

**TRADE FACILITATION
AND PAPERLESS TRADE
IMPLEMENTATION:
2013/14 ASIA-PACIFIC
UPDATE**



Tengfei Wang and Yann Duval

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**TRADE FACILITATION AND PAPERLESS
TRADE IMPLEMENTATION: 2013/14 ASIA-
PACIFIC UPDATE**

Tengfei Wang and Yann Duval*

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Abstract: The Trade Facilitation Agreement adopted by the WTO member countries at the Bali Ministerial Conference in December 2013 highlights the importance of trade facilitation for international trade and the global economy. This paper provides a unique set of data on the progress made by 29 countries in Asia and the Pacific in implementing various trade facilitation and paperless trade measures in 2013/14, as well as estimates of the benefits from moving forward with implementation. An important finding is that most countries do not regularly assess or publish release times, pointing to the lack of effective national trade facilitation monitoring mechanisms. The study reveals that, at the regional level, automation and paperless trade, including establishment of national single window, were the key focus of trade facilitation reforms in 2013. Enabling cross-border paperless trade is identified as the most challenging task to further advance trade facilitation in Asia-Pacific, highlighting the need for timely conclusion of a regional arrangement to facilitate cross-border recognition and exchange of trade-related electronic data and documents, as currently being discussed by countries of the region under ESCAP Resolution 68/3. At the subregional level, East and Northeast Asia and ASEAN lead implementation of trade facilitation measures, followed by Central Asia (including the Russian Federation) and South Asia (SAARC). The empirical analysis included in the paper reveals that direct trade costs for containerized goods in the region, excluding international transport costs between seaports, amount to approximately US\$ 159 billion annually and that full implementation of trade facilitation measures included in the survey could lower such costs by 20% on average, amounting to savings of at least US\$ 31 billion every year. It also reveals that full implementation of trade facilitation measures in the 14 landlocked developing and/or least developed countries (LLDCs and/or LDCs) included in the study would enable these countries to collectively reduce direct trade costs for containerized goods by US\$ 3 billion per annum.

JEL Classification: F1, O5, C1

Key words: Trade facilitation, Trade costs, paperless trade, Single Window, Transit, LLDC, LDC, WTO, connectivity.

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Introduction

The most important achievement in advancing trade facilitation at the global level in 2013 was the adoption of the WTO trade facilitation agreement (TFA) at the Ministerial Conference held in Bali in December. The Agreement provides a global framework for WTO member countries to implement selected trade facilitation measures and highlights the importance of trade facilitation for international trade and the global economy. More importantly, it demonstrates the commitment of a wide range of countries, from least developed to most advanced countries, to advancing trade facilitation and making international trade procedures more transparent and efficient.

Since 2012, the ESCAP Secretariat has set out to systematically collect and analyze information on the actual implementation of trade facilitation measures in the region, to provide a basis for developing more relevant capacity building and technical assistance programmes as well as for countries to design and prioritize their own trade facilitation implementation plans and strategies. Taking into account the interest of Member States from the region in enabling paperless trade for trade facilitation, a first regional survey on trade facilitation and paperless trade implementation was conducted in 2012. One conclusion from that first survey was that the “survey effort should be treated as a continuous, rather than an ad-hoc ‘one-off’ activity”.¹ A follow-up survey was therefore conducted in 2013/14, the results of which are presented in this paper, along with an empirical analysis of the benefits from moving forward with trade facilitation and paperless trade implementation.

Data collection was mainly conducted through a survey questionnaire (see Annex 1) administered as an email attachment and via a dedicated website to participants of the Asia-Pacific Trade Facilitation Forum 2013 held in Beijing in September. The respondents were typically government officials and experts in charge of trade facilitation and/or Customs control, as well as representatives from relevant private sector associations. Additional data collection through other experts as well as secondary data was conducted between October 2013 and March 2014 in order to complete, cross-check and validate the data. The final dataset, presented in this paper, included information on implementation of over 40 trade facilitation and paperless trade measures in 29 countries of Asia and the Pacific.² Most measures featured in the WTO TFA are covered.³

Implementation status of each trade facilitation and paperless trade measures included in the study is discussed in the next section, followed by a regional assessment of trade facilitation implementation and benefits. Summary and conclusions are then presented. The paper ends with a discussion of the limitations of the study and way forward.

¹ The paper summarizing results from the 2012/13 survey is available at <http://www.unescap.org/resources/trade-facilitation-and-paperless-trade-asia-results-expert-survey>. Most conclusions and findings in the previous paper are still largely valid and have not been repeated in this paper. Reading the two papers together is therefore recommended.

² Questionnaire and dataset are available at <http://unnex.unescap.org/tfforum13.asp>.

³ At the time the questionnaire was prepared, the outcome of the WTO Bali Ministerial Conference was unknown yet but the content of the latest draft WTO TFA text was taken into account.

Implementation Status of 40 Trade Facilitation Measures

This section presents findings on the status of implementation of each trade facilitation measure included in the survey. The discussion follows the survey structure, starting with (1) National trade facilitation bodies, and followed by (2) General trade facilitation measures; (3) Paperless trade facilitation; (4) Cross-border paperless trade measures; (5) Border agency cooperation and (5) Transit facilitation. Measures related to (6) trade-related information availability, selected as a special focus for this 2013/14 survey, are then discussed in greater details, followed by (7) key challenges and recommendations for trade facilitation and paperless trade.

National Trade Facilitation Body

A national trade facilitation body (NTFB) generally refers to an institutional arrangement that brings together relevant diverse parties with interest in trade facilitation (including both government and private sector) and provides a mechanism for identifying problems and implementing measures to streamline trade procedures. Examples of NTFBs include PRO-Committees, FAL Committees, and National Trade and Transport Facilitation Committees. In the context of the WTO negotiations on trade facilitation, many countries also set up various working groups to support the negotiating process.⁴

According to the WTO Trade Facilitation Agreement, “*Each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of provisions of this Agreement.*”

Results from the survey reveal that 11 countries (Azerbaijan, Bangladesh, Bhutan, Cambodia, Lao PDR, Mongolia, Nepal, Pakistan, Singapore and Thailand) have a national trade facilitation body in place. Bhutan is a new member of this group. It established its trade facilitation committee in February 2013 and the committee has been active since then.⁵

In 7 countries (China, India, Indonesia, Japan, Malaysia, Republic of Korea and Viet Nam), NTFBs have been partially established, or a mechanism for coordination of trade facilitation has been put in place. Among these countries, in China, Indonesia and Malaysia, a mechanism for cross-sectoral coordination to facilitate trade and logistics has been put in place, although officially there is no trade facilitation body. In India, Japan, Republic of Korea and Viet Nam, the committees for paperless trade facilitation (including single window) partially fulfill the functions of trade facilitation bodies but comprise fewer representatives from either government or private sector compared with a fully-fledged trade facilitation committee.

For the remaining 11 countries surveyed, a trade facilitation body has not been established, suggesting that coordination of trade facilitation may have taken place essentially on an ad-hoc basis.

⁴ More information is available at <http://tfig.unece.org/contents/trade-facilitation-bodies.htm>.

⁵ Relevant work on establishment of trade facilitation body at global level including selected countries in Asia and the Pacific has been carried out by UNCTAD, available at <http://unctad.org/en/DTL/TLB/Pages/TF/Committees/default.aspx>.

General Trade Facilitation Measures

The following measures, most of which are featured in the WTO TFA, were included in the survey:

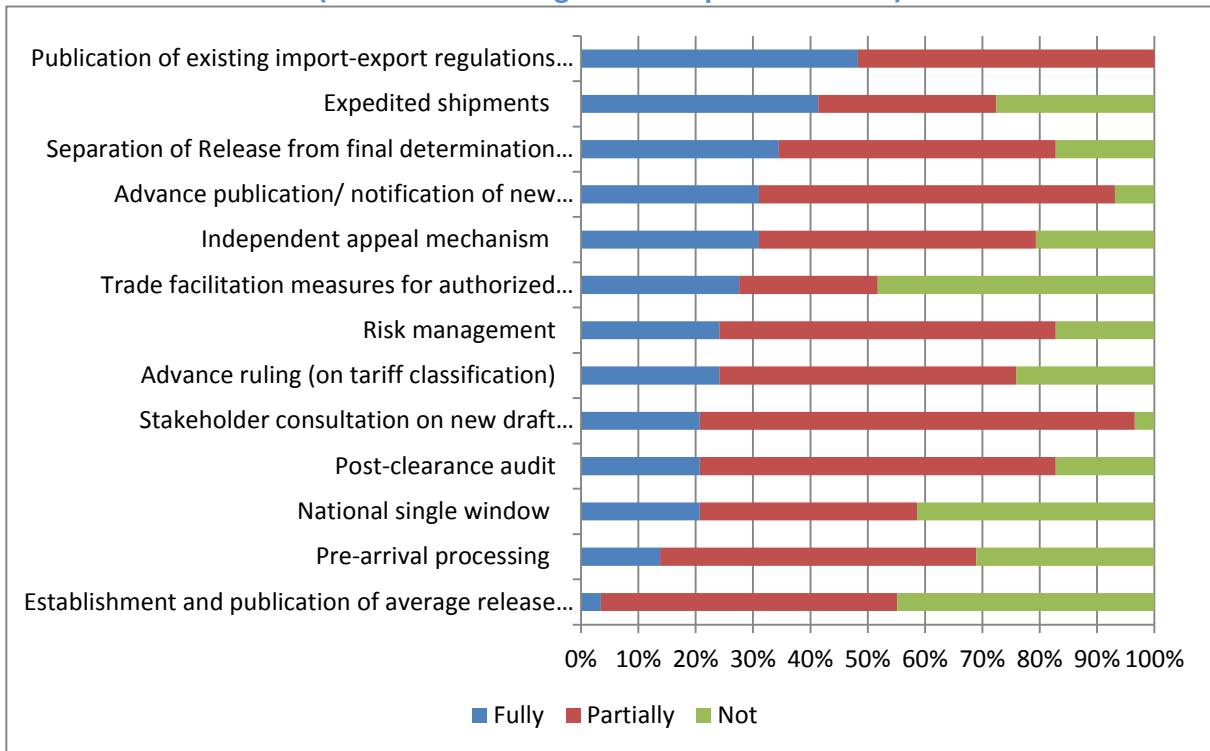
- Publication of existing import-export regulations on the Internet
- Stakeholder consultation on new draft regulations (prior to their finalization)
- Advance publication/notification of new regulation before their implementation (e. g., 30 days prior)
- Advance Ruling (on tariff classification)
- Risk management (as a basis for deciding whether a shipment will or not be physically inspected)
- Pre-arrival clearance
- Post-clearance audit
- Independent appeal mechanism (for traders to appeal Customs rulings)
- National Single Window
- Separation of Release from final determination of Customs duties, taxes, fees and charges;
- Establishment and publication of average release times;
- Trade facilitation measures for authorized operators; and
- Expedited shipments

Implementation of these measures in the countries surveyed is summarized in figures 1 and 2. *Publication of existing import and export regulations on the internet* has been fully implemented by almost 50% of the countries surveyed. This is probably not surprising because the import and export regulations are fundamental for international trade and are the first and foremost concerns for all parties.

Establishment and publication of average release times is the least fully implemented trade facilitation measure. Japan has conducted and published results of studies on release times on a regular basis. However, most other countries only conduct time release study on an ad-hoc basis (if at all), and/or often do not publish the results.

