
United Nations
Trade Facilitation and Paperless Trade
Implementation Survey 2017

*Sub-Regional Notes –
East and North-East Asia*

Prepared by



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Disclaimers:

This note is a complement to the more elaborate Regional (Asia-Pacific) Report. It should best be read in conjunction with it, as well as the associated Country Notes, which can be found at: <https://unnext.unescap.org/content/global-survey-trade-facilitation-and-paperless-trade-implementation-2017>

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1. Introduction

It is well understood that reducing trade costs is essential in enabling economies to effectively participate in regional and global value chains and continue to use trade as a main engine of growth and sustainable development. Recent studies suggest that much of the trade cost reductions achieved over the past decade have been through elimination or lowering of tariffs.¹ Further trade cost reduction therefore, will have to come from tackling non-tariff sources of trade costs, such as inefficient transport and logistics infrastructure and services, but also cumbersome regulatory procedures and documentation. Indeed, trade facilitation – the simplification and harmonization of import, export and transit procedures –, including paperless trade – the use and exchange of electronic data and documents to support the trade transaction process –, has taken increasing importance, as evidenced by the entry into force of the WTO Trade Facilitation Agreement (TFA) in February 2017, as well as the adoption of a new Framework Agreement on the Facilitation of Cross-Border Paperless Trade in Asia and the Pacific (FA-CPT) at ESCAP in 2016.²

This note is part of a new global effort by all United Nations Regional Commissions (UNRCs), in cooperation with other international organizations³, to provide reliable and sufficiently detailed data on the implementation of trade facilitation in general - and single window and paperless trade in particular at the global level. It features the results of the 2017 UN Global Survey on Trade Facilitation and Paperless Trade implementation for the East and North-East Asia (ENEA) sub-region, covering China, Japan, Republic of Korea and Mongolia. **This note is a complement to the more elaborate Global and Regional (Asia-Pacific) Reports. It should best be read in conjunction with them, as well as the associated Country Notes.**⁴

The instrument of Global Survey on Trade Facilitation and Paperless Trade Implementation 2017 was prepared according to the final list of commitments included in the WTO TFA and the text and implementation roadmap of the FA-CPT. The survey covers 47 main trade facilitation measures which are categorized into seven main groups, namely: General trade facilitation measures, Paperless trade, Cross-border paperless trade, Transit facilitation, Trade facilitation for SMEs, Trade facilitation for agricultural trade and Participation of women in trade facilitation. Measures featured in the WTO TFA are essentially included in the General trade facilitation and Transit facilitation groups. However, most paperless trade and, in particular, cross-border paperless trade measures, are not specifically featured in the WTO TFA, although their implementation in many cases would support the better and digital implementation of TFA. Survey results for the East and North-East Asia sub-region are presented below.

¹ For example, see ESCAP (2011), Asia-Pacific Trade and Investment Report 2011, United Nations.

² For details, see <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>

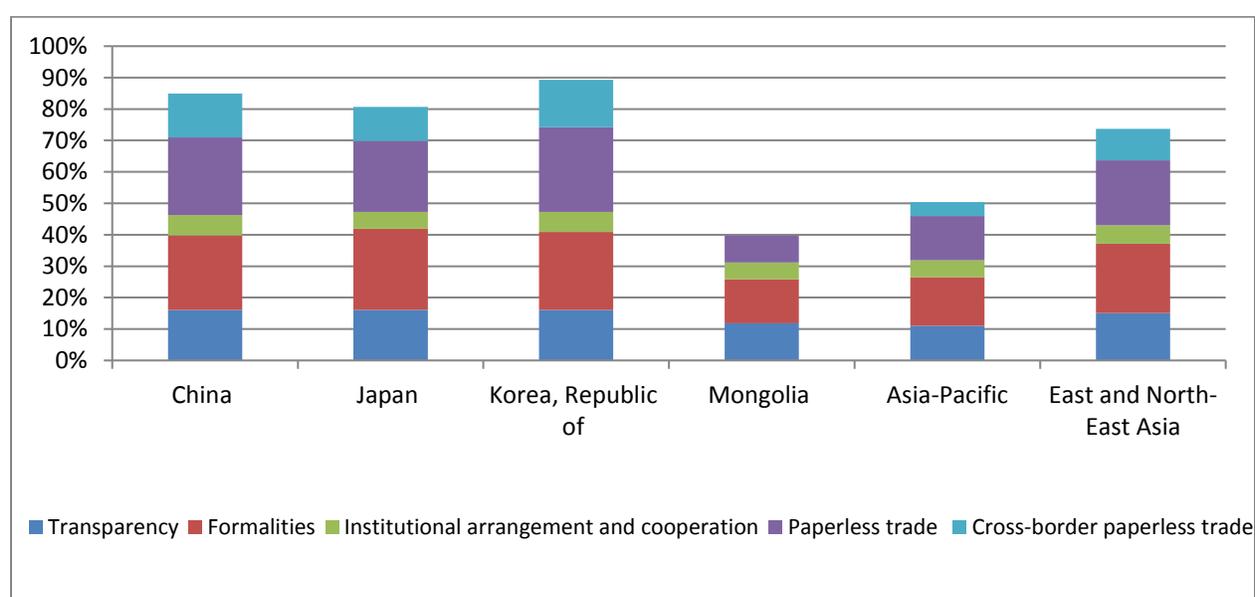
³ The survey was conducted in close collaboration with OECD, ITC and UNCTAD, as well as several sub-regional organizations, such as SELA in Latin America, and OCO in the South Pacific.

⁴ All Survey reports are available at: <https://unnex.unescap.org/content/un-global-survey-trade-facilitation-and-paperless-trade-implementation-2017>

2. Trade facilitation implementation in East and North-East Asia: Overview

Figure 1 shows the overall implementation levels of four East and North-East Asian countries based on a common set of 35 trade facilitation and paperless trade measures included in the survey⁵. The sub-regional average implementation stands at 73.7%, exceeding the regional average (50.4%). China, Japan and Republic of Korea notably have implementation scores higher than 80%.

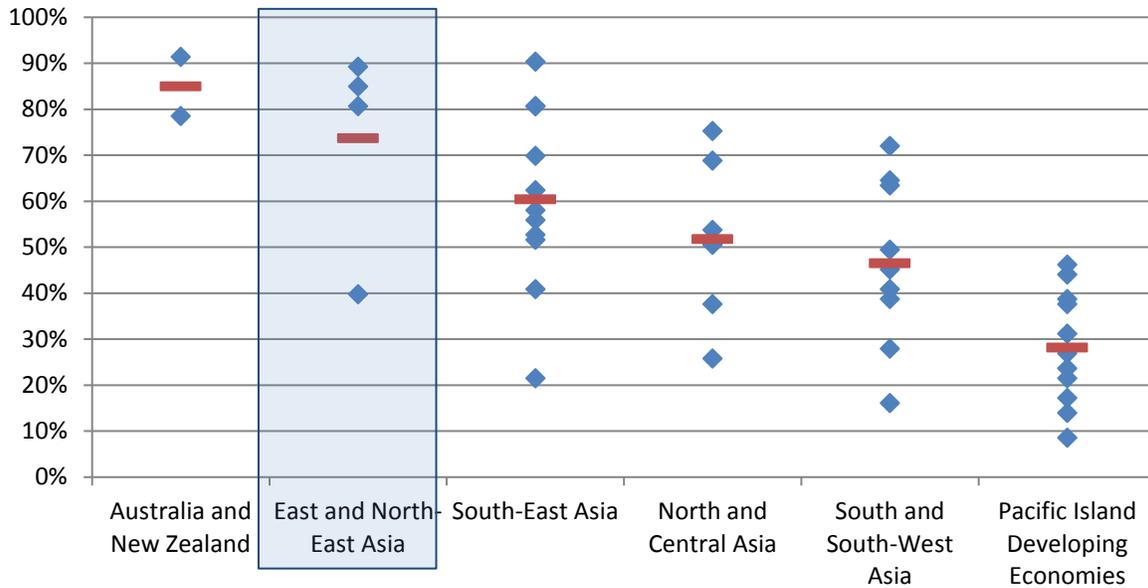
Figure 1: Overall implementation of trade facilitation measures in East and North-East Asian countries



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

⁵ Among 47 trade facilitation measures surveyed, three measures including 20. *Electronic Submission of Sea Cargo Manifests*, 33. *Alignment of working days and hours with neighbouring countries at border crossings*, and 34. *Alignment of formalities and procedures with neighbouring countries at border crossings* are excluded for calculating the overall score as they are not relevant to all countries surveyed. Similarly, four transit facilitation measures are also excluded. Furthermore, three groups of trade facilitation measures for SMEs, agricultural sector and women are also excluded for calculating the country scores. The overall score of each country is simply a summation of the scores of implementation (3,2,1 or 0) it receives for each trade facilitation measure. The maximum possible (full) score of a country is 93 and the average score across all 44 countries is 46.9 (or 50.4% in percentage term).

