Cross-border Paperless Trade and Single Window in East and North-East Asia

Introduction[1]

East and North-East Asian countries are frontrunners in international supply chain connectivity [2] with trade facilitation measures that are comparatively at higher levels than in other Asia-Pacific subregions. Notwithstanding, the subregion is confronted with a number of issues such as longer time spent for border and documentary compliance for some East and North-East Asian countries[3] and relatively high subregional costs of trading across borders, which could affect an already low intra-regional trade. [4] Improving cross-border trade remains crucial amid Japan, China and Republic of Korea's complementarities within East Asia's value chains, Mongolia's high dependence on China and Russian Federation's "pivot to the East". Even China's Belt and Road Initiative (BRI) includes plans to enhance customs cooperation for information exchange and mutual recognition of regulations underscoring the cross-border trade facilitation agenda.

Progress in paperless and cross-border trade facilitation

In terms of implementing *paperless trade*, East Asian economies have achieved substantial progress in providing internet connection at the borders, electronic customs systems, and electronic submission of customs declaration. However, they are at varying stages in terms of acceptance of electronic trade licenses, preferential certificate of origins, lodgement of customs refunds and status of single window systems.[5]

On the one hand are well-developed Single Window platforms such as Korea's UNI-PASS, which connects 38 regulatory agencies to service 55 different documents as a one-stop service. The Korea Customs Services is also working on the establishment of a global single window to facilitate efficient data sharing with other countries.[6]

Japan's Nippon Automated Cargo and Port Consolidated System (NACCS), which allowed electronic import declaration in the 1980s, has since integrated online processing of procedures with customs, other relevant administrative authorities, [7] and private-sector services and provides comprehensive information platform for cross-border trade and logistics. The advanced version and business outflow of NACCS-i is expected to be launched in 2017.

In China, more than 96% of customs declarations already use paperless clearance which also allows online verification of 15 documents (99% of all documents required by various regulatory ministries). In addition, China's E-port involves cooperation among 14 ministries[8]

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[1] This Monthly Report draws from the presentations and discussions at the Workshop on Cross-Border Trade Facilitation and Single Window Implementation in Northeast Asia, on 12-13 April 2017 in Vladivostok, Russian Federation.

[2] ESCAP Asia-Pacific Trade and Investment Report 2015.

[3] *See* World Bank (2016) *Trading Across Borders.* Time to export - border compliance takes 4 days for Russian Federation and documentary compliance takes 5 days for Mongolia. Time to import, border compliance is 4 days for China and Russian Federation and documentary compliance takes 5 days for Mongolia.

[4] While East Asia's global trade share is 20.3%, its intra-subregional trade is at 21.3%. In comparison, ASEAN's global trade share is only 6.7% but intra-subregional trade is 24.3%. *See*

ESCAP (2017). Unlocking the Potential for East and Northeast Asian Regional Economic Cooperation and Integration.

[5] Joint UN Regional Commissions Trade Facilitation and Paperless Trade Implementation Survey 2015.

[6] *See* http://www.unipass.or.kr.

[7] In the development and operation of the single window system, six regulatory agencies were involved, Ministry of Economy, Trade and Industry (for Trade Control), Ministry of Agriculture, Forestry and Fisheries (for Animal Quarantine and Plant Protection), Ministry of Health, Labour and Welfare (for food Sanitation), Ministry of Finance (for Import/Export declaration, port related procedures), Ministry of Justice (Immigration), and Ministry of Land, Infrastructure, Transport and Tourism (for sea port related procedures).

[8] Including Ministry of Public Security, Ministry of

to provide an integrated cross-department, cross-region, and cross-industry information platform for improved cargo clearance.

On the other hand, Mongolia's Customs Automated Information System (CAIS) [9] and Russian Federation's System of Interagency Electronic Exchange (SIIE) [10] are still at nascent stage in realizing a single window platform. Russian Federation also issued a regulation in 2016, for the use of the portal "Seaport" which would receive and use information on movement of people, vehicles, freights, goods and animals at sea check points in the Russian frontiers.

In terms of implementing *cross-border paperless trade* measures, East and North-East Asian economies are generally at early stages, except in certification authority and partial implementation of electronic data exchange. [11] For example, electronic exchange of certificate of origin is implemented between China and the Republic of Korea through the EODES. [12] Building upon pilot harmonization of paper-based cargo manifests, China and Mongolia agreed in 2015 to pilot-test electronic transmission of manifests. It is also useful to note that some East and North-East Asian countries provided paperless trade provisions in their bilateral trade agreements, such as e-commerce chapter under China-Republic of Korea FTA and an article on paperless trade administration under the Japan-Mongolia Economic Partnership Agreement.

Other types of arrangements that promote cross-border trade facilitation in the subregion include the mutual acceptance of customs control (albeit limited to certain goods) and exchange of x-ray inspection results between Mongolia and Russian Federation and trilateral agreements on customs cooperation (including on border development) and international road transport between China, Mongolia, and Russian Federation.

Issues and challenges of East and North-East Asia-wide single window

The establishment of a subregion-wide single window system has been explored to enhance paperless clearance and help reduce the burden of trading across borders among East and North-East Asian economies. [13] However, some of the issues and challenges identified include:

(i)   harmonization of data elements and documents required for cross-border clearance of goods. In particular, there are a lot of stakeholders involved

and it is already difficult to achieve a single standard among the different agencies,

(ii)   varying levels, readiness and scope of existing national single windows, from those limited to border management (e.g., Mongolia) to those planning to include pre- and post-clearance, standards and quarantine agencies (e.g., China),

(iii)   identification of appropriate implementing body given the lack of subregional mechanism that includes all East and North-East Asian countries (GTI excludes Japan) and the interplay with other regional single window systems (e.g., Russian Federation as part of Eurasian Economic Commission single window initiative),

(iv)   costs and technical requirements for creating a platform or software that enables interoperability of each country's national single window systems and allows for data exchange across countries and among stakeholders,

(v)   enabling legal environment including on mutual recognition, e-commerce and acceptance of digital signatures (e.g., Mongolia),

(vi)   role of private sector in the development and implementation of single window systems (e.g., more active participation in Japan and Republic of Korea),

(vii)   cross-border connectivity initiatives not to be a burden and must be aligned with national strategies (e.g., China's BRI),

(viii) phased approach and prioritization for countries with existing and potential high volume of trade (e.g., China and Republic of Korea already has bilateral single window scheme).

Finance, Ministry of Railways and Ministry of Transport.

[9] Implemented since 2010, CAIS has allowed paperless customs clearance for coal, Mongolia's main export product, which is completed in less than 10 minutes.

[10] SIEE is a federal governmental informational system which contains information databases, software and hardware equipment in order to provide informational exchange between governmental bodies and economic operators.

[11] Joint UN Regional Commissions Trade Facilitation and Paperless Trade Implementation Survey 2015.

[12] EODES stands for electronic origin data exchange system which no longer requires submission of original certificate of origin. Involved stakeholders are China Council for the Promotion of International Trade (CCPIT), General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ), Korea Customs Service and Korea Chamber of Commerce and Industry.

[13] For instance, UNDP China (2015) Greater Tumen Initiative (GTI) Trade Facilitation Study Report.