
Trade Facilitation and Paperless Trade Implementation in Asia and the Pacific

*2017 Report for Special Programme for
the Economies of Central Asia (SPECA)*

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Executive summary

Reducing trade costs is essential for developing economies to effectively use trade as an engine of growth and sustainable development. As a result, trade facilitation and the digitalization of trade procedures have taken increasing importance as evidenced by the WTO Trade Facilitation Agreement (TFA), as well as the growing number of regional and sub-regional initiatives for facilitating the electronic exchange of information along international supply chains, including more recent Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (FA-CPT).

This report presents an analysis of the results of the United Nations Global Survey on Trade Facilitation and Paperless Trade Implementation for countries under the Special Programme for the Economies of Central Asia (SPECA), namely Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan¹. The Survey, conducted between January and July 2017, provides information on the implementation of selected measures under the WTO TFA, as well as on the implementation of innovative, technology-driven measures aimed at enabling trade using electronic rather than paper-based data and documentation - otherwise referred to as “paperless trade”. The 2017 Survey also covers specific trade facilitation measures targeted at small and medium enterprises (SMEs), the agricultural sector and women. The report reveals that:

- SPECA implementation rate of the measures stands at 42.7%, below the Asia-Pacific regional average (50.4%). Among these SPECA countries, Azerbaijan has the highest implementation rate at 75.3%, which is higher than the level of Asia-Pacific regional average.
- SPECA has made good progress. Implementation rate of SPECA as a group improved from 34.6% to 42.7% between the first and second Global Surveys conducted in 2015 and 2017.
- SPECA members have well implemented trade facilitation measures related to Transparency: implementation rate exceeds 60%. Cross-border paperless trade registers the lowest implementation rate of 13%.
- Implementation of “inclusive” trade facilitation measures to promote SME and women participation in trade remains low and SPECA may further promote such measures in the context of the 2030 Sustainable Development Agenda.

Going forward, the SPECA members shall continue efforts on trade facilitation and the digitalization of trade procedures. To do so, all SPECA members are encouraged to actively participate in the FA-CPT, to advance regional cross-border paperless trade through pilot projects, information sharing and coordinated adoption of international standards and implementation models.

This 2017 report for SPECA may best be read in conjunction with the global and Asia-Pacific reports on the results of the UN Global survey on Trade Facilitation and Paperless Trade. These reports, together with an interactive online database, are available at: <http://bit.ly/2h8SQbG>

¹ Due to lack of data, Turkmenistan is not included in the analysis.

Acknowledgements

The second global survey was jointly conducted by five United Nations Regional Commissions for Africa (ECA), Europe (ECE), Asia and the Pacific (ESCAP), Latin America and the Caribbean (ECLAC) and Western Asia (ESCWA). The initiative was led and coordinated by ESCAP.

The report is part of this global survey effort. It was prepared by Tengfei Wang, Yann Duval, Chorthip Utoktham and Yuhua ZHANG, from Trade, Investment and Innovation Division, ESCAP. Contribution from Ying Liu during their internship at ESCAP are gratefully acknowledged.

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The United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific (UNNExT)², a knowledge community supported by ESCAP and ECE, greatly facilitated data collection. Comments and suggestions received from participants to the United Nations Regional Commission (UNRC) side event to the 6th Global Review on Aid for Trade (Geneva, 12 July 2017)³, where the preliminary findings from the global survey were presented, are gratefully acknowledged.

² <http://unnex.t.unescap.org>

³ https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm

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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.⁴ 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 in February 2017, and adoption at ESCAP in May 2016 of a forward looking Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific – a new UN treaty opened to all SPECA members and already formally signed by Armenia, Bangladesh, Cambodia, China and Iran as of 30 September 2017.

This report is part of a new global effort by all UNRCs, in cooperation with other interested international organizations⁵, 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 UNRCs Joint Survey on Trade Facilitation and Paperless Trade implementation for the United Nations Special Programme for the Economies of Central Asia. Together with the associated Country Notes, this report is a complement to the more elaborate Regional (Asia-Pacific) and Global Reports⁶.