Figure 2: Trade facilitation implementation in Asia-Pacific sub-regions



◆ Trade Facilitation Implementation of each individual country (%)
 — Average Trade Facilitation Implementation of the group (%)
 Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 2 presents an overview of the implementation of trade facilitation measures (measured by percentage) in the different Asia-Pacific sub-regions as well as the average level of implementation of countries within the sub-region. ENEA has the second highest average level of implementation (73.7%) after Australia and New-Zealand.

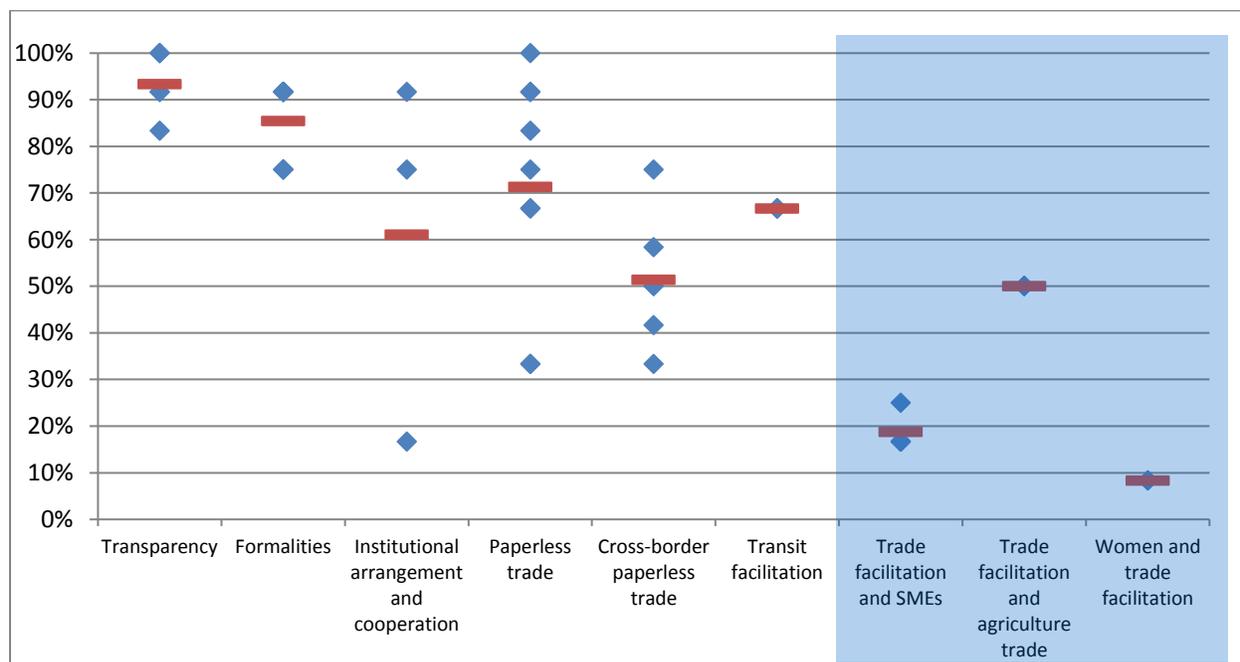
East and North-East Asia countries have well implemented trade facilitation measures related to transparency, formalities, institutional arrangement and cooperation, paperless trade and transit measures: implementation rates of all these measures exceed 60%. Challenges, however, remain for implementing cross-border paperless trade⁶. Implementation rate of cross-border paperless trade remains just above 50% (see Figure 3). Despite this, it is important to recognize that East and North-East Asia countries have been actively working on cross-border paperless trade implementation.

In the context of 2030 Agenda for sustainable development, challenges also remain for East and North-East Asian countries to make trade facilitation better serve SMEs, agricultural sector and women.

⁶ Cross-border paperless trade means trade in goods, including their import, export, transit and related services, taking place on the basis of electronic communications, including exchange of trade-related data and documents in electronic form.

Implementation of the specific trade facilitation measures for SMEs, agricultural sector and women are 19%, 50% and 9%, respectively, indicating significant room for improvement in these areas. (see Figure 3)

Figure 3: Implementation of different groups of trade facilitation measures by East and North-East Asian countries

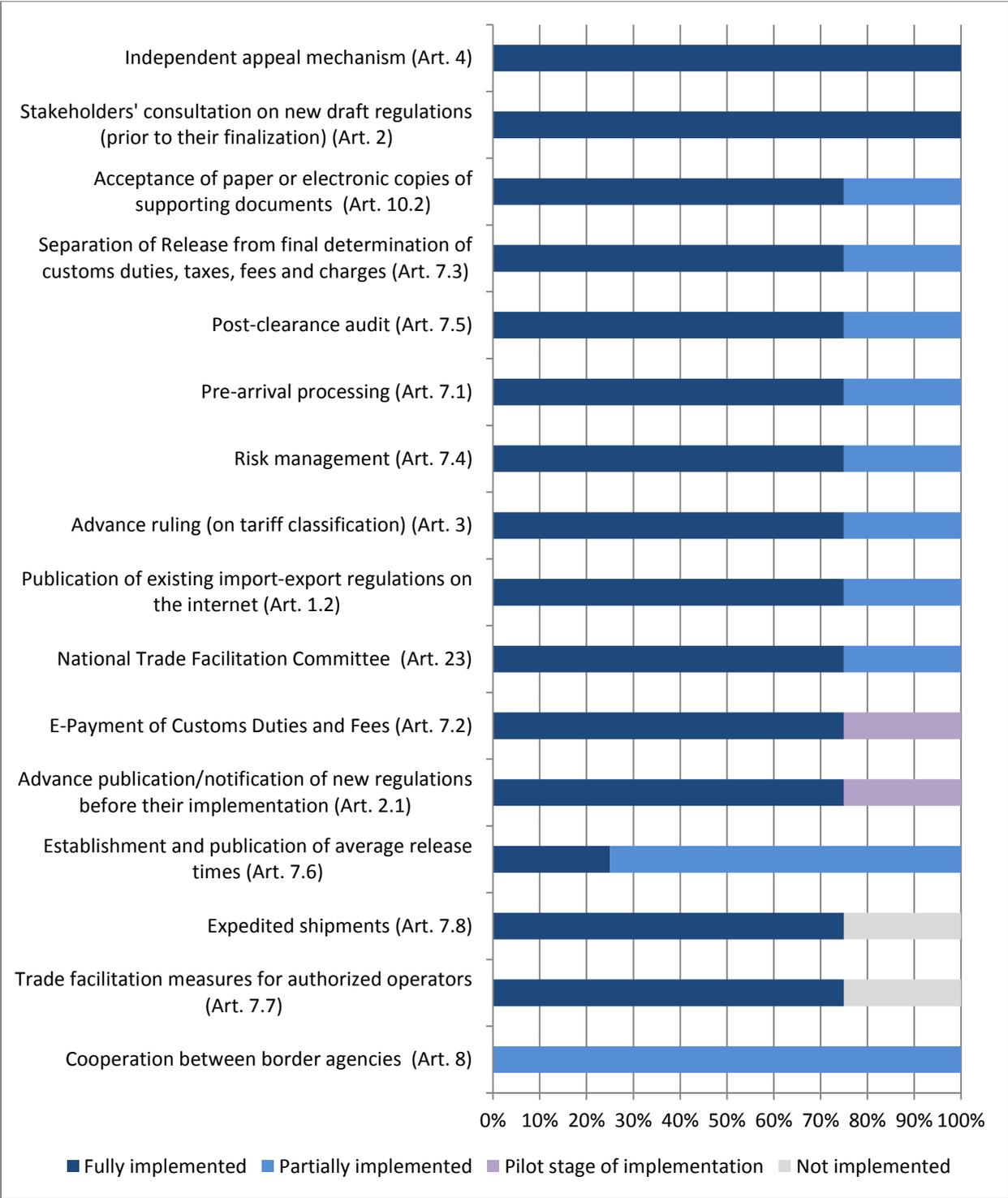


● Regional average implementation level of individual measures within each group.
 — Average regional implementation level by groups of measures.
 Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

2.1 Most and least implemented trade facilitation measures by East and North-East Asian countries

Figure 4 shows the level of implementation of the WTO-TFA articles. The most implemented measures in East and North-East Asian countries are *Independent appeal mechanism (Art. 4)* and *Stakeholders' consultation on new draft regulations (Art. 2)*, which have been fully implemented by all countries in the sub-region. The least implemented measure is *Electronic single window system (Article 10.4)* – however, the implementation of this measure is still very high (more than 70%). Figure 4 is further supplemented by Table 1, which provides information on the most and least implemented trade facilitation measures under each category of trade facilitation measures.

