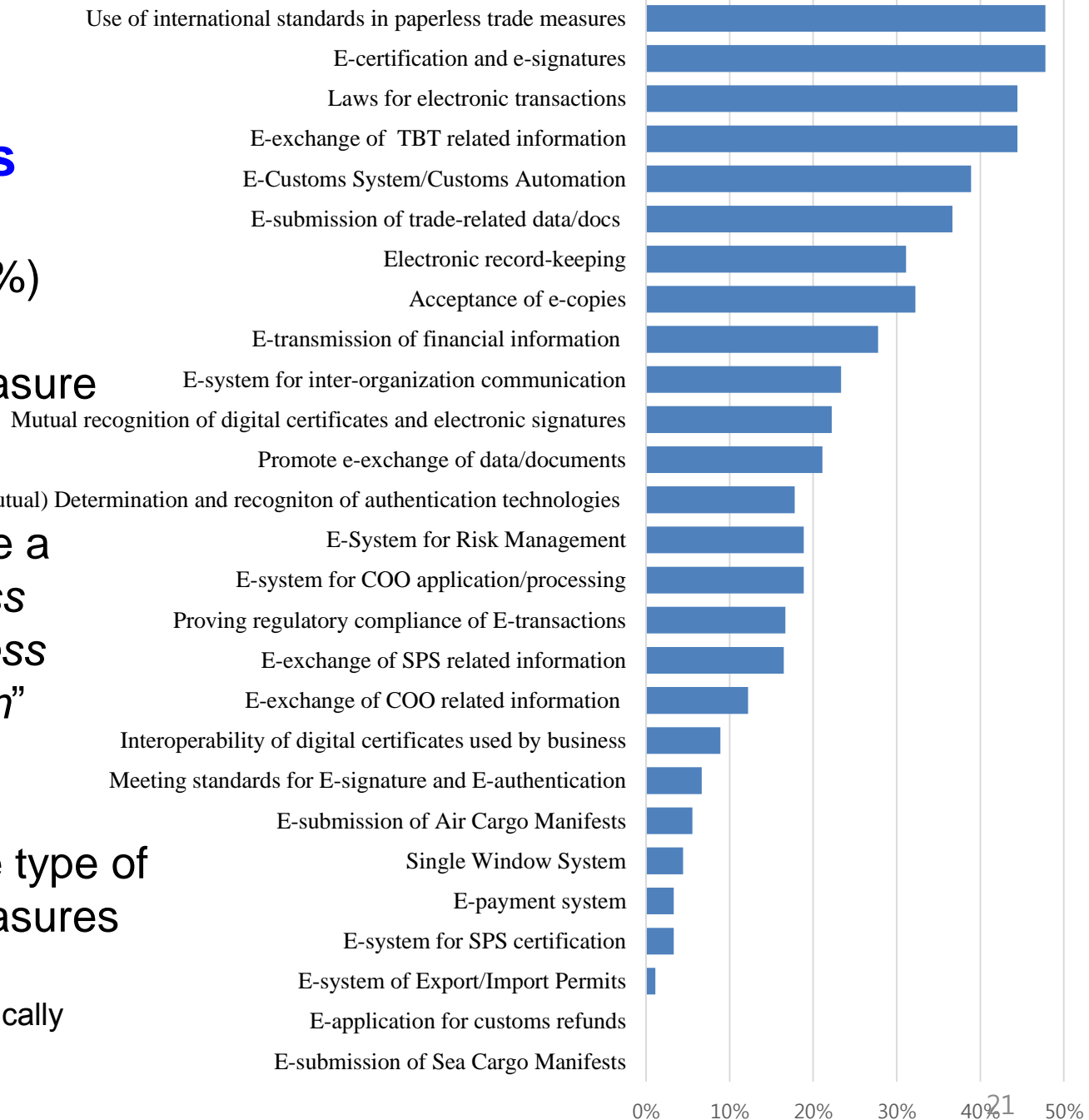
Figure 2. Paperless trade coverage in RTAs of East Asian Economies since 2005

Frequency of paperless trade measures in RTAs

- 90 of 138 RTAs (65%) contain at least one paperless trade measure

- 30 RTAs (22%) have a dedicated “*Paperless Trading*” or “*Paperless Trade Administration*” provision

- Wide diversity in the type of paperless trade measures included
 - “Single window” specifically mentioned in very few agreements



A closer look: Paperless trade in selected RTAs in Asia-Pacific

- 8 RTAs selected from 2005 to 2016
- Articles on “*Paperless Trading*” found to typically feature 3 key elements:
 - Endeavour to (1) make electronic versions of their trade administration documents available publicly,
 - Endeavour to (2) accept trade documents submitted electronically as the legal equivalent of their paper version.
 - [Commitment to (3) exchange views and/or cooperate with each other as well as internationally to enhance the acceptance of electronic documents.]

