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United Nations  
Trade Facilitation and Paperless Trade  
Implementation Survey 2017

*Sub-Regional Notes –  
South-East Asia*  
[ASEAN and Timor Leste]

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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.<sup>1</sup> 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.<sup>2</sup>

This note is part of a new global effort by all United Nations Regional Commissions (UNRCs), in cooperation with other international organizations<sup>3</sup>, 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 South-East Asia sub-region, covering ASEAN countries and Timor-Leste. **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.**<sup>4</sup>

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 South-East Asia sub-region are presented below.

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

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

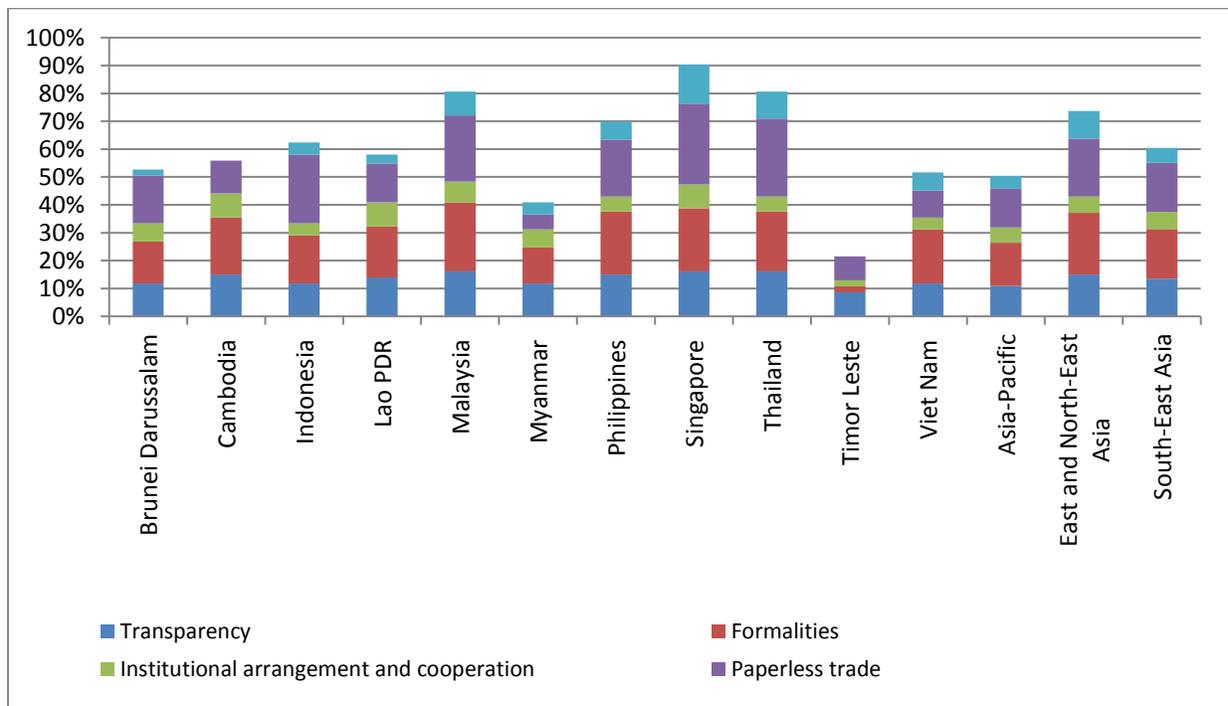
<sup>3</sup> The survey was conducted in close collaboration with OECD, ITC and UNCTAD, as well as several sub-regional organizations, such as SELA in Latin America, and OCO in the South Pacific.

<sup>4</sup> 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 South-East Asia: Overview

Figure 1 shows the overall implementation levels of 11 South-East Asia countries based on a common set of 35 trade facilitation and paperless trade measures included in the survey<sup>5</sup>. The sub-regional average implementation of this comprehensive set of trade facilitation measures stands at 60%, exceeding the regional average (50.4%). However, the implementation of trade facilitation measures in the region is quite heterogeneous. Malaysia, Singapore and Thailand achieve implementation rates in excess of 80%, while implementation in Timor-Leste is under 30%.

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

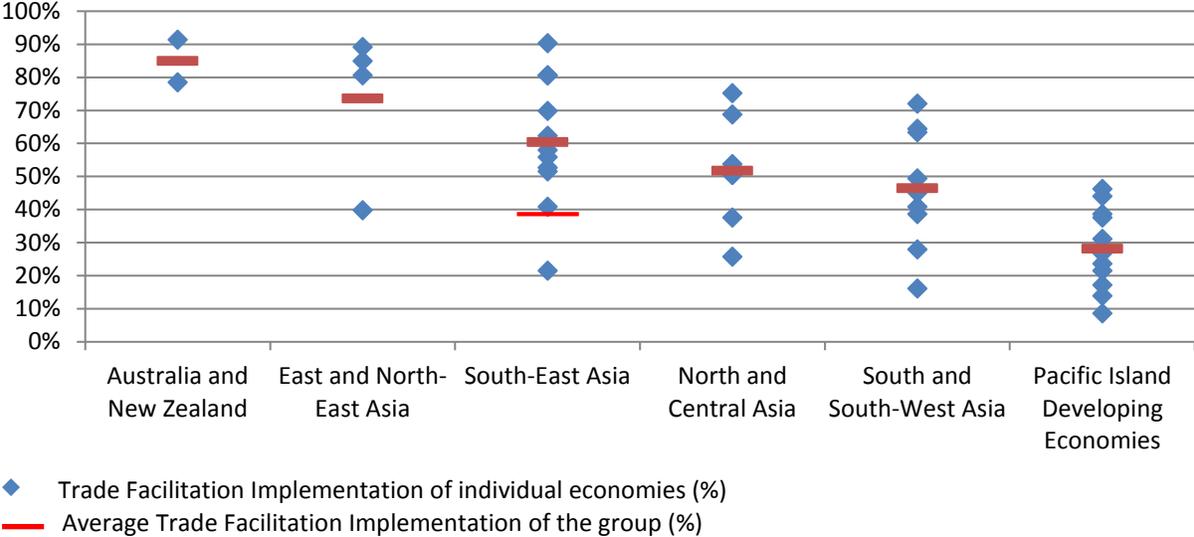


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

<sup>5</sup> 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).

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 each group. South-East Asia has the third highest average level of implementation (60%) after Australia & New-Zealand and East & North-East Asia.

**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

Although trade facilitation implementation varies widely within each sub-regional grouping, differences in trade facilitation implementation levels are widest in South-East Asia. This is essentially due to Myanmar and Timor-Leste, two economies that have only recently been able to actively engage in international trade. In fact, regional integration processes appear to have played a significant and positive role in trade facilitation implementation, with several LDCs in ASEAN, where regional cooperation on trade facilitation has long been promoted, achieving higher implementation rates than LDCs in other sub-regions<sup>6</sup>.

