

# **Global Trade Facilitation Conference 2013**

## ***"Beyond Single Window: Paperless Supply Chains for Trade Facilitation and Inclusive Development"***

United Nations Conference Centre, Bangkok, Thailand 18-19 November 2013,

### **Conference Report**

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#### **I. Introduction and Background**

The UN Economic and Social Commission for Asia and the Pacific (ESCAP) hosted the second Global Trade Facilitation Conference (GTFC) in Bangkok on 18-19 November 2013, with support from the other United Nations Regional Commissions (UNRC), namely Economic Commission for Europe (ECE), Economic Commission for Africa (ECA), Economic Commission for Latin America and Caribbean (ECLAC) and Economic and Social Commission for Western Asia (ESCWA). This Conference was part of the UNESCAP *Asia Pacific Trade and Investment Week* (18-22 November 2013). The first GTFC was held in 2011 and was hosted by the UN Economic Commission for Europe in Geneva.

The GTFC is a part of the implementation of the United Nations Development Account project on “Strengthening the Capacity of Developing and Transition Economies to Link to Global Supply Chains through the Reduction of Trade Obstacles.”<sup>1</sup> The United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT)<sup>2</sup> also supports this Conference.

Building on the work of the first GTFC,<sup>3</sup> The theme of this Conference, “Beyond Single Window: Paperless Supply Chains for Trade Facilitation and Inclusive Development,” was particularly timely given the rapidly expanding international efforts to enhance trade facilitation. As noted during the UNESCAP Secretariat’s introductory comments, for example, the World

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<sup>1</sup> See, United Nations Development Account at <http://www.un.org/esa/devaccount/projects/2010/10-11AO.html>.

<sup>2</sup> UNNExT is a community of knowledge and practice for experts in developing countries in paperless trade and trade facilitation. More information on UNNExT is available at: <http://www.unescap.org/unnext/unnext.asp>.

<sup>3</sup> Global Trade Facilitation Conference 2011 – Connecting International Trade: Single Windows and Supply Chains in the Next Decade. The Program, the Proceedings of the Conference, and related materials are available at <http://www.unece.org/tradewelcome/capacity-building-for-trade-facilitation/global-trade-facilitation-conference/swglobalconference2011.html>.

Trade Organization (WTO) was nearing the completion of its Trade Facilitation Agreement at the time of this Conference.<sup>4</sup>

Further, the Conference theme puts important emphasis on “inclusive development.” It has been noted that non-tariff barriers to trade, “... such as cumbersome and unpredictable export/import regulatory procedures, also significantly affect trade costs and the ability of firms in developing countries to participate in international production networks.” And “[t]he lack of participation of domestic enterprises in regional and global markets is one of the main causes of slow growth observed in some developing and transition economies.”<sup>5</sup>

The UNECE Secretariat, in introductory comments, noted that the importance of the Regional Commissions’ approach in addressing the new challenges for globally networked trade and inclusive development. Those challenges continue to be significant and an important question is how the Single Window will enhance the development of globally networked supply and value chains moving forward.

Through five Sessions focused on key topics relating to the primary theme of the Conference, many critical aspects of paperless trade and inclusive development were addressed by the presenters and in several substantial background papers prepared for the GTFC. The Sessions were:

1. *Trade Facilitation and Paperless Trade as a Priority for Inclusive Development*
2. *Initiatives on Inter-connectivity of Paperless Systems : Learning from Practices*
3. *Paperless Solutions for Facilitation of Supply Chain Finance and Payment Settlements*
4. *Legal Framework Towards Cross-border Paperless Trade Systems*
5. *Capacity Building towards Paperless Supply Chains in Developing Countries*

The Regional Commissions presented a Closing Session, *Paperless Supply Chain for Trade Facilitation and Inclusive Development: Way Forward*. This Session identified the key results of the GTFC and included the key recommendations that had emerged, including those related to the ongoing work that needs to be done going forward.

## II. Conference Presentation<sup>6</sup> Sessions

Each of the presentations at the GTFC focused on important issues related to paperless trade. Many included examples of the lessons learned and the continuing challenges facing the development of paperless trade in developing and transition economies as well as in developed

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<sup>4</sup> At the December 2013 WTO Ministerial Meeting in Bali, Indonesia, the Ministers adopted an Agreement on Trade Facilitation (WT/MIN(13)/36WT/L/911.) The text of the Ministerial decision and the Agreement are available at <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/MIN13/36.pdf>.

<sup>5</sup> See e.g., <http://www.unescap.org/tid/projects/gtfc13.asp>.

<sup>6</sup> The PowerPoint slide presentations for each Session are available at <http://www.unescap.org/tid/projects/gtfc13-presentation.asp>.

countries. The presentations were designed to be relatively brief in order to maximize the opportunities for questions, comments, and discussion in each session. The following sections of this Report provide only brief highlights from each of the Sessions and everyone is encouraged to review the presentations for a fully understanding of the concepts, experiences, and recommendations provided.

