
United Nations
Trade Facilitation and Paperless Trade
Implementation Survey 2017

*Sub-Regional Notes –
Pacific Island Developing Economies*

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: <http://unnex.unescap.org/UNTFSurvey2017.asp>

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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 Pacific Island Developing Economies (PIDEs) sub-region, covering Fiji, Kiribati, Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. **This report 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 Pacific Island Developing Economies 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>

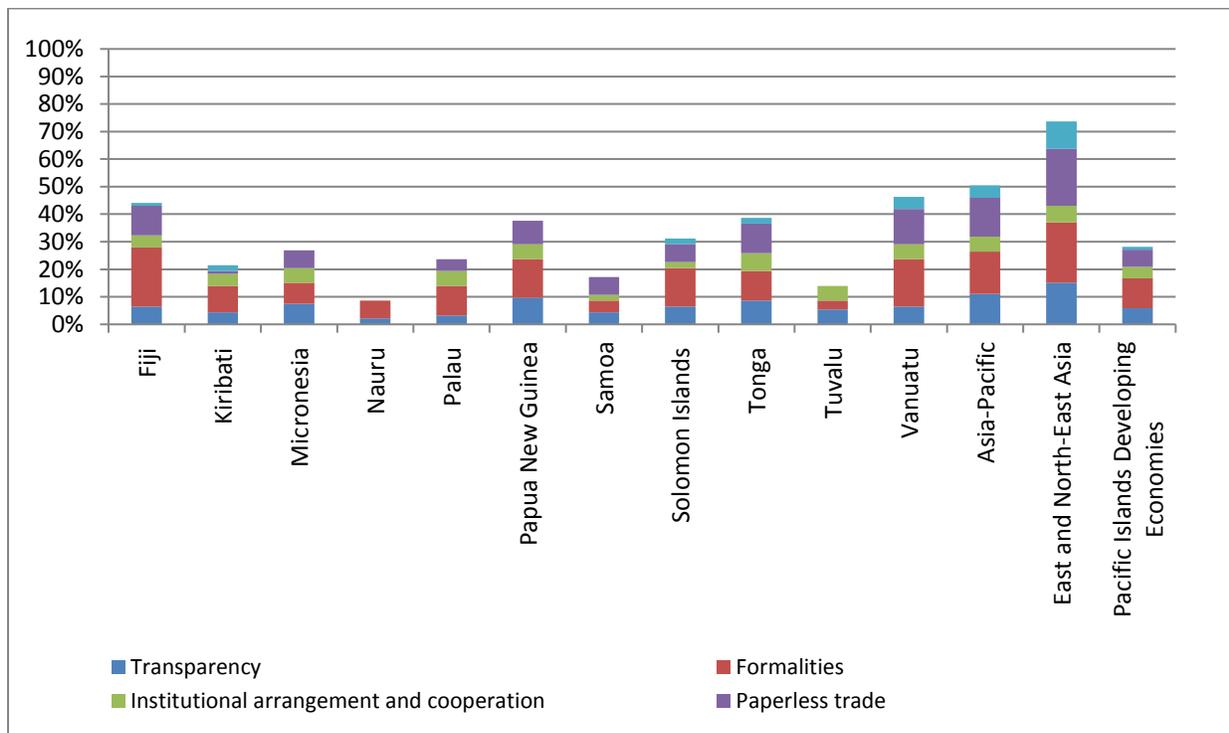
³ The survey was conducted in close collaboration with OECD, ITC and UNCTAD, as well as several sub-regional organizations, such as SELA in Latin America, and OCO in the South Pacific.

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 Pacific Island Developing Economies: Overview

Figure 1 shows the overall implementation levels of 11 Pacific Island Developing Economies based on a common set of 31 trade facilitation and paperless trade measures included in the survey⁵. The sub-regional average implementation of this comprehensive set of trade facilitation measures stands at 28.2%, which is below the regional average (50%). The implementation of trade facilitation measures across PIDEs is quite homogeneous when compared to other sub-regions.

Figure 1: Overall implementation of trade facilitation measures in Pacific Island Developing Economies



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

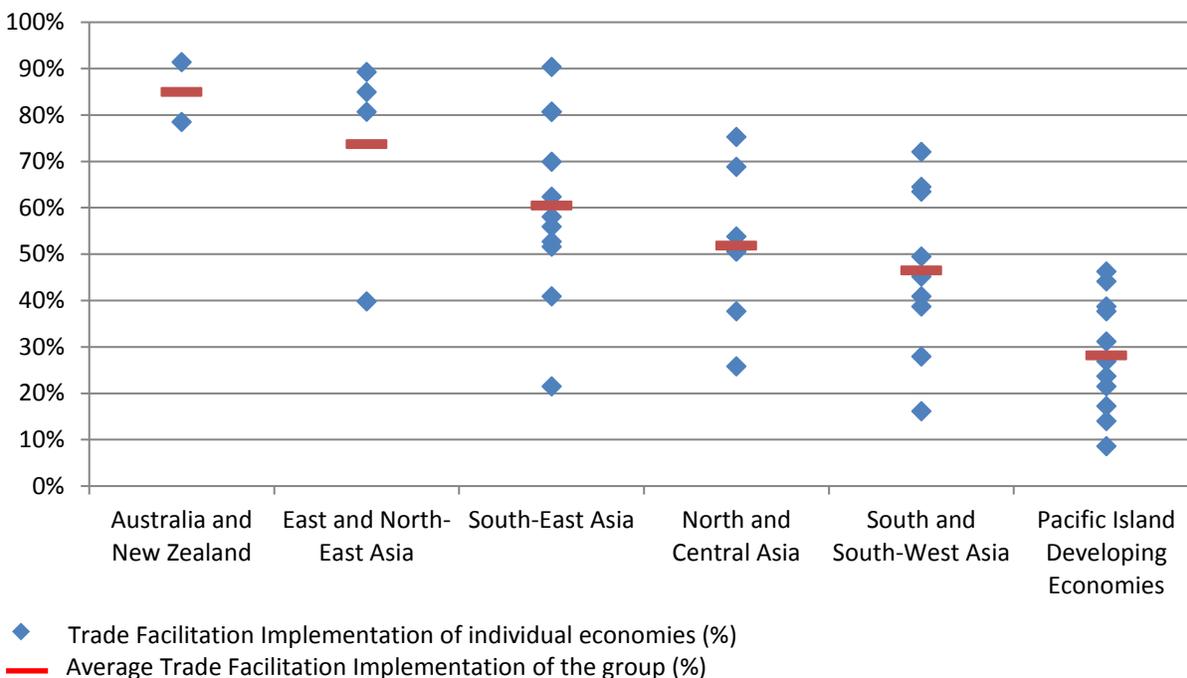
Figure 2 presents an overview of the implementation of trade facilitation measures (measured by percentage) in the different Asia-Pacific sub-regions as well as the average level of implementation of

⁵ Among 38 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. 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 43.3 (or 46.5% in percentage term).

countries within each group. Pacific Island Developing Economies have the lowest average level of implementation (28.1%) after South and South-West Asia. In general, more advanced or larger economies are at a higher level of trade facilitation than many other countries in the region, while small or less developed countries, such as LDCs or small Pacific countries, lag behind in the implementation of trade facilitation measures, particularly those related to paperless trade.