Agreement name / Abbreviation	Year of entry into force
Singapore-India Comprehensive Economic Cooperation Agreement / SING-IND	2005
Australia-Chile Free Trade Agreement / AUS-CHI	2009
Japan-Switzerland Economic Partnership Agreement / JAP-SWI	2009
Intra-ASEAN Agreements (including The ASEAN Trade in Goods Agreement, The ASEAN Agreement on Customs, Single Window Agreement) / ASEAN (ATIGA, AAC and SWA)	2010 (ASW since 2005; ATIGA since 2010)
ASEAN-Australia-New Zealand Free Trade Agreement / AANZFTA	2010
The United States- Rep. of Korea Free Trade Agreement / US-KOR	2012
Rep. of Korea-Viet Nam Free Trade Agreement / KOR-VN	2015
Trans-pacific Partnership / TPP	Not yet in force (signed by all TPP members in 2015)

Source: Authors

A closer look: Paperless trade in selected RTAs in Asia-Pacific

- Looking at the coverage of the 27 paperless trade measures:
 - All feature acceptance of electronic copies
 - Strong commitments on Customs automation and risk management in recent RTAs
 - Promotion of acceptance and mutual recognition of e-authentication and e-signatures
 - Emerging commitments towards cross-border e-exchange of information (including related to SPS and TBT)

Table 5. Paperless trade coverage in selected Asia-Pacific agreements

Agreement:	SING-IND	AUS-CHI	JAP-SWI	Intra-ASEAN	AANZ-FTA	KOR-US	KOR-VN	TPP	WTO-TFA
Paperless trade measures									
Year of entry into force:	2005	2009	2009	2010	2010	2012	2015	-	-
Acceptance of electronic copies	*	**	**	**	***	**	**	*	*
E-submission of trade-related documents						*	*	*	*
E-Submission of Air Cargo Manifests						*	*	*	
E-system of Export or Import Permits								*	
E-system for SPS certification						*		*	
E-system of COO						*		*	
Electronic record-keeping	*	***			*	*		*	*
E-payment system								***	*
Electronic/Automated Customs System/Customs Automation		*		*	**	***	**	***	*
Automated System for Risk Management and targeting					**	***	***	***	
Electronic Single Window System		***		***				**	*
E-system for inter-organization communication	*			*					
Laws for electronic transactions	*	***	**	*	**	*	*	***	
Promoting e-certification and e-signatures		*	*	*	*	*	*	*	
Mutual determination of authentication technologies		***			*	*	*	*	
Proving in court legal compliance of E-authentication		*	*		*	*	*	*	
Meeting standards for E-signature and E-authentication			**			**		*	
Mutual recognition of digital certificates and E-signature		***	**		**		**	*	
Interoperability of digital certificates used by business		*			*		*		
Trade-related electronic data exchange	*			***		**	**	***	
E-exchange of COO related information				*					
E-exchange of SPS related information				*				*	
E-exchange of TBT related information		**		*		**	*	**	
E-transmission of financial information			*	*	*	**	*	*	
International standards for paperless trade		*	*	*	*	*	*	*	*
Total number of paperless trade measures:	5	12	8	10	12	15	14	21	5

Source: Authors

Notes: 1 star (*) indicates the measure is only mentioned, generally as an option, without further clarification; 2 stars (**) indicate the measure is encouraged (e.g., Shall endeavour to; or Shall, to the extent possible, to) with clarification on how it is to be provided/implemented (e.g. complying with relevant international standards); 3 stars (***) indicate that implementation of the measures is required and binding (e.g., shall) with details included on how to do so. ~~Indicates~~ indicates that commitment to these measures is implied by the existence of the regional ASEAN Single Window Agreement itself.