Figure 4: level of implementation of WTO-TFA related measures (excluding transit measures) by East and North-East Asian members



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

Table 1: Most and least implemented measures in each group of trade facilitation measures by East and North-East Asian countries

Category of trade facilitation measures	Most implemented (% of countries)		Least implemented (% of countries)	
	Measure	Implemented fully, partially or on pilot basis / Fully implemented (% of countries/% of countries)	Measure	Implemented fully, partially or on pilot basis / Fully implemented (% of countries/% of countries)
Transparency	Independent appeal mechanism Stakeholders' consultation on new draft regulations (prior to their finalization)	100 / 100	Advance publication/notification of new regulations before their implementation	100 / 75
Formalities	Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities Separation of Release from final determination of customs duties, taxes, fees and charges Post-clearance audit Pre-arrival processing Risk management	100 / 75	Trade facilitation measures for authorized operators Expedited shipments	75 / 75
Institutional arrangement and cooperation	National Trade Facilitation Committee	100 / 75	Government agencies delegating controls to Customs authorities	25 / 0
Paperless trade	Internet connection available to Customs and other trade control agencies at border-crossings	100 / 100	Electronic Application and Issuance of Preferential Certificate of Origin Electronic Application for Customs Refunds	50 / 0
Cross-border paperless trade	Recognized certification authority	75 / 75	Electronic exchange of Sanitary & Phyto-Sanitary Certificate	50 / 0
Trade facilitation and SMEs	Government has developed specific measures that enable SMEs to more easily benefit from the AEO scheme	25 / 25	Government has developed trade facilitation measures that ensure easy and affordable access for SMEs to trade related information Government has taken actions to make the single windows more easily accessible to SMEs (e.g., by providing technical consultation and training services to SMEs on registering and using the facility.) Government has taken actions to ensure that SMEs are well represented and made key members of National Trade Facilitation Committees (NTFCs)	25 / 0

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

2.2 Progress in implementation between 2015 and 2017

There is substantial progress in trade facilitation implementation between 2015 and 2017. Average implementation increases by approximately 4% from 70% in 2015 to 74% in 2017. The highest progress is recorded in Mongolia, whose implementation rate increases by 6% (from 34% in 2015 to 60%), followed by China (from 81% in 2015 to 85% in 2017) (see Figure 5).

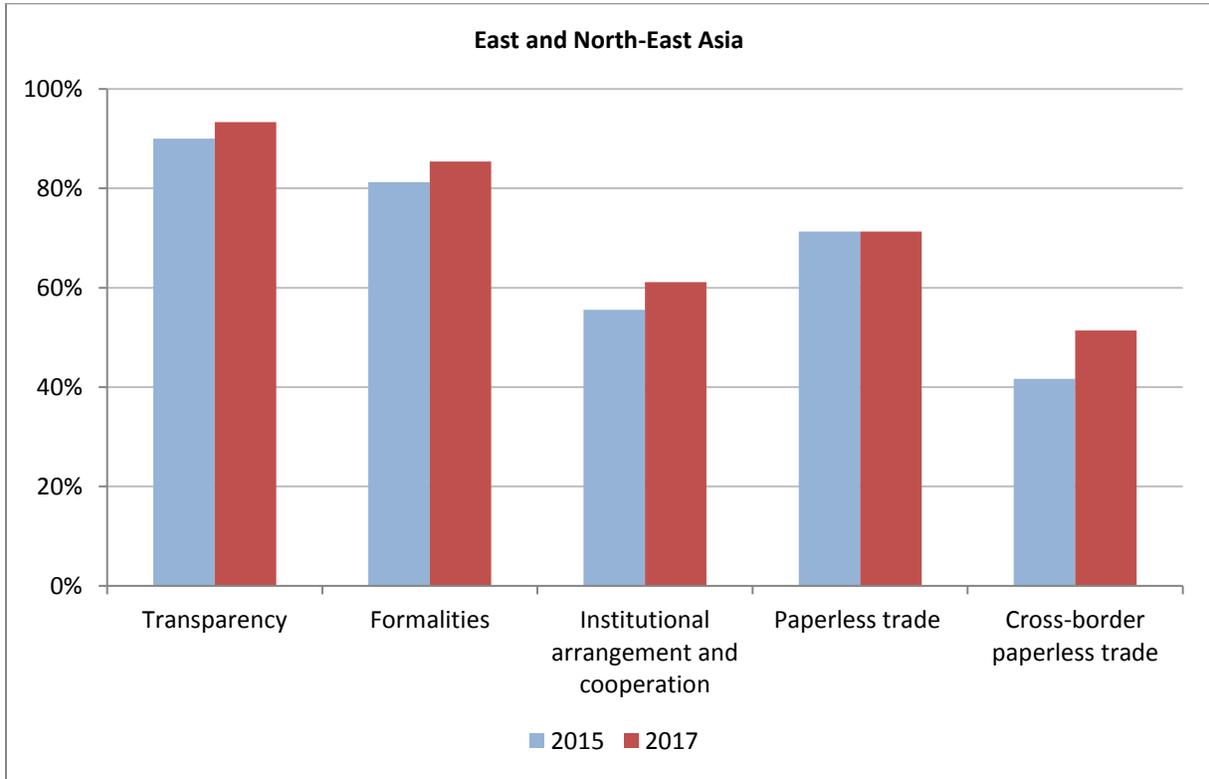
Figure 5: Trade facilitation implementation by East and North-East Asian countries between 2015 and 2017



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

The East and North-East Asian countries made great progress in implementing the “Cross-border paperless trade” measures between 2015 and 2017: implementation rate rose by approximately 9 percentage points (from 42% in 2015 to 51% in 2017). Implementation rate of the “Transparency” measures increased from 90% in 2015 to 93% in 2017 while implementation rate of “Formalities” rose by 4 percentage points: from 81% in 2015 to 85% in 2017. Implementation of the “Institutional arrangement and cooperation” increased by 5% from 56% in 2015 to 61% in 2017. (Figure 6).

Figure 6: Average implementation of different groups of trade facilitation measures between 2015 and 2017



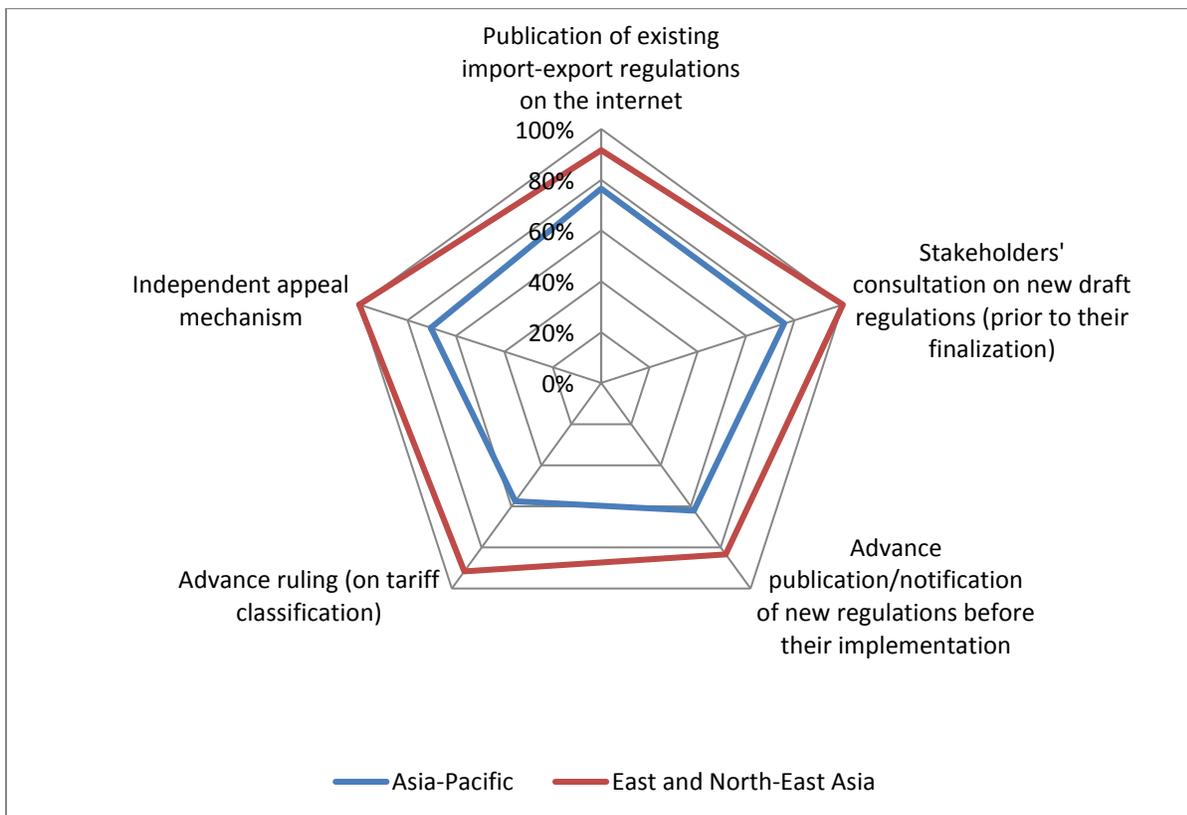
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3. Implementation of trade facilitation measures: A closer look

3.1 “Transparency” measures

Five trade facilitation measures included in the survey are categorized as “Transparency” measures which are related to the Articles 1-5 of the WTO TFA and GATT Article X on Publication and Administration of Trade Regulations. Figure 7 shows the average level of implementation of all five “transparency” measures by East and North-East Asian countries are over 80%, higher than the regional level.