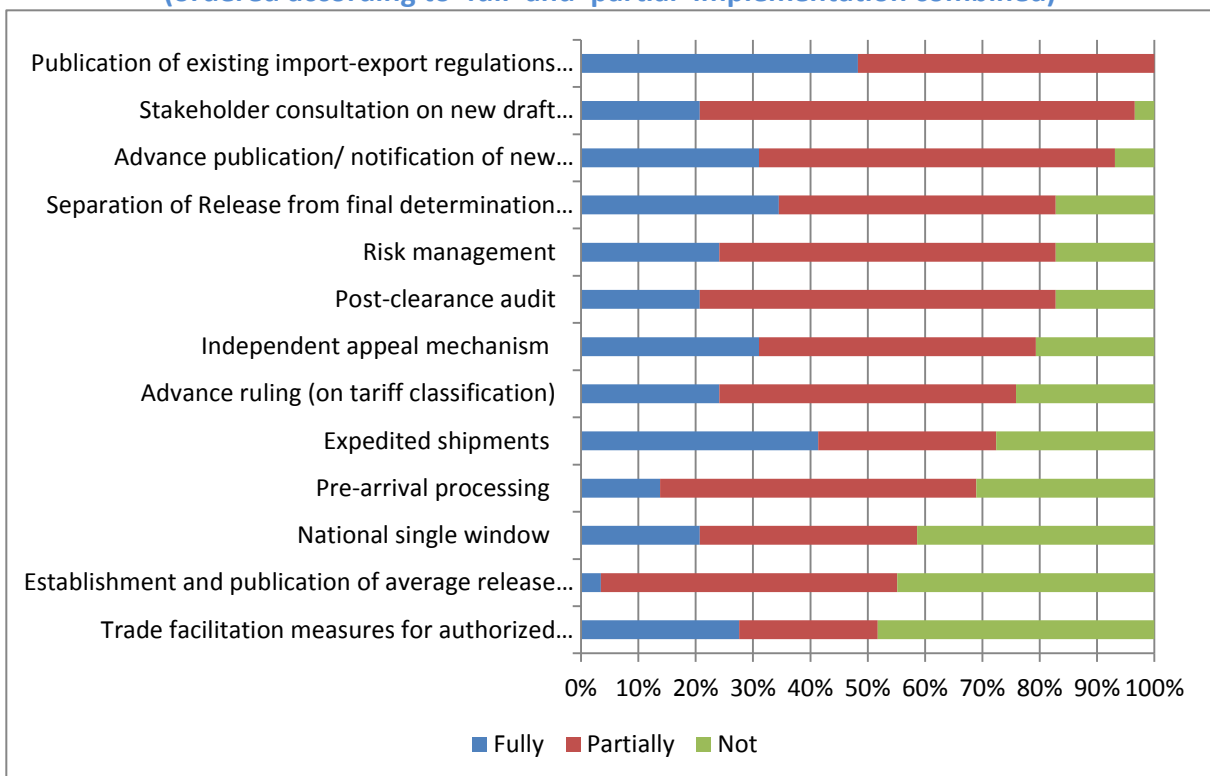
As shown in figure 2, all measures are being at least partially implemented by most (over 50%) of the countries included in the survey. *Measures related to Authorized economic operators (AEO)* are found to be ones on which the fewest countries seem to have been working on, followed by *Establishment and publication of average release times*.

Figure 1: General trade facilitation measures implemented by countries (ordered according to 'full implementation')



Source: UN ESCAP 2013/14 Survey

Figure 2: General trade facilitation measures implemented by countries (ordered according to 'full' and 'partial' implementation combined)



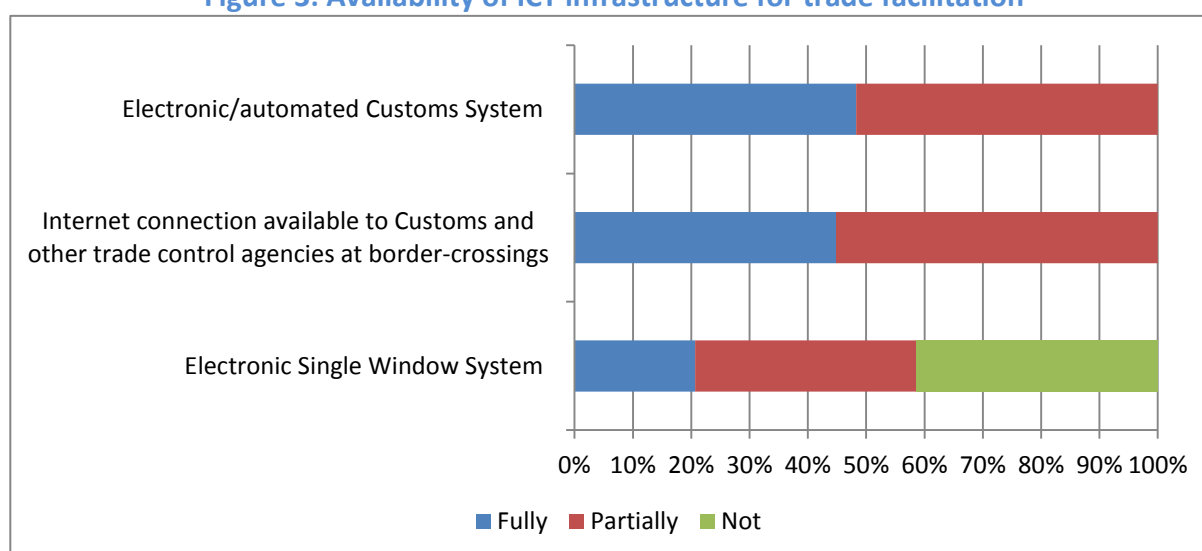
Source: UN ESCAP 2013/14 Survey

Paperless Trade Facilitation Measures

This section examines information on (1) establishment of electronic/automated Customs system (e.g., ASYCUDA), (2) internet connection available to Customs and other trade control agencies at border-crossings and (3) establishment of an electronic Single Window System, as well as (4) electronic submission of documents. The first three measures are used to examine physical availability of ICT for trade facilitation whilst the fourth measure is used to examine how ICT is utilized for trade facilitation.

As shown in figure 3, electronic/automated Customs systems have been either fully or partially established in all countries surveyed. In all countries surveyed, internet connection has been, or is in the process of being, made available to Customs and other trade control agencies at the main border-crossings. In 17 countries (or 59% of the countries surveyed), an electronic single window system has been fully or partially developed.

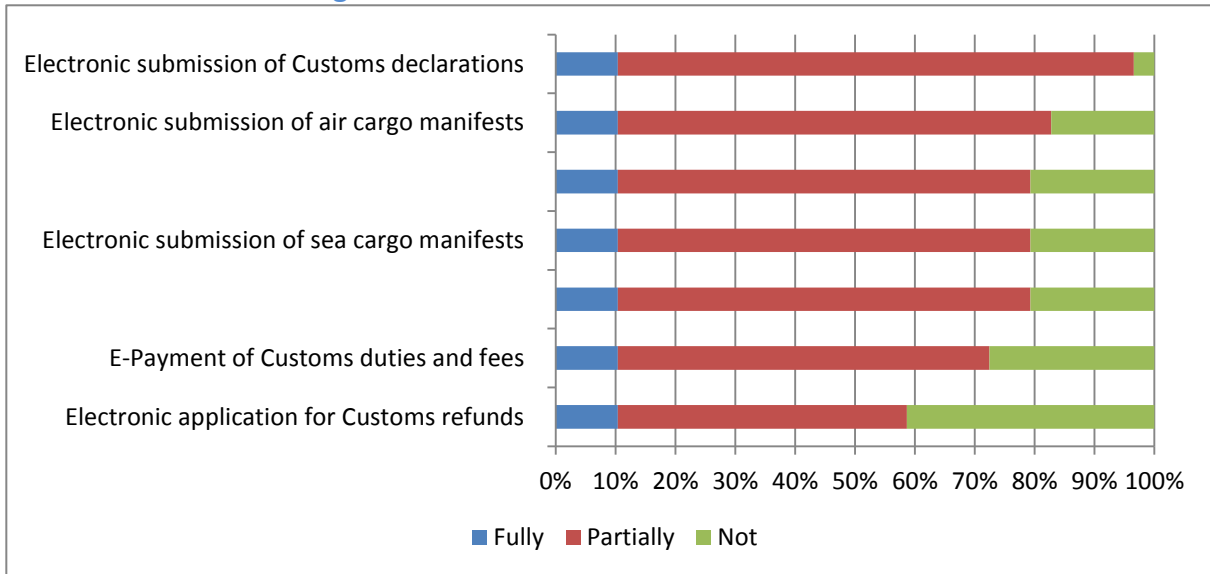
Figure 3: Availability of ICT infrastructure for trade facilitation



Source: UN ESCAP 2013/14 Survey

In terms of electronic submission of documents, figure 4 shows that *Electronic submission of Customs declaration* has been either fully or partially implemented in 96% (or 28 countries) of the countries surveyed. *Electronic application for Customs refunds* has been the least implemented measure in this group although it has been partially implemented by over 50% of the countries surveyed. Other measures including *Electronic submission of air cargo manifests*, *Electronic application and issuance of trade licenses*, *Electronic submission of sea cargo manifests*, *Electronic application and issuance of preferential Certificate of Origin*, and *Electronic payment of Customs duties* have been partially implemented in over 70% of countries surveyed.

Figure 4: Electronic submission of documents



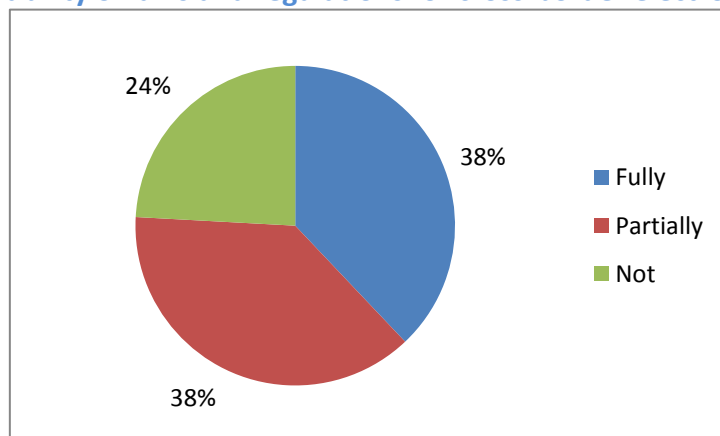
Source: UN ESCAP 2013/14 Survey

Towards Cross-Border Paperless Trade

In this section, the first two indicators (including *Availability of laws and regulations for cross-border electronic transaction* and *Availability of recognized certification authority issuing digital certificates*) are used to examine the legal framework and institutional arrangement for cross-border paperless trade. The other four indicators (including *Engagement in cross-border electronic data exchange*, *Electronic exchange of Certificate of Origin*, *Electronic exchange of Sanitary & Phyto-Sanitary certificates*, and *Banks and insurers retrieving letters of credit electronically without lodging paper-based documents*) are used to examine the practices of cross-border paperless trade.