South-East Asian countries have well implemented trade facilitation measures related to transparency, formalities, institutional arrangement and cooperation, paperless trade and transit measures: implementation rates of almost all these measures exceed 60%. Challenges, however, remain for implementing cross-border paperless trade<sup>7</sup>. Implementation rate of cross-border paperless trade

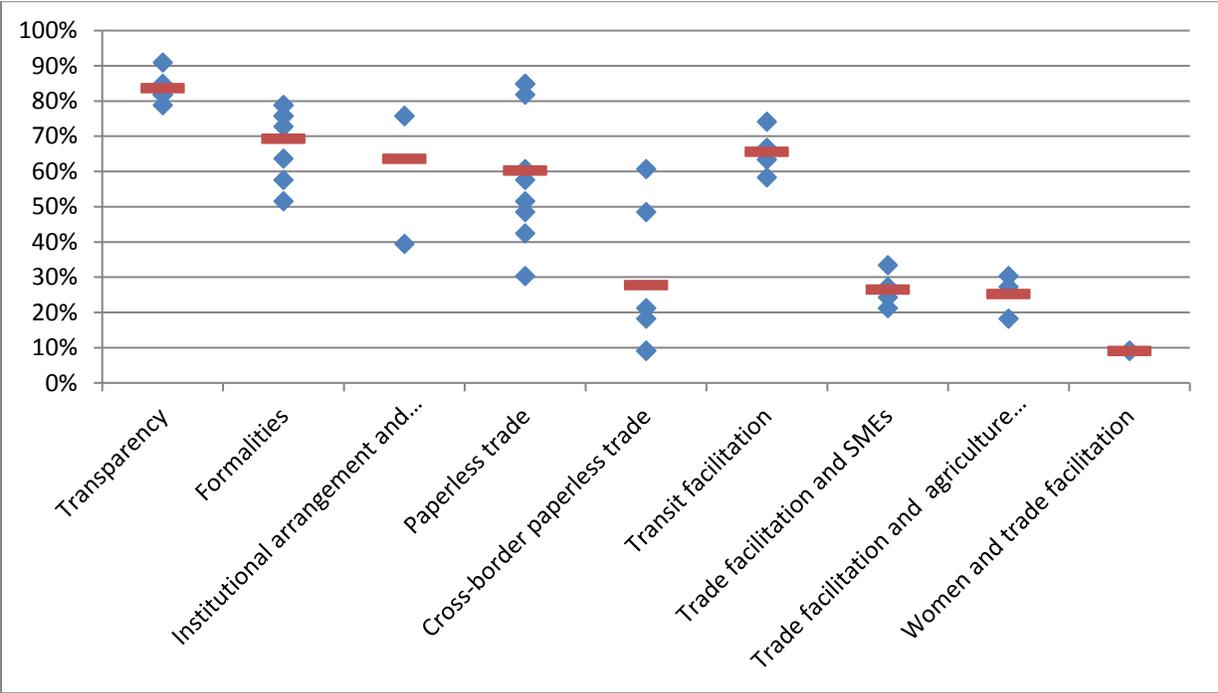
<sup>6</sup> The Asia-Pacific region comprises 12 LDCs, 3 of which are in South-East Asia (Cambodia, Lao PDR and Myanmar).

<sup>7</sup> 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.

remains just above 30% (see Figure 3). Despite this, it is important to recognize that South-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 South-East Asian countries 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 28%, 27% and 10%, respectively, indicating significant room for improvement in these areas. (see Figure 3)

**Figure 3: Implementation of different groups of trade facilitation measures: South-East Asia average**



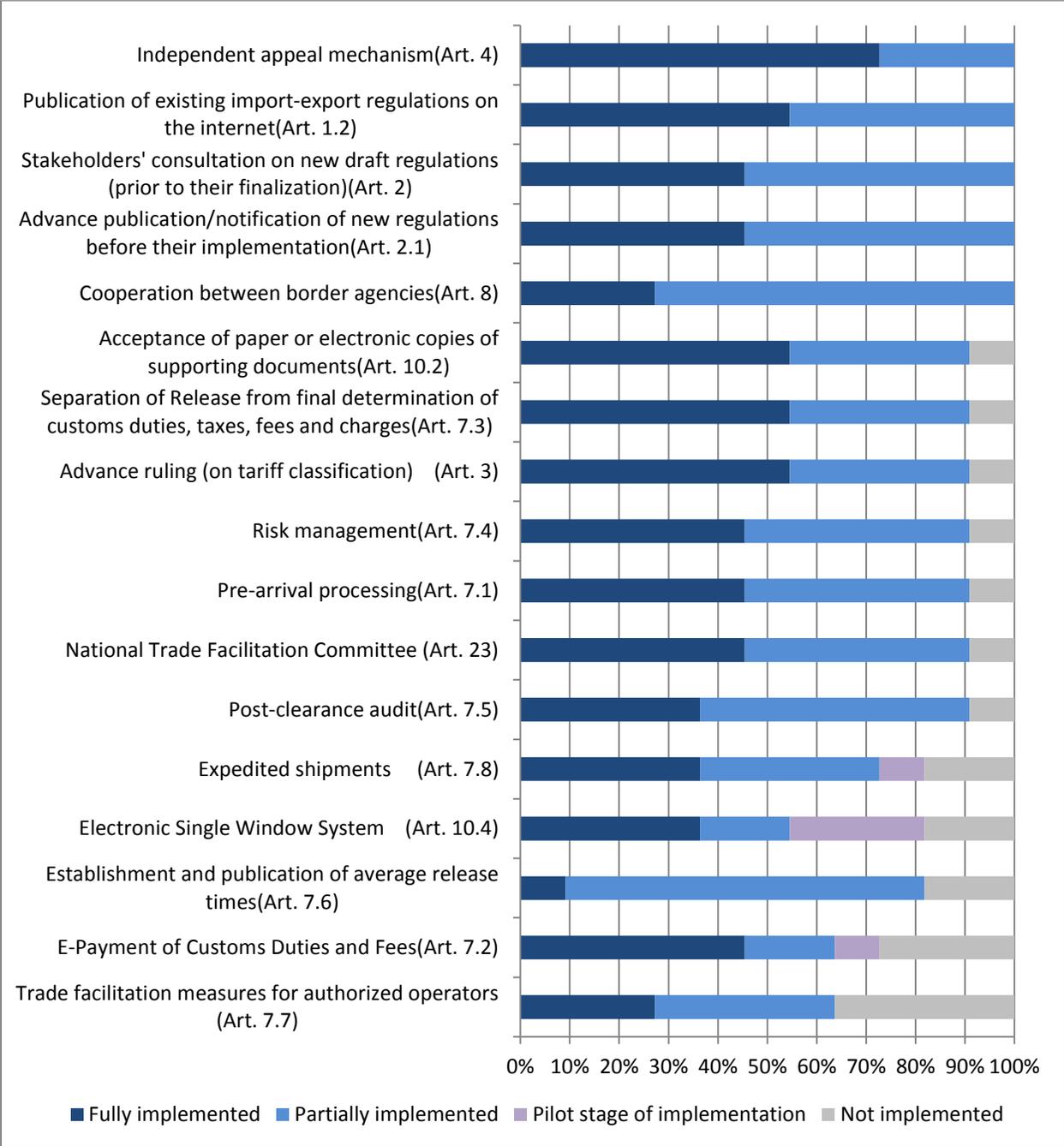
● Blue dots show regional average implementation level of individual measures within each group.  
 — Average sub-regional implementation level by groups of measures.  
 Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