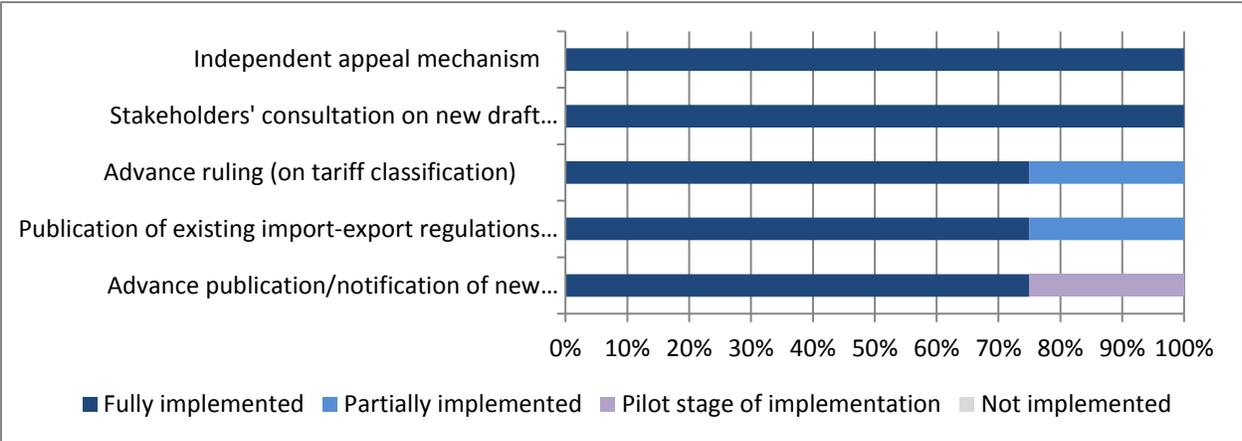
Figure 7: Implementation of “transparency” measures: East and North-East Asian average



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

Figure 8 shows that all “transparency” measures have been fully or partially implemented by all countries, except for *Advance publication/notification of new regulation before their implementation*. *Independent appeal mechanism* and *Stakeholders’ consultation on new draft regulations* are the most implemented measure and have been fully implemented by all of the countries in this sub-region. In contrast, *Advance publication/notification of new regulation before their implementation* is the least implemented of the “transparency” measures, having been fully implemented in 75% of all countries in the sub-region and still in the pilot stage of implementation in 25% of the countries.

Figure 8: State of implementation of “transparency” measures for trade facilitation in East and North-East Asia

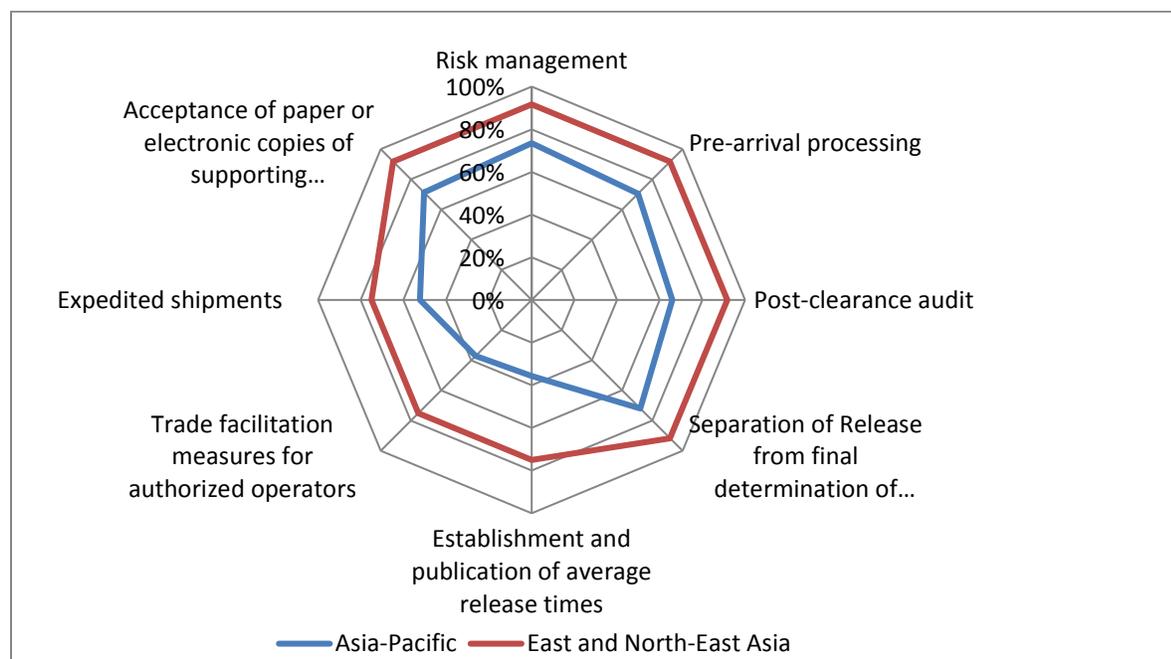


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.2 “Formalities” facilitation measures

Eight of the general trade facilitation measures included in the survey are categorized as “formalities” facilitation measures which is related to streamlining and/or expediting regulatory trade procedures. They are related to the Articles 6-10 of the WTO TFA and GATT Article VIII on “Fees and Formalities connected with Importation and Exportation”. The level of implementation of most “formalities” facilitation measures in this sub-region is over 75%, higher than the regional average. (Figure 9)

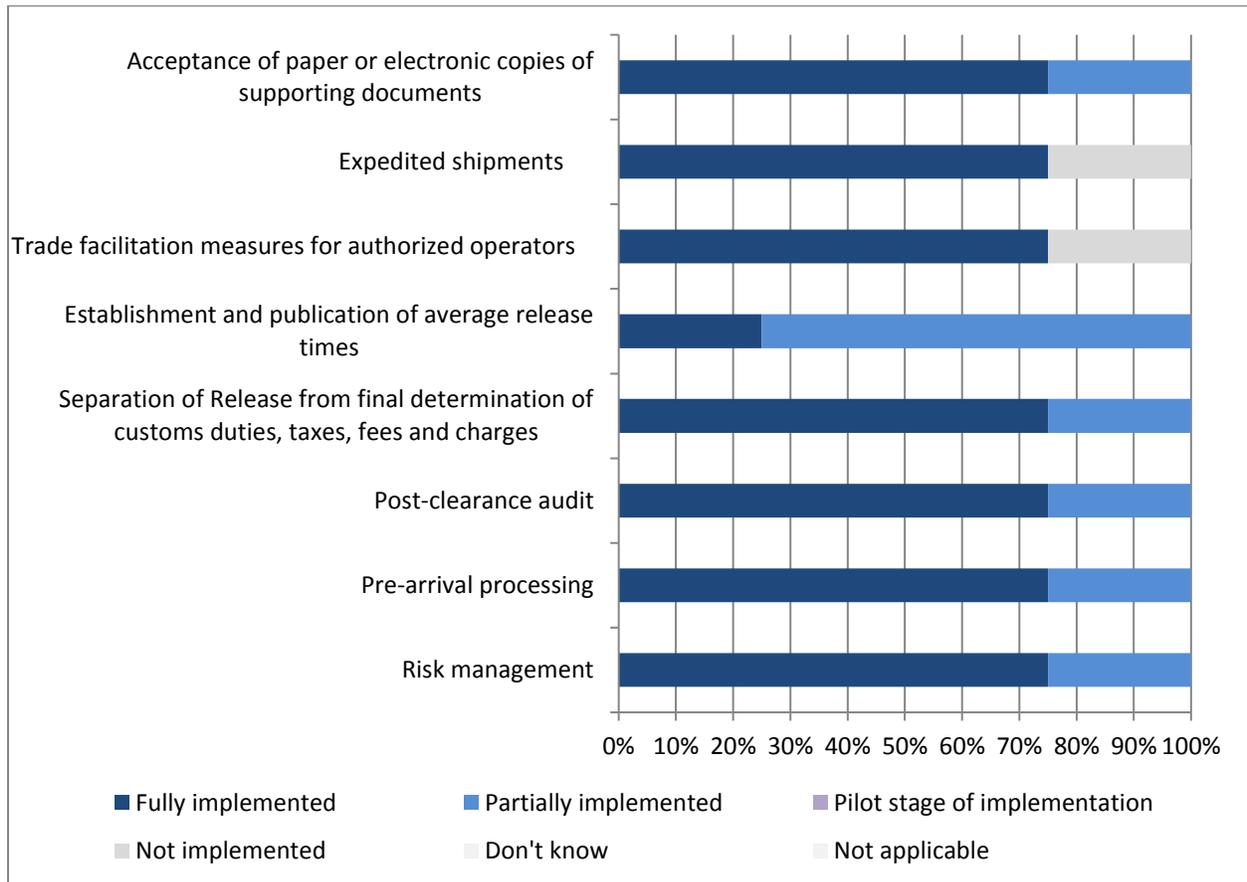
Figure 9: Implementation of trade “formalities” facilitation measures: East and North-East Asian average (in %)