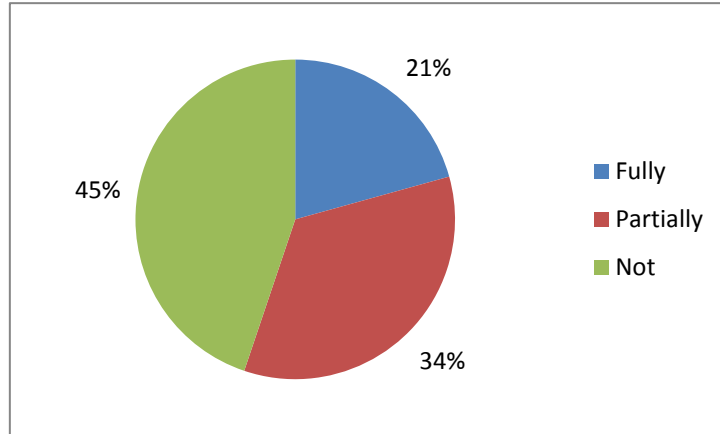
As shown in figure 5, twenty-two (22) countries or 76% of the countries surveyed have fully or partially promulgated laws and regulations for electronic transactions. Seven countries or 24% of the countries surveyed do not have such laws or regulations.

Figure 5: Availability of laws and regulations for cross-border electronic transaction



Source: UN ESCAP 2013/14 Survey

Figure 6: Availability of recognized certification authority issuing digital certificates

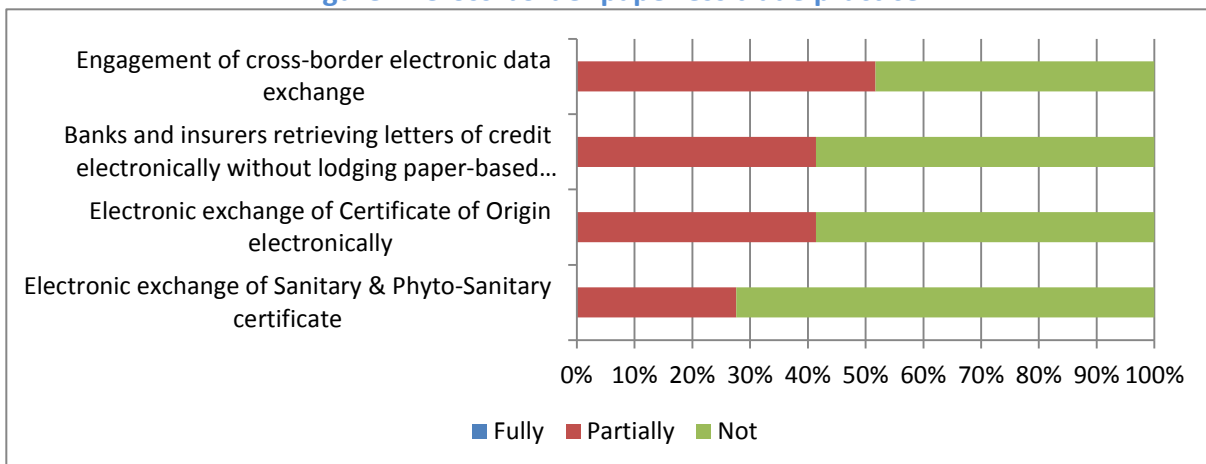


Source: UN ESCAP 2013/14 Survey

As shown in figure 6, only 21% of the countries surveyed (or 6 countries) have recognized certification authorities that can issue digital certificates to traders to conduct electronic transactions whilst another ten (10) countries are found to be developing such certification authorities. 45% of the countries surveyed (or 13 countries) or do not have such certification authorities.

As shown in figure 7, no country report “full implementation” of cross-border paperless trade measures. Fifteen (15) countries, or over 50% of the countries surveyed, have engaged in some form of cross border exchange of electronic trade documents, essentially on a pilot basis or with a very limited number of partner countries. Specifically, twelve (12) countries, or around 40% of the countries surveyed, have engaged in some electronic exchange of Certificates of Origin with other countries. Similarly, in 12 of the countries surveyed, measures are being taken to allow for banks and insurers to retrieve letters of credit electronically without lodging paper-based documents. Eight (8) countries or 28% of countries surveyed have been engaged in electronic exchange of Sanitary & Phyto-Sanitary Certificate with other countries.

Figure 7: Cross-border paperless trade practice



Source: UN ESCAP 2013/14 Survey

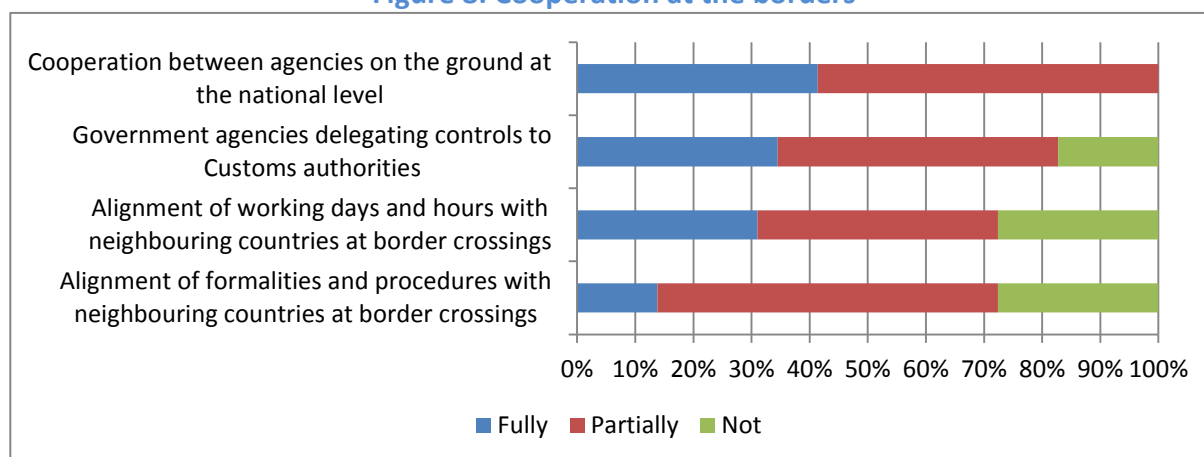
Cooperation at the borders

This section examines the cooperation at the borders, which includes cooperation of different agencies within a country (including *Cooperation between agencies on the ground at the national level* and *Government agencies delegating controls to Customs authorities*) and cooperation with neighbouring country(ies) (including *Alignment of working days and hours with neighbouring countries at border crossings* and *Alignment of formalities and procedures with neighbouring countries at border crossings*).

Figure 8, not surprisingly, shows that cooperation within a country is more widespread than cooperation with neighbouring countries. It indicates that in 12 countries (or over 40% of countries surveyed) different border agencies fully cooperate with each other, whilst in another 17 countries (or almost 60% of the countries surveyed) to some extent border agencies cooperate with each other. In 24 countries (or 82% of the countries surveyed), controls are either fully or partially delegated to Customs authorities.

Alignment of working days and hours with neighbouring countries at border crossings has been either fully or partially implemented in only 9 and 12 countries (or 31% and 41% of countries surveyed), respectively. *Alignment of formalities and procedures with neighbouring countries at border crossings* has also been fully implemented in very few countries (only 4 countries or 13% of countries), although many countries are reportedly working on it (17 countries, or 59%).

Figure 8: Cooperation at the borders



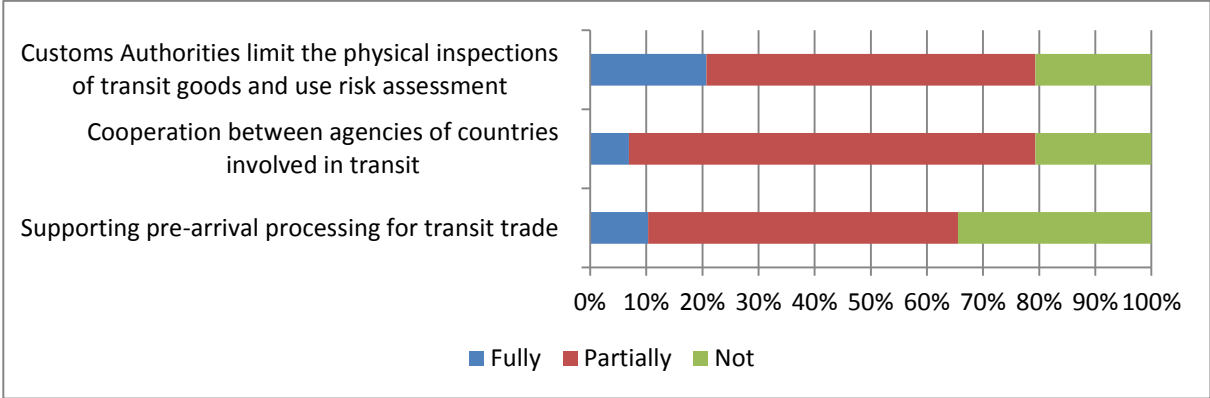
Source: UN ESCAP 2013/14 Survey

Transit Facilitation

This section reviews availability of information, publication of fees and charges, and border operation and cooperation related to transit facilitation. Survey results and subsequent further verification of data reveal that the relevant information on transit fees and charges has seldom been published on the internet. Such information in most cases is available at the concerned office and bureaus. Shippers, freight forwarders and transport operators surveyed indicated that such information was rarely available in public domain or transparent to them.

In terms of transit operation, as shown in figure 9, in 23 countries (or almost 80% of the countries surveyed), Customs Authorities limit the physical inspections of transit goods to some extent. Similarly, in 23 countries, various border agencies cooperate on transit to some extent. Pre-arrival processing for transit trade is also partially or fully supported in 19 countries (or 66% of the countries surveyed).

Figure 9: Measures to facilitate transit



Source: UN ESCAP 2013/14 Survey

Availability of Trade Related Information

Availability of trade related information, including publication of trade regulations, was briefly addressed in the General Trade Facilitation Measures subsection. However, it is discussed in greater details here as it was selected as a special focus area for this 2013/14 survey.

Survey results show that information on trade procedures and regulations is published by Customs and Ministry of Commerce in most countries surveyed. The key concern, however, is whether there is a mechanism in place to ensure the information is published and updated on a regular basis and in a coordinated manner. Survey results reveal that only Lao PDR has established a trade portal which aims to provide a one-stop point for all information on trade related procedures and enquiry points. In addition, a mechanism has also been put in place to ensure relevant data and information are collected and uploaded to the Portal.

Another concern is how difficult it is to search for the required information. Although trade facilitation information is available, the information is often scattered, which often makes it very difficult or impossible for the users to easily collect information they need.