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 Trade Facilitation Agreement (TFA) and the regional UN treaty on cross-border paperless trade facilitation in Asia and the Pacific⁷. 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. 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.

⁴ For example, see ESCAP (2011), Asia-Pacific Trade and Investment Report 2011, United Nations.

⁵ The survey has been developed 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.

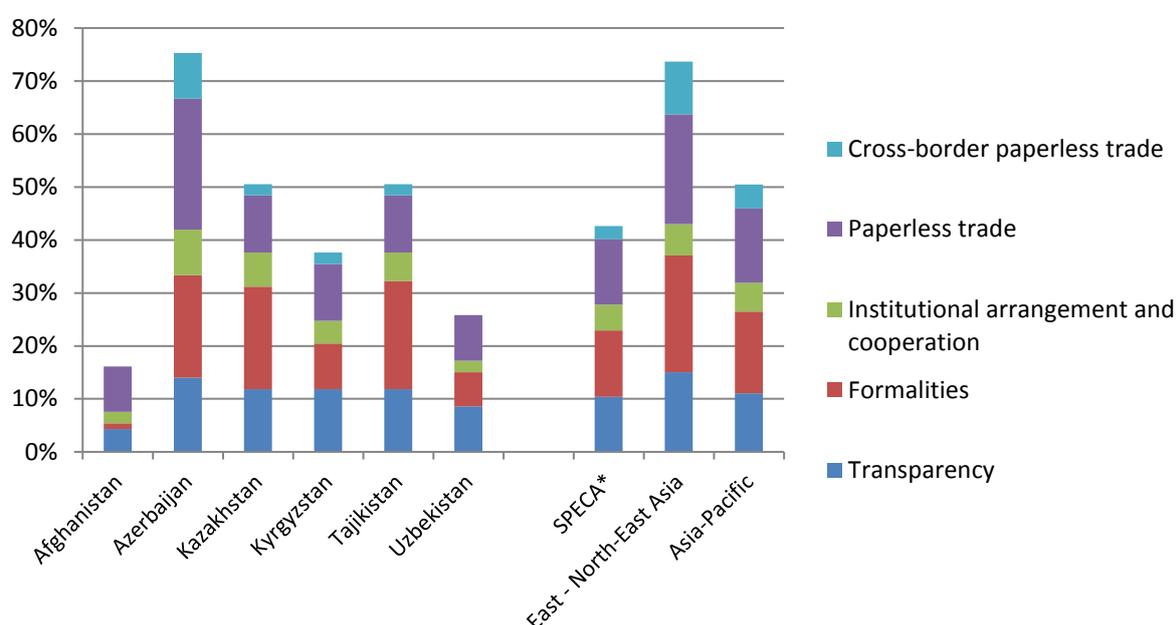
⁶ More information is available in the Global, Regional and Sub-regional Reports, as well as Country Notes at: <http://bit.ly/2h8SQbG>

⁷ <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>

2. Trade facilitation implementation in SPECA: overview

Figure 1 shows the overall implementation levels of six SPECA economies based on a common set of 31 trade facilitation and paperless trade measures included in the survey⁸. The sub-regional average implementation rate of the measures considered stands at 42.7%, which is below the Asia-Pacific regional average (50.4%). Azerbaijan has the highest implementation rate at 75.3%, which is higher than the level of regional average. Kazakhstan and Tajikistan have same implementation scores stands at 50.5%, which is slightly above the Asia-Pacific regional average (50.4%).

Figure 1 Overall implementation of trade facilitation measures in SPECA countries, 2017