**2.1 Most and least implemented trade facilitation measures**

Figure 4 shows the level of implementation of the WTO-TFA articles. The most implemented measures in South-East Asian countries are *Independent appeal mechanism (Art. 4)*, which has been fully implemented by 73% of all countries in the sub-region. The least implemented measure is *Trade facilitation measures for authorized operators (Article 7.7)*. 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 South-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 South-East Asia  
(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
<b>Transparency</b>	Independent appeal mechanism	100.0 / 72.7	Advance ruling (on tariff classification)	90.9 / 54.5
<b>Formalities</b>	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	90.9 / 54.5	Trade facilitation measures for authorized operators	63.6 / 27.3
<b>Institutional arrangement and cooperation</b>	National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other	100.0 / 27.3	Government agencies delegating controls to Customs authorities	54.5 / 9.1
<b>Paperless trade</b>	Electronic submission of Customs declarations  Electronic/automated Customs System	100.0 / 54.5	Electronic Application for Customs Refunds	36.4 / 18.2
<b>Cross-border paperless trade</b>	Laws and regulations for electronic transactions	81.8 / 18.2	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	18.2 / 0.0  18.2 / 0.0
<b>Transit facilitation</b>	Transit facilitation agreement(s) with neighbouring country(ies)	90.9 / 0.0	Supporting pre-arrival processing for transit facilitation	54.5 / 18.2
<b>Trade facilitation and SMEs</b>	Government has developed trade facilitation measures that ensure easy and affordable access for SMEs to trade related information	45.5 / 18.2	Government has taken actions to ensure that SMEs are well represented and made key members of National Trade Facilitation Committees (NTFCs)	27.3 / 18.2
<b>Trade facilitation and agricultural trade</b>	Testing and laboratory facilities are equipped for compliance with sanitary and phytosanitary (SPS) standards in your country	45.5 / 18.2	Application, verification and issuance of SPS certificates is automated	27.3 / 9.1

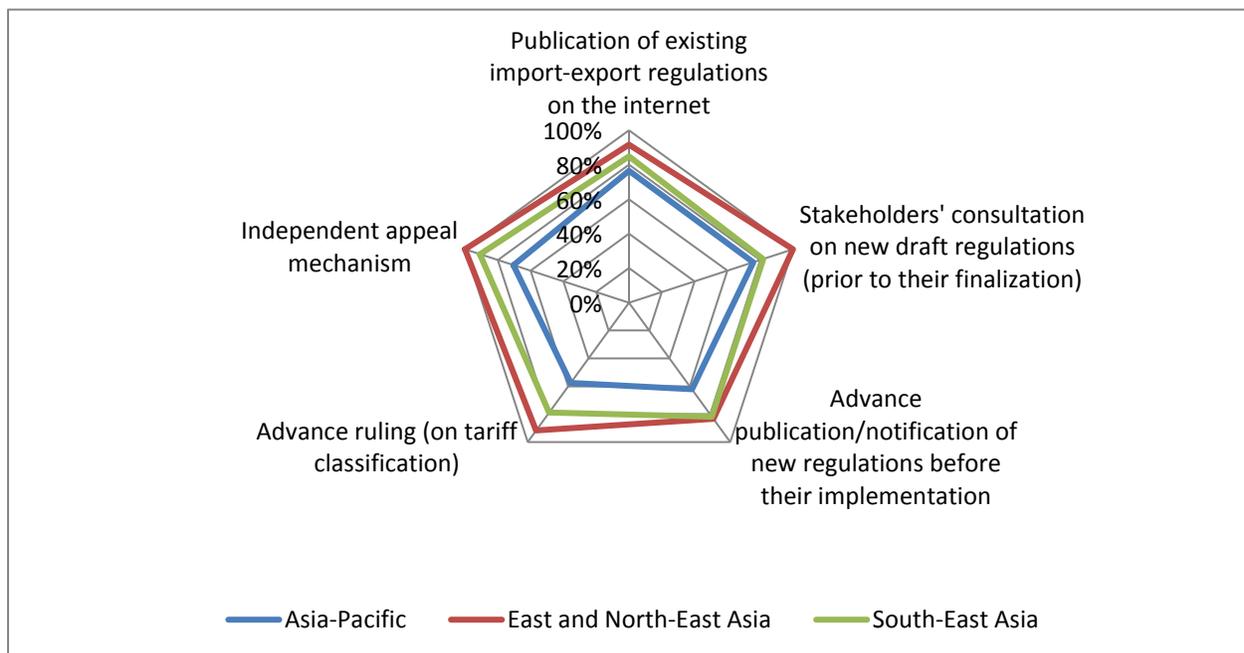
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

### 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.

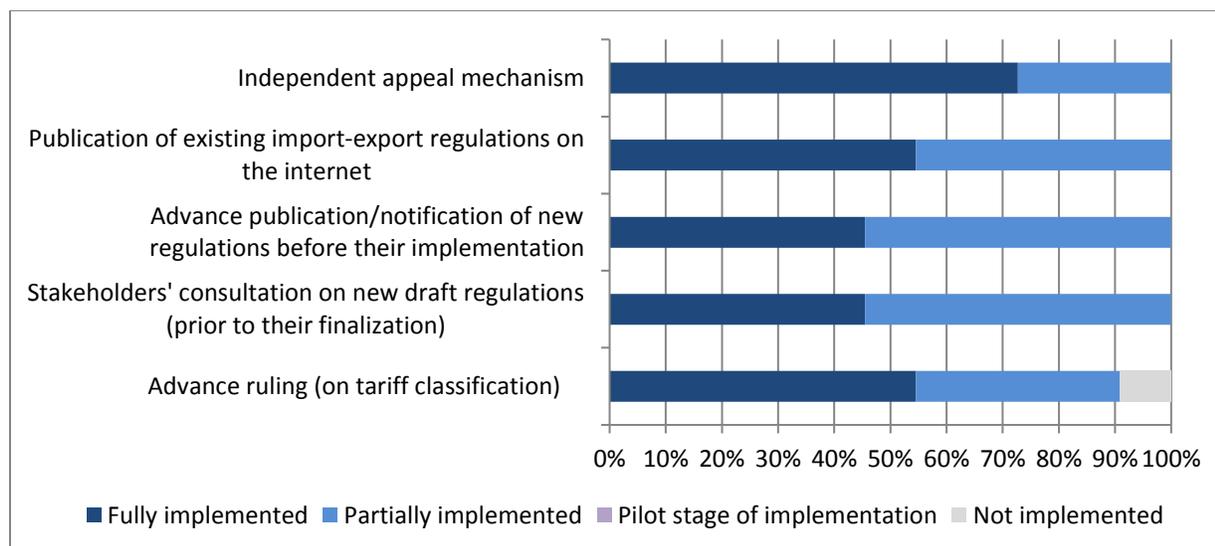
Figure 5: Implementation of “transparency” measures: South-East Asian average



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 figure shows that the average level of implementation of “transparency” measures is well in excess of 50% and in fact higher than 80%, indicating a significantly higher level of implementation as compared to other types of measures and near full implementation of these measures. It also shows that South-East Asia has achieved higher level of implementation than the region as a whole although implementation has not reached the levels achieved in East and North-East Asia.