Although trade facilitation implementation varies widely within each sub-regional grouping, differences in trade facilitation implementation levels are smallest in PIDEs. This can be explained by the strong emphasis on on-going economic cooperation initiatives in this sub-region on trade facilitation – but arguably more likely by the fact that these small and generally isolated economies all face relatively similar implementation constraints. Countries with special needs in the Asia-Pacific region face particular challenges in implementation of trade facilitation, in particular paperless trade and cross-border paperless trade measures. This is reflected in the average implementation level of these countries, which varies between 28.1 and 85% (see Figure 2).

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

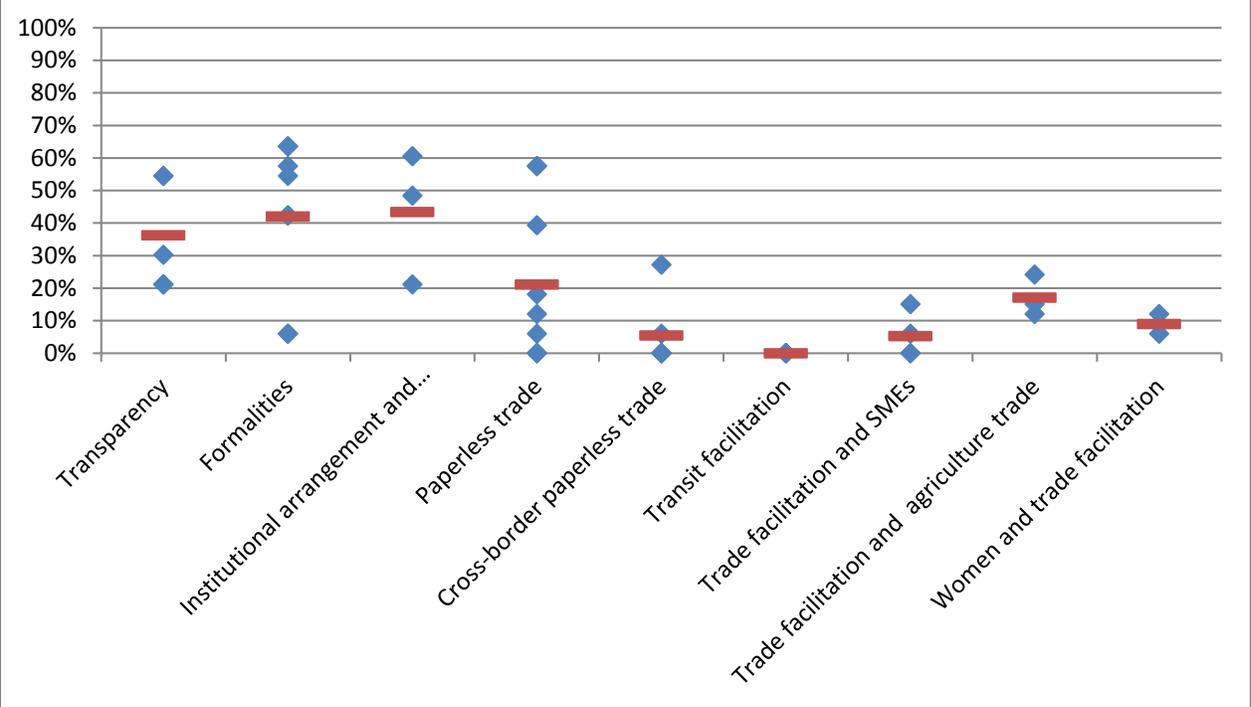


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

In PIDEs, trade facilitation measures related to transparency, formalities, institutional arrangement and cooperation, paperless trade and transit measures seem not good. Implementation rate of cross-border paperless trade remains just above 5% (see Figure 3).

In the context of 2030 Agenda for sustainable development, challenges also remain for PIDEs to make trade facilitation better serve SMEs, agricultural sector and women. Implementation of the specific trade facilitation measures for SMEs, agricultural sector and women are 8%, 18% and 10%, respectively, indicating significant room for improvement in these areas. (see Figure 3)

Figure 3: Implementation of different groups of trade facilitation measures: Pacific Island Developing Economies average



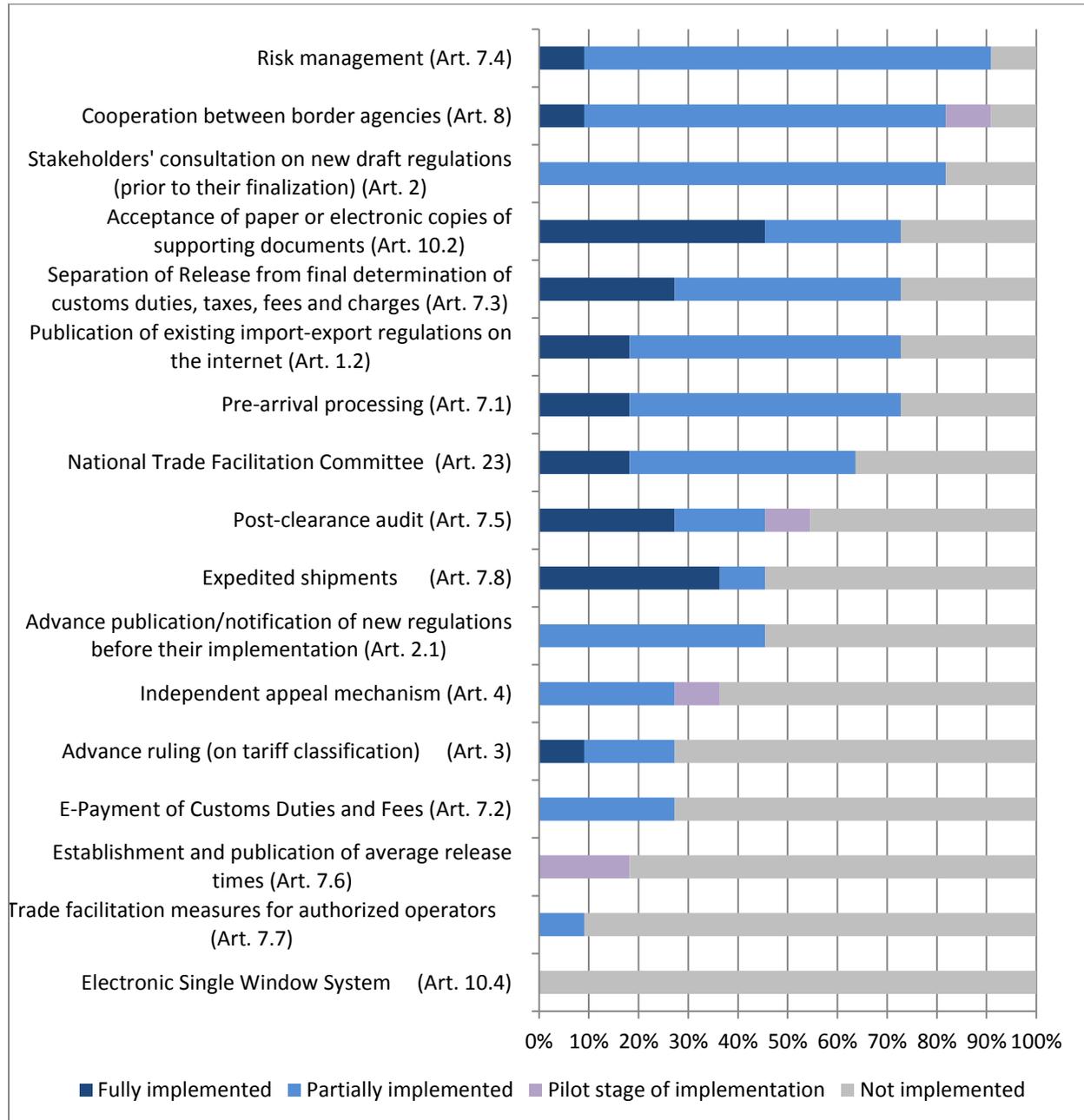
Notes: Blue dots show regional average implementation level of individual measures within each group.
 — Average sub-regional implementation level by groups of measures.
 Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