## **A. Session 1: Trade Facilitation and Paperless Trade as a Priority for Inclusive Development**

The first session of the Conference examined the key global trends in trade facilitation and paperless trade. It looked at issues that included resources, performance monitoring and cooperation among developing countries with a view towards achieving sustainable growth. It also set the remaining Sessions in the Program.

### ***1. Trade Costs and Paperless Trade: Global Trends and Traits***

Yann Duval, UNESCAP

Dr. Duval provided considerable data related to international trade costs in developing countries. He focused on the results of the UNESCAP-World Bank International Trade Costs Database, which was launched in January 2013. The presentation looked at trade costs, paperless trade implementation and the cross-border aspects of trade. Among the key findings were that all inclusive trade costs are ten times higher than tariff rates and that trade costs in developing countries are much higher than those in developing countries than in developed countries and they tend to fall much slower.

The presentation also focused on paperless trade survey results that provided important insights into those approaches that can enhance trade efficiencies. Among the key conclusions regarding the critical nature of paperless trade development were:

- Trade and supply-chain security initiatives in major export markets make it necessary for all actors to exchange data and documents electronically
- Benefits from implementing national electronic single window or related paperless systems would be greatly enhanced if the electronic documents generated by them could be used across borders
- Countries of the Asia Pacific region increasingly include provisions for electronic exchange of information in their trade agreements
- Cross-border electronic exchange and recognition of documents between landlocked and transit countries would significantly reduce transit time and costs.
- Streamlined documentation procedures would make it easier for Small and Medium-sized Enterprises (SMEs) to more effectively participate in regional and global production networks

## ***2. Aid for Trade Facilitation: The Potential Impact on Developing Countries' Trade***

Trudy Witbreuk, OECD

Ms. Witbreuk reviewed the research that the OECD has work done on trade facilitation and how that has been encompassed in the WTO trade negotiations. The OECD wanted to measure cost gains that could be achieved at the border. A key conclusion reached was that a 1% reduction in trade costs would get \$30 Billion benefit and that most of this benefit could accrue to developing countries.

The focus at the OECD has been on measuring trade automation and in particular for streamlining and automating processes at the border. These issues were studied on a regional basis providing an important set of baseline criteria. Additionally, they examined different types of costs in trade facilitation measures. For example, equipment and infrastructure (including IT systems and Single Window mechanisms) were highlighted as the most expensive elements of trade facilitation as such required more financial commitment. On the other hand, relatively inexpensive were those involving simplification and harmonisation of documents, increasing information availability to traders.

## ***3. Trade Facilitation and Paperless Trade: Customs' Role in enhancing Trade Competitiveness***

S P Sahu, World Customs Organization

Mr. Sahu focused on the role of Customs in Trade Facilitation and paperless trade through a wide variety of strategy activities, tools, international instruments, and programs. For example, the Revised Kyoto Convention (RKC), which has 95 Contracting Parties, is the centerpiece for all WCO projects related to trade facilitation. As reflected in the WCO's Economic Competitiveness Package, this work reflects the large overlap between the Revised Kyoto Convention and the WTO's Trade Facilitation Agreement.

Building on the RKC, the WCO has initiated activities including its overarching Customs in the 21<sup>st</sup> Century vision, the WCO Single Window Compendium, Globally Networked Customs (focused on Inter-Operability and Sharing of Data), Coordinated Border Management, the WCO Data Model, and the WCO's Recommendation on the Dematerialization of Supporting Documents. All of these efforts focus on the importance the WCO places on service outcomes for its 179 Member States.

## ***4. Roadmap for Enhancing Information Exchange in International Supply Chains***

Tom Butterly, UNECE

Mr. Butterly discussed the importance of developing and implementing a Roadmap for international supply chains and the challenges that exist in the cross-border trade environment. For example, he noted that as a result of the complexity and resulting costs of cross-border trade,

it is often difficult for small and medium-sized enterprises (SMEs) to participate in global supply chains and, of course, increases overall costs for everyone.

He reviewed the outcomes of the 2011 Global Trade Facilitation Conference and noted that after 10 years of Single Window development, the Single Window had become "...strategic national instruments to facilitate trade, enhance collaboration between trade related government agencies, and increase export competitiveness." Finally, he noted that a major conclusion from that 2011 Conference was the call for development of a new Roadmap to move forward and overcome the major obstacles that still exist in the trade facilitation arena. As part of the new work, he introduced the use of "maturity grids" as well as the idea of "Interoperability of Inter Organisational Information Systems" that would be discussed later in the Conference.

