

Digital and Sustainable Trade Facilitation in Asia and the Pacific: Regional Report 2019 Executive Summary

Reducing trade costs is essential in enabling economies to effectively participate in regional and global value chains and for them to continue to use trade as an important engine of growth and sustainable development. In turn, streamlining cumbersome regulatory trade procedures and documentation, is essential to lower trade costs and make trade more inclusive. The World Trade Organization (WTO) Trade Facilitation Agreement (TFA) and new regional trade digitalization initiatives provide guidance on measures that should be considered for implementation.¹

In this context, this report presents results of the United Nations Global Survey on Digital and Sustainable Trade Facilitation for 46 countries of the Asia-Pacific region. The survey was conducted during the first half of 2019 and covered 53 trade facilitation measures categorized under four groups: General trade facilitation, Digital trade facilitation, Sustainable trade facilitation and Trade finance. As such, the scope of the survey is “TFA+”, i.e., it includes measures specified in the WTO TFA as well as complementary digital, sustainable and other measures not specifically included in that agreement.

The regional implementation rate increased by more than 10 percentage points since the last survey was conducted in 2017, reaching nearly 60% in 2019. All countries and subregions have made progress. The highest progress is observed in North and Central Asia, followed by South-East Asia, and South and South-West Asia.

Trade facilitation implementation levels vary greatly across subregions. Apart from Australia and New Zealand, East and North-East Asia achieved the highest average level of implementation at 79.3%, followed by South-East Asia, North and Central Asia, and South and South-West Asia. Pacific Island Developing Economies lag far behind other subregions. At the country level, the Republic of Korea, Japan, Singapore, Australia and New Zealand achieved scores in excess of 90%.

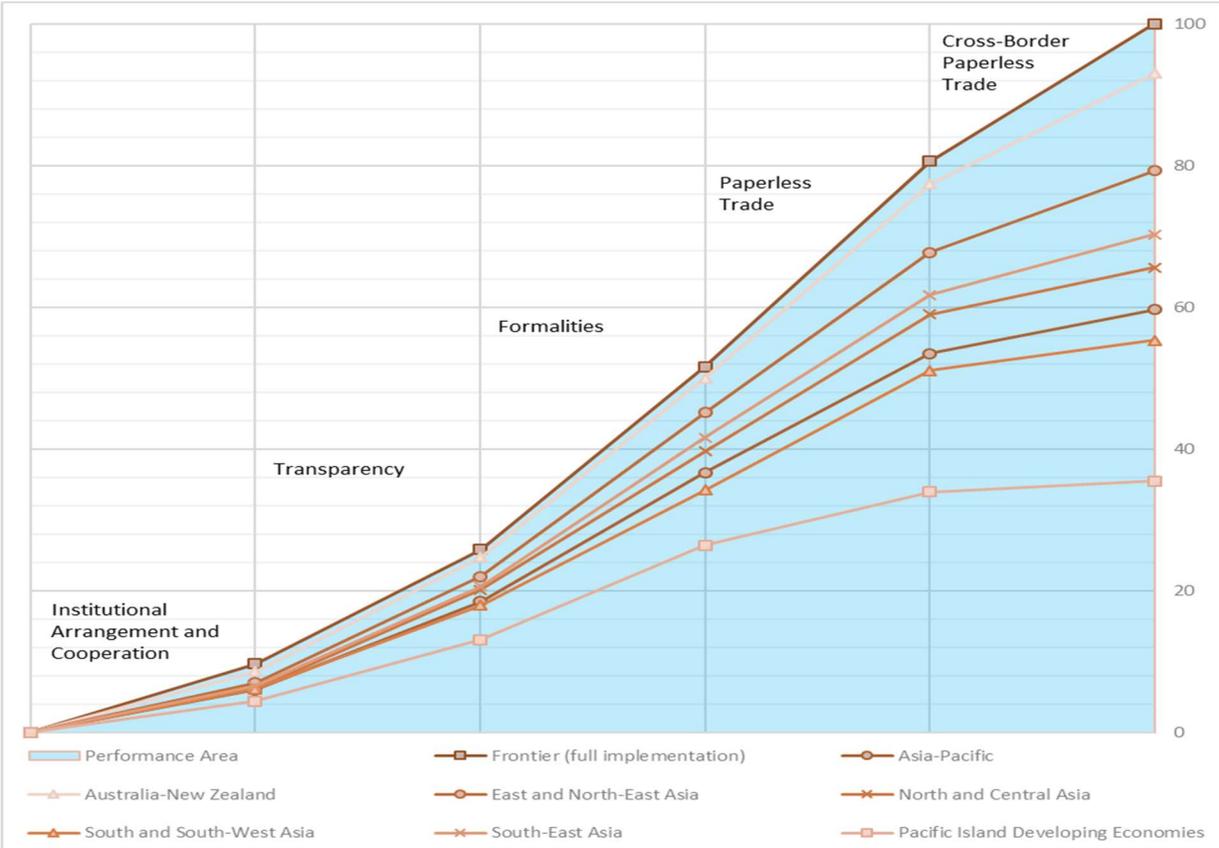
Trade facilitation implementation levels also vary across groups of measures. The region’s implementation of WTO TFA-related measures is relatively high, at 60-80%. Implementation of national paperless trade measures is also relatively high, as many countries are endeavouring, to develop e-payment systems for duties and fees, and to initiate development electronic single window facilities. However, implementation of cross-border paperless trade remains very low, given the difficulties involved in achieving consensus on technical and legal issues associated with exchanging electronic data and documents across borders. In this regard, the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific provides a unique platform for ESCAP member States to accelerate progress.