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

All “formalities” measures have been fully or partially implemented in more than 75% of all East and North-East Asian countries. *Risk management*, *Pre-arrival processing* and *Post-clearance audit* are the most implemented measures in the sub-region; they have been fully implemented in more than 70% of all countries, and are at least partially implemented in the remaining 30%. The least implemented measure is *Acceptance of paper or electronic copies of supporting documents required for import, export or transit*, which has been at least partially implemented in around 70% of all countries. (Figure 10)

Figure 10: State of implementation of trade “formalities” facilitation measures in East and North-East Asia



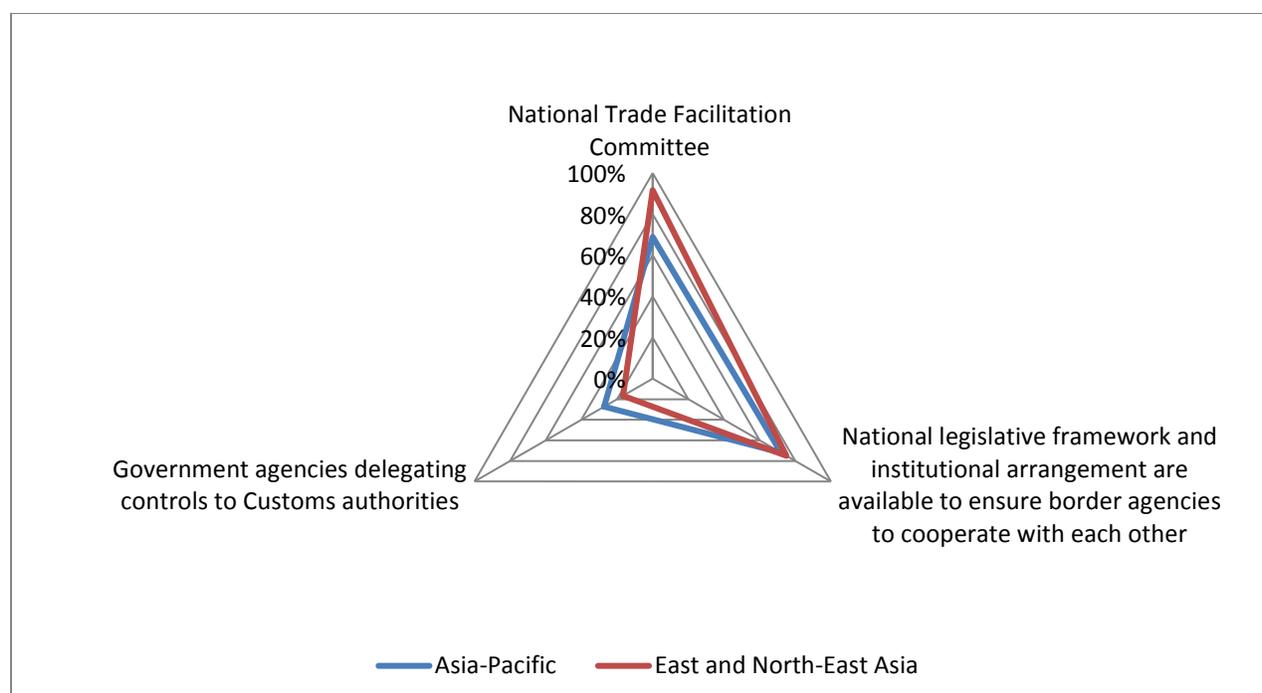
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.3 “Institutional arrangement and cooperation” measures

Three trade facilitation measures featured in the survey are grouped under “Institutional and cooperation” measures. They are related to the long-standing recommendation that a national trade facilitation body and other measures be implemented to ensure coordination and cooperation among the various government agencies and other stakeholders involved in facilitating trade.⁷ All three measures are also specified in various Articles of the WTO TFA.

The implementation rate of the three “institutional arrangement and cooperation” measures in East and North-East Asian countries is around 61%, which is close to the Asia-Pacific regional average level. (Figure 11)

Figure 11: Implementation of “institutional arrangement and cooperation” measures: East and North-East Asian average

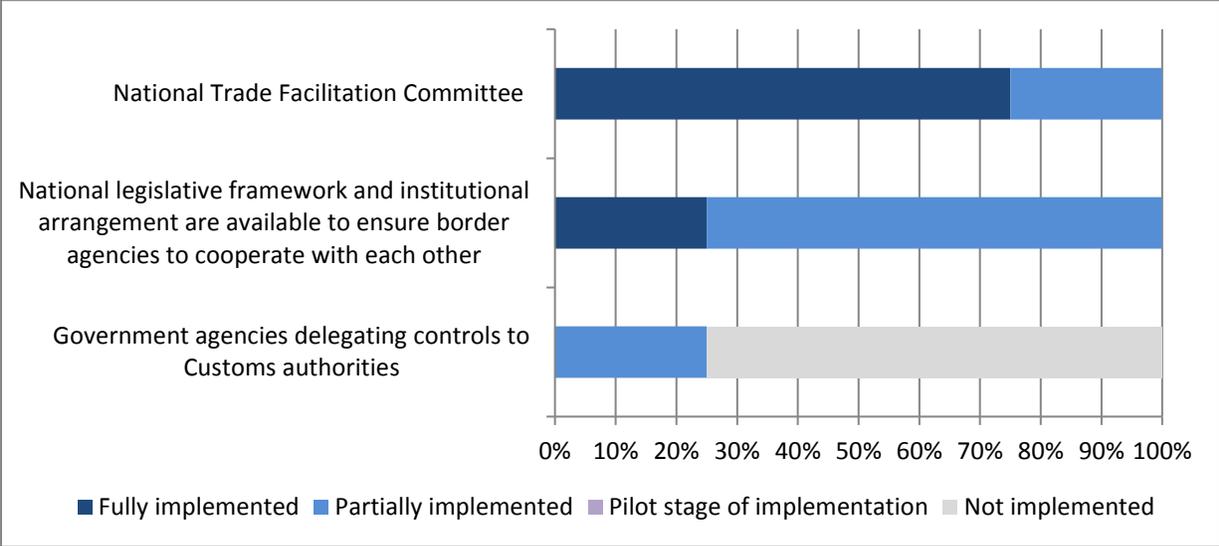


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

⁷ See, for example, UN/CEFACT Recommendation No. 4 on establishment of national trade facilitation bodies, first issued in 1974.

Figure 12 shows that *National trade facilitation committees* and *National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other* are the most implemented measures, having both been at least partially implemented in all countries. In contrast, less than 30% of the countries have partially implemented *Government agencies delegating controls to Customs authorities*, making it the least implemented measure of this group.