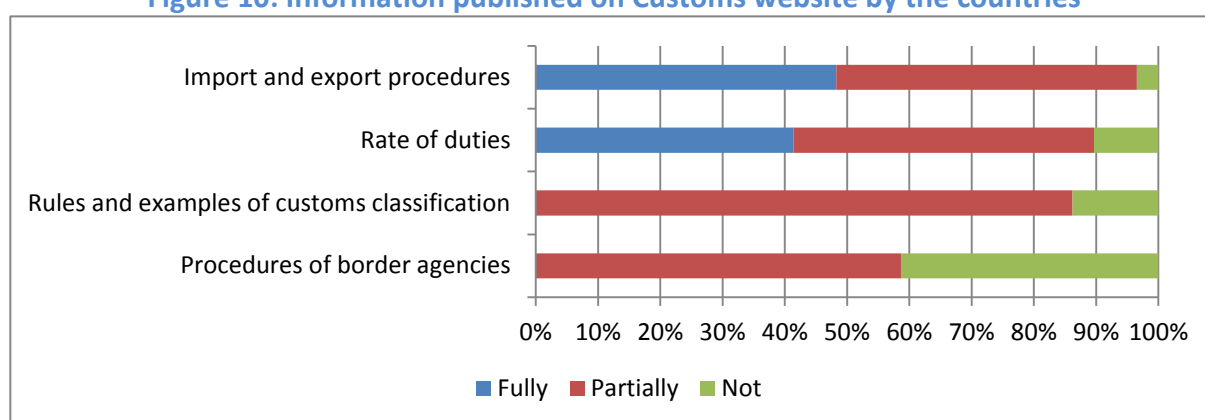
a. Enquiry points

Survey results show that all countries have enquiry points but they are often set up by each individual ministry/agencies with limited coordination. The noticeable exception in this respect is Lao PDR which provides a one-stop enquiry point through its trade portal. For instance, the trade portal provides information on enquiry points for Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT), as well as other trade-related matters.

b. Customs website

As shown in figure 10, almost all countries surveyed have set up a customs website, with the only exception of Bhutan. Information on Bhutan Customs is embedded on the website of the Ministry of Finance and is very scarce. Almost all countries publish import and export procedures on their Customs website, but the level of detail can vary significantly: some countries (such as Afghanistan) only provide basic introduction to the procedures whilst other countries (such as Singapore) provide very detailed information. Most countries (26 out of 29) publish rates of duties and rules of Customs classification. However, published examples of Customs classification are scarce. In general, there is more information available on the internet on procedures and duties/fees of Customs than on those of other government agencies involved in trade and border control.

Figure 10: Information published on Customs website by the countries



Source: UN ESCAP 2013/14 Survey

Progress and Challenges for Advancing Trade Facilitation

This section examines the key progress and challenges for advancing trade facilitation in the countries surveyed. The respondents were required to identify the trade facilitation measures on which their country had made the most progress over the past 12 months. The summary of the responses is shown in table 1.

Out of respondents from 19 countries who provided information on progress and challenges, respondents from 16 countries identified that the most progress has been made in trade facilitation measures related to automation and paperless trade procedures (including development of national single window). The finding is interesting and suggests that, although national single window has been less frequently implemented than many other trade facilitation measures included in the survey, countries are actively working on developing electronic systems to facilitate trade – which may or may not be seen as building blocks towards a national electronic single window infrastructure.

Progress has also been made by countries in terms of *risk management, legislation and regulations on trade facilitation, publication of trade-related information and post-clearance audit.*

Table 1: Trade facilitation measures for which the countries have made the most progress in implementation for the last 12 months

	Paperless and Automation (incl. Single Window)	Risk management	Legislation and regulations on trade facilitation	Publication of information	Post-clearance audit
Azerbaijan	x				
Bangladesh	x	x			
Bhutan	x		x		
Cambodia	x	x		x	x
China	x				
India		x			x
Indonesia	x				
Japan	x				
Kyrgyzstan	x				
Lao PDR	x			x	
Maldives	x				
Mongolia			x		
Nepal	x			x	
Pakistan	x	x			
Sri Lanka	x				
Tajikistan	x		x		
Thailand	x				
Uzbekistan					
Viet Nam	x				
Total	16	4	3	3	2

Source: UN ESCAP 2013/14 Survey

The respondents were then asked to identify other most important trade facilitation measures implemented by the countries for the past year. As shown in table 2, trade facilitation measures related to automation and paperless trade (including development of national single window) were identified to be the most important measures implemented for the past 12 months. Other trade facilitation measures including *risk management*, *legislation and regulation on trade facilitation*, *publication of trade-related information*, *post-clearance audit*, *independent appeal mechanism*, *development of physical infrastructure* and *establishment of trade facilitation committee* were also identified as important trade facilitation measures implemented by the countries for the past 12 months.

The respondents were also required to identify the key challenges for implementing trade facilitation measures in their countries. In particular, they were required to rank three key challenges out of five, namely, (1) Lack of coordination between government agencies; (2) Lack of political will; (3) No clearly designated lead agency; (4) Financial constraints; (5) Limited human resource capacity. They could also add some other challenges not listed in the questionnaire.

Table 2: Trade facilitation measures implemented in the past 12 months

	Paperless and Automation (incl. Single Window)	Risk management	Legislation and regulations on trade facilitation	Publication of information	Post-clearance audit	Independent appeal mechanism	Physical infrastructure	Trade facilitation committee
Bangladesh					x	X	x	
Bhutan								x
Cambodia	x	x		x				
Indonesia	x							
Japan	x							
Lao PDR	x							
Maldives			x					
Myanmar	x							
Nepal	x							
Sri Lanka	x							
Tajikistan			x					
Thailand	x							
Total	8	1	2	1	1	1	1	

Source: UN ESCAP 2013/14 Survey

Table 3: Key challenges for implementing trade facilitation measures

	Lack of coordination between government agencies	Lack of political will	No clearly designated lead agency	Financial constraints	Limited human resource capacity	Others
Afghanistan	3			1	2	
Azerbaijan					1	
Bangladesh	3			1	2	
Bhutan			3	1	2	
Cambodia	3			1	2	
China	1		2		3	
India						
Indonesia	1	3	2			
Japan						1
Lao PDR	2			1	3	
Malaysia		1	2	3		
Maldives	3			1	2	
Mongolia	2	3		1		
Nepal	1	2			3	
Philippines	3	2				1
Rep. of Korea			1			
Russian Federation	2	1			3	
Sri Lanka	3	1	2			
Thailand	2	1			3	
Uzbekistan	2					1
Viet Nam	1			2	3	

Source: UN ESCAP 2013/14 Survey

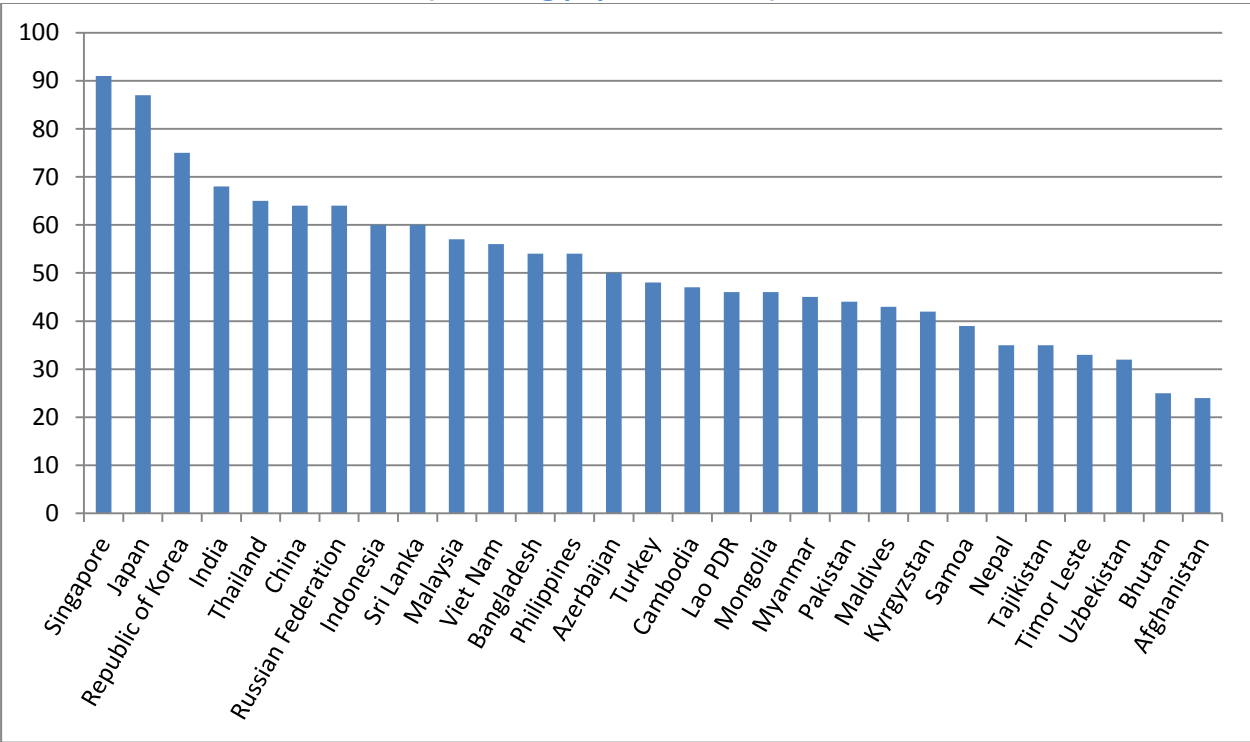
The results from the survey, as summarized in Table 3, show that most LDCs in the region such as Afghanistan, Bangladesh, Bhutan, Cambodia and Lao PDR identified “*financial constraints*” as the most challenging factor. On the other hand, *lack of coordination between government agencies* and *limited human resources* are most frequently identified by respondents from other countries as the most challenging factors.

Regional Assessment of Trade Facilitation Implementation and Benefits

Trade Facilitation Implementation: Country Scores and Subregional Performance

Figure 11 shows the overall implementation of trade facilitation measures by the countries surveyed, including all the paperless trade measures included in the survey. Singapore, Japan, and the Republic of Korea lead in overall implementation, followed closely by Thailand, China and the Russian Federation. The least developed countries (LDCs) and the landlocked developing countries (LLDCs) such as Bhutan and Afghanistan are ranked low.

Figure 11: Trade facilitation implementation Score of selected Asia-Pacific Countries (including paperless trade)

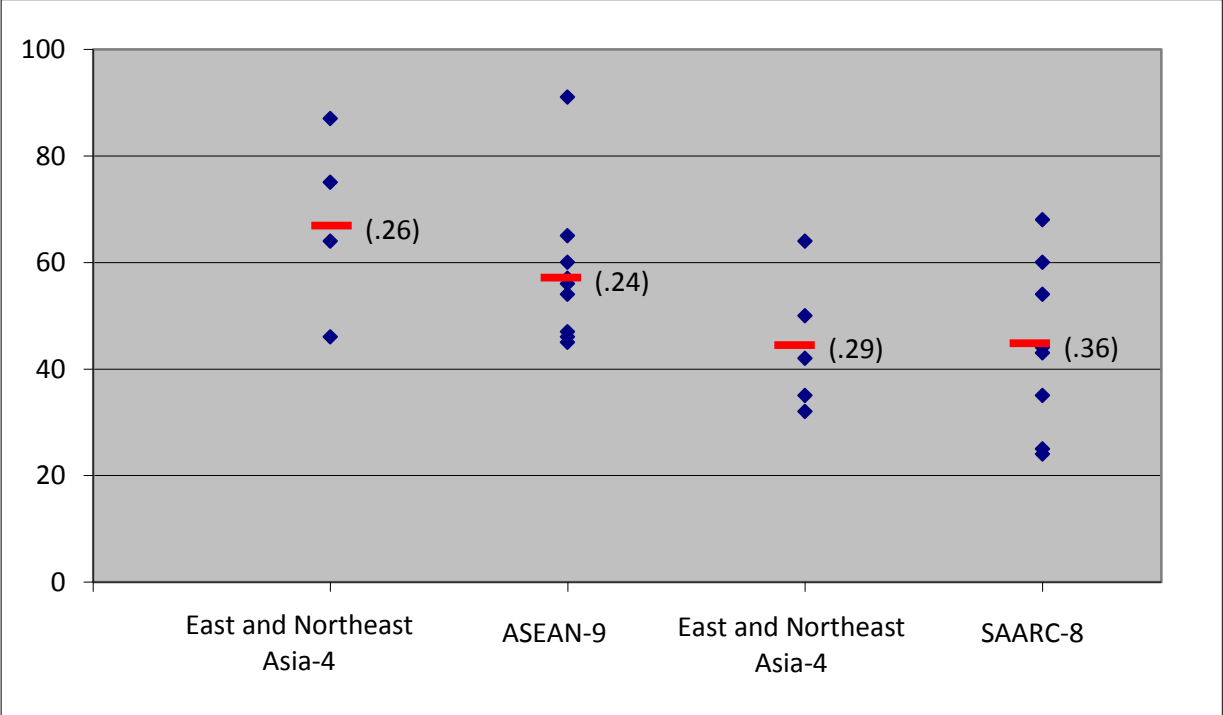


Note: (1). A large score means advanced level of implementation; (2) ‘full implementation’, ‘partial implementation’ and ‘no implementation’ of each trade facilitation measure scores 2, 1 and 0, respectively; (3) each trade facilitation measure is given same weight to calculate the overall score; (4) a few indicators under ‘transit’ is excluded for calculating overall score because transit is less relevant for some countries (such as Japan); and (5) the maximum possible score for a country is 100.