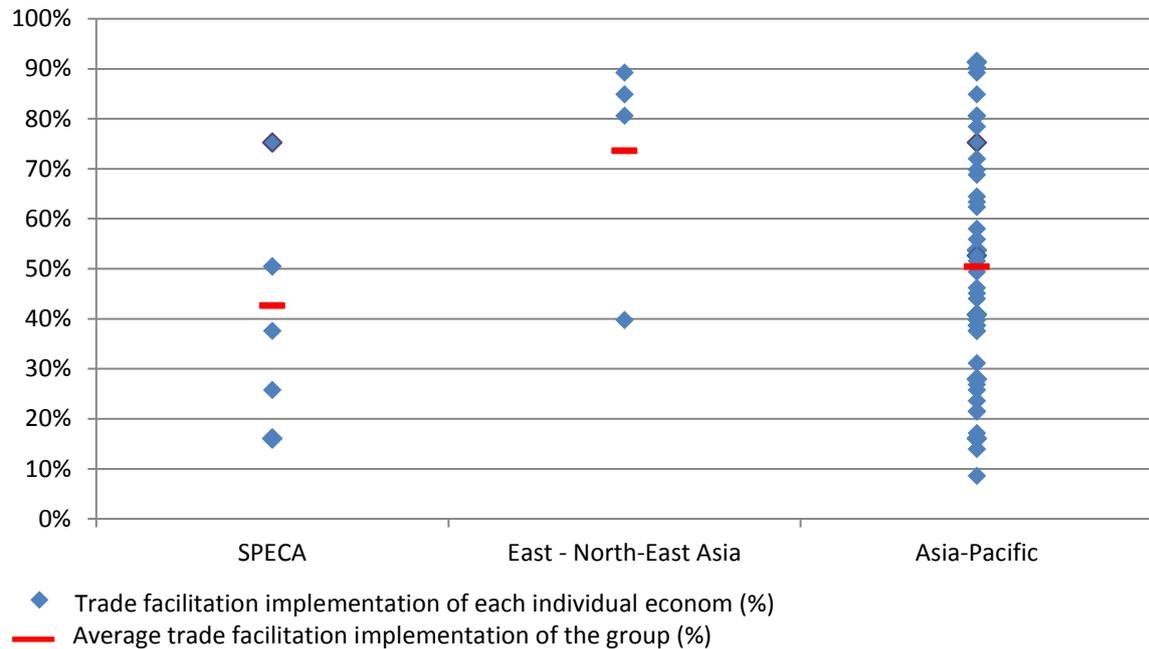


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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 level of implementation of SPECA. The East and North-East Asia sub-region has the highest implementation rate at 73.7%, higher than both the Asia-Pacific regional and SPECA averages.

⁸ The three groups of trade facilitation measures for SMEs, agricultural sector and women (9 measures) are excluded for calculating the country scores. In addition, Transit measures (4 measures) and 3 measures (electronic submission of sea cargo manifests, alignment of work days and hours with neighbouring countries at border crossings, alignment of formalities and procedures with neighbouring countries at border crossings) are also excluded from this figure. 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.

Figure 2 Trade facilitation implementation in SPECA, in comparison with East and North-East Asia and the Asia-Pacific



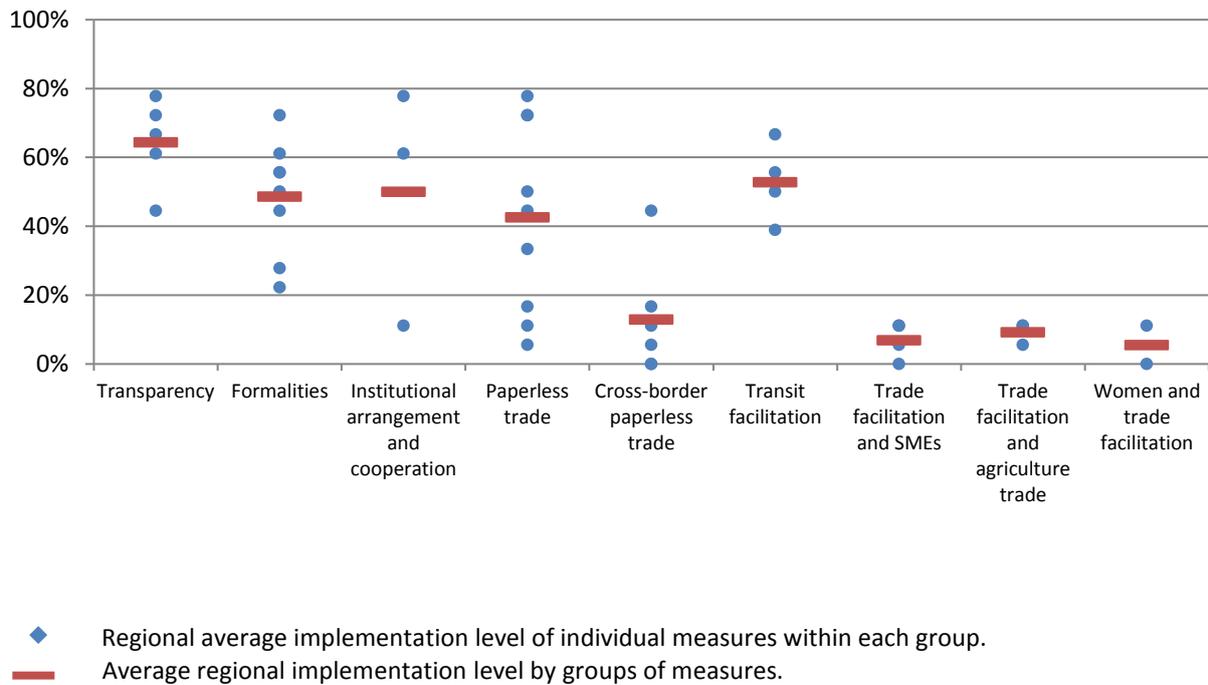
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