Figure 12: State of implementation of “institutional arrangement and cooperation” measures for trade facilitation in East and North-East Asia



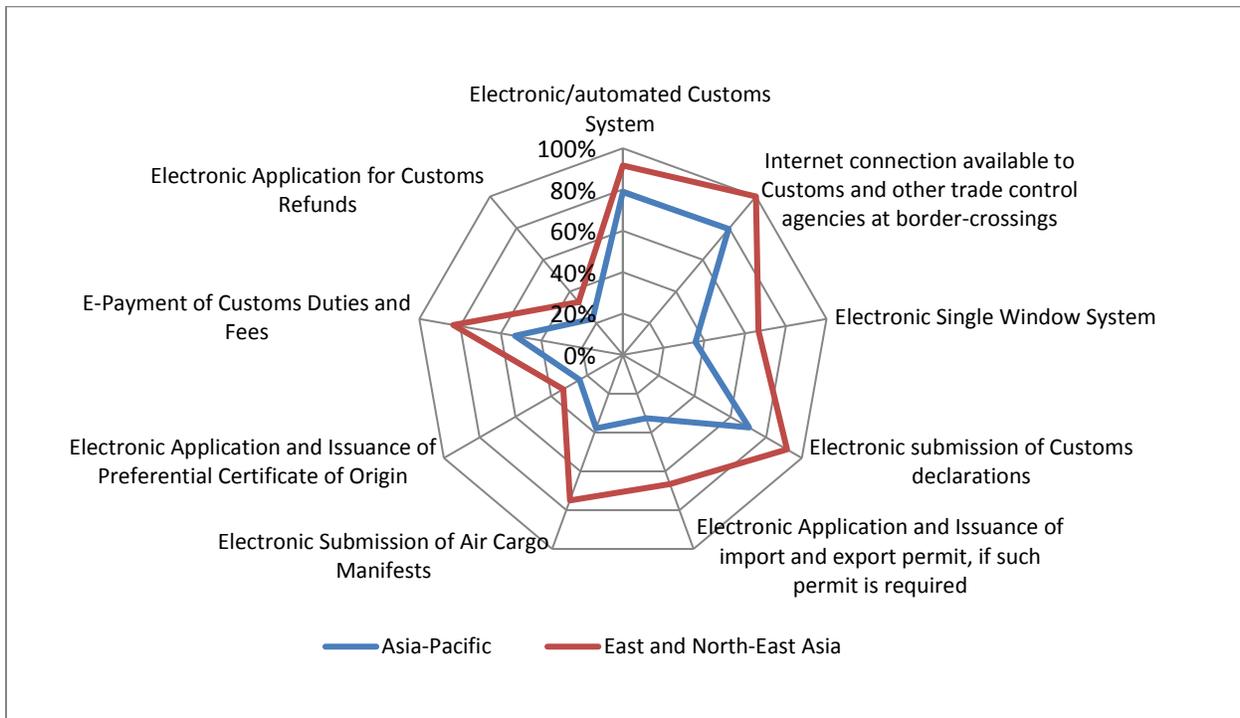
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.4 “Paperless trade” measures

Nine of the trade facilitation measures included in the survey are categorized as “Paperless trade” measures. All these measures involve the use and application of modern information and communications technologies (ICT) to trade “formalities”, starting from the availability of internet connections at border-crossings and customs automation to full-fledged electronic single window facilities. Many of the measures featured here are closely related to those specified in the WTO TFA, although the new WTO agreement typically only encourages economies to work towards implementation of such measures, rather than make them a requirement.⁸

The implementation levels of “paperless” measures in East and North-East Asia ranges between 30% and 100%. (Figure 13)

Figure 13: Implementation of “paperless trade” measures: East and North-East Asian average

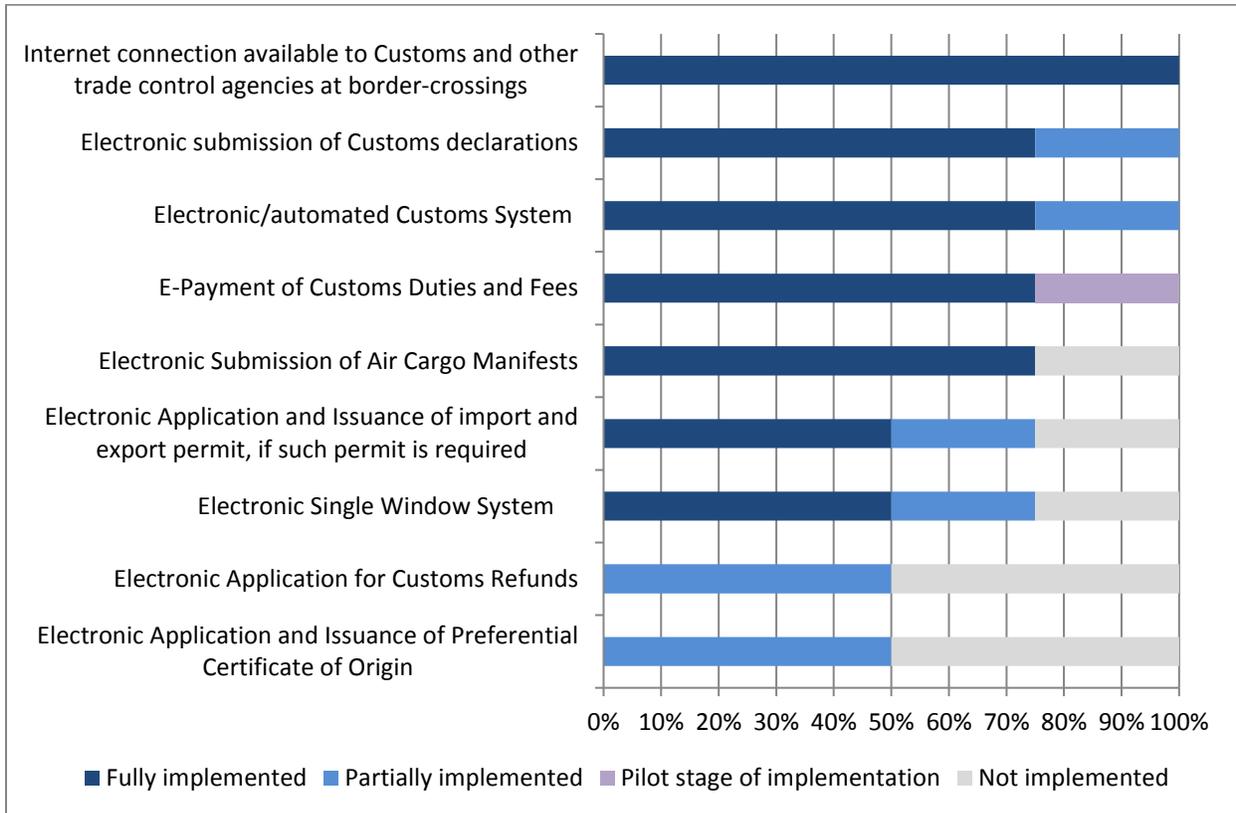


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

⁸ An example of this is the WTO TFA Article 10.3 on Single Window, which reads as follows: “Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies... Members shall, to the extent possible and practicable, use information technology to support the single window.”

Figure 14 shows that *Internet connection available to Customs and other trade control agencies at border-crossings* is the most implemented measure, and has been fully implemented in all countries in the sub-region. In contrast, the least implemented measures are *Electronic application for customs refunds* and *Electronic application and issuance of preferential certificate of origin*, having been partially implemented in only 50% of countries in East and North-East Asia.

Figure 14: State of implementation of “paperless trade” measures in East and North-East Asia (in %)

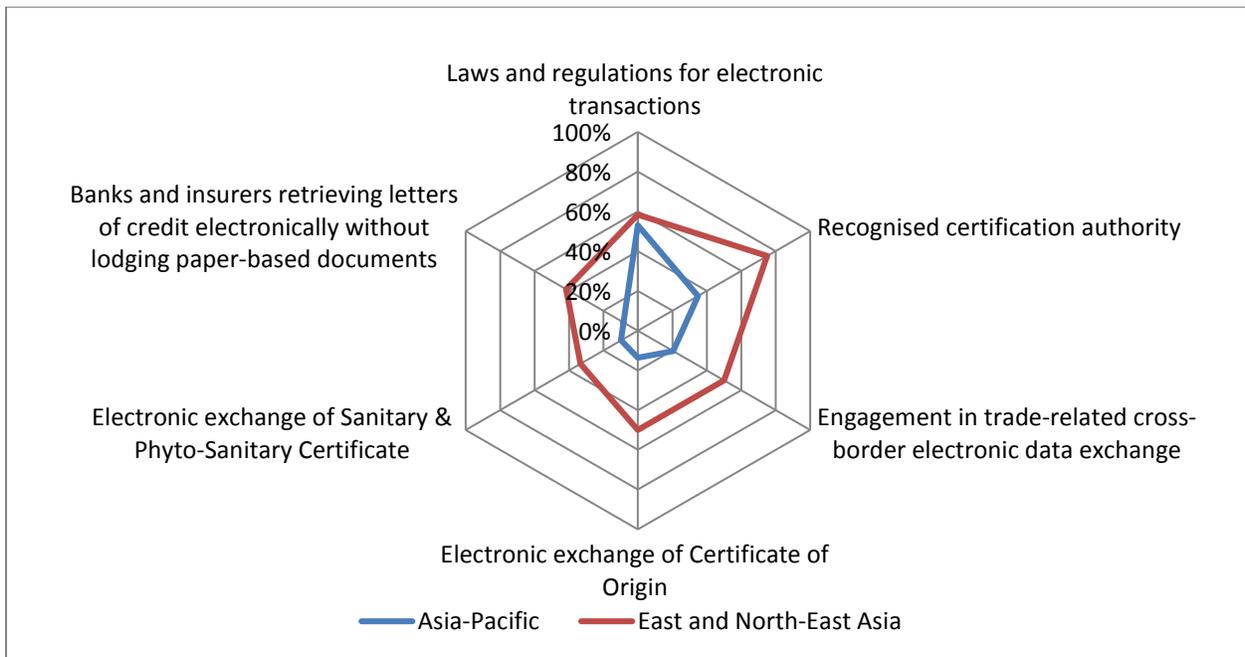


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.5 “Cross-border paperless trade” measures