**Figure 6: State of implementation of “transparency” measures for trade facilitation in South-East Asia (in %)**



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

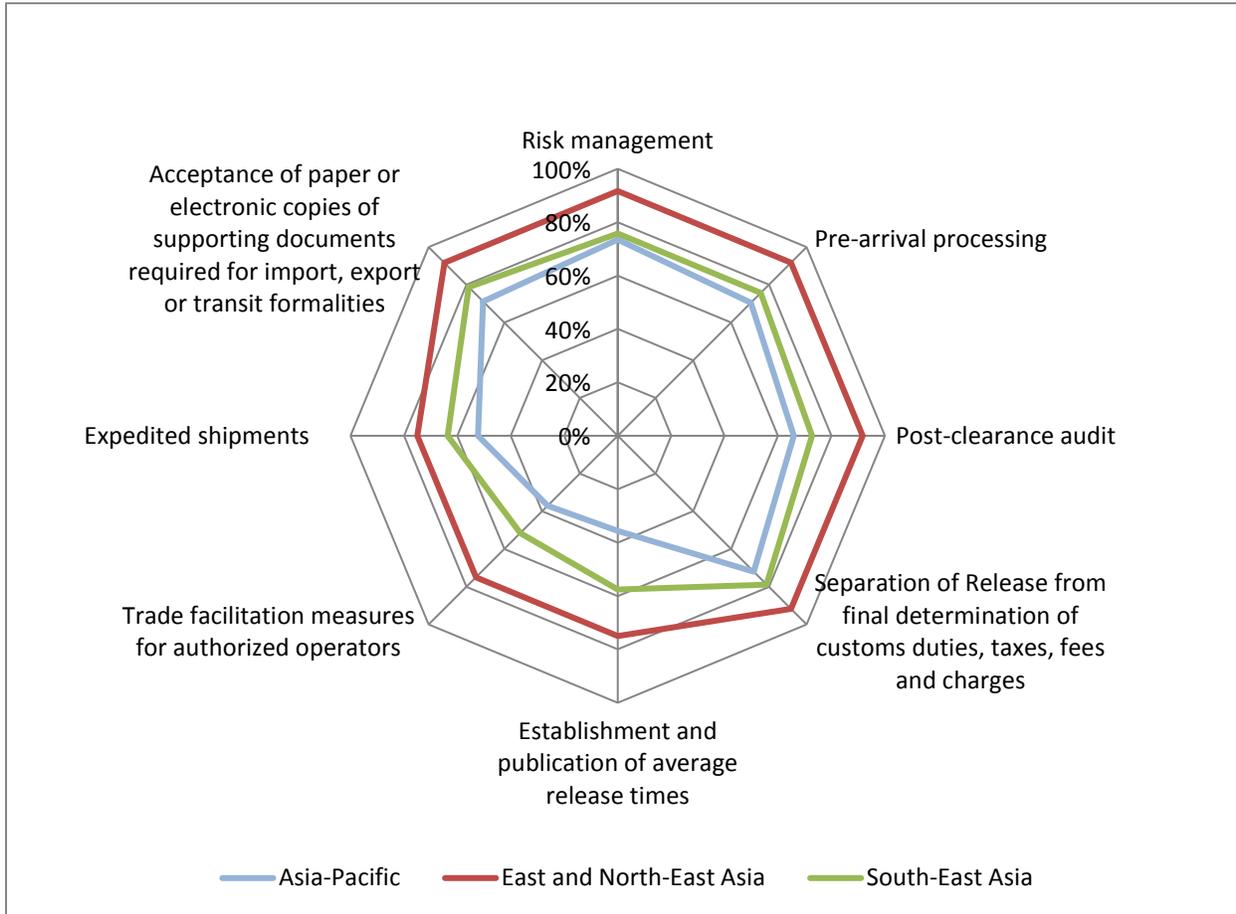
Figure 6 shows that all “transparency” measures have been at least partially implemented by 90% of all countries. *Independent appeal mechanism* is the most implemented measure, having been fully implemented by more than 70% of the countries in this sub-region. In contrast, *Advance ruling (on tariff classification)* is the least implemented of the “transparency” measures, while *Advance publication/notification of new regulation before their implementation* and *Stakeholder consultation on new draft regulations (prior to their finalization)* have only been fully implemented in less than 50% of all countries in the sub-region.

### 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 level of implementation of “formalities” facilitation measures in this sub-region is slightly below 70%. It is higher than the regional average but remains lower than the level in East and North-East Asia.

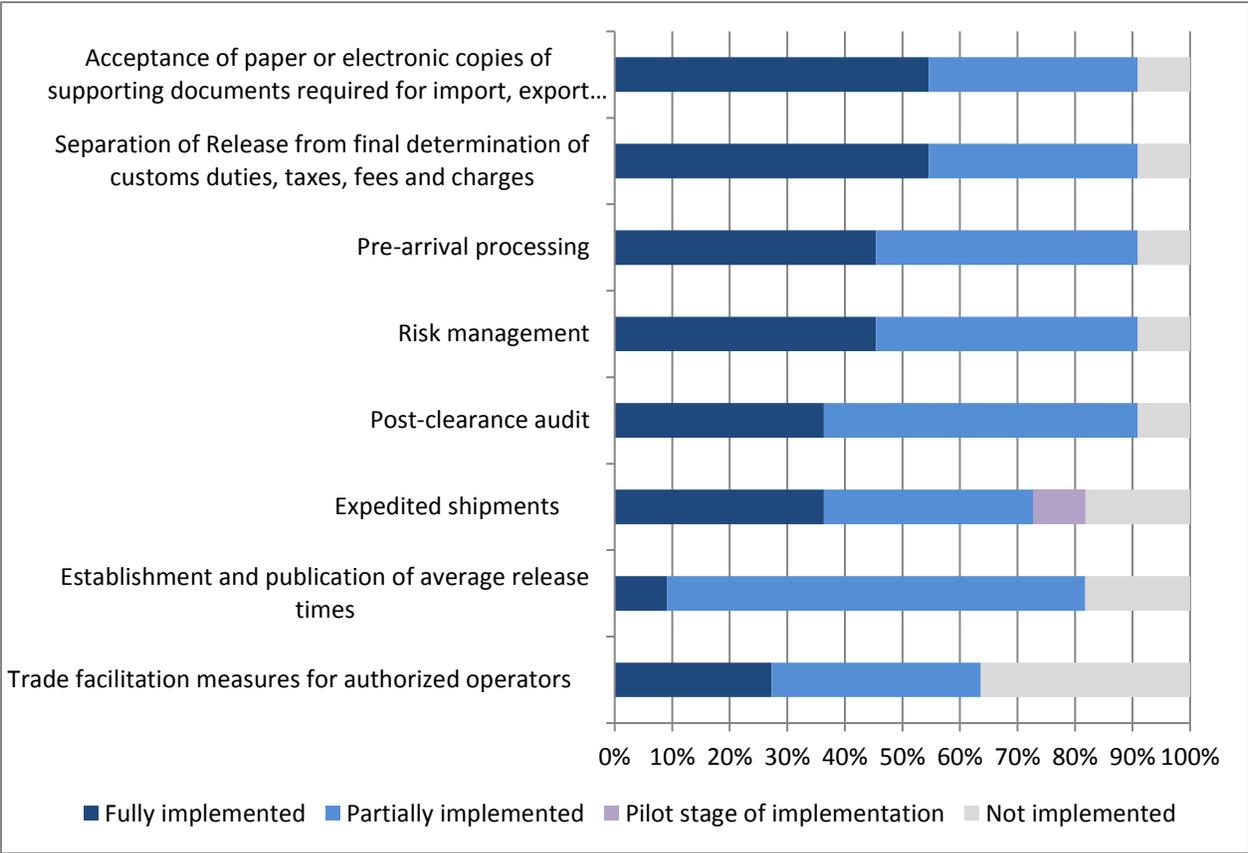
**Figure 7: Implementation of trade “formalities” facilitation measures: South-East Asian average**



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. In general, all measures have reached at least partial implementation in 60% of all countries. *Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities* and *Separation of Release from final determination of customs duties, taxes, fees and charge* are the most implemented measures in the sub-region, having reached fully implementation more than 50% of all countries. Meanwhile, *Expedited shipments* is in the pilot stage of implementation in one country (Indonesia). In contrast, the least implemented measure is *Trade facilitation measures for authorized operators*, which has not yet been implemented in around 30% of the countries of the sub-region.

