Trade Facilitation and Paperless Trade Implementation in Central Asia

Results of the UN Global Survey 2017

Trade Policy and Facilitation Section
Trade, Investment and Innovation Division
United Nations Economic and Social Commission for Asia and the Pacific
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Introduction
Why trade facilitation?

Moderate region-wide improvements in trade facilitation

- Increase in Asia-Pacific GDP by 0.32% annually between 2015-2030
- Increase GDP by nearly $87 billion per year
- 14 times more than under the tariff liberalization

Bigger and more ambitious digital trade facilitation

- Slash the export time by up to 44%
- Cut the export cost by up to 31%
- Boost exports by as much as 257 billion a year

38 trade facilitation measures in 4 groups:

- General trade facilitation (TFA-related)
  - Transparency [e.g. publication of regulations on internet]
  - Formalities [e.g. application of risk management]
  - Institutional arrangement & cooperation [e.g., NTFCs]
- Transit facilitation (TFA-related)
- Paperless trade [e.g., e-customs declaration]
- Cross-border paperless trade [e.g., exchange of e-COs]

For 2017, newly added measures on:
- Trade facilitation for SMEs
- Agricultural trade facilitation
- Women in trade facilitation

Coverage: Global, 120 countries
Interactive Database of Global Survey

UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Trade Facilitation and Paperless Trade Implementation in Asia and the Pacific

Link: https://unnext.unescap.org/AP-TFSurvey2017/

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
Results of the Global Survey
Regional snapshot

Figure 1 Implementation of different groups of trade facilitation measures, 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017
Overall implementation

Figure 2 Overall implementation of trade facilitation measures, 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
Trade Facilitation under WTO TFA

Figure 3 Level of implementation of WTO-TFA related measures (excluding transit measures), 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
Progress in implementation

Figure 4 Progress of trade facilitation implementation, 2015 and 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
Details of implementation in 2017

Figure 5 Implementation of formalities measures, 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.

Note: Implementation of other measures are attached in annex.
Details of implementation in 2017

Figure A3 Implementation of paperless trade measures, 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
Impact of trade facilitation
The impact of trade facilitation on CAREC as a whole

Table 1 Changes in trade costs in CAREC resulting from implementation of trade facilitation and paperless trade

<table>
<thead>
<tr>
<th>Trade costs reduction from TFI improvement: CAREC</th>
<th>WTO TFA (binding)</th>
<th>WTO TFA (binding + non-binding)</th>
<th>WTO TFA+ (binding + non-binding + other paperless and cross-border paperless)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Partially</td>
<td>Fully</td>
<td>Partially</td>
</tr>
<tr>
<td></td>
<td>implemented</td>
<td>implemented</td>
<td>implemented</td>
</tr>
<tr>
<td>Model 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall TF</td>
<td>-5.66%</td>
<td>-11.25%</td>
<td>-9.37%</td>
</tr>
<tr>
<td>Model 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General TF</td>
<td>-5.31%</td>
<td>-10.33%</td>
<td>-7.45%</td>
</tr>
<tr>
<td>Paperless and cross-border paperless trade</td>
<td>0.00%</td>
<td>0.00%</td>
<td>-1.91%</td>
</tr>
</tbody>
</table>

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
The impact of trade facilitation on CAREC members

Figure 6 Impact of trade facilitation implementation on trade costs of CAREC members

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
Conclusion
Main findings

• CAREC implementation rate stood at **49%** in 2017

• **China** and **Azerbaijan** had the highest implementation rate

• CAREC made progress from **41%** in 2015

• **Transparency** registered the highest implementation level in CAREC

• Paperless implementation of TFA measures and electronic exchange of trade data and documents across border (cross-border paperless trade) results in a trade cost reduction of nearly **30%** for CAREC.
Moving up the trade facilitation ladder

Figure 7 Moving up the ladder towards seamless international supply chains

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017
Note: the figure shows cumulative trade facilitation implementation scores of CAREC for five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100.
Challenges to moving forward on cross-border paperless trade

- Adoption of common International Standards
- Harmonization of legal frameworks
- Capacity gaps among the parties
- Cooperation between public and private sectors
- Lack of intergovernmental coordination mechanism

Framework Agreement on Cross-Border Paperless Trade Facilitation in Asia and the Pacific [text finalized by the Steering Group in March 2016; 31 participating Member States]
## The Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific

### Fact
- Developed by 25 Asian and Pacific countries
- Over 4 years
- Adopted as a UN treaty in May 2016
- An inclusive and enabling platform
- Signed by Armenia, Bangladesh, Cambodia, China and Islamic Republic of Iran
- Acceded by Azerbaijan