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

❑ A new UN Treaty

- Open to interested (53) ESCAP member states (voluntary) to become parties
- Opening for signature set to **1 October 2016** at UN Headquarters, New York

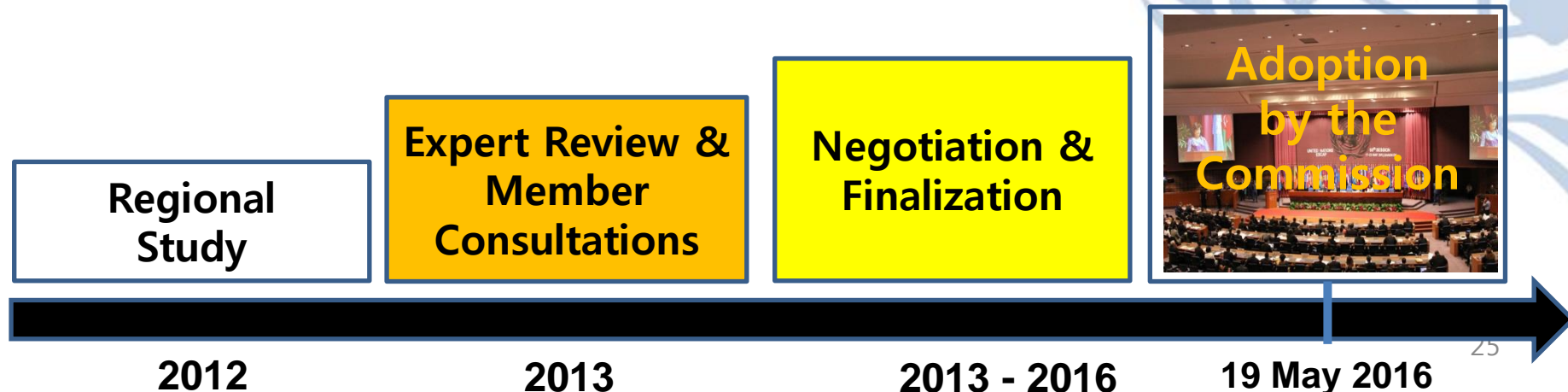
❑ Objective

To facilitate cross-border paperless trade (data exchange) among willing ESCAP member states by providing a dedicated intergovernmental framework to develop legal and technical solutions

- ❑ Complementary to the WTO Trade Facilitation Agreement as well as (sub)regional efforts

❑ 4 year step-by-step development process (ESCAP resolutions 68/3,70/6,72/4)

- ❑ Over 30 countries directly involved in finalizing the treaty text in March 2016





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[“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: **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
Arrangements

Article 12:
Action Plan

Article 13:
Pilot Projects
and Sharing
of Lessons
Learned

Article 14:
Capacity
Building

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

☐ **Region-wide multilateral intergovernmental platform**

Builds upon existing bilateral/subregional initiatives; Supports WTO TFA implementation; Foster 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**

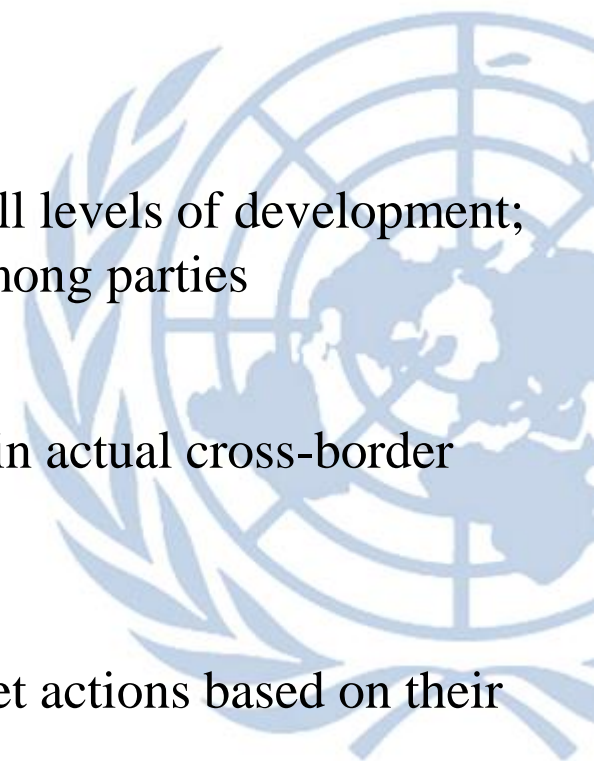
Allow parties to adjust their systems before engaging in actual cross-border trade data exchange