Mr. Butterly concluded his presentation by making a number of key comments:

- Need an intensely information driven approach to modern Supply Chain development
- Use the Maturity Analysis to determine the current and "to be" state of your supply chains.
- Consider all 3 areas: Trust, Technology and Level of Regulatory Simplification
- Actively engage in the discussions around the 2nd phase of Single Window implementation – Integration and exchange between Inter Organizational Information Systems

## **B. Session 2: Initiatives on Inter-connectivity of Paperless Systems: Learning from Practices**

Trade transactions involve multiple agencies and require them to exchange information and documents. That is why, in a paperless environment, interconnectivity of regulatory systems is crucial to allow faster and smoother trade transaction. Other government agencies (OGAs) tend to be less ready for paperless systems and connectivity with Customs when it comes to paperless trade. This session will discuss some cases of interconnectivity between regulatory systems and focus on key lessons that can be drawn from the cases.

### ***1. Building a Network of Inter-organization Information Systems***

Markus Pikart, UNECE and Somnuk Keretho, Kasetsart University

Based on substantial new research, Mr. Pikart focused on a number of key issues that in building an open Single Window environment for the end-to-end global supply chain. He noted that there could be as many as 100 Single Windows operating by 2015 and that in the Single Window environment, no one model fits all situations. Different systems evolve towards a Single Window and it tends to be an evolutionary process. He points to the UNESCAP efforts to develop a

Regional Paperless Trade Agreement<sup>7</sup> in order to achieve harmonization among many different Single Window approaches used in the region.

Looking at the European Union, he noted the variety of different Inter-Organizational Information Systems (IOS) including Port Community Systems, e-customs systems, e-freight freight systems, etc. One limitation that has been observed in this array of IOS approaches in the EU is the difficulty in achieving collaboration amongst these approaches. This problem is beginning to be addressed and there is a growing interconnection between IOS and connectivity to Customs. A vision for the multiple varieties of “Single Windows” or IOS in the EU appears to be in developing networks of IOS to achieve efficient cross-border trade. Currently, however, there is no specific framework in place to accomplish this although it may be possible for governments to develop an agreed upon template through which negotiations could be undertaken.

In conclusion, Mr. Pikart provided a series of key recommendations in this area:

- Governments should continue to simplify and automate trade procedures under a national Trade Facilitation & Single Window Strategy
- Governments should assess possible gaps in the development of IOS systems in their countries, in particular with regard to transport infrastructure management and transport regulations
- Governments should encourage collaboration of IOS and Single Window systems with the objective to
- ... create a Open Single Window environment that delivers integrated and high value added services to trade
- To this end, Governments should develop a framework agreement for IOS collaboration in international trade.

## ***2. Next Generatio Paperless Systems for Trade Facilitation: Trends and Way Forward in Developing Countries***

Jonathan Koh, CrimsonLogic, Singapore

Mr. Koh’s presentation covered key trends in the Single Widow development currently underway in various world regions. To this he explored the directions in which the next generations of paperless trade systems were moving, particularly those that have the potential to significantly change and update existing models. He first looked at a survey of recent Single Window requests for proposals (RFPs) from 35 countries in Africa, the Middle East, South

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<sup>7</sup> Detailed information regarding UNESCAP’s work towards implementing the Commission’s 2012 Resolution 68/3 and the draft *Agreement [Framework Agreement] on Facilitation of Cross-border Paperless Trade for the Asia Pacific Region* is available at <http://www.unescap.org/tid/reso683.asp>.

America and the Caribbean, and Asia/Oceania. In several of these regions, he also pointed to regional Single Window efforts underway.

Developments in the EU were also covered in the presentation. Noting that the EU had a variety of Port Community Systems and Customs Systems, he saw the challenge for Europe as turning long-established existing systems into the interfaced and integrated IOS. He commented on the new regional initiatives in the EU including the EU Directive 2010/65/EU for a Maritime Single Window and the European Port Community Systems Association (EPCSA) work in this area.

He sees future Single Window and paperless trade developments, i.e., the “game changers,” focusing on Inter-organizational Information Systems (IOS.) In particular, the opportunity for developing “Networks of Networks of Inter-Organization collaboration for [the] cross-border supply chain.” In this regard, he suggested that it would be important for this effort to be led by international organizations such as, United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), the World Customs Organization (WCO), the International Air Transport Association (IATA), the International Maritime Organization (IMO), Organization for the Advancement of Structured Information Standards (OASIS) – all of which have ongoing programs related to these developments and, in particular, to the development of important technical standards in the field.

His concluding view was that the next generation of Single Window and paperless trade systems will result from:

- National Integration & collaboration frameworks for the Inter-organizational Information Systems (IOSs)
- Nation-to-Nation collaborations on data & information exchange among Customs agencies in support bilateral trade agreements and policies
- Develop Global connectivity by adopting international connectivity and data harmonization standards to achieve information exchange in global supply chains.

### ***3. Inter-connecting Customs systems for Transit Facilitation: ASYCUDA Experience***

Renaud Massnet, UNCTAD-ASYCUDA

The Automated System for Customs Data (ASYCUDA), developed by the UN Conference on Trade and Development (UNCTAD), makes a significant contribution to trade facilitation, particularly for developing countries and especially for those that are landlocked. Mr. Massnet noted the work that UNCTAD does with Customs Administrations and the tools it has developed to improve transit processes. Additionally, they have seen the need to have ‘open’ systems and provided several examples of the success ASYCUDA has had. He noted ASYCUDA’s Integrated Control and Monitory technology in this regard.