**Figure 8: State of implementation of trade “formalities” facilitation measures in South-East Asia (in %)**



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

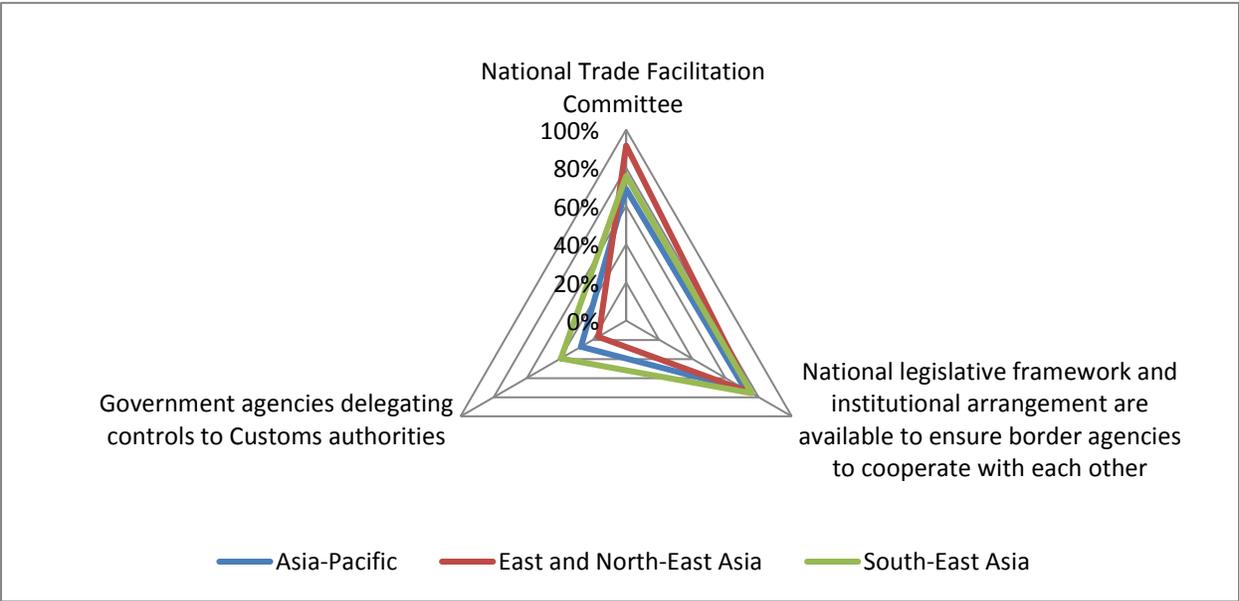
**3.3 “Institutional arrangement and cooperation” measures**

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.<sup>8</sup> All three measures are also specified in various Articles of the WTO TFA.

Figure 9 shows that the average weighted implementation score of the three “institutional arrangement and cooperation” measures in this sub-region is around 56%, which is similar to the situation at both the Asia-Pacific regional level and the East and North-East Asian sub-regional level.

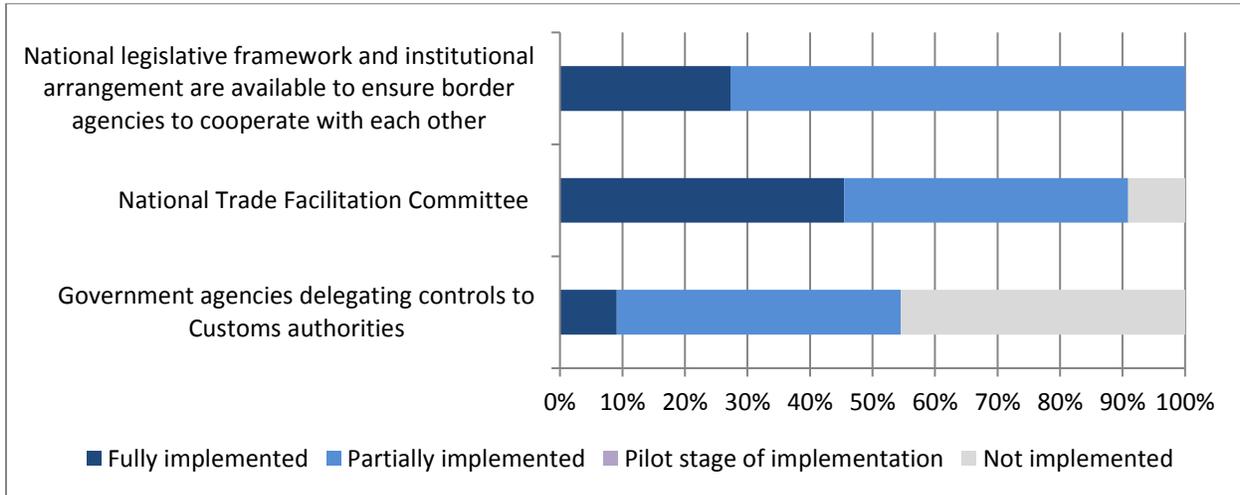
**Figure 9: Implementation of “institutional arrangement and cooperation” measures: South-East Asia average**



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

<sup>8</sup> 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 South-East Asia (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 all South-East Asian countries. *National trade facilitation committees* measure has also been at least partially implemented in the majority of countries. In contrast, more than 40% of the countries have not implemented *Government agencies delegating controls to Customs authorities*, making it the least implemented measure of this group.

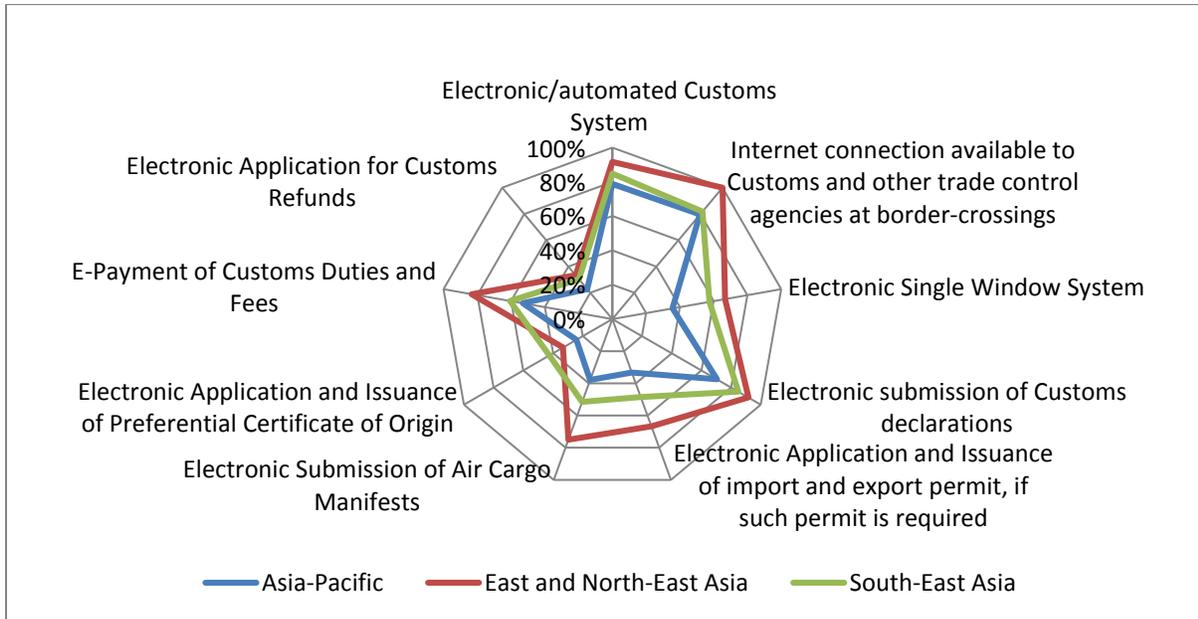
### 3.4 “Paperless trade” measures

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.<sup>9</sup>

<sup>9</sup> 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

The implementation levels of “paperless” measures in South-East Asia are heterogeneous since they exceed 80% for some measures while they are lower than 40% for the rest (Figure 11). These levels are all above the Asia-Pacific average; however they are below those in East and North-East Asia.