☐ **Action Plan**

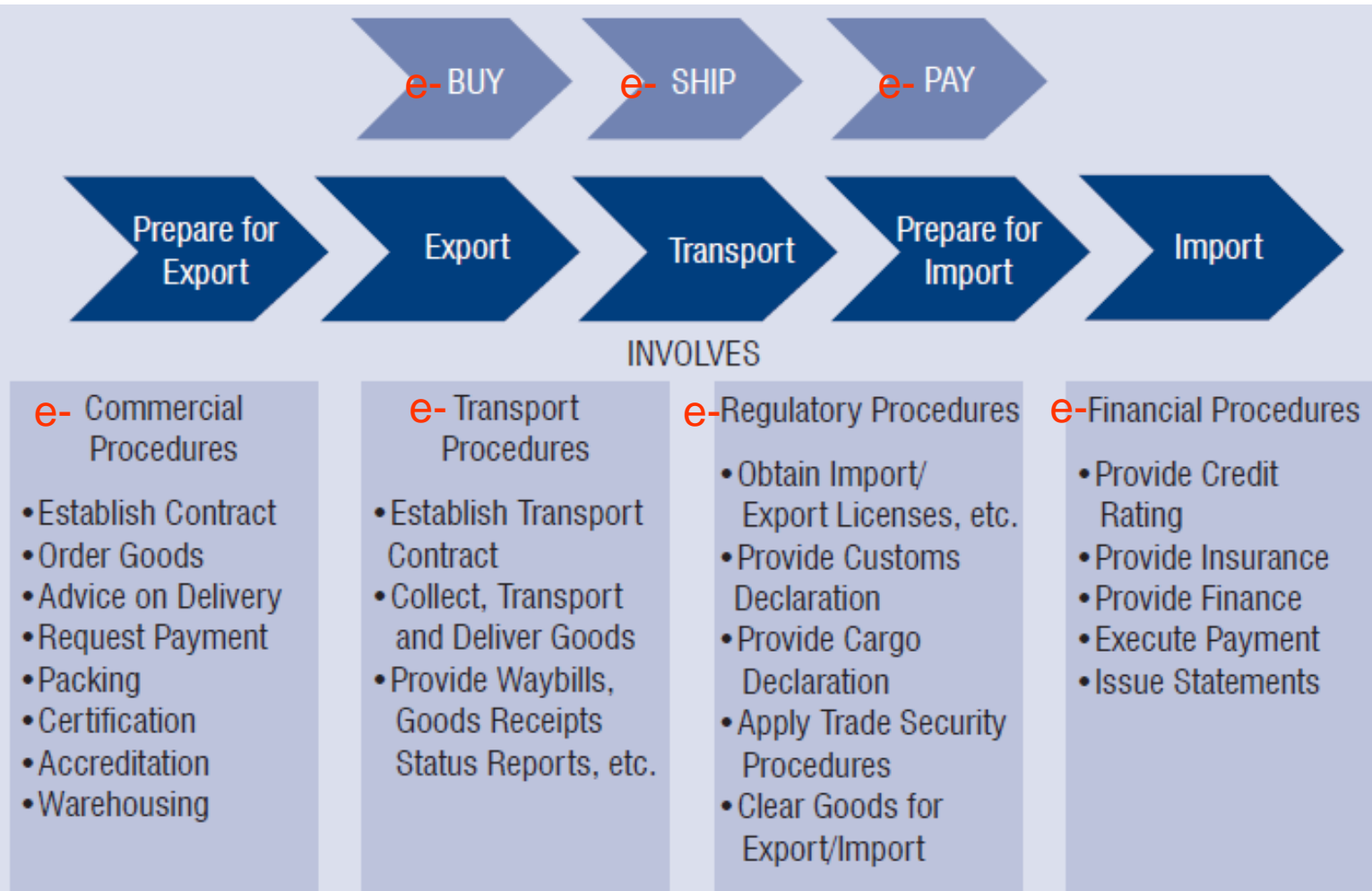
Allow parties with different implementation level to set actions based on their respective readiness

☐ **Mutual recognition**

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



Concluding remarks / Facilitating cross-border e-commerce...



Source: United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). 2008.