SPECA members have well implemented trade facilitation measures related to Transparency: implementation rates exceeding 60%. Great challenges, however, remain for implementing Cross-border paperless trade⁹, where implementation rate remains below 20% (see Figure 3). Despite this, it is important to recognize that SEPCA has been actively working on Cross-border paperless trade implementation.

⁹ 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.

In addition, significant lags also remain for SPECA 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 below 10%, indicating significant room for improvement in these areas (see Figure 3).

Figure 3 Implementation of different groups of trade facilitation measures by SPECA members



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

Figure 3 is supplemented by Table 1, which provides information on the most and least trade facilitation measures under each category of trade facilitation measures. For example, among Transparency measures, independent appeal mechanism is the most implemented – 4 out of 5 countries are fully implementing it; while advance ruling is the least implemented – none of the SPECA members are fully implementing it.

Table 1 Most and least implemented measures in each group of trade facilitation measures by SPECA members

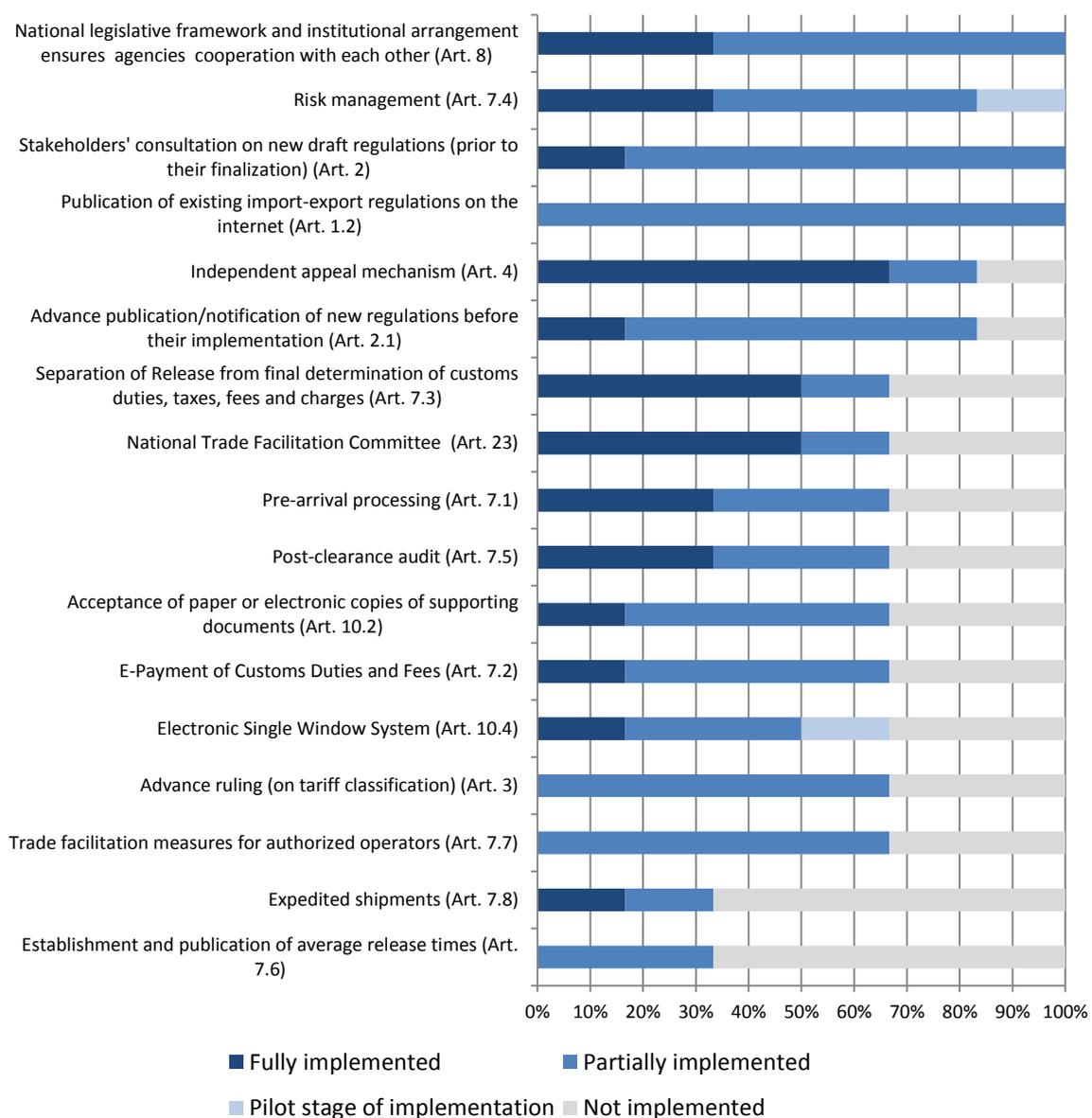
Category of trade facilitation measures	Measure	Implemented fully, partially or on pilot basis/Fully implemented (number of countries/number of countries)	Measure	Implemented fully, partially or on pilot basis/Fully implemented (number of countries/number of countries)
Transparency	Independent appeal mechanism	5/4	-Advance ruling (on tariff classification)	4/0
Formalities	- Separation of Release from final determination of customs duties, taxes, fees and charge	4/3	-Establishment and publication of average release times	2/0
Institutional arrangement and cooperation	-National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other	6/2	-Government agencies delegating controls to Customs authorities	1/0