Six of the trade facilitation measures included in the survey are categorized as “cross-border paperless trade” measures, as shown in Figure 15. Two measures, *Laws and regulations for electronic transactions* and *Recognized certification authority*, are basic building blocks towards enabling the exchange and legal recognition of trade-related data and documents not only among stakeholders within a country, but ultimately also between stakeholders along the entire international supply chain. The other four measures relate to the implementation of systems enabling the actual exchange of trade-related data and documents across borders to remove the need for sending paper documents.

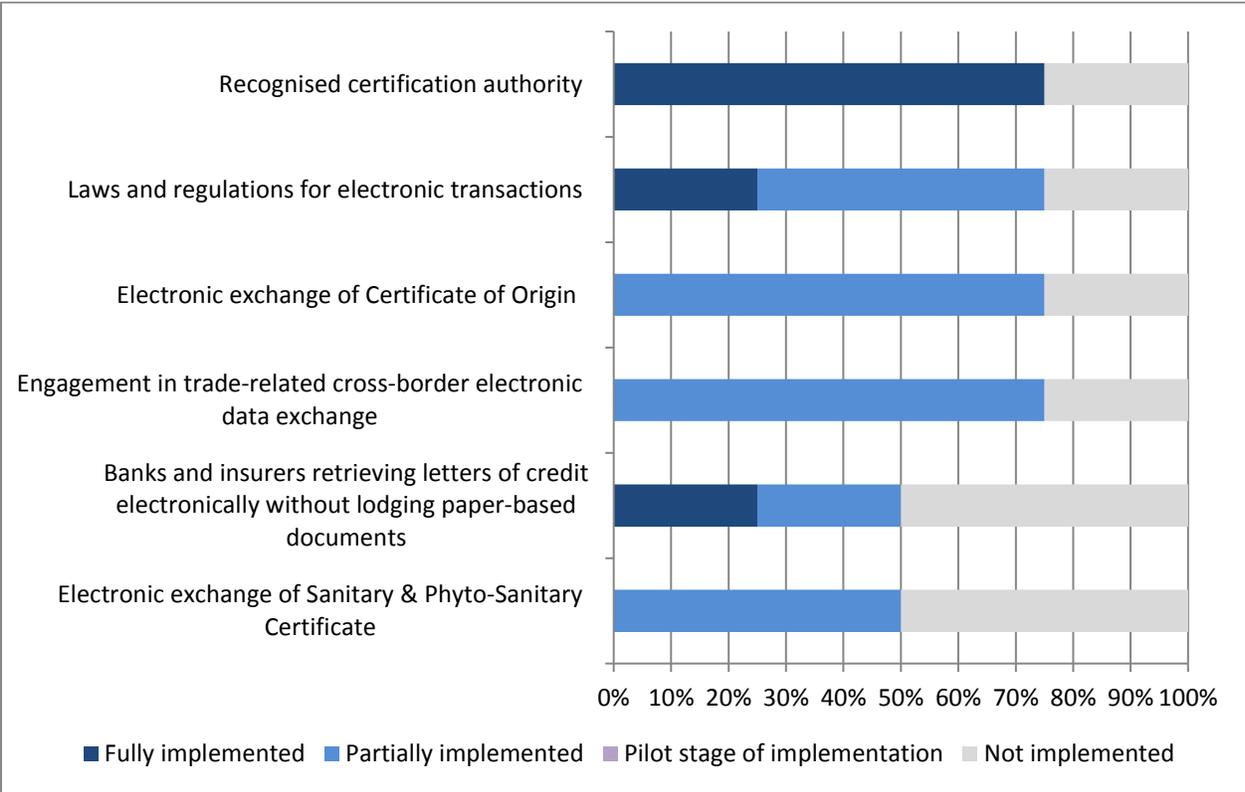
Figure 15: Implementation of “cross-border paperless trade” measures: East and North-East Asian average



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

Figure 16 shows that 75% of East and North-East Asian countries have at least partially implemented *Recognized certification authority*. The least implemented measures are Banks and insurers retrieving letters of credit electronically without lodging paper-based documents and *Electronic exchange of Sanitary & Phyto-Sanitary Certificate*, which have both been fully and partially implemented in 50% of all countries.

Figure 16: State of implementation of “cross-border paperless trade” measures in East and North-East Asia (in %)



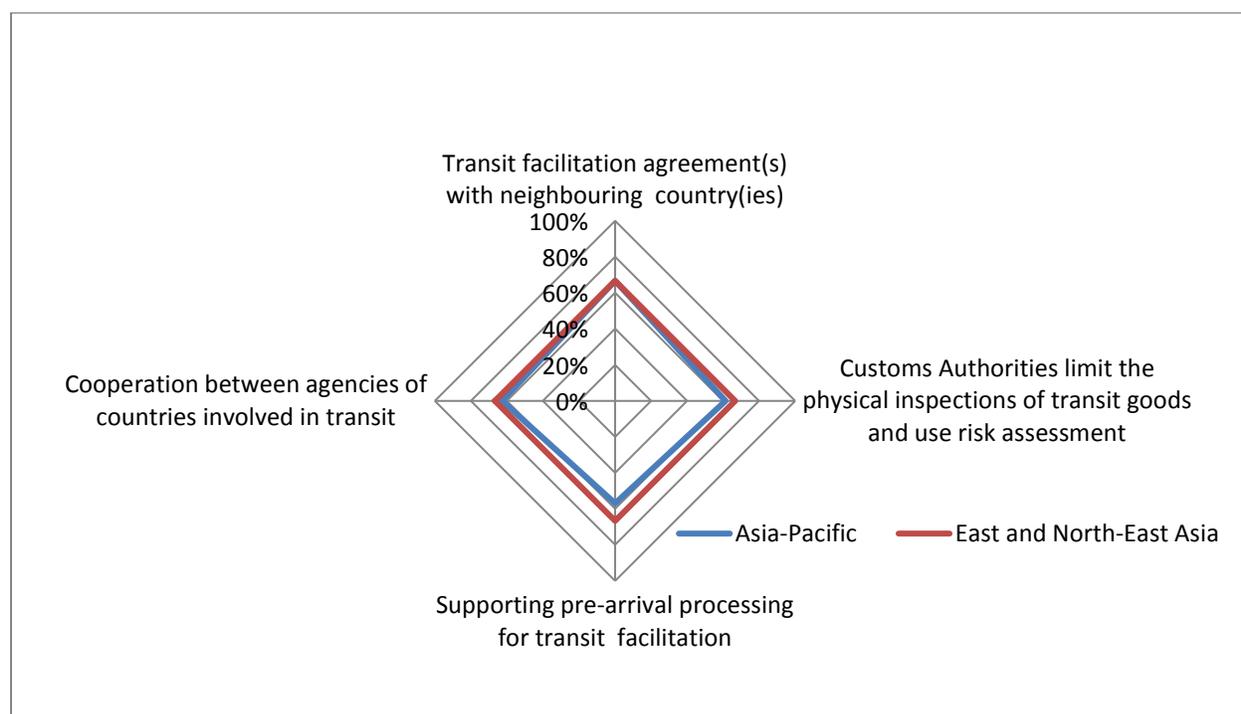
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.6 “Transit facilitation” measures

Three trade facilitation measures included in the survey relate specifically to transit facilitation and WTO TFA Article 11 on *Freedom of Transit*. The intent of these measures is to simplify, as much as possible, the formalities associated with traffic in transit, allowing goods to be seamlessly transported through one or more transit countries. These measures are particularly important to landlocked developing countries whereas goods typically need to go through a neighboring country’s territory for transit.