Thank you

www.unescap.org/our-work/trade-investment/trade-facilitation

unnexnext.unescap.org

Email: duvaly@un.org

United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific



“an ongoing community of knowledge and practice to facilitate the implementation of single window and paperless trade in the Asia-Pacific region”

- Tools and guides development activities
- Advocacy and Technical Training Workshops
- Knowledge sharing and peer-to-peer support



www.unnext.unescap.org



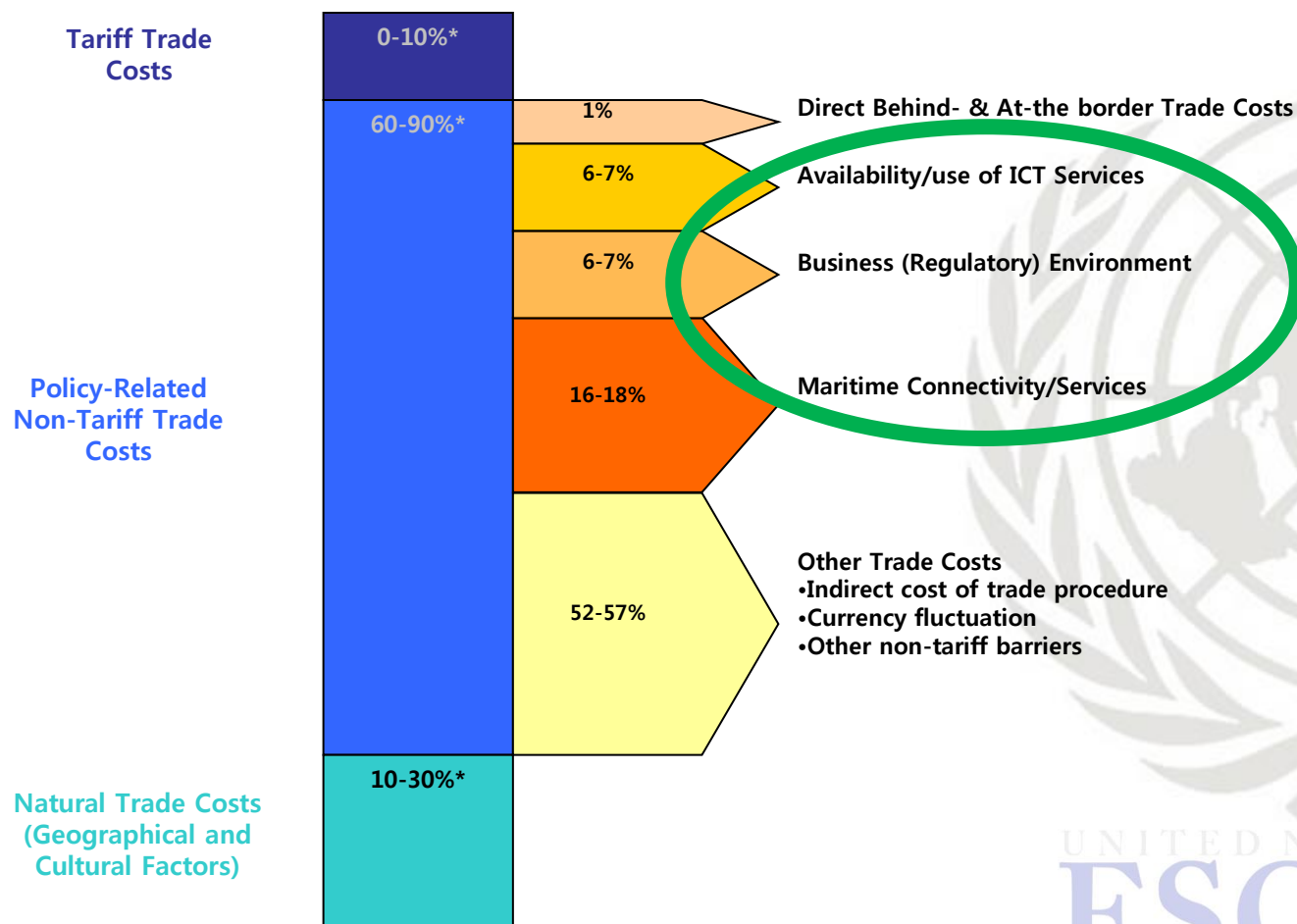
UNITED NATIONS
ESCAP
Economic and Social Commission for Asia and the Pacific

UNNExT
United Nations Network of Experts for
Paperless Trade in Asia and the Pacific



Key factors in lowering trade costs in Asia-Pacific

Contribution of natural barriers, behind-the border facilitation and trade-related practice to trade costs



* Illustrative based on casual observation of the data only. Natural trade costs for landlocked countries may be outside the range shown for natural trade costs.

ESCAP-OECD Handbook on Indicators for Trade Facilitation

- A new “digital” resource introducing key databases and indicators for trade cost and trade facilitation monitoring
- Direct links to all relevant indicators and databases included
- **Version 1 (May 2017)**

<http://www.unescap.org/resources/escap-oecd-handbook-indicators-trade-facilitation>