Mr. Massnet gave several examples of how its ASYCUDA Transit technology has been implemented and the benefits achieved. He also provided several key points related to the

lessons learned in the ASYCUDA efforts that implicate important areas for Single Window and paperless trade development including, among others:

- The importance of establishing a legal framework (e.g., ASEAN.)
- Developing a unified transit procedure.
- Adopting a unified data and message structure.
- Providing a secure guaranty mechanism.
- The use of centralized and decentralized operations
- The importance of the communications infrastructure.
- The appropriate and efficient use of technology.

In summarizing the key elements of the first set of presentations in Session 2, the Moderator noted the recurring themes in most discussions of paperless trade including useful notes about the development of standards, the importance of the legal framework for cross-border trade transactions, benchmarking approaches.

### **C. Session 2 (continued): Initiatives on Inter-connectivity of Paperless Systems: Learning from Practices**

#### ***4. Interconnectivity of Paperless Systems in African Developing Countries***

Ibrahima Diagne, GAINDE2000, Senegal

Mr. Diagne's presentation focused on the important and rapidly expanding Single Window and paperless trade experiences emerging in Africa. He offered perspectives from the African Alliance for E-Commerce (AAEC.) He noted that the Single Window represents one concept that has multiple applications. Beyond the Single Window itself, the applications to Customs and trade logistics are central.

The key questions along the way to successful Single Window implementation are important. For example, should one attempt a complete business process re-engineering or simple automation in terms of processes? For the actual implementation platform, should one be developed internally or should an existing 'solution' be adopted? And in terms of the human factors or 'people' issues, should radical or progressive change be sought? Mr. Diagne also discussed the approaches that can be taken for developing regional Single Window capabilities in Africa.

Finally, the presentation examined the achievements and challenges facing Single Window development in Africa. Mr. Diagne pointed to the new AACE Single Window Implementation Guide and the increasing number of regional workshops seeking to build capacity in the region, and efforts to design regional Single Window pilot projects. He concluded by providing a mini-review of Gainde 2000, the Senegalese integral Single Window and its components.



## ***5. Single Window Inter-operability in Latin America***

Jose Carlos Mattos, ECLAC

Mr. Mattos review the major perspectives emerging in Latin American regarding the need to enhance trade facilitation. He noted the general consensus that the most efficient vehicles for increasing competitiveness is through the use of trade facilitation measures, particularly the use of single windows. He emphasized, too, that the implementation of a Single Window involves more than the underlying information technology involved. “It requires the implementation of political, institutional and legal aspects and in respect to regulation.” He also noted that establishing a national Single Window is not enough. “... [c]ountries are faced with the need to interconnect national windows in order to be able to face the international market by participating in supply chains that require multiple origins for their products.” he said.

He Mattos recommended a non-exhaustive list of principles on which governments should based their trade facilitation programs. They include:

- Transparency
- Simplification:
- Non-discrimination:
- Due process:
- Cooperation:
- Consistency and predictability
- Communication and consultation:
- Protection and compliance
- Standardization

On a regional basis, he noted that there is an increasing effort to focus on the interconnectivity between Customs Administrations. One such group, the Inter-American Network of Single Windows for Foreign Trade (RedVUCE), began its work in 2011. It’s working groups are examining three main areas: (1) Law and regulation, (2) Harmonization aspects, and (3) Information and Communications Technologies.

Another regional example is the Mesoamerica Project or the Mesoamerica Procedures for International Goods Traffic (TIM.) Pilot test operations since 2008 have demonstrated very significant and concrete results.

Mr. Mattos concluded his presentation with the following recommendations for pursuing a regional strategy for the development of trade facilitation and the single window for foreign trade:

- Coordination to advance on three fronts: multilateral, regional and national levels.
- Emphasize solutions for SMEs.

- To promote national ownership of reforms (political commitment).
- Working together with the private sector.
- Encourage and strengthen efficient use of ICT for trade facilitation.
- Build capacity to negotiate and implement (WTO, FTAs).
- Promoting strategic analysis.
- Promote coherence to action.

He emphasized that all of this work is necessary if we are to enable participation in global supply chains by not only large companies but also by small and medium sized enterprises (SMEs). This will be a key need if the goals of ‘inclusiveness’ are to be achieved.

## ***6. Evolution of European Port Community Systems and Connectivity with Customs***

Pascal Olivier, European Port Community Systems Association

European Port Community Systems (PCSs) are playing an increasing role in trade logistics and, therefore, in trade facilitation within the European Union. PCSs are private sector entities that work with businesses in a manner similar to Single Window facilities. In his presentation, Mr. Olivier defined a PCS as:

- [A] neutral and open electronic platform enabling intelligent and secure exchange of information between public and private stakeholders in order to improve the competitive position of the sea and air ports’ communities.
- [A PCS] optimizes, manages and automates port and logistics efficient processes through a single submission of data and connecting transport and logistics chains.