Paperless trade facilitation	-Internet connection available to Customs and other trade control agencies at border-crossings	6/2	-Electronic Submission of Air Cargo Manifests	1/0
Cross-border paperless trade	-Laws and regulations for electronic transactions	4/0	-Electronic exchange of Sanitary & Phyto-Sanitary Certificate - Banks and insurers retrieving letters of credit electronically without lodging paper-based documents	0/0
Transit	-Transit facilitation agreement(s) with neighbouring country(ies)	6/0	-Supporting pre-arrival processing for transit facilitation	3/1
Trade facilitation and SMEs	-Government has taken actions to make the single windows more easily accessible to SMEs -Government has developed trade facilitation measures that ensure easy and affordable access for SMEs to trade related information	1/0	-Government has taken actions to ensure that SMEs are well represented and made key members of National Trade Facilitation Committees (NTFCs)	0/0
Trade facilitation and agriculture trade	-Testing and laboratory facilities are equipped for compliance with sanitary and phytosanitary (SPS) standards in your country -National standards and accreditation bodies are established for the purpose of compliance with SPS standards in your country	1/0	-Application, verification and issuance of SPS certificates is automated	1/0
Women in trade facilitation	-Government has introduced trade facilitation measures to benefit women involved in trade	1/0	-The existing trade facilitation policy/strategy incorporates special consideration of women involved in trade	0/0

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

2.1 Most and least implemented TFA measures by SPECA members

Figure 4 shows the level of implementation of the WTO-TFA related articles. The most implemented measure in SPECA countries relates to Cooperation between border agencies (Art. 8), which has been at least partially implemented by all SPECA members – and fully implemented by about 32% of them. The least implemented measure is Establishment and publication of average release times (Article 7.6), which has only been partially implemented by 33% of the countries in this sub-region.