### Benefit
- Digitalization of trade processes
- Enabling the seamless electronic exchange and legal recognition of trade-related data and documents across borders
- Support development of national and subregional trade systems
- Prepare interoperability with similar paperless trade systems elsewhere
- Help promote existing paperless trade solutions
Article 1: Objective
The objective of the present Framework Agreement is to promote cross-border paperless trade by enabling the exchange and mutual recognition of trade-related data and documents in electronic form and facilitating interoperability among national and subregional single windows and/or other paperless trade systems, for the purpose of making international trade transactions more efficient and transparent while improving regulatory compliance.
Way Forward

- Set ambitious goals on trade facilitation
- Take advantage of the WTO TFA and complementary regional initiatives such as the Framework Agreement on paperless trade
- Use the NTFCs to address trade facilitation in a holistic manner (whole-of-supply-chain approach)
- Strengthen public-private sector collaboration
- Consider cross-border e-exchange of data/documents when developing national systems
- Prioritize capacity building for “other government agencies” (OGAs); and consider measures for agriculture and SMEs
- Closely monitor implementation AND performance; and consider establishment of national trade and transport facilitation monitoring mechanisms (TTFMMs) under NTFCs
Thank you

- Email: duvaly@un.org
- Website: http://www.unescap.org/our-work/trade-investment/innovation/trade-facilitation
THANK YOU FOR YOUR ATTENTION

http://www.unescap.org/our-work/trade-investment-innovation

https://unnex.unescap.org/

duvaly@un.org
Reference

✓ United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific (UNNExT), available from https://unnext.unescap.org/

✓ Interactive Database of UN Global Survey on Trade Facilitation and Paperless Trade Implementation, available from https://unnext.unescap.org/AP-TFSurvey2017/


Annex
Details of implementation in 2017

Figure A1 Implementation of transparency measures, 2017

- Publication of existing import-export regulations on the internet
- Independent appeal mechanism
- Stakeholders' consultation on new draft regulations (prior to their finalization)
- Advance ruling (on tariff classification)
- Advance publication/notice of new regulations before their implementation

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
Details of implementation in 2017

Figure A2 Implementation of Institutional arrangement and cooperation measures, 2017

National Trade Facilitation Committee

Government agencies delegating controls to Customs authorities

National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
Details of implementation in 2017

Figure A4 Implementation of cross-border paperless trade measures, 2017

Laws and regulations for electronic transactions

Banks and insurers retrieving letters of credit electronically without lodging paper-based documents

Recognised certification authority

Electronic exchange of Sanitary & Phyto-Sanitary Certificate

Engagement in trade-related cross-border electronic data exchange

Electronic exchange of Certificate of Origin

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
Details of implementation in 2017

Figure A5 Implementation of transit measures, 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017.
New UN treaty to facilitate paperless trade in Asia and the Pacific to support Trade Facilitation Agreement implementation

01.10.2016

A new UN treaty, entitled Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific, will open for signature on 1 October 2016. It is expected to provide countries of Asia and the Pacific with a new tool and “digital” complement for better implementation of the WTO Trade Facilitation Agreement (TFA) and the development of cross-border e-commerce. Grounded on a common set of general principles and a dedicated intergovernmental platform, the regional treaty will provide Parties with enhanced opportunities to exchange and harmonize practices, build each other’s capacity, and multilaterally develop, adopt and implement more specific and detailed technical and/or legal protocols needed to achieve safe and secure cross-border paperless trade. Implementation will build upon existing international standards as well as on-going bilateral and subregional initiatives, such as the ASEAN Single Window.

In May 2012, Member States of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) adopted a Resolution on Enabling Paperless
Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific: Features/Benefits

- **Region-wide multilateral intergovernmental platform (Article 11)**
  Establishes dedicated space for collaboration and acceleration of paperless trade implementation. Fosters harmonization and reduce need for ad-hoc bilateral approaches; Helps implement existing “paperless trading” commitments in RTAs;

- **General Principles (Article 5)**
  Guiding principles: Improve both trade facilitation AND regulatory compliance; Improve transboundary trust; Promotes interoperability; Adopt/use international standards (Art. 9);

- **Action Plan (Article 12)**
  Helps in planning and identifying gaps. Allows Parties with different implementation level to set actions based on their respective readiness;

- **Strong capacity building programme (Article 14)**
  Enhanced opportunities for capacity building based on proven (high-level) commitment to achieving paperless trade. Strong emphasis on knowledge sharing and CB/TA among parties; Inclusive initiative, designed to benefit countries at all levels of development;

- **Pilot projects (Article 13)**
  Share information on pilot projects on identify new ones; Allows parties to adjust and test systems before engaging in actual cross-border trade data exchange

→ Better implementation of WTO TFA and bilateral/subregional initiatives
Benefits of Cross-Border Paperless Trade

Trade benefits
Annual regional export gains of up to $257 bn;
Export time reduction: 24% to 44%;
Export cost reduction: 17% to 31%

Trade control/security benefits:
Advanced and more accurate information available for risk management;
Identification of trade misinvoicing (Note: As much as 7.6% of regional tax revenue may have been lost in 2016 due to fraudulent export and import value declarations).