

# South Asia Breakout Session: Developing Trade Facilitation in South Asia

*Summary report by session chairpersons*

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*Summary of Discussions and Recommendations*

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# Review of issues discussed

South Asia still has significant trade facilitation problems that are adversely affecting trade potential. Studies have shown for example:

- Exports Nepal to Bangladesh take 16 days with 10 procedures, exports Bhutan to Bangladesh 10.5 days with 10 procedures and exports from Nepal through Kolkata takes 19 days with 15 procedures
- Average shipment required up to 22 different forms with overall requirements for about 50 documents (originals + copies).
- Sri Lanka (2009) TF times imports 20 days 6 different documents and exports 21 days 8.5 documents – 12 days for import documentation preparation ( some reductions since survey)
- Bangladesh (2011) TF times imports 29 days 8 different documents and exports 23 days 6 documents – 12 days for document preparation – 20 days for import document preparation

These represent significant non-tariff barriers to trade

# Review of issues discussed

## Documentation

- Too many different documents
- Lack of standardization/harmonization nationally and regionally
- Continued manual processing of documentation, as hard copies still have to be submitted – dual process means benefits of automation lost
- Customs procedures remain cumbersome, non-transparent and time consuming

## Ports

- Port performance remains poor with long delays

## Infrastructure

- Lack of connecting infrastructure and at borders delays shipments

## Transit

- Lack of effective transit systems disadvantages landlocked countries

# Review of issues discussed

## Transport Facilitation

- Traffic still be transhipped at borders raising costs

## Certification and Testing

- Lack of accredited testing laboratories
- Certificates of other countries not recognized

## Trade Facilitation Information

- Lack of information available to traders
- Lack of awareness at to regulations resulting in non-compliance
- Inconsistencies due to differing interpretation of regulations

## Trade Facilitation Committees

- Not all countries have such committees
- Some not effective private-public consultation mechanism

# Review of issues discussed

## Single Window

- Single window is a transformational change demanding effective public -private stakeholder collaboration for ownership/buy-in
- SW is a program not IT in isolation
- Implementation complexity can result in loss of support and buy-in due to time lag – single window fatigue
- Importance of recognizing its potential value and ensuring active participation
- Appreciation that implementation will be challenging
- Different development approaches will be required in different countries using a step-by-step approach

# Key challenges

## Documentation

- Reductions in numbers of documents and copies
- Harmonization using international formats
- Eliminating need for hard copies unless suspect shipment

## Ports

- Reduction in port dwell times

## Infrastructure

- Investment in border crossings and ICDs

## Transit

- Negotiation of simplified transit system with electronic controls

# Key challenges

## Legal

- Need to change legislation to introduce and develop e-customs and SW
- Potential implementation delays awaiting approval of draft legislation

## Institutional Capacity

- Need for capacity building and training to support changes in approaches and technology

## Trade Facilitation Information

- Establishment of trade website
- Maintaining data on website

## Trade Facilitation Committees

- Ensuring active and continuous participation by stakeholders
- Making committee consultative not dictatorial

# Key challenges

## Single Window

- Delays in SW cycle can result in frustration and loss of support
- Ensuring ownership/engagement of both public and private sectors
- Stakeholders have diverging needs and attitudes towards change
- Demanding immediate changes can lead to resistance
- Governance: Deep-rooted legacy processes with varying degrees of complexity
- One-size does not fit all, so need different approaches
- Capacity building and training needed to support implementation





# Recommendations

## NATIONAL

### Documentation and Procedures

- Standardize documents on UN international formats
- Simplify trade procedures by handling documents electronically, automation of manual process, arrange cross-border data harmonization, exchange and alignment to create a paperless trade environment.
- Mandatory paperless submission and processing unless identified risk shipment
- Develop more accredited laboratories for product testing

### Legal

- Develop relevant legislation for e-Customs and Single Window in advance

### Trade Facilitation Committees

- Form in countries with no such committee established
- Ensure public and private sector representation



# Recommendations

## Single Window

- Establish Presidential Business Trade Committee to drive change ( i.e. needs high level project champion) and promote active participation and sustainability
- Consider installation of single window as towards a process towards a long term goal
- Development of partnership between traders and government with need for shared goals
- Engage stakeholders early with early win-wins demonstrating benefits to gain momentum
- Encourage ownership of process by engaging all participating parties
- Use flexible technology, consider simplicity and consider the rate of change, do not force unrealistic demands

# Recommendations

## REGIONAL

### Standards

- Harmonize trade data and documents
- Consider mutual acceptance of other countries certifications

### Transit

- Introduce electronically based transit system to landlocked countries and improve trade and transport infrastructure at border crossings

### Trade Facilitation Information

- Establish SAARC Trade Facilitation Network, including a mechanism for public-private sector dialogue and collaboration

### Trade Facilitation Committees

- Establish (Sub)regional coordination mechanism

### Capacity Building

- Undertake capacity GAP Analysis including cross-border BPA study on more Sub-regional corridors, and develop more capacity building training initiative with support from ESCAP and ADB and other partners
- Expand support role of ESCAP and ADB in trade facilitation and regional

cooperation