2.1 Most and least implemented trade facilitation measures by Pacific Island Developing Economies

Figure 4 shows the level of implementation of the WTO-TFA articles. The most implemented measures in PIDEs are *Risk management (Art. 7.4)*, which has been partially implemented by 92% of all countries in the sub-region. The least implemented measure is *Electronic single window system (Article 10.4)*, which hasn't been implemented in all countries. 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

In PIDEs, the most implemented trade facilitation measures are *Transparency*, *Institutional arrangement and cooperation*, and *Formalities*, while the least implemented are *Paperless trade* and *Cross-border paperless trade*. Specific measures under each category are discussed in Table 1.

Table 1: Most and least implemented measures in Pacific Island Developing Economies (within each group of trade facilitation measures)

Category	Most implemented (% of countries)		Least implemented (% of countries)	
	Measure	At least pilot stage implemented / Full implementation	Measure	At least pilot stage implemented / Full implementation
Transparency	Stakeholders' consultation on new draft regulations (prior to their finalization)	81.8 / 0.0	Advance ruling (on tariff classification)	27.3 / 9.1
Formalities	Risk management	90.9 / 9.1	Trade facilitation measures for authorized operators	9.1 / 0.0
Institutional arrangement and cooperation	National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other	90.9 / 9.1	Government agencies delegating controls to Customs authorities	27.3 / 9.1
Paperless trade	Internet connection available to Customs and other trade control agencies at border-crossings	81.8 / 18.2	Electronic Single Window System Electronic Application and Issuance of Preferential Certificate of Origin Electronic Application for Customs Refunds	0.0 / 0.0
Cross-border paperless trade	Laws and regulations for electronic transactions	45.5 / 0.0	Recognised certification authority Engagement in trade-related cross-border electronic data exchange Electronic exchange of Sanitary & Phyto-Sanitary Certificate Traders in your country apply for letters of credit electronically from banks or insurers without lodging paper-based documents	0.0 / 0.0
Trade facilitation and SMEs	Government has taken actions to ensure that SMEs are well represented and made key members of National Trade Facilitation Committees (NTFCs)	18.2 / 9.1	Government has developed specific measures that enable SMEs to more easily benefit from the AEO scheme 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.)	0.0 / 0.0
Trade facilitation and agricultural trade	National standards and accreditation bodies are established for the purpose of compliance with SPS standards in your country	27.3 / 18.2	Application, verification and issuance of SPS certificates is automated	18.2 / 0.0
Women in trade facilitation	Government has introduced trade facilitation measures to benefit women involved in trade	18.2 / 0.0	The existing trade facilitation policy/strategy incorporates special consideration of women involved in trade	9.1 / 0.0

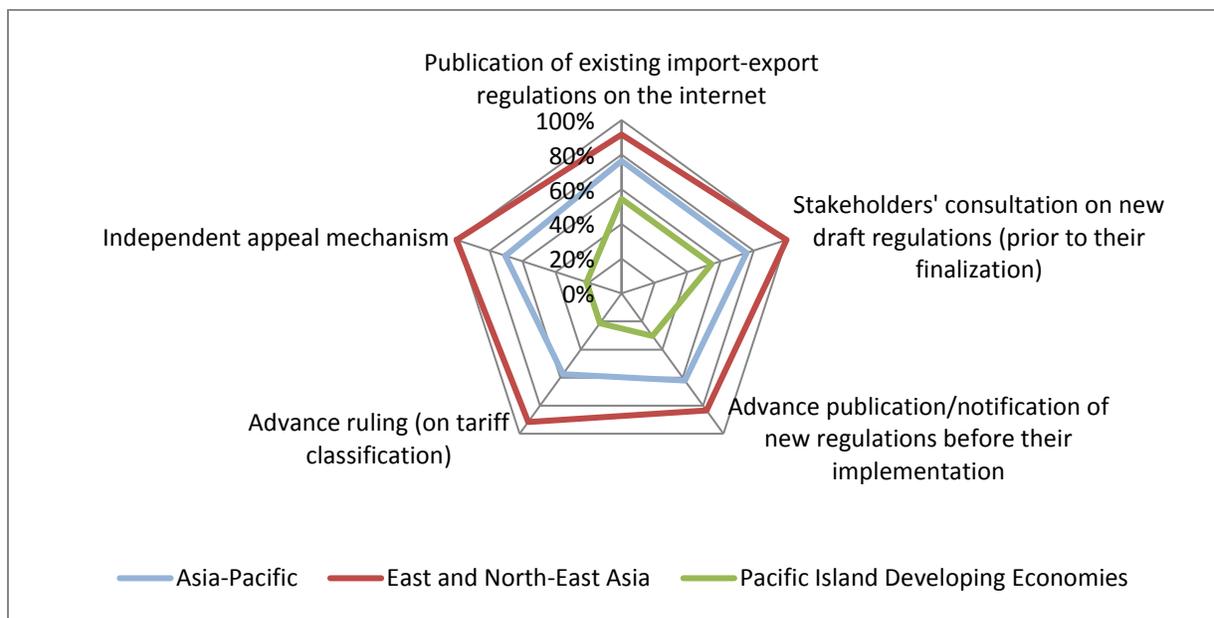
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3. Implementation of trade facilitation measures: A closer look

3.1 “Transparency” measures

Five trade facilitation measures included in the survey can be categorized as “Transparency” measures. They relate to Articles 1-5 of the WTO TFA and GATT Article X on Publication and Administration of Trade Regulations.