Source: the authors

Figure 12 shows the performance of four subregions in Asia in terms of implementation of trade facilitation measures. The East and Northeast Asia subregion, comprising China, Japan, Mongolia and Republic of Korea, has the highest implementation score, followed by ASEAN.⁶ The two other subregions, including Central Asia (including four Central Asian countries and the Russian Federation) and South Asia (including all 8 SAARC members) are found to have achieved lower levels of implementation.

Figure 12: Subregional performance in implementing trade facilitation



Note: — indicates the average score of each subregion. Numbers in parentheses represent relative standard deviation.

Source: the authors

Trade Cost Reductions from Continuing Trade Facilitation Implementation

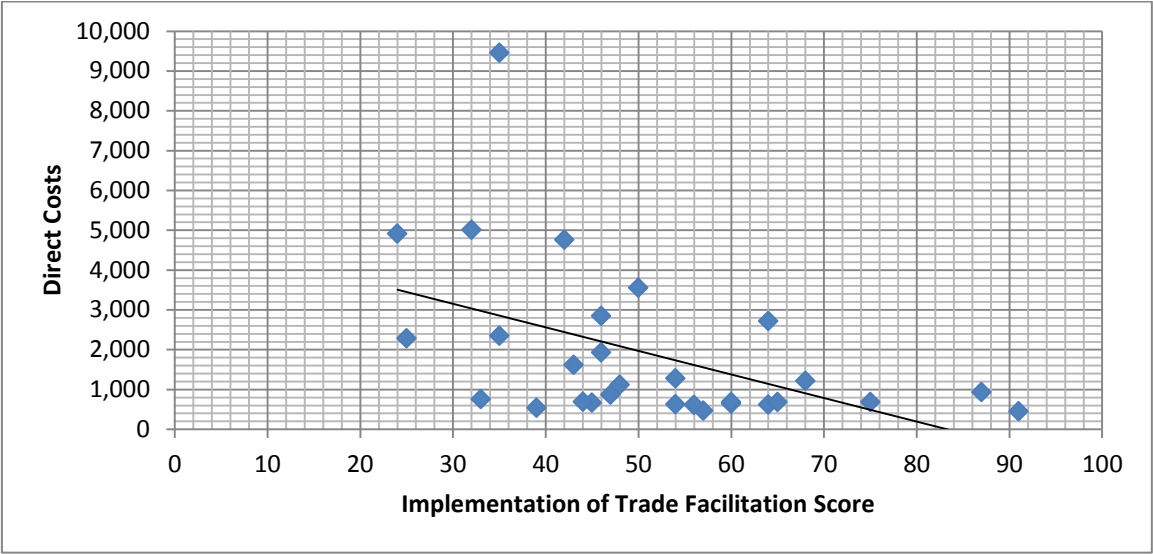
As shown in figures 13 and 14, the trade facilitation implementation scores shown earlier are negatively correlated with trade costs, regardless of whether they are direct import/export costs from the World Bank Doing Business report or the more comprehensive trade costs from the ESCAP-World Bank trade cost database. In other words, higher levels of trade facilitation and paperless trade implementation appear to be clearly associated with lower trade costs.

However, trade costs are not only influenced by implementation of trade facilitation measures but also by other factors such as distance of a country to sea ports, transport infrastructure,

⁶ Out of 10 ASEAN member states, no response was received from Brunei Darussalam.

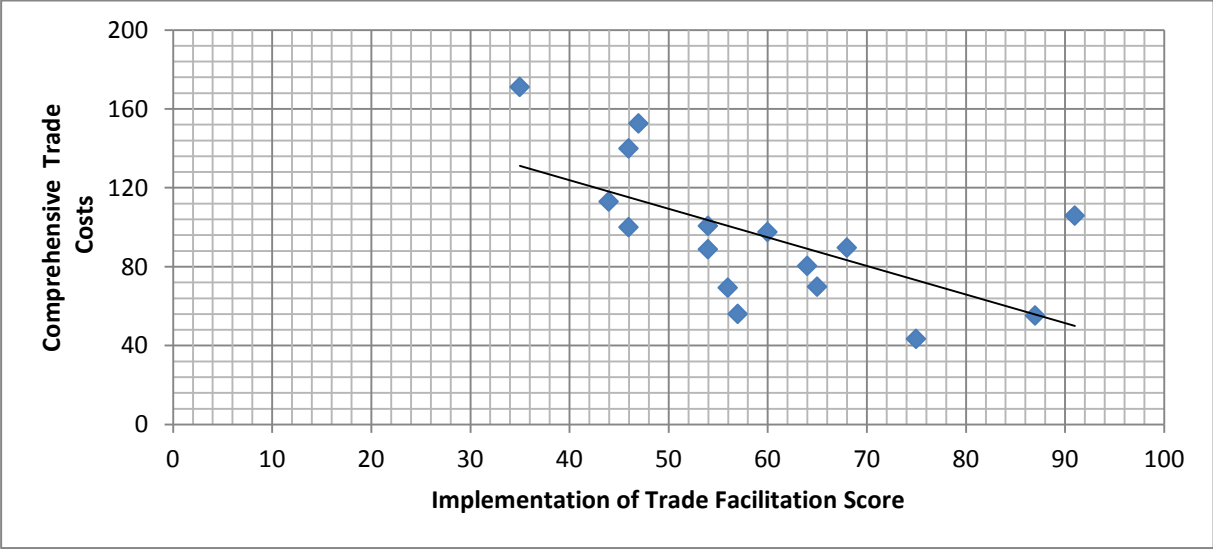
the size of an economies and volume of international trade. For instance, it is well known that the LLDCs generally have much higher trade costs than coastal countries.

Figure 13: Direct trade costs vs. trade facilitation implementation score



Source: Calculated using the data from UN ESCAP 2013/14 Survey and World Bank Doing Business.

Figure 14: Comprehensive trade costs and trade facilitation implementation score



Note: Total Trade Cost in the figure refers to trade costs of these countries with China. China is selected because it is an important trading partner of almost all the countries in the region. More detailed information on total trade cost is available at <http://artnet.unescap.org/databases.html#first>.

Source: Calculated using the data from UN ESCAP 2013/14 Survey and ESCAP-World Bank Trade Cost Database (<http://artnet.unescap.org/databases.html#first>).

In order to evaluate more accurately the impact on trade costs of implementation of trade facilitation measures, we therefore develop a simple trade cost model, as follows:

$$TC = f (Imp, Dis, GDP) \tag{1}$$

Where: TC: Direct Trade Costs
 Imp: Trade facilitation implementation score
 Dis: Distance a country to the nearest sea port
 GDP: GDP of a country

It is expected that longer distance to seaport will be generally associated with high trade costs, whilst a large GDP will be associated with lower trade costs because a large economy (measured by GDP) often means better connectivity with international market, more developed transport and logistics industry and more advanced infrastructure including, among others, transport and ICT.

Direct trade costs are calculated as the average of costs for import and export of a container found in the World Bank Doing Business report 2014. Distance of a country to the nearest sea port is calculated according to criteria provided in the World Bank Doing Business report 2014. Data on GDP were taken from the World Bank database.

Equation (1) is first estimated using ordinary least square (OLS). The result of the regression analysis indicates that GDP does not have a statistically significant impact on trade costs in the region ($p = 0.75$). Similarly, when GDP is replaced by the volume of merchandise trade, the variable is still statistically insignificant.⁷ Therefore, the trade cost model is further simplified as follows.

$$TC = f (Imp, Dis) \tag{2}$$

Result of regression analysis is shown in equation (3). The relationship between trade costs and Distance is found to be highly statistically significant ($p < 0.01$). Trade cost and trade facilitation implementation was also found to be statistically significant ($p = 0.12$), with a 3% improvement in trade facilitation implementation resulting in a 1.2% reduction in direct trade costs, on average.

$$\ln (TC) = 7.39 - 0.51 \ln (Imp) + 0.34 \ln (Dis) \tag{3}$$

Equation (3) is used to conduct a counter-factual (what if) analysis of the impact of trade facilitation implementation on trade costs. Two scenarios are envisaged:

Partial Implementation scenario: All trade facilitation measures are *at least* ‘partially’ implemented in all 29 countries.