**Figure 11: Implementation of “paperless trade” measures: South-East Asian average**

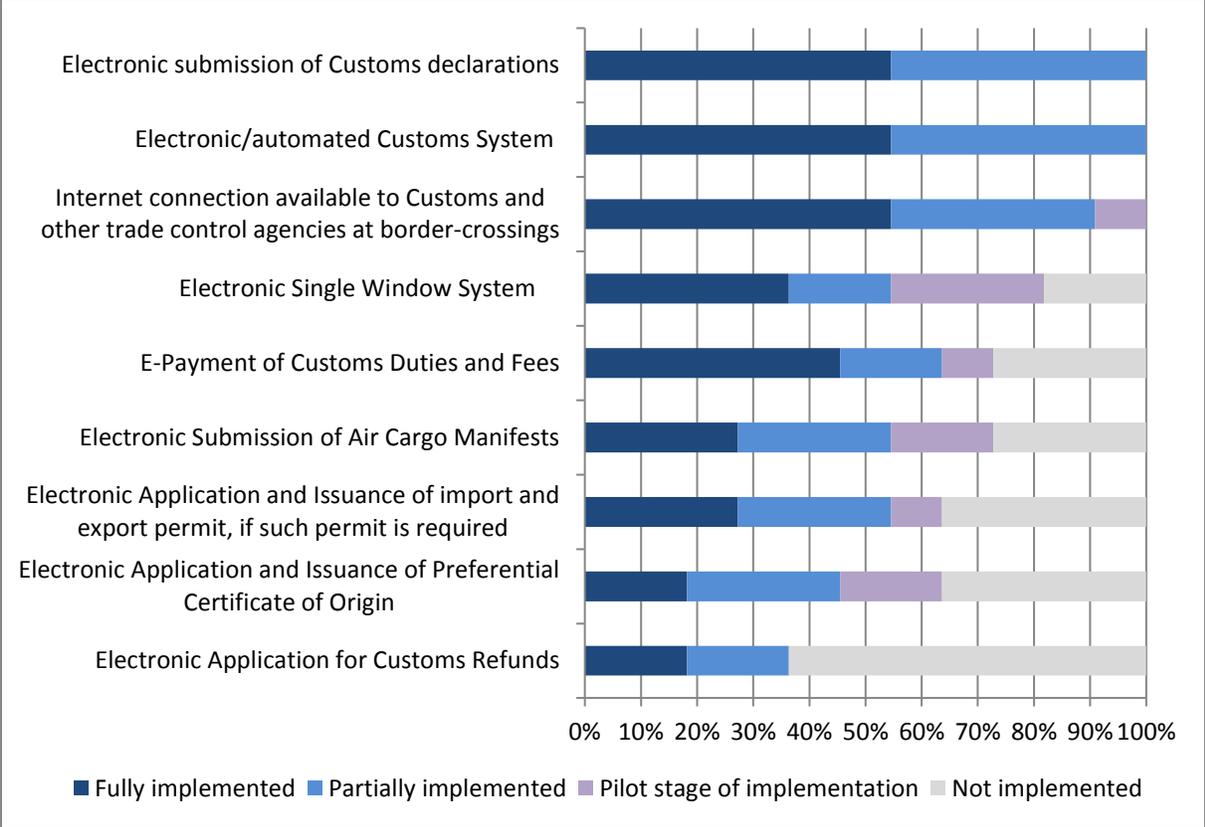


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

authorities or agencies... Members shall, to the extent possible and practicable, use information technology to support the single window.”

Figure 12 shows that a good number of “paperless” measures have been implemented either fully, partially or are at least in the pilot stage of implementation. Electronic submission of Customs declarations, *Electronic/automated Customs System* and *Internet connection availability* are the three most implemented measures in the sub-region, having been at least partially implemented in all countries. In contrast, the least implemented measure is *Electronic application for customs refunds*, which has not been implemented in around 60% of countries in South-East Asia.

**Figure 12: State of implementation of “paperless trade” measures in South-East Asia (in %)**

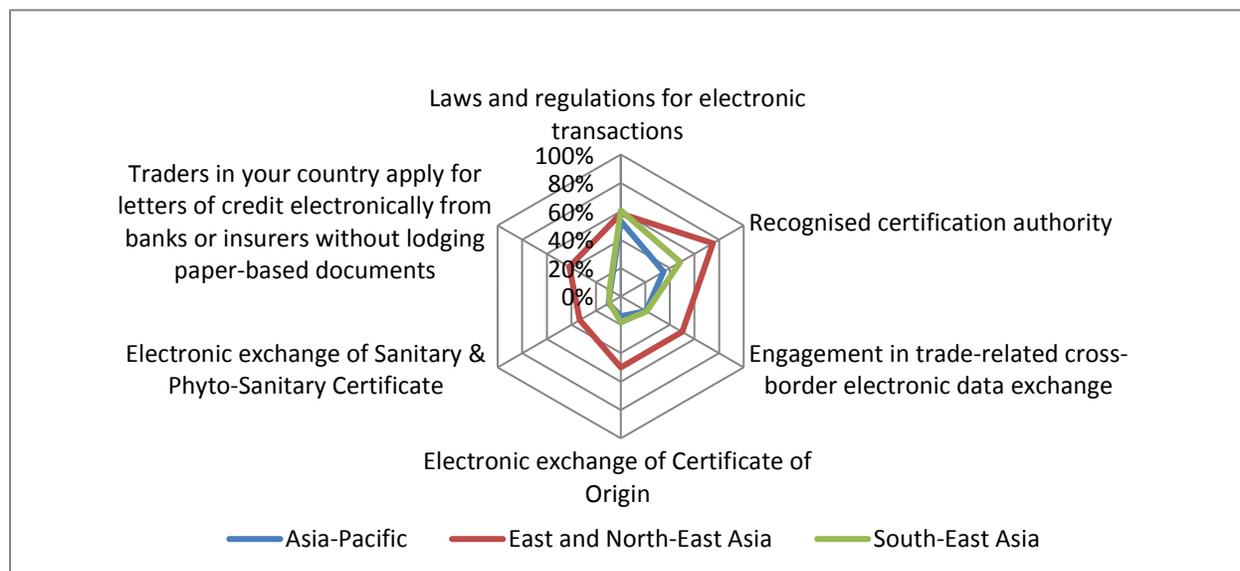


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

### 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 13.

Figure 13: Implementation of “cross-border paperless trade” measures: South-East Asia average