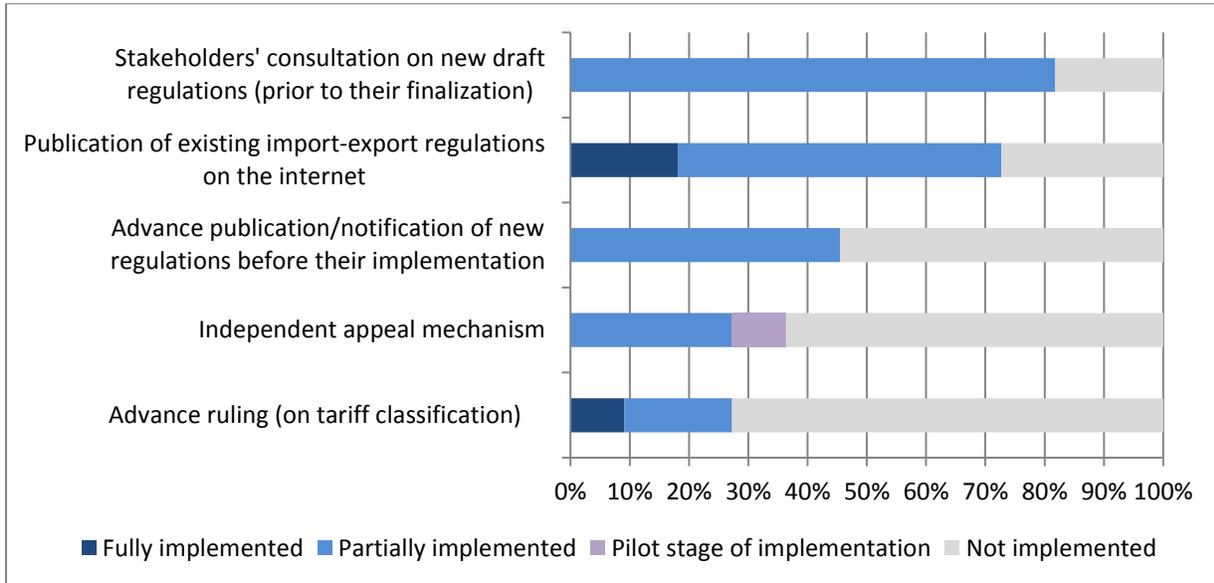
Figure 5: Implementation of “transparency” measures: Pacific Island Developing Economies average



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

Figure 5 shows the average level of implementation of all five “transparency” measures across the sub-region, compared to the regional ones and taking the best performer among sub-regions, East and North-East Asia, as the benchmark. The average weighted implementation score of all five “transparency” measures in the PIDEs sub-region is around 36%, which is lower than both the Asia-Pacific regional average and the East and North-East Asian sub-regional average.

Figure 6: State of implementation of “transparency” measures for trade facilitation in Pacific Island Developing Economies (in %)



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

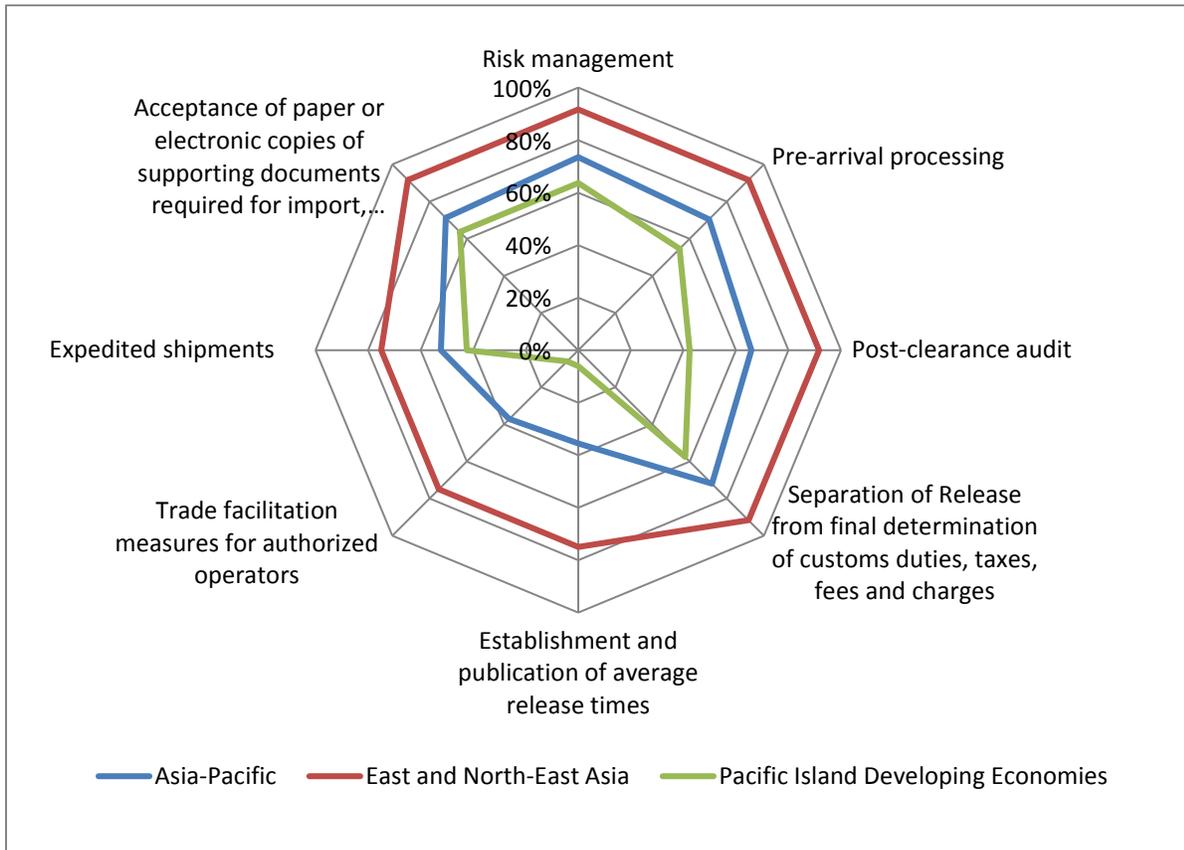
Figure 6 highlights that Stakeholder consultation on new draft regulations skews the sub-regional average upwards as the most implemented “transparency” measure among PIDEs; it has been at least partially implemented by 80% of countries in this sub-region. On the other hand, Advance ruling is the least implemented of the “transparency” measures, with partial implementation of only around 30%.

3.2 “Formalities” facilitation measures

Eight of the general trade facilitation measures included in the survey are categorized as “formalities” facilitation measures, aimed at streamlining and/or expediting regulatory trade procedures. They relate to Articles 6-10 of the WTO TFA and GATT Article VIII on “Fees and Formalities connected with Importation and Exportation”.

Figure 7 shows that the average weighted implementation score of “formalities” facilitation measures in this sub-region is around 42%. It is lower than both the regional average and the level in East and North-East Asia.