As noted in an earlier presentation, the EU does not have many Single Windows. Mr. Olivier pointed out that PCSs fulfill an important gap here in that they, “Link **Administrative** and **Operational** trade procedures electronically via intelligent exchange of messages on a end to end basis, machine to machine, with all stakeholders These may include: Customs, Government Agencies, and Trade. He also explained that there are a number of EU initiatives, for example, the European eManifest Proposal and the European eMaritime effort in which the European Port Community Systems Association is involved. European PCSs, Mr. Olivier noted, have evolved considerably and offer important advantages to many stakeholders involved in the trade facilitation processes within the EU.

## ***7. Prospects of Paperless Trade for Customs Union Integration in Eurasia***

Irina Taskaeva, Eurasian Economic Commission

Ms. Trakaeva provided an expansive view of the development efforts of the Eurasian Economic Commission (ECC) as well as the members of its Customs Union (CU.) This CU includes Belarus, Kazakhstan, and the Russian Federation. Each Member-State has been developing

Single Windows and paperless trade systems. The ECC's competence in this process has been to develop the Guidelines that would be used by each country in its development efforts.

Her presentation provided insights into the e-Customs systems in place and under development. She noted that some elements of this work, such as that related to Advance Cargo Information is also governed by the ECC. She also described the work, including the technical architecture, related to the integrated information system for both external and internal trade. Ms. Trakaeva noted the importance of being able to link each Member's Single Window system to enhance trade facilitation between the members of the CU. In terms of future work, she pointed to efforts to address the legal infrastructure issues as a critical element of cross-border trade integration.

### **D. Session 3: Paperless Solutions for Facilitation of Supply Chain Finance and Payment Settlements**

Trade without financing and an effective payment system is an engine without its oil. Access to trade finance remains a major trade barrier for firms in developing countries, particularly SMEs. Inadequate systems for making payments during the trade transaction process also hinder trade and efficiency of trade transactions. In this session, speakers will provide some examples of how paperless systems can help in alleviating these constraints and highlight lessons learned and the way forward for implementation in developing countries.

#### ***1. Implementation of Bank Payment Obligation (BPO) in Developing Countries***

Franck de Praetere, SWIFT

Mr. Praetere explained the new trends in trade financing noting the significant decline in the use of Letters of Credit and the increasing use of Open Account (OA) approaches. Financing using Open Accounts, however, make it difficult for small and medium sized enterprises (SMEs) to obtain trade financing. As a result, there would be less 'inclusiveness' for many SMEs.

SWIFT and the International Chambers of Commerce have sought to create an alternative financing approach that would be more inclusive. They created the Bank Payment Obligation (BPO) to address these needs. The BPO is being developed as an addition to existing trade financing mechanisms. It is defined as: "An irrevocable undertaking given by one bank to another bank that payment will be made on a specified date after a successful electronic matching of data according to an industry-wide set of rules.

The BPO relies on the ISO 20022 messaging and trade utility and enables financing at earlier stages of the supply chain. Mr. Praetere noted that it meets the four pillars of trade finance: (1) Payment certainty, (2) Financing, (3) Information flow, and (4) Risk mitigation. He also pointed many banks have become involved in BPOs including many smaller ones.

## ***2. Connecting Ports, Customs, and Payment Systems for Trade Facilitation: Lessons Learned in ASEAN and Beyond***

Peter Stokes, Axway, Singapore

Mr. Stokes explored a variety of trends and provided several examples how the interconnection of ports and Customs Administrations along with the integration of electronic payment systems for trade facilitation has developed in the trade facilitation context. He noted the importance of the role freight forwarders play in the supply chain as ‘logistics intermediators.’ Often, freight forwarders are SMEs and the issues related to ‘inclusiveness’, as noted throughout the Conference are quite important here. He provided an example of how SME freight forwarders interoperate with multiple “communities”, including bank, in the port of Hong Kong.

After an introduction to the ASEAN Economic Community framework and the ASEAN Single Window developments, Mr. Stokes focused his discussion on possible developments in ASEAN for cross-border financial supply chain processes. He provided a number of considerations for freight forwarders in the ASEAN environment. In addition, he examined a number of technology trends that are and will continue to impact this area.

He concluded his comments for focusing on various areas where there were opportunities to learn from experiences and recommendations, for example:

- **Multiple Integrated Communities together with Financial Gateways a Fact of Life**
  - Interoperation Customs System (Agency Systems may be easier than turf tangles over a “single window” )
  - Need to define “structures” for interoperation
  - Trading Community connects to multiple communities
- **Try to Harmonize Regulations, Procedures, Data Standards across Countries**
- **Capitalize on Mature Technology Innovations**
  - Mobile - SmartPhones – \_Internet – \_Financial
  - Booming B2B Integration and API Technologies

## ***3. Trade Financing for SMEs Through Paperless Trade Platform: Experience of Republic of Korea***

Rama Ha, KTNET, Republic of Korea

Korea has sustained a very high rate of trade growth. Mr. Ha noted that Korea’s trade financing system was a key element of this growth and that the Bank of Korea has a strong emphasis on helping SMEs. He explained the extensive system that Korea has put in place to support trade finance.

