South Asia Subregional Economic Cooperation Program

SASEC Program
Trade Facilitation in Asia and the Pacific

Regional Workshop on Promoting Connectivity through Trade Facilitation and Aid for Trade
Incheon, Republic of Korea
27-28 March 2017

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SASEC Trade Facilitation

• SASEC Program overview
• SASEC Operational Plan and sectors
• Trade facilitation issues and challenges in South Asia
• SASEC Trade Facilitation Program
• SASEC Trade Facilitation Strategic Framework
• Future directions and priorities
SASEC Overview

- Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, Sri Lanka
- **SASEC goal** – “to increase trade and economic cooperation within South Asia, create linkages to East and Southeast Asia, and promote sustained and inclusive economic growth through regional cooperation”
- 46 investment projects worth over $9 billion
- 69 TA projects worth over $65 million
- 4 sectors: transport, energy, trade facilitation, economic corridor development
- ADB serves as SASEC Secretariat
Connecting through Corridors

SASEC Regional Corridor Maps in South Asia

TRANSPORT  ENERGY
TRADE  ICT
MULTISECTOR  ALL SECTORS
CORRIDOR 1  CORRIDOR 7
CORRIDOR 2  CORRIDOR 8
CORRIDOR 3  CORRIDOR 9
CORRIDOR 4  CORRIDOR 10
CORRIDOR 5  CORRIDOR 11
CORRIDOR 6  ALL CORRIDORS

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SASEC Operational Plan

- First 10-year comprehensive long-term plan
- 4 sectors: 220+ priority projects: $120+ billion
- SASEC Vision – overarching framework and long-term strategy to support sustained and inclusive growth in SASEC member countries
Transport Sector

- Enhancing multimodal transport linkages – road, rail, maritime, inland water transportation
- Improving access, reducing congestion at border crossings, ports
- Improving logistics infrastructure
Trade Facilitation Sector

- Customs measures, land- and sea-based
- Border and inland facilities, improved logistics, port processes, automation
- Through transport
- Improved operations of other border agencies, SPS/ TBT measures, NSW
Energy Sector

- Improve energy trade infrastructure
- Develop bilateral and regional power markets (long-term goal)
- Promote low-carbon alternatives, energy efficiency and conservation measures
Economic Corridor Development

Transport and trade corridors

Industrial clusters

Urban development
South Asia: TF Issues and Challenges

- Intra-regional trade share in SASEC countries – 4.5% of region’s total trade in 2015
- High transaction costs, poor logistics performance, too many non-tariff barriers, cumbersome Customs procedures
- Limited automation of Customs systems
- Inadequate cross-border facilities
- Lack of effective transit arrangements
- Limited mechanisms for providing information to the private sector
- Physical remoteness from ports and access to global trading hubs
- Strengthening cooperation between governments to create efficient and integrated border management arrangements, including single-window systems
<table>
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<th>Economy</th>
<th>Ease of Doing Business Rank (Global)</th>
<th>Trading Across Borders</th>
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<td>Sri Lanka</td>
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South Asia: LPI 2016

- Europe & Central Asia
- East Asia & Pacific
- Middle East & North Africa
- Latin America & Caribbean
- South Asia
- Sub-Saharan Africa

- LPI Score
- Timeliness
- Customs
- Tracking and Tracing
- Infrastructure
- International Shipments

Source: lpi.worldbank.org//international/scorecard/radar/
SASEC Trade Facilitation Program (2012-2015)

• Bangladesh, Bhutan, Nepal – $48 million
  ▪ Accession to the RKC by all countries; amended RKC-compliant national legislations
  ▪ Web-based Customs management systems launched/ongoing
  ▪ Reduced import/export trade document management, simplified release, automated procedures
  ▪ NSW piloted /under development / pre-feasibility study
  ▪ trade information portals; client service centers

• Japan Fund for Poverty Reduction TAs
SASEC Trade Facilitation

- Customs modernization & harmonization
- Standards & conformity assessment
- Cross border facilities improvement
- Through transport facilitation
- Institution & capacity building
SASEC Trade Facilitation Strategic Framework