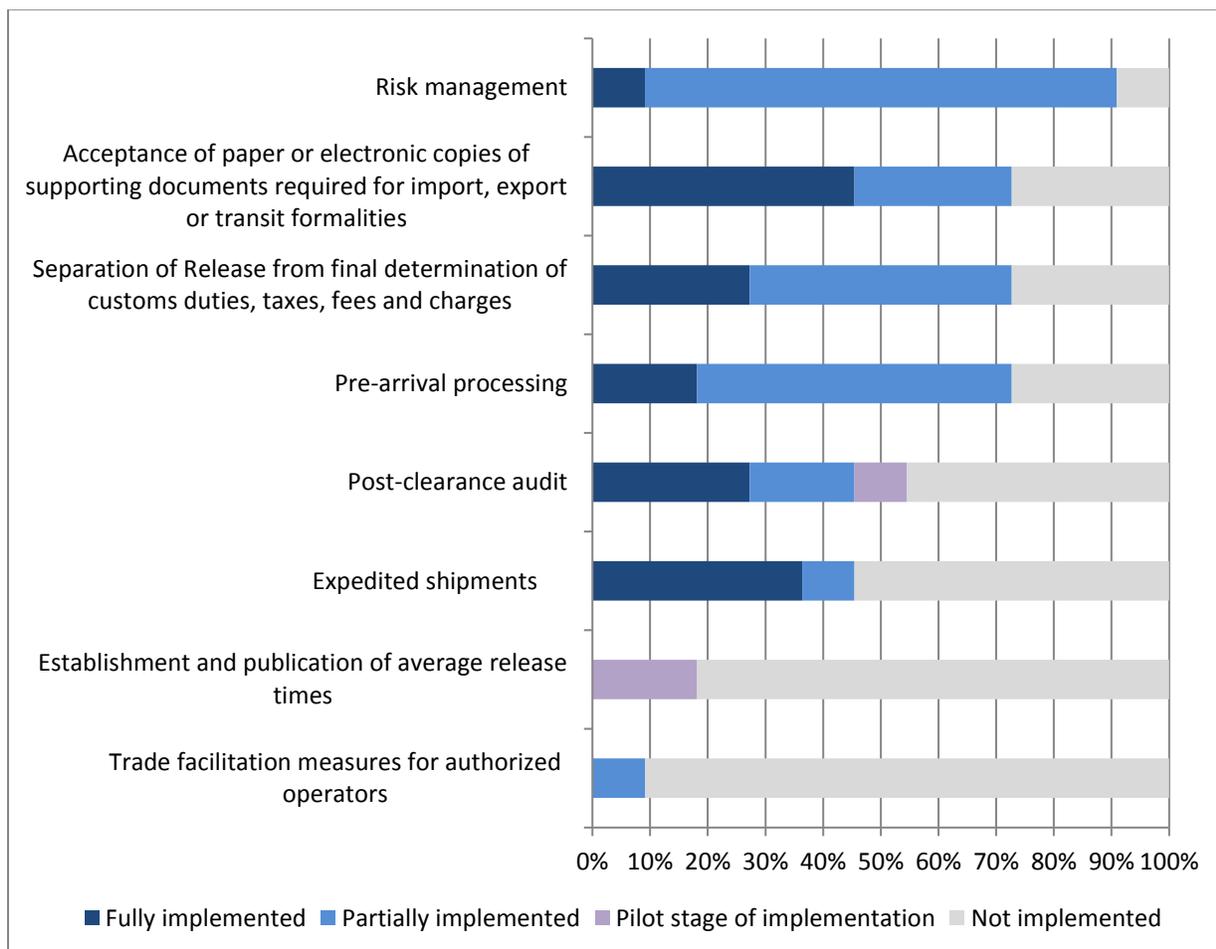
Figure 7: Implementation of trade “formalities” facilitation measures: Pacific Island Developing Economies average



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

The implementation rates of “formalities” measures in the sub-region are presented in Figure 8. *Risk management* is the most implemented measure in the sub-region; it has been at least partially implemented by 90% of the countries in this sub-region. The least implemented measure is *Trade facilitation measures for authorized operators*, which has only been partially implemented by less than 10% of all countries. Meanwhile, *Establishment and publication of average release times* is in the pilot stage of implementation in three countries (Fiji, Papua New Guinea and Samoa).

Figure 8: State of implementation of trade “formalities” facilitation measures in Pacific Island Developing Economies (in %)

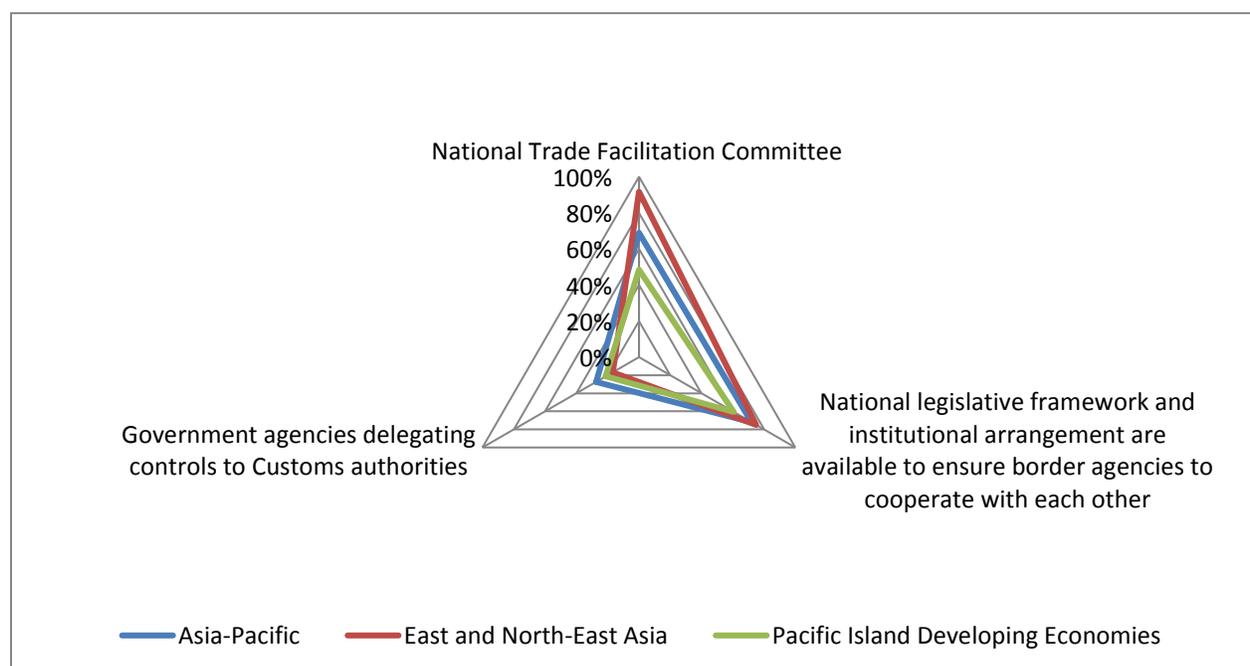


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.3 “Institutional arrangement and cooperation” measures

Three trade facilitation measures featured in the survey are grouped under “Institutional and cooperation” measures. These relate 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.⁶ All three measures are also specified in various Articles of the WTO TFA.