Korea has also designed into its paperless trade platform, uTradeHub, sophisticated trade financing services. As Korea has one of the most advanced electronic transactions based Single

Window, a true paperless trade system, many of the trade financing instruments, e.g., electronic Letters of Credit.

As a result of these advances in paperless trade (including a highly evolved legal framework for paperless trade), Mr. Ha noted that it has been able to achieve significant and enhanced export competitiveness for all traders and one that provides for inclusiveness in the trade financing area.

## **E. Session 4: Legal Framework Towards Cross-border Paperless Trade Systems**

Developing appropriate legal framework is a major prerequisite to establishing paperless trade systems. However, it is one of the most challenging interventions in the pursuit of development of paperless trade systems. This session is designed to discuss and share the development and implementation of legal frameworks and regulations in relation to cross-border paperless trade systems. It will attempt to draw lessons from national and regional experiences. This session will also discuss the way forward for regional cooperation in enabling cross border paperless trade.

### ***1. Legal Barriers and Challenges to Cross-border Paperless Trade***

William J. Luddy, Jr., Member, UNNExT Advisory Group on Legal Framework for SW

Mr. Luddy provided a broad overview of the of the potential barriers and challenges that exist in creating the legal framework(s) for enabling cross-border paperless trade and Single Window systems in the context of global supply chains. He noted the importance of taking legal issues into account in the early stages of planning for paperless trade systems in light of the intersection of law and technology.

He emphasized that in the context of paperless trade systems it was necessary to address both the regulatory and business components of trade facilitation. He also recommended that a number of legal frameworks should be examined depending on the level of Single Window/paperless trade systems being included. And given the diversity of Single Window models, consideration needed to be given to issues such as:

- Cross-Border Data Exchanges
- Single Window – B2G, G2G
- Cloud Computing Issues
- Private International Law – B2B
- Bilateral/Multilateral Arrangements (e.g., FTAs)

And although the challenges might appear daunting, he reviewed the work currently being done at the United Nations and other international organizations to provide solutions. He pointed to

examples of such work at the UN Commission on International Trade Law (UNCITRAL), UNESCAP, UNCEFACT, the WCO, and the WTO, among others.

Finally, he recommended that in moving forward in Single Window and paperless trade facilitation systems, the following would be important:

- International Collaboration and Coordination
- Establishing International Legal Standards for Paperless Trade
- National Law, Policy and Development that is consistent and to the extent possible, harmonized with international legal standards.
- Adopting legal and technical approaches that would support inclusive development rather than creating barriers.

## ***2. Evolving Legal Framework for Paperless Trade: Experience of Thailand***

Surangkana Wayuparb, CEO, Electronic Transactions Development Authority (ETDA), Thailand

Mrs. Wayuparb described the electronic transactions development model that has been adopted in Thailand. She explained how this supported key development activities in the areas of e-Commerce, e-Payment systems, and the Thai National Single Window.

She discussed the legal framework and laws for e-transactions in Thailand and noted how Thailand's laws were based in large part on several UNCITRAL texts including the Model Laws on Electronic Commerce and Electronic Signatures as well as the UN Electronic Communications Convention. In addition, she described the Core Principles of their draft Royal Decree on rules and procedures for conducting electronic transactions for import, export, transit, and logistics through the Thai National Single Window.

Finally, she noted that the ETDA's efforts to developing an enabling legal environment for electronic transactions were aimed at creating confidence in legal effect of electronic transactions to not only encourage electronic commerce generally but also to provide the type of legal framework that would support Thailand's trade facilitation efforts and its focus on inclusive development.

## ***3. A Regional Arrangement for Cross-border Paperless Trade Facilitation: Way Forward for Developing Countries***

Muwasiq M Noor, EDI-I, Indonesia

Mr. Noor introduced the Indonesian Single Window development effort describing the existing import and export processes and the enhancements that are created by the electronic Single Window environment. He noted that beyond the technology employed in the Single Window, the real key area for Indonesia was to establish the legal framework for the Single Window and paperless trade. And since Indonesia is participating in the ASEAN Single Window, he noted that it was critical to create a legal framework that would allow it to be legally interoperable with

the ASEAN Single Window and the overall regional legal framework being created for the ASW.

He noted that within ASEAN, the cross-border legal framework for the ASEAN Single Window would be provided through the Legal Protocol for the Implementation of the ASEAN Single Window. On a broader perspective, he emphasized the work currently underway on the 2012 UNESCAP Resolution 68/3 and the draft *Agreement [Framework Agreement] on Facilitation of Cross-border Paperless Trade for the Asia Pacific Region*, which is a key part of this project.