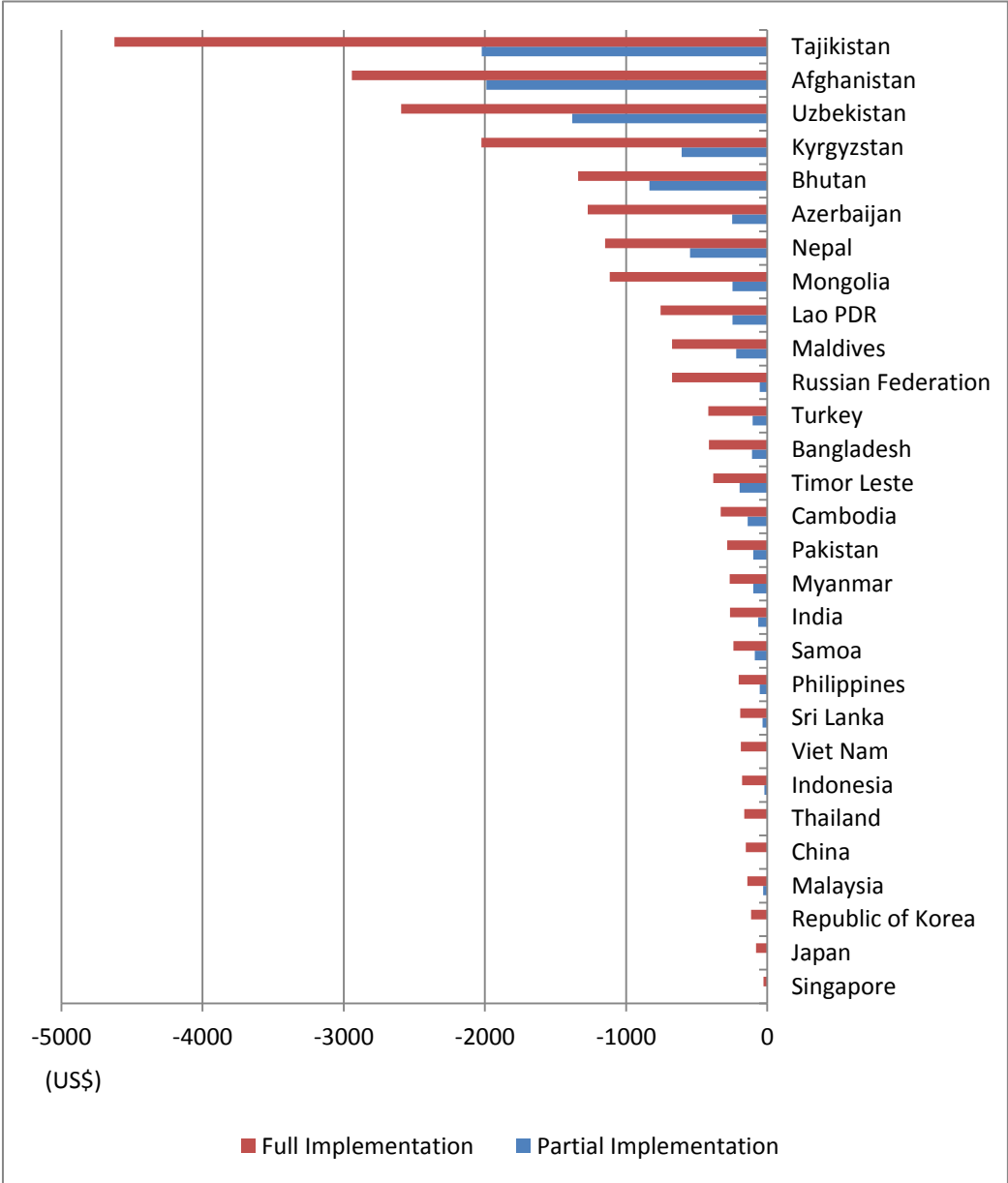
Full Implementation scenario: All trade facilitation measures are ‘fully’ implemented in all 29 countries.

The reductions in direct trade costs per container in each of the 29 countries under each of the scenarios are shown in figure 15. Countries with initially low trade facilitation

⁷ This can probably be explained by the fact that the trade cost measure we use only captures direct at- and behind-the-border trade costs and excludes international shipping costs, which are more directly affected by economic size and international trade volume.

implementation scores – most of them LLDCs or LDCs such as Tajikistan, Bhutan and Uzbekistan – see dramatic reductions in per container direct trade costs, as both scenarios involve major trade facilitation reform in these countries. Advanced countries (such as Singapore and Republic of Korea) enjoy lower trade costs only under the full implementation scenario since they have already implemented many of the trade facilitation measures, at least partially.

Figure 15: Reduction in direct trade costs from trade facilitation implementation in selected Asia-Pacific countries (US\$ per container)



Source: the authors

Once reductions of direct trade costs per container are estimated, we proceed in calculating the overall savings in direct trade costs for containerised goods of each country using data on container trade of each country, as detailed in Table 4, we found that total direct cost of containerized trade conducted (excluding air cargoes) to amount to US\$ 159 billion for the 29 Asia-Pacific countries included in our study. These trade costs fall by US\$ 3 billion (or 2% of total direct trade costs) under the partial trade facilitation implementation scenario, and by US\$ 31 billion (or 20% of direct trade costs) under the full trade facilitation implementation scenario.

Large economies capture most of the aggregate trade cost savings because of the large volumes of cargoes typically imported to and exported from these countries. As shown in figure 16, China is found to save US\$ 14 billion in trade cost each year (or 46% of the saving of trade costs in the region) when it implements all trade facilitation measures fully. The second largest saver is India, which is expected to save more than US\$ 2 billion a year under the full trade facilitation implementation scenario.

Reduction in direct trade costs in LLDCs and LDCs account for a small share of total trade cost reductions in the region. However, these savings in trade costs can be expected to have significant impacts (benefits) on these countries given the small size of LLDCS and LDCs economies. As shown in figure 17, 'at least partial' and 'full' implementation of trade facilitation measures enable the 14 LLDCs and LDCs included in the study to reduce trade costs by US\$ 1 billion and US\$ 3 billion annually, respectively.

On average, each of the 9 LLDCs surveyed can reduce trade costs by between US\$ 79 million and US\$ 204 million annually, depending on whether they achieve 'at least partial' or 'full' implementation of trade facilitation measures. For the 9 LDCs surveyed, corresponding figures are US\$ 47 million and US\$ 122 million, or slightly more than half the average savings for LLDCs.⁸

⁸ This can be explained by the fact that Timor Leste and Samoa are extremely small economies (measured by GDP) compared with other countries surveyed in this paper, and therefore, saving from these two countries are relatively small, which lower the average trade costs saving for the group of LDCs.

Table 4: Volume of import and export containers

Country	International trade (US\$ billion)	Port Traffic (TEUs [*])	Ratio (containers/Int' trade)	Containers for Im and Ex (including estimated and adjusted)
Afghanistan	7	n.a.		72,672 ^(e)
Azerbaijan	42	n.a.		469,319 ^(e)
Bangladesh	59	1,433,397	24,194	1,433,397 ^(w)
Bhutan	2	n.a.		17,863 ^(e)
Cambodia	19	236,986	12,343	236,986 ^(w)
China	3,867	139,736,156	36,137	115,223,838 ^(a)
India	783	9,983,940	12,758	9,983,940 ^(w)
Indonesia	378	9,044,435	23,904	9,044,435 ^(w)
Japan	1,684	18,886,713	11,213	17,245,517 ^(a)
Kyrgyzstan	7	n.a.		80,638 ^(e)
Lao PDR	5	n.a.		56,585 ^(e)
Malaysia	424	19,912,891	46,964	6,697,891 ^(a)
Maldives	2	68,722	36,789	68,722 ^(w)
Mongolia	11	n.a.		123,421 ^(e)
Myanmar	20	200,879	9,847	200,879 ^(w)
Nepal	7	n.a.		82,769 ^(e)
Pakistan	69	2,271,493	33,038	2,271,493 ^(w)
Philippines	117	5,264,086	44,856	4,152,586 ^(w)
Rep. of Korea	1,067	20,830,308	19,514	12,728,765 ^(a)
Russian Federation	865	3,772,650	4,363	3,772,650 ^(w)
Samoa	0.42	n.a.		4,682 ^(e)
Singapore	788	30,727,702	38,989	3,825,712 ^(a)
Sri Lanka	29	4,228,000	148,003	1,099,280 ^(a)
Tajikistan	5	n.a.		56,984 ^(e)
Thailand	477	7,171,394	15,031	7,171,394 ^(w)
Timor Leste	0	n.a.		4,238 ^(e)
Turkey	389	6,061,522	15,579	6,061,522 ^(w)
Uzbekistan	22	n.a.		245,200 ^(e)
Viet Nam	228	6,324,647	27,695	6,324,647 ^(w)

Note: *: TEU refers to Twenty-foot equivalent unit, a standard term for calculating the number of containers

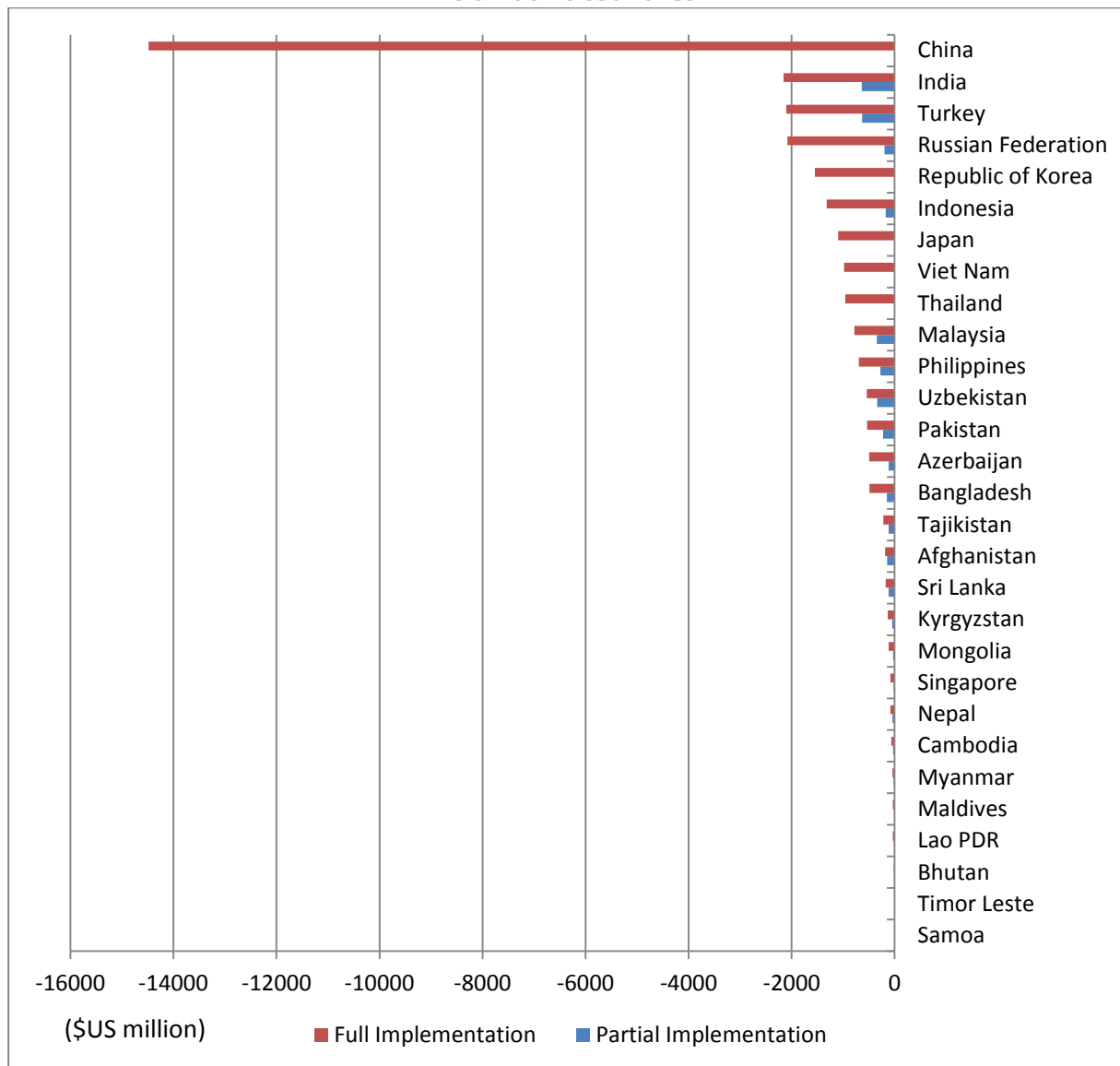
(e) : Estimated data

(a) : Data after adjustment

(w) : Data taken from the World Bank Database (<http://data.worldbank.org/indicator/IS.SHP.GOOD.TU>).