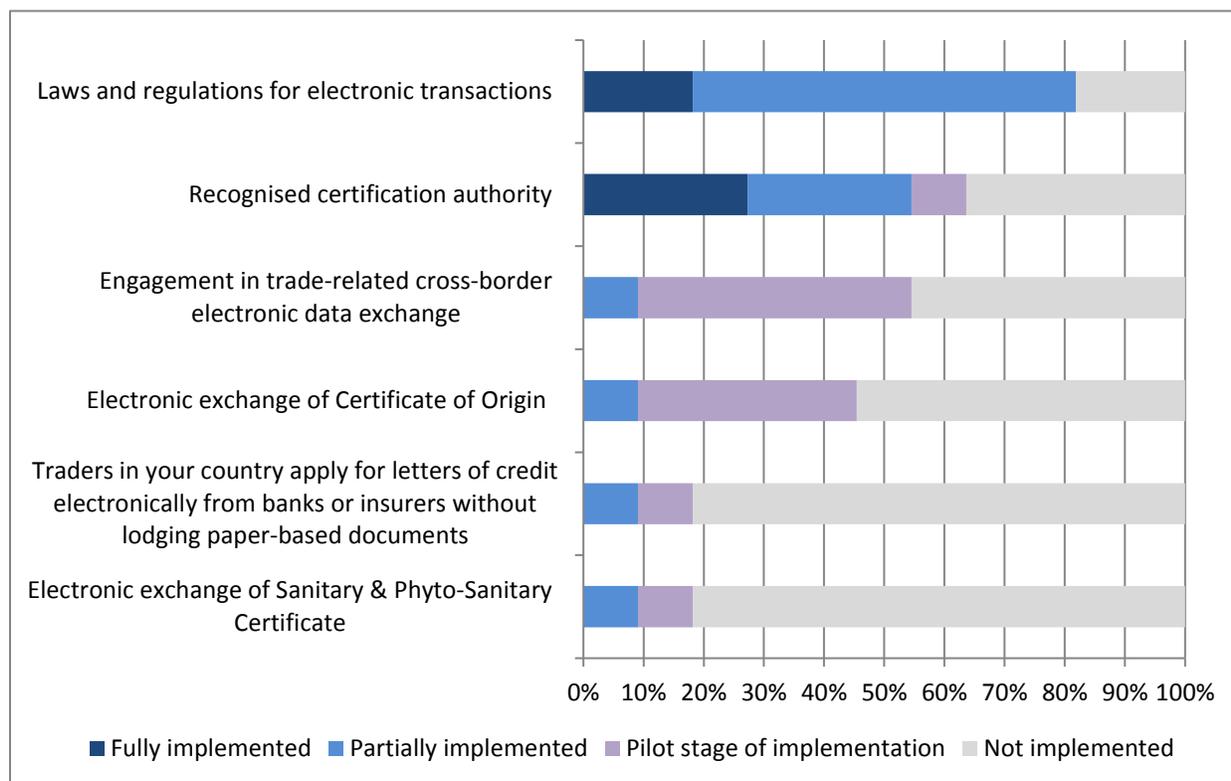


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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.

The least implemented measures in South-East Asia are in fact “cross-border paperless trade” measures. Indeed, as shown in Figure 13, the implementation of these measures in South-East Asia is very low, with the exception of *Laws and regulation for electronic transactions* whose implementation level is slightly over 60%. This is similar to the situation at the Asia-Pacific regional level, while at the sub-regional level East and North-East Asia leads the rest in terms of “cross-border paperless trade” measures.

**Figure 14: State of implementation of “cross-border paperless trade” measures in South-East Asia (in %)**



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

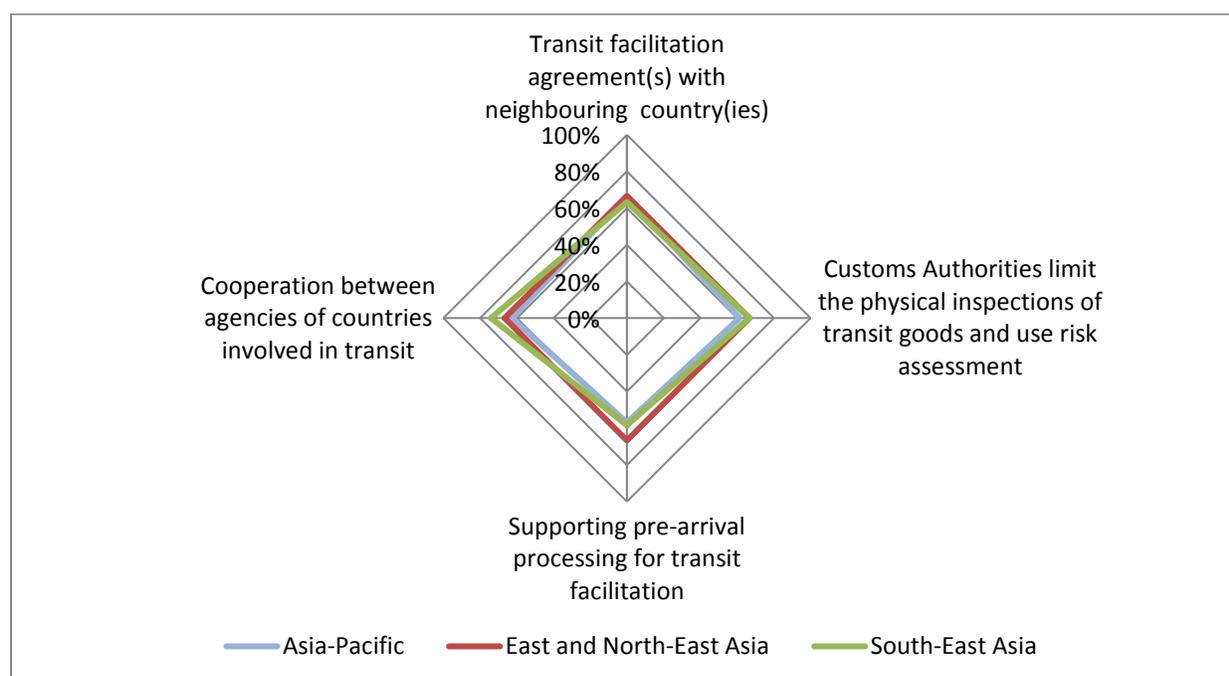
Figure 14 shows that more than 80% of South-East Asian countries have at least partially implemented Laws and regulations for electronic transactions. However, recognized certification authority has not been implemented in almost 40% of the countries. Engagement in trade-related cross-border electronic data exchange has been partially implemented in less than 10% of the countries, with a pilot stage of implementation of around 50% of all countries. Meanwhile, the least implemented measure is Electronic exchange of Sanitary and Phyto-sanitary Certificates, which has been partially implemented in one country and is in the pilot stage of implementation in another.

### 3.6 “Transit facilitation” measures

Four 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 reduce as much as possible all the formalities associated with traffic in transit, allowing goods from one country and destined to another country to be seamlessly transported through one or more other transit countries. These measures are particularly important to landlocked developing countries, whose goods typically need to go through a neighboring country’s territory before reaching a sea port for onward transportation to their final destination.

In South-East Asia, these measures are not applicable to Timor-Leste and the Philippines. As shown in Figure 15, the implementation level of “transit facilitation” measures in the sub-region exceeds 65% across all measures. This exceeds the Asia-Pacific regional average, and is at par with the East and North-East Asian sub-regional average.