## **F. Session 5: Capacity Building towards Paperless Supply Chains in Developing Countries**

This short session comprised presentations from representatives from international organizations involved in paperless trade. This session provided an opportunity for discussions about various capacity building strategies and programmes for advancing paperless supply chains or paperless trade, especially in developing countries including least developed countries.

### ***1. Asian Development Bank: Initiatives and Capacity Building Activities Towards Paperless Supply Chains***

Jayant Menon, Asian Development Bank

In the area of trade facilitation and paperless trade, Mr. Menon focused on a number of key initiatives undertaken by the Asian Development Bank (ADB.) For example, he described the ADB's Subregional programs in the Great Mekong Subregion (GMS), Central Asia Regional Economic Cooperation (CAREC), and South Asia Subregional Economic Cooperation (SASEC.) These have included work in the creation of National Single Windows through improvement of border agencies operations; cross-border supply chain of eco-friendly products and paperless trade; regional improvement of border services through construction and renovation of border crossing points and improvement of NSW facilities; large investments in customs modernization; and others.

He noted the Japan Trade Facilitation Initiative moving towards the goal of "The Asia Cargo Highway." The ADB also focuses on a variety of knowledge products and training efforts that enhance paperless trade initiatives around the region. Finally, he noted the partnerships that the ADB has forged with other development institutions to work towards paperless trade development.

### ***2. ASEAN Single Window Overview***

Dennis Pantastico, ASEAN Single Window Project

Mr. Pantastico described the ongoing efforts to establish the ASEAN Single Window (ASW), one of the earliest regional Single Window efforts, which is supported by the USAID project,

ASEAN Connectivity through Trade and Investment (ACTI.) In the project, each ASEAN Member State is implementing its National Single Window and then, through the ASW, information on trade transactions and clearance are shared between country's Single Windows. He noted that the ASW provides key functionality for unifying both the exporting and importing dimensions of trade transactions.

He examined the near-term and long-term goals established for the ASW. By 2015, the ASW would be operational and exchanging data contained in regional certificates of origin, regional customs declarations, manifests, self-certified invoicing, and sanitary & phyto-sanitary certificates. By 2017, it was expected that the average time to export and import among ASEAN Member States would be 14 days, down from 21.4 days in 2010 and 17.5 days in 2013. Additionally, the ASW project expected that other electronic documents would begin to be exchanged including, for example, bills of lading, advanced cargo information and dangerous goods information. This would lead to pre-arrival clearance processing as well as institutionalized targeting efforts.

There are a variety of longer run challenges addressed in the ASW effort and that are likely to be found in any regional Single Window program. Mr. Pantastico note issues related to the "ownership" of the ASW as well as the governance mechanism for overseeing it, the type of organizational entity that would actually operate the ASW, the type of sustainable business model that is needed, the importance of private sector buy-in, and the effective use of cross-border data for multi-agency risk management.

### ***3. Capacity Building towards Paperless Supply Chains in Developing Countries: ESCAP Approach***

Sangwon Lim, ESCAP

Mr. Lim described the extensive and cooperative work that UNESCAP has undertaken in the area of paperless trade and the broad range of capacity building tools that it has created to move the region forward. He noted the diversity of ESCAP Member States from Least Developed Countries to Land-Locked Countries to Small Island Developing States to Developed Countries. UNESCAP engages considerably with United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT) in cooperation with the UN Economic Commission for Europe (UNECE.) In addition, ESCAP engages with a wide range of international partners in its ongoing capacity building efforts.

The presentation provided an overview of the *holistic* approach in UNESCAP's overall capacity building efforts. With UNNExT, it has developed a whole package of tools that provide guidance on Single Window and paperless trade implementation. In addition to the Guides and its capacity building work, UNNExT also provides focus through knowledge sharing, research and analysis, and a Regional Advisory Service. UNESCAP also provides knowledge sharing through its support to the Asia-Pacific Trade Facilitation Forum.



UNESCAP's efforts in the area of capacity building for the Single Window and Paperless Trade Environment and trade facilitation in the region provide a broad framework for the efforts of its Member States' initiatives in the field. This framework builds on the pillars of:

- Business Models
- Stakeholder Coordination
- Political Will and Mandate
- The Legal Framework
- Technical Issues

UNESCAP's holistic approach in these areas provides an important integrative model for its trade facilitation development efforts throughout the region.

### ***III. Paperless Supply Chain for Trade Facilitation and Inclusive Development: Way Forward***

Joint Presentation by UN Regional Commissions

Members of the Secretariats from the UN Regional Commissions (UNRC) concluded the Conference by providing a comprehensive summary of the program. They emphasized the recommendations and the "Way Forward" that seemed to be emerging from the many thoughtful presentations and the supplemental research papers prepared for the Conference.