Measures under the “Sustainable trade facilitation” group are the least implemented, particularly those aimed at women and SMEs. These measures are not specified in multilateral and/or regional agreements but need to be further emphasized to ensure trade facilitation benefits a wider range of stakeholders. Data on implementation of “Trade Finance” facilitation measures were collected for the first time this year and do not provide a complete picture. It suggests, however, a serious lack of awareness about the importance of these measures and how they could be integrated in trade facilitation strategies.

¹ For example, the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific was signed or acceded to by seven countries, i.e., Armenia, Bangladesh, Cambodia, China, the Islamic Republic of Iran, Azerbaijan and the Philippines. About 20 other States are at various stages of the treaty accession process and participate annually in the interim Intergovernmental Steering Group on Cross-Border Paperless Trade Facilitation, a body that spearheaded the negotiation of the treaty and is now supporting its implementation.

The report also includes an analysis of the impact on trade cost from increasing implementation of trade facilitation and paperless trade measures in Asia and the Pacific. Full implementation of binding measures in the WTO TFA results in a decrease of trade costs of 5.8%, while full implementation of all WTO TFA measures results in a 9.4% reduction. In contrast, digital implementation of the TFA, together with enabling the seamless electronic exchange of trade data and documents across borders, results in much larger trade costs reductions that average nearly 17% for the Asia-Pacific region as a whole. Accessing to the Framework Agreement, an enabling United Nations treaty open to all 53 ESCAP member States, regardless of their current level of development, may help participating countries to accelerate progress in this area once it enters into force.

Moving up the trade facilitation ladder towards seamless international supply chains



Source: UN Global Survey on Digital and Sustainable Trade Facilitation 2019, available at untfsurvey.org
 Note: The figure shows cumulative trade facilitation implementation scores of Asia-Pacific subregions for 31 common trade facilitation measures included in the survey. Full implementation of all measures = 100.

This Asia-Pacific report may best be read in conjunction with the Global report on the results of the UN Global Survey on Digital and Sustainable Trade Facilitation 2019, available at <https://untfsurvey.org/>²

² See also the ADB-ESCAP Asia-Pacific Trade Facilitation Report 2019: Bridging Trade Finance Gaps through Technology. Available at <https://www.adb.org/publications/asia-pacific-trade-facilitation-report-2019>