Figure 9: Implementation of “institutional arrangement and cooperation” measures: Pacific Island Developing Economies average

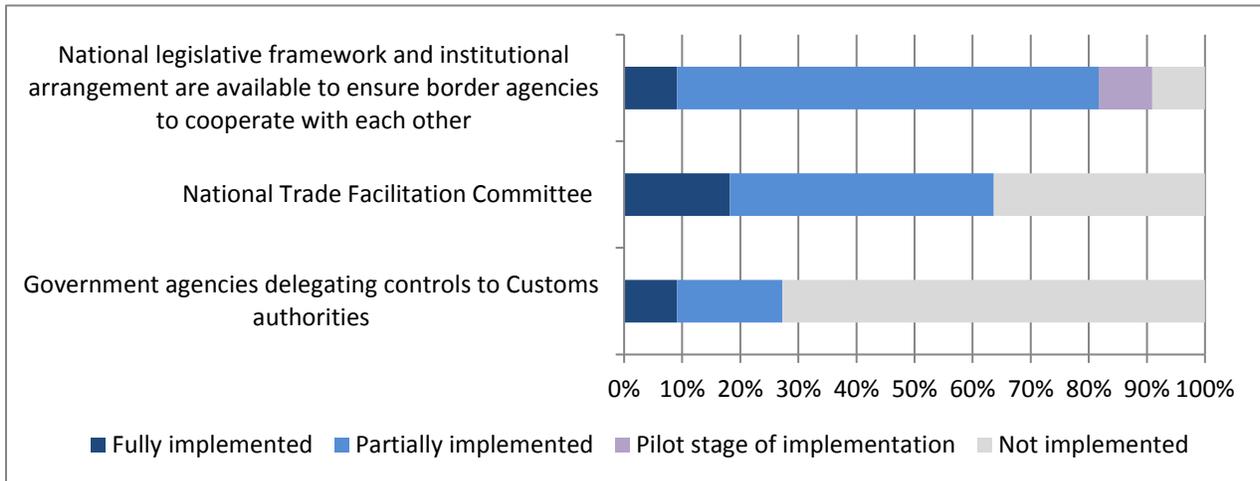


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 9 shows that the average weighted implementation score of the three “institutional arrangement and cooperation” measures in PIDEs is around 43%, which is lower than both the Asia-Pacific regional average and the East and North-East Asian sub-regional average.

⁶ See, for example, UN/CEFACT Recommendation No. 4 on establishment of national trade facilitation bodies, first issued in 1974.

Figure 10: State of implementation of “institutional arrangement and cooperation” measures for trade facilitation in Pacific Island Developing Economies (in %)



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

Figure 10 shows that National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other has been at least partially implemented in 80% of all PIDEs, and is in the pilot stage in one country (Tuvalu). National trade facilitation committees have also been partially or fully implemented in at least 60% of all countries. In contrast, less than 30% of the countries have implemented *Government agencies delegating controls to Customs authorities*, making it the least implemented measure of this group.

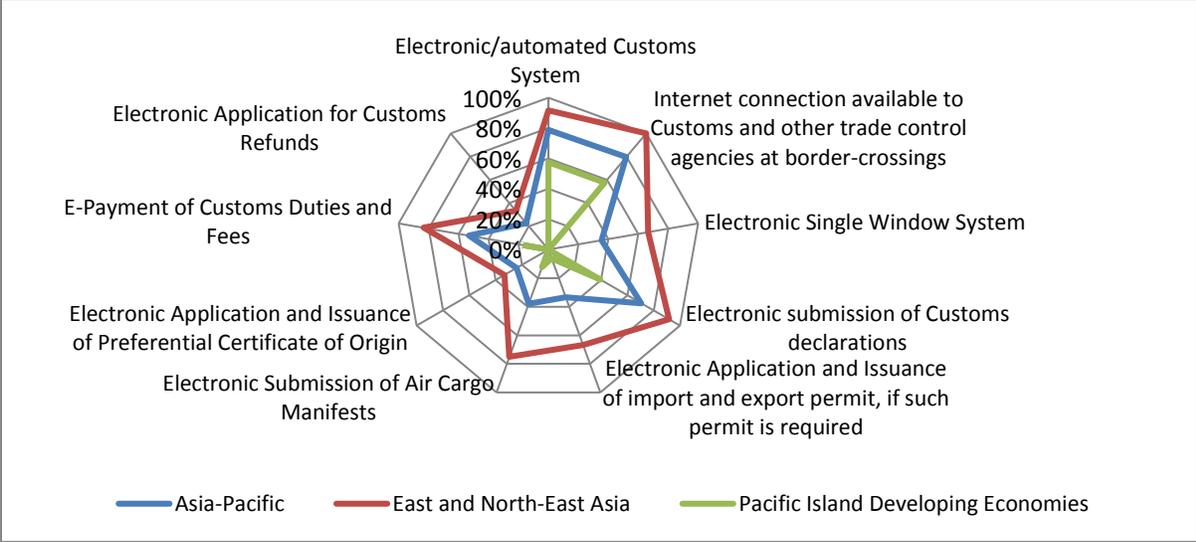
3.4 “Paperless trade” measures

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.⁷

⁷ 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.”

The implementation levels of “paperless” measures in Pacific Island Developing Economies are heterogeneous since they vary widely from around 60% to zero implementation (Figure 11). The average level of 21% is below both the Asia-Pacific and East and North-East Asian averages.

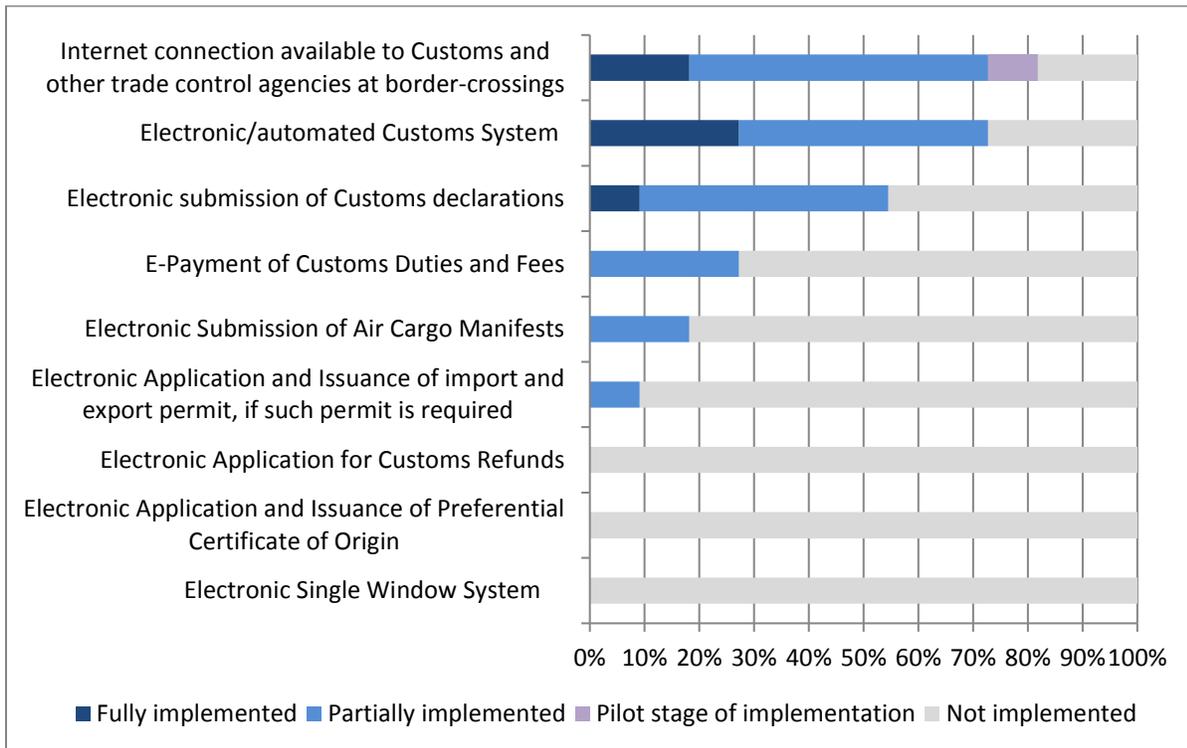
Figure 11: Implementation of “paperless trade” measures: Pacific Island Developing Economies average