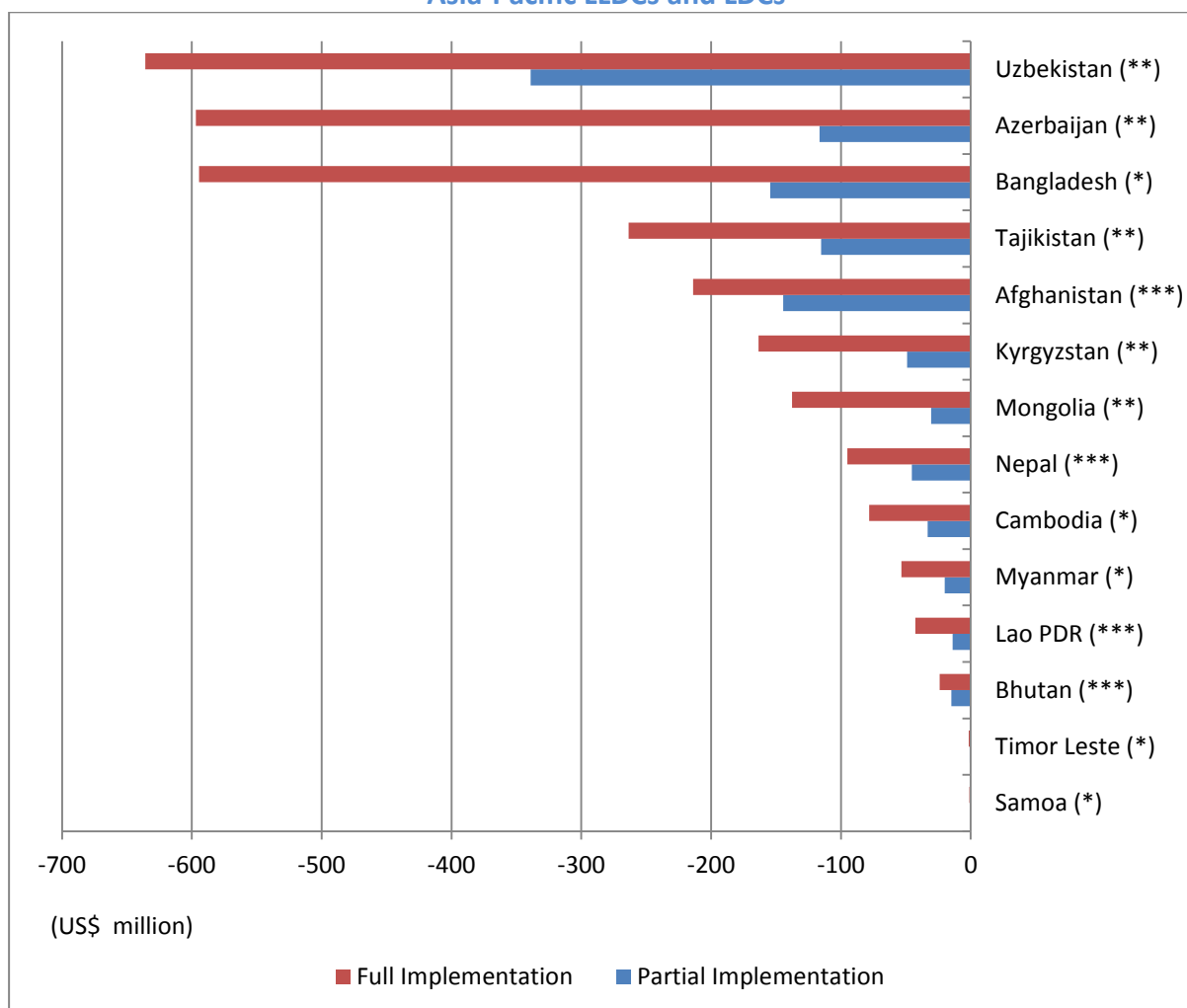
Source: see Annex 2.

Figure 16: Effect of trade facilitation implementation on direct trade costs per annum of Asia-Pacific countries



Source: the authors

Figure 17: Effect of trade facilitation implementation on direct trade costs per annum of Asia-Pacific LLDCs and LDCs



Note: * Least Developed Country (LDC); ** Landlocked Developing Country (LLDC); *** both LDC and LLDC

Source: the authors

Summary and Conclusions

This paper presented the results of a regional expert survey on the status of implementation of trade facilitation and paperless trade measures in Asia and the Pacific in 2013/14 and estimated direct trade cost savings that would be associated with continuing implementation.

The survey results showed that countries have reportedly made good progress in implementing a number of the trade facilitation measures under the WTO TFA, such as publication of trade regulations and risk management. Encouragingly, implementation of trade facilitation measures has not been limited to higher middle-income countries and has also taken place in least developed countries and economies in transition, such as Lao PDR and Kyrgyzstan.

The paper revealed that most countries surveyed prioritized trade facilitation measures related to automation and paperless trade for implementation, including establishment of national (electronic) single window, over the past year. It further showed that advanced economies had completed implementation of general trade facilitation measures, whilst LLDCs and LDCs were lagging behind, often hindered by a lack of financial resources, human capacity and poor inter-agency coordination.

One particularly interesting finding was that *Establishment and publication of average release times* was the least fully implemented among all the general trade facilitation measures considered in this study. This monitoring measure is relatively simple as well as inexpensive to implement. At the same time, however, it requires a clear commitment from government agencies at the border to be transparent and reduce the time and costs associated with procedures. Implementation of all other trade facilitation measures included in this study will be worth little unless they result in reduction in trade transaction time and costs for small and large enterprises alike. Therefore, implementation of this measure and, more generally, establishment of national trade and transport facilitation monitoring systems will be key in achieving concrete results and correctly allocating limited resources in developing countries to addressing the most critical procedural barriers to trade.⁹

Another important finding is that no country was yet fully engaged in cross-border exchange of electronic document and information for trade facilitation. Even in the most advanced countries, cross-border paperless trade has been limited to exchanging only selected electronic documents on a pilot basis. Despite the potential benefits,¹⁰ achieving cross border paperless trade remains a challenge for many countries in Asia-Pacific region. The results are not surprising because such measures cannot be implemented unilaterally and it can only be materialised when all countries are at the same level of development for exchanging cross-border information and document. This further highlights the usefulness and urgency for the countries in the region to finalize the regional arrangement for cross-border paperless trade facilitation currently being negotiated among UN ESCAP Member States.¹¹

The empirical analysis conducted on the basis of the survey data suggested that full implementation of trade facilitation measures included in the study could lower direct trade costs for containerized goods in the region by 20% on average, i.e., US\$ 31 billion every year. It also revealed that 'full' implementation of trade facilitation measures would enable the 14 LLDCs and/or LDCs to collectively reduce trade costs for containerized goods by US\$ 3 billion every year. Unlike in the case of more advanced countries, who have already implemented many of the trade facilitation measures, partial implementation is found to result in significant benefit for these countries (US\$ 1 billion a year).

⁹ Detailed discussion on how to establish such mechanism is available at <http://www.unescap.org/resources/towards-national-integrated-and-sustainable-trade-and-transport-facilitation-monitoring>.

¹⁰ See ESCAP (2014) "Assessing the Benefits of Cross-border Paperless Trade", which finds that implementation of cross-border paperless trade could increase trade of Asia-Pacific economies by \$US 257 billion annually.

¹¹ This is taking place as part of implementation of ESCAP Resolution 68/3. Adopted at the Sixty-eighth Session of the Commission in May 2012, the resolution aims at "*Enabling paperless trade and the cross-border recognition of electronic data and documents for inclusive and sustainable intraregional trade facilitation*".

Study Limitations and Way Forward

It is important to recall that the study presented above is subject to several limitations. First, the survey primarily relies on the knowledge of the respondents who participated in it. Every effort was made to ensure that the respondents had the relevant expertise and/or access to information to fill the survey. Responses were also checked against secondary data collected from relevant Government documents and websites. However, given the scope of the survey, the number of stakeholders involved in trade facilitation implementation and the often dynamic nature of trade regulations and procedures in most countries, results should not be used to draw strong country-specific conclusions, unless they are supplemented by more detailed case studies. Direct involvement of the national trade facilitation committees – expected to be setup in most countries of the region as part of implementation of the WTO TFA – in the survey effort may be useful in further enhancing the quality of the data collected.

Second, the level of details on the implementation of any given trade facilitation measure remains limited. Most measures have been evaluated based on a 3-point scale: ‘full implementation’, ‘partial implementation’ and ‘no implementation’. The category ‘partial implementation’ is particularly ambiguous because on the one hand, it may mean the country is at a very preliminary stage of implementation while on the other hand, it may mean it is at some stage very close to full implementation. This limitation should be taken into account when interpreting the results. Efforts to more clearly define what “partial implementation” means within the context of each trade facilitation measures should be made in future surveys.

Third, the current regional study covers “only” 29 countries. While almost all the countries in Asia are covered, Pacific countries including Australia and New Zealand are still missing. It is important to keep this in mind when referring to the regional cost savings from trade facilitation implementation presented in this study. Efforts in the future need to be geared to the further collection of data and information on these countries.

Finally, referring to the empirical analysis included in this study, it is important to acknowledge that, while the trade costs savings from continuing implementation of trade facilitation measures in Asia and the Pacific noted above are already significant, actual savings and benefits from effective implementation of trade facilitation reform can be expected to be much larger. Indeed, indirect trade costs (e.g., loss of perishable cargoes due to unexpected delays or long waiting times, inability for firms to participate in regional or global production networks because of unpredictable and cumbersome import-export procedures...) are many times larger than direct trade costs and have not been accounted for in our analysis. Future analysis may address this by using a more comprehensive measure of trade costs, such as the ESCAP-World Bank international trade cost estimates.

Annex 1. Survey on Trade Facilitation and Paperless Trade Implementation

The survey aims to assess the progress made in implementing trade facilitation and paperless trade measures in Asia and the Pacific. Special attention is given this year to assessing implementation of measures related to *availability of trade-related information*, as key to enhancing transparency of trade procedures.

Given your expertise in trade facilitation, you are kindly requested to complete the survey for your own country to the best of your knowledge. You are encouraged to verify your answers with relevant colleagues and experts before submitting them. Completed questionnaires may please be sent to Mr. Tengfei Wang, Trade Facilitation Unit, Trade and Investment Division, UN ESCAP at wangt@un.org , copied to aptff@un.org, no later than **1 September 2013**. Kindly note that we may seek additional information and clarification from you during or after the Forum. Any questions or clarifications related to the survey may also be addressed to Mr. Wang.

SECTION A – INFORMATION ON RESPONDENT

Name : _____ Job title : _____ Organization : _____
Email : _____ Country : _____ Telephone (optional) _____

1. Your organization is (please indicate the correct response by putting an **X** in the corresponding brackets):

A government ministry/agency A private sector organization Others, please specify: ____

2. Is your organization the lead agency for trade facilitation (i.e., assigned by the government to implement trade facilitation reform)?