First, they provided the background on the Joint UNRC approach that was agreed to in 2010. The UNRC approach included a joint UNRC perspective on key Trade Facilitation issues and a joint package of information and capacity building resources on Trade Facilitation. This would also provide an emphasis on coordination and cooperation on Trade Facilitation and capacity building, dissemination of information on UNRC activities and coordination with other key UN and related international agencies focused on Trade Facilitation.

The joint UNRC project seeks to enhance participation of developing and transition economies in Global Supply Chains. At the first Global Trade Facilitation Conference in Geneva (2011), a number of proposals had emerged. As noted in the presentation, they were:

- **Reference group**: Establish a reference group of Single Window and supply chain stakeholders from government agencies, the private sector and academia.
- **Roadmap**: Create a roadmap for developing Single Window and supply-chain automation for cross-border trade.
- Providing support and capacity-building through the Regional Commissions and other relevant international organizations.
- **Central Repository**: The regional commissions are requested to set up a central repository for information on Single Windows across the globe.

- **Standards:** The UNECE UN/CEFACT, WCO, ISO, IEC and ITU, were requested to consider developing any additional standards that might be required to support electronic information flows across global supply chains and Single Window implementations.

In the context of the Roadmap that had been developed, a new idea related to the development of an analytic approach called a “Maturity Grid” was also discussed. This is also part of an overall approach to development of an Inter Organizational Information Systems model as part of the Roadmap for achieving the Trade Facilitation goals noted earlier. By way of a Summary and Recommendations on this point, the UNRC noted:

- Governments should continue to simplify and automate trade procedures under a national Trade Facilitation & Single Window Strategy
- Governments should assess possible gaps in the development of Inter Organization Information Systems (IOS) in their countries, in particular with regard to transport infrastructure management and transport regulations
- Governments should encourage collaboration of IOS and Single Window systems with the objective to
  - *create a Open Single Window environment that delivers integrated and high value added services to trade*
- To this end, International Organizations should develop an IOS framework for integration of Single Window and related paperless trade systems

After discussion the various regional studies that had been conducted under the Joint UNRC Project, the key recommendations that had emerged from the presentations and important discussions between the presenters and the participants were summarized. They included the following:

- Continue to focus on reducing trade transaction cost
- Continue stock-taking needed, applying available tools to identify bottlenecks and monitoring performance in trade processes.
- Enhance support to Government Agencies other than Customs (OGAs) as they need particular support to become paperless ready.
- Ensure inclusive paperless systems by addressing the needs of SMEs
- Establish appropriate legal framework for national as well as cross-border paperless systems
  - Draft text of regional arrangement under ESCAP resolution 68/3
- Develop e-trade finance and e payment settlements facilities appropriate for developing country context.
- Development of cross-border electronic data and document exchange between landlocked and transit countries particularly important.

- Continue to build capacities of developing countries, especially least or landlocked developing countries.

Finally, the UNRC presented a summary of “The Way Forward” on creating International Trade Inter Organizational Information Systems Environments (IT-IOSEs) for the future. It would include:

- The next Phase of Single Window implementation will involve creating an enabling environment whereby Inter Organization Information Systems (IOSs) for International Trade, including regulatory and logistics focused Single Windows, can exchange standardized information with each other based on an agreed organizational, operational and legal framework (on Best Practice),
- The ability to submit data only once to satisfy the regulatory and logistical requirements of all IOSs in the given environment should be optimised (thus reducing or eliminating the need to resubmit information to individual IOSs).
- International Organizations should play a key role in creating this International Trade IOS environment (IT\_IOSEs)
- Such an environment should utilize international information standards and Single Window recommendations (UNECE Rec 33, 34, 35) and other relevant implementation tools.
- The focus should be on growing such IT\_IOSEs nationally, regionally and globally.
- Both Government and Trade should be fully engaged in the development of such IT\_IOSEs
- Countries and regions should take an evolutionary approach to developing such IT\_IOSEs, based on need, expected return on investment, and other operational considerations.
- The implementation strategy should allow for the development of different forms of IT\_IOSEs, based on the different needs and operational considerations of each country.
- The approach to the development of IT\_IOSEs should include a strong element of capacity building for developing and transition economies.

Overall, the 2013 Global Trade Facilitation Conference sponsored by the UN Regional Commissions has shown that there is significant progress being made in the area of Trade Facilitation for paperless trade and the international Single Window. The efforts to develop workable models in a variety of areas will benefit trade facilitation in all countries and will be particularly helpful to developing and transition economy countries. In this light, the UN Regional Commissions discussed the potential for adoption of the annual Expert Survey on Trade Facilitation and Paperless Trade Implementation in their respective regions. The emphasis

on “inclusive development” was seen throughout the Conference and represents one of the most important aspects of the Joint UNRC Project and approaches. With over 22 high quality presentations and extensive interactions with participants, the Conference demonstrated continuing progress along the road to achieving the goals of this Joint UNRC effort.