Increased trade, including intra-regional trade, of SASEC countries

More efficient, transparent, secure and service-oriented trade in SASEC countries

**Strategic Thrusts**

**Customs**
- Simplify & expedite border formalities
- Increase ICT applications
- Develop NSWs

**Standards**
- Identify SPS-sensitive products
- Strengthen National Conformity Assessment Boards

**Border Facilities**
- Strengthen cross-border facilities

**Transport Facilitation**
- Develop and pilot transport facilitation arrangements

**Mission**

**Goals**

**Components**

**Capacity Building; Enhanced Cooperation and Coordination Mechanisms**

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SASEC Customs Modernization

6 Subregional Projects

- Exchange of documents at major BCPs
- Assessment of regulatory framework and infrastructure for containerized movement of cargo at land borders
- Institutionalize border meetings among customs authorities at major BCPs
- Automation of transit processes
- FS of electronic exchange of data
- Supporting implementation of ASYCUDA World

20 National Projects

Over 13 capacity building events held in priority areas -
- Customs valuation
- Risk assessment
- Trusted trader programs
- National single window
- International standards and conventions
- Post clearance audit

SASEC Customs Subgroup Action Plan
SCS National Projects

Priority Activities –
• Automation & connectivity
• National single window
• New RKC-compliant Customs Acts
• Trade portals
• Risk management
• Trusted trader/AEO
• Post-clearance audit
• Simplification of formalities

Expected Outcomes –
• Speedier clearance systems
• Reduced transaction costs
• Better targeting of high risk cargo
• Improved compliance levels
• Efficient allocation and use of resources
• Transparency and partnership with private sector
SASEC Trade Facilitation Strategic Framework

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More efficient, transparent, secure and service-oriented trade in SASEC countries

**Strategic Thrusts**

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- **Transport Facilitation**
  - Develop and pilot transport facilitation arrangements

**Components**

Capacity Building; Enhanced Cooperation and Coordination Mechanisms
SASEC SPS/TBT

• Subregional SASEC workshops in 2013 and 2014
• SASEC national and regional SPS/TBT diagnostic studies
  • Consultation Workshops held in all SASEC countries
  • National studies underway
• SASEC SPS/TBT Subgroup mechanism
• Cooperation with SARSO and SAARC
SASEC Trade Facilitation Strategic Framework

**Mission**

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**Goals**

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**Components**

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**Strategic Thrusts**

Capacity Building; Enhanced Cooperation and Coordination Mechanisms
Cross-border Facilities

• Ongoing SASEC road projects include components to improve border infrastructure –
  • Bangladesh (2012) – Improvement of land ports in Benapole and in Burimari
  • Bhutan (2014) – Mini-dry port in Phuentsholing and Alay land custom station
  • Bhutan (2016) – Procurement and installment of trade facilitation and logistics equipment
• Study on coordinated development of border infrastructure at select border points
SASEC Trade Facilitation Strategic Framework

Increased trade, including intra-regional trade, of SASEC countries

More efficient, transparent, secure and service-oriented trade in SASEC countries

- Customs: Simplify & expedite border formalities, increase ICT applications, develop NSWs
- Standards: Identify SPS-sensitive products, Strengthen National Conformity Assessment Boards
- Border Facilities: Strengthen cross-border facilities
- Transport Facilitation: Develop and pilot transport facilitation arrangements

Capacity Building; Enhanced Cooperation and Coordination Mechanisms

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Transport Facilitation

- Motor Vehicle Agreement (MVA) finalized and signed by Bangladesh, Bhutan, India, and Nepal (BBIN)
- Draft Protocol on movement of passenger vehicles substantively agreed; cargo trials conducted
- Draft MVA finalized by India, Myanmar, and Thailand
- Collaboration with UNESCAP in use of electronic tracking for transport and transit facilitation
SASEC OP – Future Directions for Trade Facilitation

**Strategic Objective:** Follow a comprehensive approach to transport and trade facilitation

- **Land-based**
- **Trade facilitation**
- **Customs**

- **Maritime-based**
- **Through transport**
- **SPS/TBT**
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