Yes No Don't know

3. How many years of experience do you have in trade facilitation?

Less than 2 years 2 to 5 years 6 to 9 years 10 years and more

4. What is/are your particular area(s) of expertise in trade facilitation? (select all that apply)

Customs Paperless trade/IT Transit Trade logistics Others, please specify: ____

SECTION B – TRADE FACILITATION MEASURES

(Please indicate the correct response by putting an **X** in the relevant column for each measure, depending on its level of implementation in your country;

FI: Fully Implemented ; **PI:** Partially Implemented/Pilot Stage; **NI:** Not implemented; **DK:** Don't know)

Trade Facilitation Measures	FI	PI	NI	DK	Was progress or improvement made over the past 12 months? (Please specify)	Further information (e.g., website, date of implementation, geographic coverage, ...)
GENERAL TRADE FACILITATION MEASURES						
1. Establishment of a national trade facilitation body						
2. Publication of existing import-export regulations on the Internet						
3. Stakeholder consultation on new draft regulations (prior to their finalization)						
4. Advance publication/notification of new regulation before their implementation (e.g., 30 days prior)						
5. Advance ruling (on tariff classification) ^a						
6. Risk management (as a basis for deciding whether a shipment will be or not physically inspected) ^b						
7. Pre-arrival processing ^c						

^a An advance ruling for customs purposes can be defined as a binding official decision prior to an import or export, issued by a competent authority in writing, which provides the applicant with a time-bound tariff classification, valuation, entitlement to preferences, or an assessment of the origin accorded to a particular good.

^b Risk means the potential for non-compliance with customs and/or other relevant laws, regulations or procedural requirements connected with the importation, exportation or transit of goods. Risk Management means the systematic application of management procedures and practices providing customs and other relevant border agencies with the necessary information. in order to address movements or consignments which present a risk.

^c Pre-arrival processing can be described as a procedure allowing traders to submit clearance data to Customs for advance processing and release of the goods immediately upon arrival into the country. Release may even take place prior to the actual arrival of the goods, provided all necessary details have been communicated and screened by Customs in advance.

(FI: Fully Implemented; PI: Partially Implemented/Pilot Stage; NI: Not implemented; DK: Don't know)

Trade Facilitation Measures	FI	PI	NI	DK	Was progress or improvement made over the past 12 months? (Please specify)	Further information (e.g., website, date of implementation, geographic coverage, ...)
8. Post-clearance audit ^d						
9. Independent appeal mechanism (for traders to appeal Customs and other relevant trade control agencies' rulings)						
10. Separation of Release from final determination of customs duties, taxes, fees and charges						
11. Establishment and publication of average release times						
12. Trade facilitation measures for authorized operators ^e						
13. Expedited shipments ^f						
14. National single window ^g						

^d Post-clearance audit means audit-based Customs control performed subsequent to the release of the cargo from Customs' custody. The purpose of such audits is to verify the accuracy and authenticity of declarations and covers the control of traders' commercial data, business systems, records, books. Such an audit can take place at the premises of the trader, and may take into account individual transactions, so-called "transaction based" audit, or cover imports and/or exports undertaken over a certain period of time, so called "company based" audit.

^e Authorized operators refers to parties involved in the international movement of goods (e.g., a manufacturer, trader, carrier, terminal operator...) that have been recognized by Customs or other relevant authorities as having achieved high-level of compliance with trade-related laws and regulations and, therefore, are provided with simplified import, export and transit formalities.

^f Expedited shipments refer to trade facilitation procedures allowing for expedited release of at least those goods entered through air cargo facilities to persons (e.g., express shipping company) that apply for such faster procedure, while maintaining Customs control. The applicant typically has to cover the additional costs involved in expediting release.

^g A national single window refers to a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once.

(FI: Fully Implemented; PI: Partially Implemented/Pilot Stage; NI: Not implemented; DK: Don't know)

Trade Facilitation Measures	FI	PI	NI	DK	Was progress or improvement made over the past 12 months? (Please specify)	Further information (e.g., website, date of implementation, geographic coverage, ...)
PAPERLESS TRADE FACILITATION						
15. Electronic/automated Customs System (e.g., ASYCUDA)						
16. Internet connection available to Customs and other trade control agencies at border-crossings						
17. Electronic Single Window System ^h						
						Submitted through e- single window?
18. Electronic submission of Customs declarations						[] yes [] No [] don't know
19. Electronic Application and Issuance of Trade Licenses						[] yes [] No [] don't know
20. Electronic Submission of Sea Cargo Manifests						[] yes [] No [] don't know
21. Electronic Submission of Air Cargo Manifests						[] yes [] No [] don't know
22. Electronic Application and Issuance of Preferential Certificate of Origin						[] yes [] No [] don't know
23. E-Payment of Customs Duties and Fees						[] yes [] No [] don't know
24. Electronic Application for Customs Refunds						[] yes [] No [] don't know

^h an electronic single window refers to a single window where data and documents are exchanged in electronic form. Please refer to definition of single window

(**FI**: Fully Implemented; **PI**: Partially Implemented/Pilot Stage; **NI**: Not implemented; **DK**: Don't know)

Trade Facilitation Measures	FI	PI	NI	DK	Was progress or improvement made over the past 12 months? (Please specify)	Further information (e.g., website, date of implementation, geographic coverage, ...)
TOWARDS CROSS-BORDER PAPERLESS TRADE						
25. Laws and regulations for electronic transactions are in place (e.g. e-commerce law, e-transaction law)						
26. Recognised certification authority issuing digital certificates to traders to conduct electronic transactions ¹						
27. Engagement of your country in trade-related cross-border electronic data exchange with other countries						
28. Certificate of Origin electronically exchanged between your country and other countries						
29. Sanitary & Phyto-Sanitary Certificate electronically exchanged between your country and other countries						
30. Banks and insurers in your country retrieving letters of credit electronically without lodging paper-based documents						
BORDER AGENCY COOPERATION						
31. Cooperation between agencies on the ground at the national level						
32. Government agencies delegating controls to Customs authorities						
33. Alignment of working days and hours with neighbouring countries at border crossings						
34. Alignment of formalities and procedures with neighbouring countries at border crossings						
TRANSIT FACILITATION						
35. Information on transit fees and charges is available in paper publications						
36. Information on transit fees and charges is available on customs or trade-related website						
37. Periodic review of fees/charges and adaptation to changing circumstances						

38. Customs Authorities limit the physical inspections of transit goods and use risk assessment						
39. Supporting pre-arrival processing for transit trade						
40. Cooperation between agencies of countries involved in transit						

¹: For digital signatures to work, a trusted third party known as a Certification Authority (CA) is needed to issue digital certificates that certify the electronic identities of users and organisations. Examples of such certification authority include Controller of Certification Authorities in Malaysia and Singapore.

SECTION C – TRADE-RELATED INFORMATION AVAILABILITY

(Please indicate the correct response by putting an X in the corresponding columns or brackets)

C-1. Publication and Availability of Information

1. How is the following information published?

NP: not published

PP: published on paper

PI: published on Internet

IE: published in English (in addition to local language)

	NP	PP	PI (please provide relevant website)	IE
1. Relevant trade-related legislation				
2. A summary description of importation, exportation and transit procedures				
3. Importation, exportation and transit procedures (including port, airport, and other entry-point procedures)				
4. The forms and documents required for importation into, exportation from, or transit through the territory of that Member				
5. Applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation				
6. Fees and charges imposed by customs and other border/governmental agencies on or in connection with importation, exportation or transit				
7. Rules for the classification or valuation of products for customs purposes				
8. Laws, regulations and administrative rulings of general application relating to rules of origin				
9. Import, export or transit restrictions or prohibitions				

10. Penalty provisions against breaches of import, export or transit formalities				
11. Appeal procedures				
12. Agreements or parts thereof with any country or countries relating to importation, exportation or transit				
13. Procedures relating to the administration of tariff quotas				
14. Contact information on enquiry points (to answer inquiries on trade facilitation)				

2. Who is responsible for publication of the trade information? (select all that apply)

Ministry of Trade Customs other agency, please specify _____ don't know

3. How do different government departments/agencies/ministries coordinate to collect and publish trade-related data and information? Please elaborate

C-2. Enquiry Points *(Please indicate the correct response by putting an X in the corresponding brackets)*

1. Has your country established one or more enquiry points to answer reasonable enquiries of on trade facilitation?

fully implemented partially implemented not implemented don't know

2. Please provide the contact details or weblink of existing enquiry points

C-3. Customs website *(Please indicate the correct response by putting an X in the corresponding brackets)*

1. Has your country established a national Customs website?

yes no don't know

If yes, please provide Weblink: _____

2. Is rate of duties published on Customs website?

fully published partially published not published

3. Is information on import and export procedures published on Customs website?

fully published partially published not published

4. Procedures of border agencies

Some documents and forms are available for downloading on the Customs website.

There is no possibility to download the required documents and forms.

5. Publication of rules and examples of customs classification

Both rules and examples are published Only rules, but not examples, are published Neither rules nor examples are published

SECTION D – KEY CHALLENGES AND RECOMMENDATIONS FOR TRADE FACILITATION & PAPERLESS TRADE

1. Referring to measures listed in Sections B and C, please list up to three trade facilitation measures for which your country has made the most progress in implementation in the last 12 months.

2. Please describe any other important trade facilitation measures/initiatives implemented in your country in the last 12 months:

3. What are the most serious challenges faced by your country in implementing trade facilitation measures

(Please rank the three main challenges from 1 to 3. '1': the most challenging factor; '3': the least challenging factor)

<input type="checkbox"/> Lack of coordination between government agencies	<input type="checkbox"/> Lack of political will
<input type="checkbox"/> No clearly designated lead agency	<input type="checkbox"/> Financial constraints
<input type="checkbox"/> Limited human resource capacity	<input type="checkbox"/> Other_____

Please elaborate further:

******* End of Survey, Thank You for Your Time *******

Annex 2. Volume of Import and Export Containers

Data on volume of import and export containers of Bangladesh, Cambodia, India, Indonesia, Maldives, Myanmar, Pakistan, Russian Federation, Thailand, Turkey and Viet Nam in table 4 is taken from the World Bank database (<http://data.worldbank.org/indicator/IS.SHP.GOOD.TU>). Data of the following countries Afghanistan, Azerbaijan, Bhutan, Kyrgyzstan, Lao PDR, Mongolia, Nepal, Samoa, Tajikistan and Uzbekistan are indeed not available and can only be estimated. In this respect, we used average ratio of *volume of import and export containers to international trade* of Myanmar and Cambodia, as representatives of the least developed countries, to estimate volume of import and export containers of these countries by multiplying international trade of these countries by the ratio. We also tried to use alternative regression analysis to estimate container trade of these countries. After comparison of different methods, we found that the approach used in this paper yielded the most reasonable estimates.

We recognized that LLDCs often have very low ratio of goods carried in containers, therefore the volume of import and export containers estimated in this study also includes these goods which are not transported in containers but can be containerised, standing for the 'equivalent' number of containers of these goods.

Container traffic at sea ports in the World Bank database, however, overestimates the volume of import and export containers of the following countries: China, Japan, Malaysia, Philippines, Republic of Korea, Singapore and Sri Lanka because port traffic in these countries includes a large number of containers for transshipment which are counted for more than once. Adjustment was made in this paper by subtracting the volume of containers for transshipment from the data reported by the World Bank. In so doing, we further collected data on container throughput at major container ports from *Containerisation International*¹² and data on 'transshipment incidence' prepared by Jean-Paul Rodrigue from Hofstra University and Theo Notteboom from University of Antwerp. Data after adjustment is reported in table 4.

We noted that containers imported to or exported from the landlocked countries might be counted as part of throughput of the transit ports in the neighboring countries. For instance, containers moved in and out of Mongolia may make up part of the traffic in Tianjin port in China. However, such volume of containers is too small to have an impact on the overall estimation. Therefore, we did not further adjust the volume of containers when calculating regional-level trade costs and impacts.

¹² Source: Containerisation International, Top 100 Ports 2013.

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