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

Figure 12 shows that Internet connection availability has been at least partially implemented in around 70% of PIDEs, and in the pilot stage in one country (Kiribati). More than 50% have partially implemented the Electronic submission of Customs declarations. Meanwhile, Electronic submission of air cargo manifests and E-payment of customs duties and fees are partially implemented in almost 55% and almost 30%, respectively. *Electronic single window system, Electronic application and issuance of preferential certificate of origin, and Electronic application for customs refunds, have not been implemented in any country.*

Figure 12: State of implementation of “paperless trade” measures in Pacific Island Developing Economies (in %)

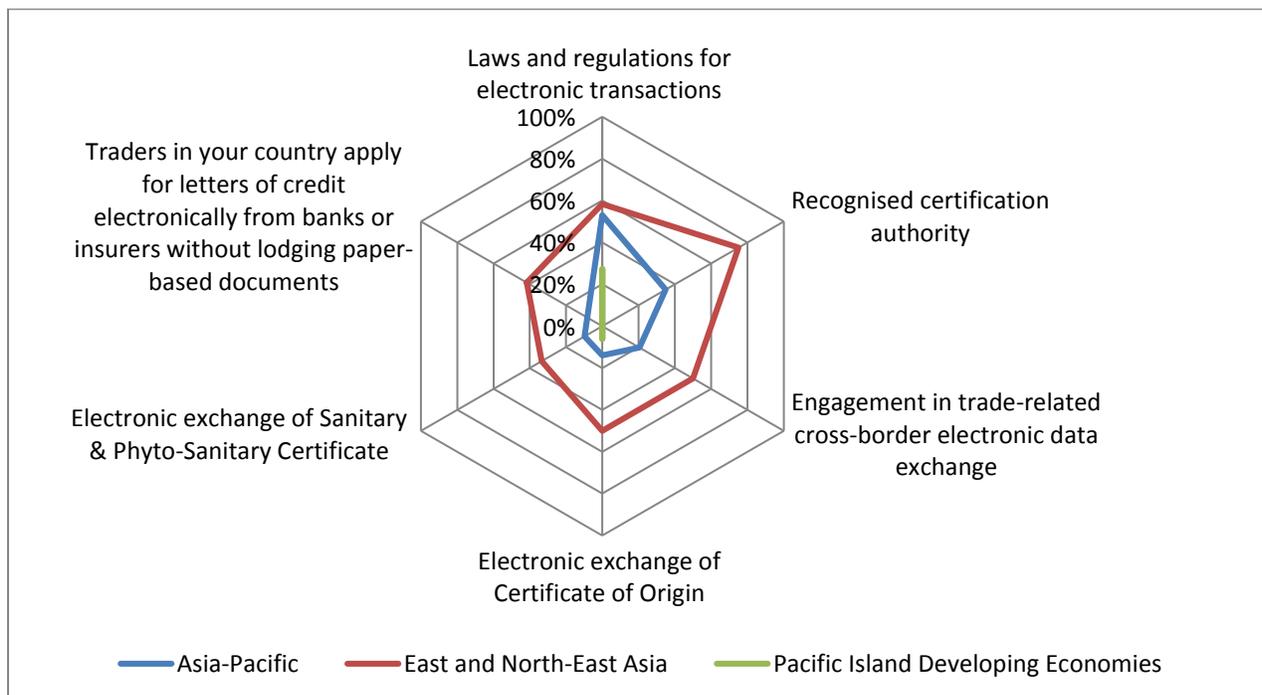


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.5 “Cross-border paperless trade” measures

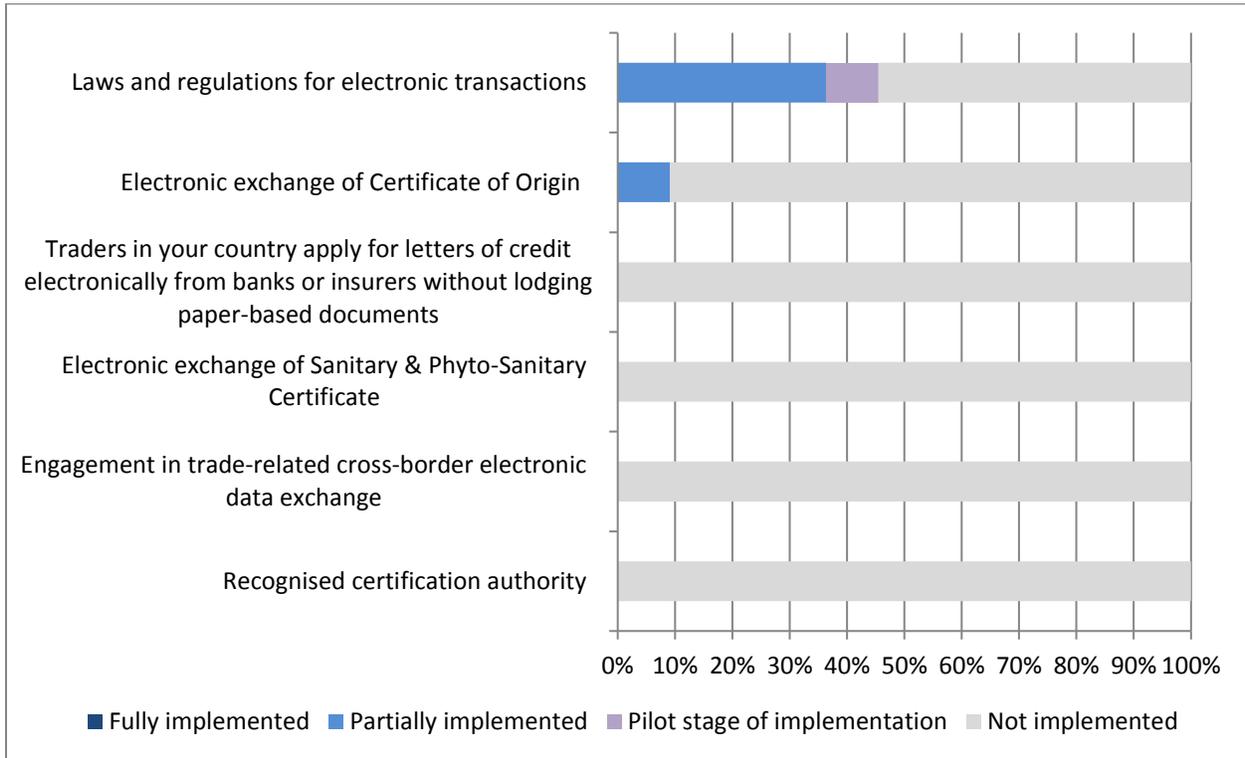
Six of the trade facilitation measures included in the survey are categorized as “cross-border paperless trade” measures, as shown in Figure 13.