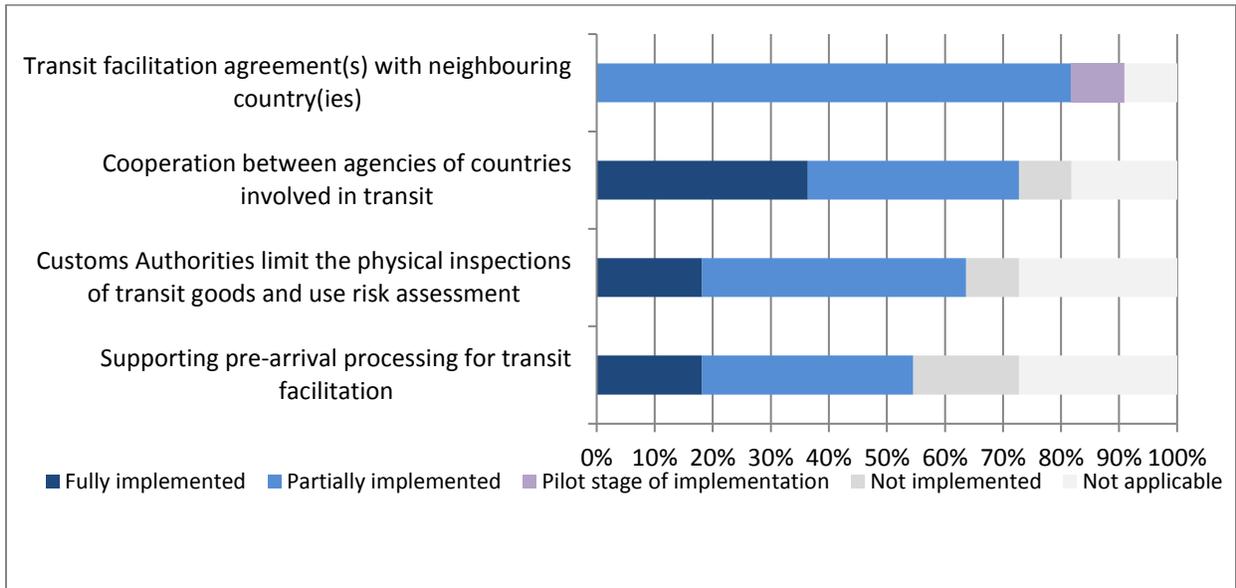
Figure 15: Implementation of “transit facilitation” measures: South-East Asian average



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

Figure 16 shows that the three transit measures except transit facilitation are at least partially implemented in 65% of countries in South-East Asia, so that most countries still have room to improve “transit facilitation”.

**Figure 16: State of implementation of “transit facilitation” measures in South-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,<sup>10</sup> presented data on trade facilitation and paperless trade implementation for South-East Asia. Based on an ambitious package of more than 30 trade facilitation measures included in the survey, the average trade facilitation implementation in South-East Asia is found to be 60.4%, suggesting that significant progress has been made in the sub-region. The assessment confirms that a large majority of countries in South-East Asia have been actively engaged in implementing measures to improve transparency, enhance inter-agency coordination and cooperation, and streamline fees and formalities associated with trade. While Customs in essentially all countries have been actively developing paperless systems to speed up customs clearance while also improving control, more than 48% of the economies are now also engaged in implementation of more advanced national multi-agency paperless systems, such as national electronic single windows.

However, implementation of cross-border paperless trade systems remains mostly at the pilot stage with very low levels of implementation, although some work has already been done, some of the challenges mentioned by South-East Asian countries, such as lack of coordination between government agencies and lack of human resources have possibly contributed to the slow implementation of some of these advanced trade facilitation measures.

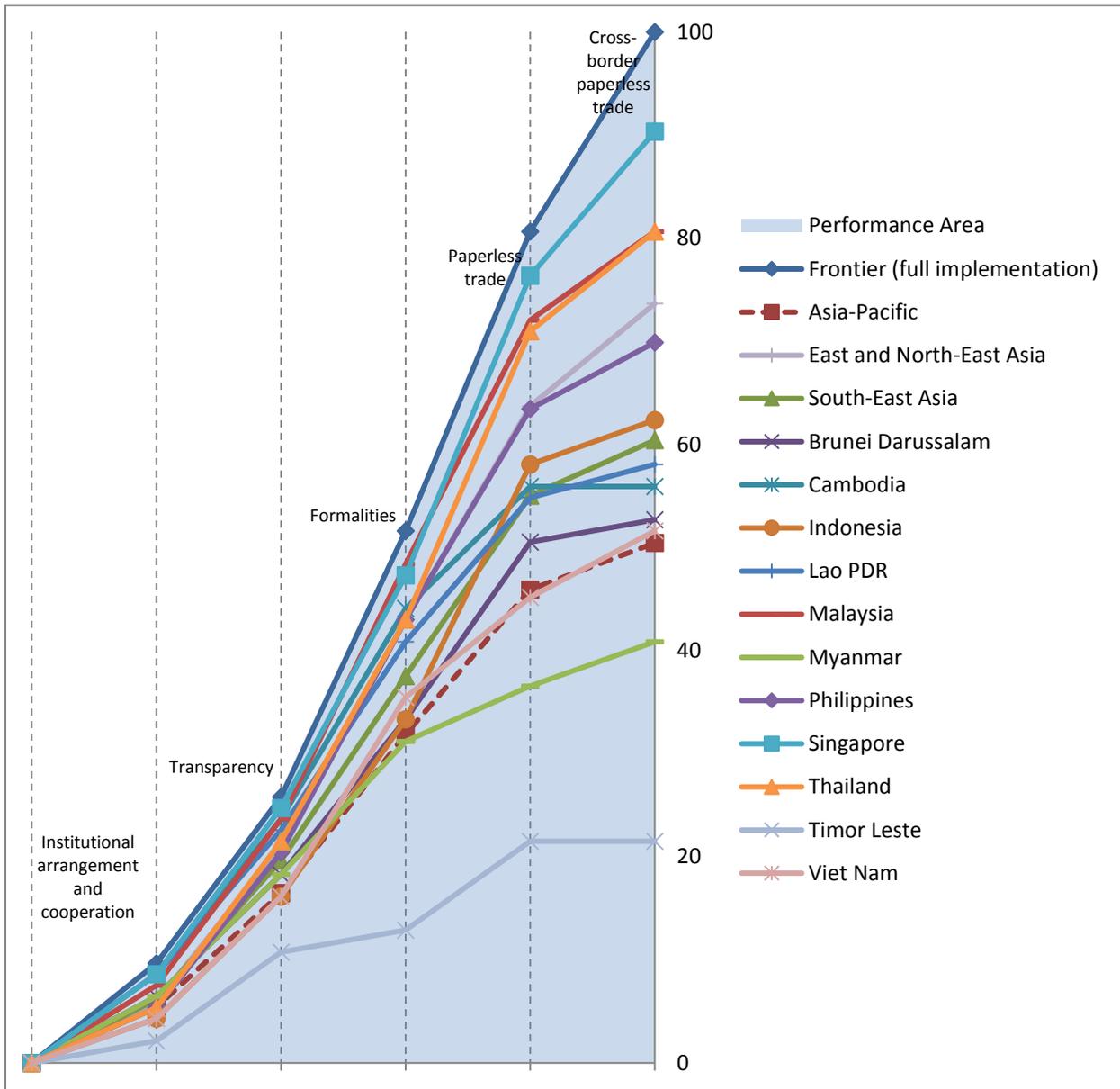
Figure 17 shows implementation of trade facilitation as a step-by step process, based on the five core groups of measures included in this survey. It also shows the cumulative implementation level of trade facilitation measures in each South-East Asian country included in the survey, revealing wide disparities across countries. However, cross-border paperless trade facilitation is the least implemented of all groups of measures, and all 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, South-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.

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<sup>10</sup> Available at: <https://unnex.unescap.org/content/un-global-survey-trade-facilitation-and-paperless-trade-implementation-2017>

Figure 17: Moving up the trade facilitation ladder towards seamless international supply chains



Note: the figure shows cumulative trade facilitation implementation scores of South-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