As shown in Figure 17, the implementation level of “transit facilitation” measures in the sub-region exceeds 65%, higher than that of the Asia-Pacific region.

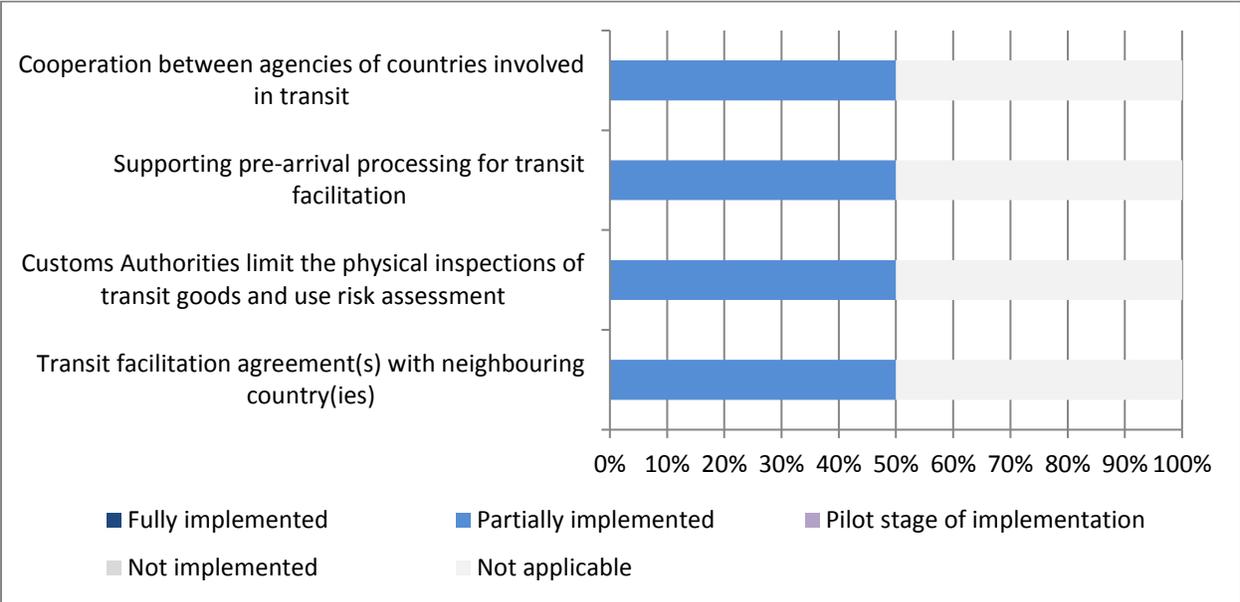
Figure 17: Implementation of “transit facilitation” measures: East and North-East Asian average



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

Figure 18 shows that all four transit measures are 50% implemented in countries in East and North-East Asia.

Figure 18: State of implementation of “transit facilitation” measures in East and North-East Asia (in %)



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

4. Moving up the trade facilitation ladder towards seamless international supply chains

This note, which is best read in conjunction with the regional (Asia-Pacific) report as well as individual country notes,⁹ presented data on trade facilitation and paperless trade implementation for ASEAN. Based on a set of 31 trade facilitation measures included in the survey, the average trade facilitation implementation in East and North-East Asia is found to be 74%, in comparison with the regional average of 50%, indicating East and North-East Asian countries have been active in implementing trade facilitation measures.

However, implementation of cross-border paperless trade systems remains mostly at the pilot stage with very low levels of implementation, and there still have room to improve it.

Figure 19 shows implementation of trade facilitation as a step-by step process, based on the five core groups of measures included in this survey. It shows the cumulative implementation level of trade facilitation measures in each East and North-East Asian country included in the survey.

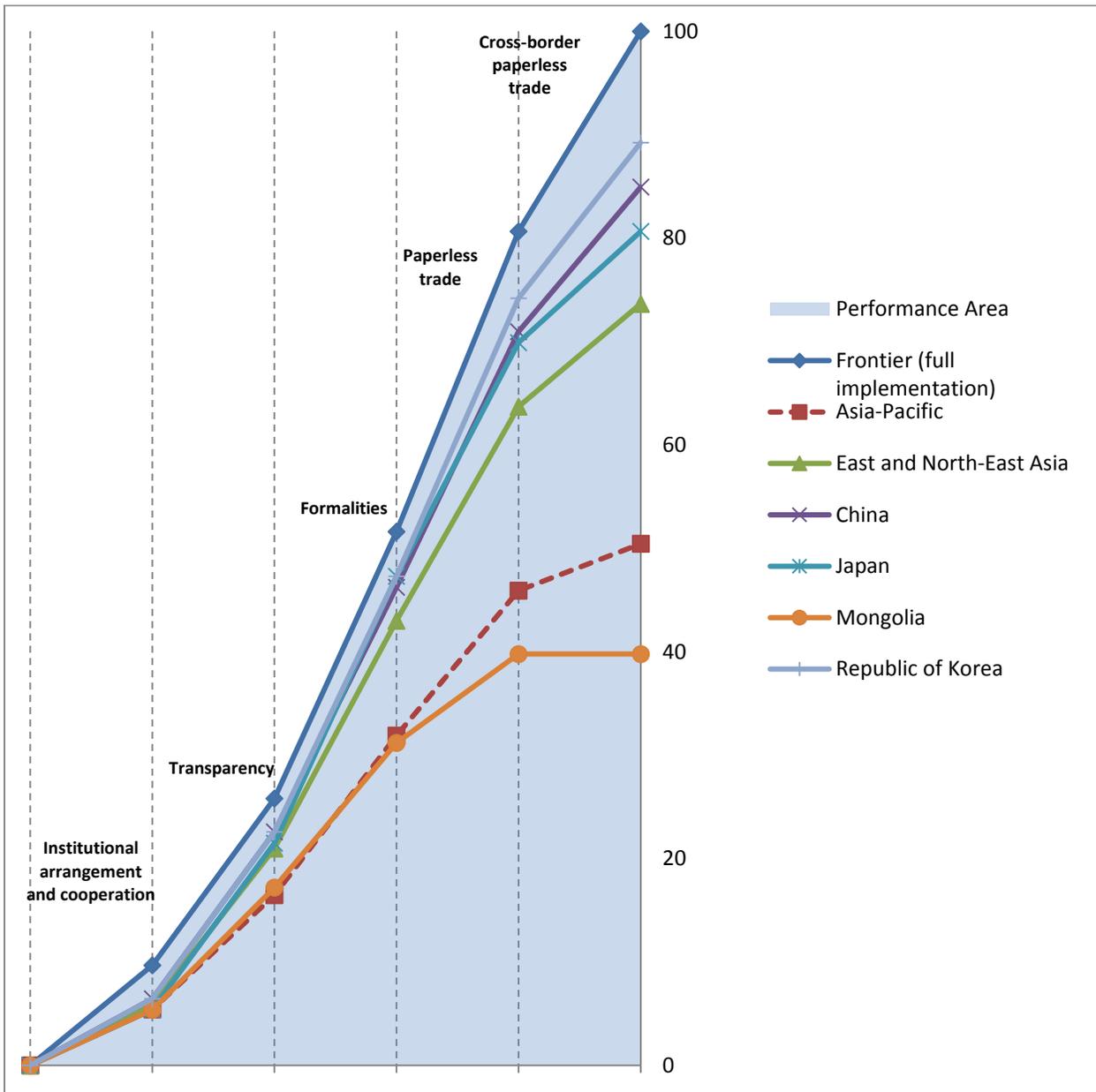
Going forward, East and North-East Asian countries should continue to gradually move towards digital trade facilitation to maintain their competitiveness. In this respect, the *Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific* will not only complement the WTO TFA but also provides a unique and inclusive platform for the ESCAP member states, including East and North-East Asian countries, towards realization of cross-border electronic exchange of trade-related data and documents.

In the immediate term, participation in the agreement can substantially boost the development of the national and subregional paperless trade systems and prepare them for interoperability with similar paperless trade systems being developed in other parts of the world. It may also help East and North-East countries promote their already existing paperless trade solutions to other regions. Accordingly, all East and North-East countries are encouraged to become parties of the agreement to reap the benefits as early as possible.

In the context of 2030 Agenda for sustainable development, East and North-East Asian countries are also encouraged to develop and introduce new measures so that trade facilitation systems can more directly benefit SMEs and the agricultural sector, and facilitate the participation of women in trade.

⁹ Available at: <https://unnext.unescap.org/content/un-global-survey-trade-facilitation-and-paperless-trade-implementation-2017>

Figure 19: Moving up the trade facilitation ladder towards seamless international supply chains



Note: the figure shows cumulative trade facilitation implementation scores of East and North-East Asia for five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100.

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