Figure 13: Implementation of “cross-border paperless trade” measures: Pacific Island Developing Economies average



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

Figure 14: State of implementation of “cross-border paperless trade” measures in Pacific Island Developing Economies (in %)



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

Two of the 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.

As shown in Figure 13, the implementation of the majority of these measures in Pacific Island Developing Economies is very low. This is similar to the situation at the Asia-Pacific regional level, while at the sub-regional level East and North-East Asia lead the rest in implementation of “cross-border paperless trade” measures. Figure 14 shows the most implemented measures are *Laws and regulations for electronic transactions*, which have been at least partially implemented by almost 40% of countries, and in the pilot stage in one country (Fiji). *Electronic exchange of certificate of origin* is partially implemented in one country (Vanuatu). And there still have room for other measures to be implemented.

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,⁸ presents data on trade facilitation and paperless trade implementation for Pacific Island Developing Economies. Based on an ambitious package of more than 30 trade facilitation measures included in the survey, the average trade facilitation implementation in PIDEs is found to be 25%, suggesting that there is much scope for improvement in the sub-region. The assessment confirms that while some countries in PIDEs have been actively engaged in implementing measures to improve transparency, enhance inter-agency coordination and cooperation, and streamline fees and formalities associated with trade, many still struggle with implementing even basic facilities for trade facilitation. In particular, electronic transactions for Customs procedures towards paperless trade, as well as recognition of electronic certificates in cross-border paperless trade transactions are areas that require more focus and improvement.

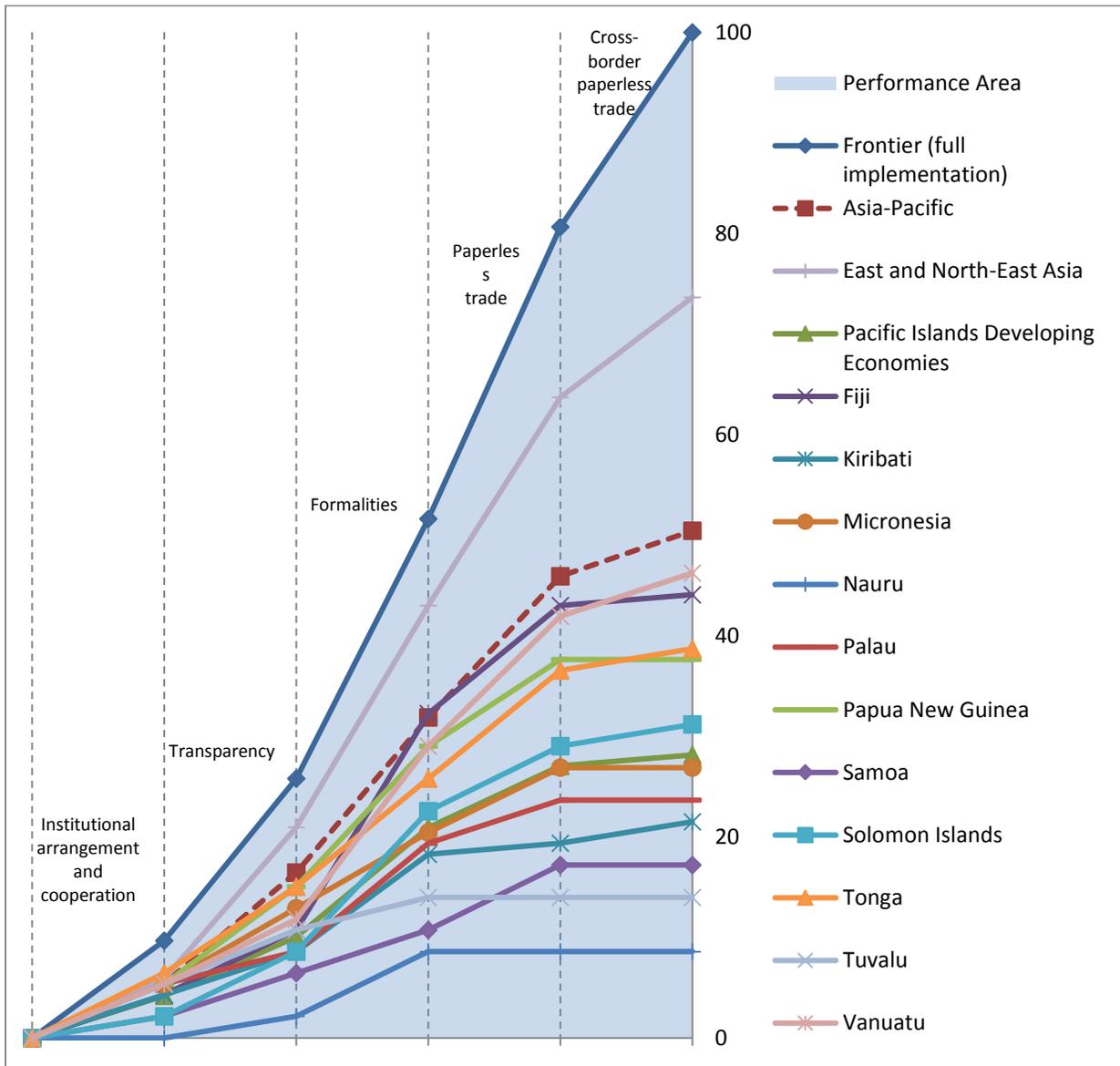
Implementation of the majority of trade facilitation systems remain at the pilot stage with very low levels of implementation, although some countries such as Vanuatu, Fiji, Tonga and Samoa lead the rest in terms of overall initiatives. Some of the challenges mentioned by PIDEs, such as lack of coordination between government agencies; lack of political will; lack of a clearly designated lead agency; and lack of human and financial resources have possibly contributed to the slow implementation of some of these advanced trade facilitation measures.

Figure 15 shows implementation of trade facilitation as a step-by step process, based on the five core groups of measures included in this survey. It also shows the cumulative implementation level of trade facilitation measures in each PIDEs country included in the survey. The graph reveals wide differences in implementation patterns across countries, suggesting that different countries have emphasized the implementation of different groups of measures. Paperless and cross-border paperless trade facilitation are the least implemented of all groups of measures, and countries have significant room to make progress in all areas of trade facilitation, starting with institutional arrangements and enhancing inter-agency cooperation.

In the context of 2030 Agenda for sustainable development, Pacific Island Developing Economies 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.

⁸ Available at: <https://unnext.unescap.org/content/un-global-survey-trade-facilitation-and-paperless-trade-implementation-2017>

Figure 15: Moving up the trade facilitation ladder towards seamless international supply chains



Note: the figure shows cumulative trade facilitation implementation scores of Pacific Island Developing Economies 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