Figure 4 level of implementation of WTO-TFA related measures (excluding transit measures) by SPECA members

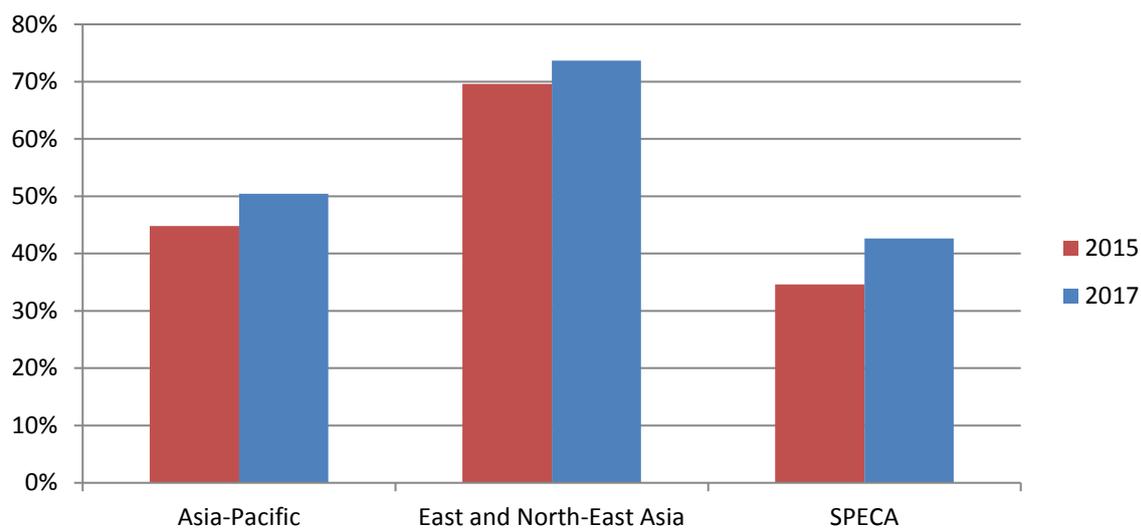


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

2.2 Progress in implementation between 2015 and 2017

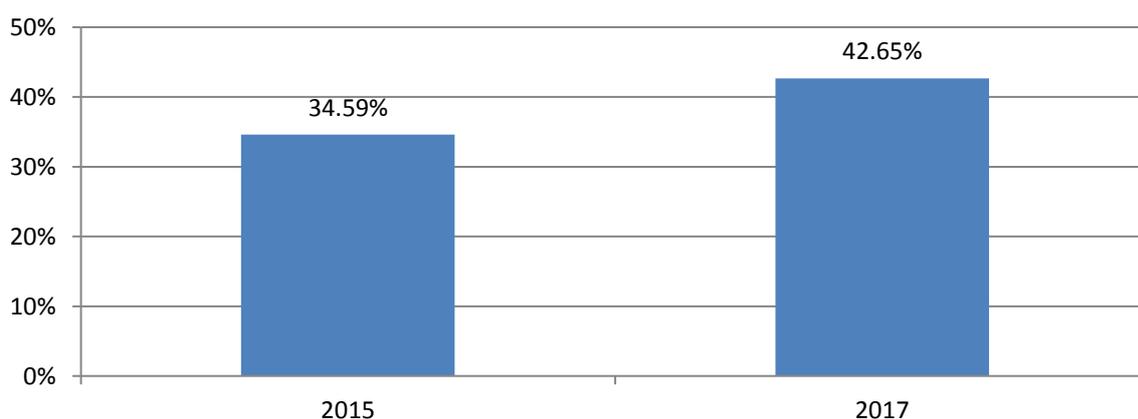
Compared to the Asia-Pacific region and the East and North-East Asia sub-region, there is substantial progress in trade facilitation implementation in SPECA between 2015 and 2017 (Figure 5). The regional average implementation of 35 common measures in SPECA in 2017 is 42.7%, which is an increase by approximately 8% from 34.6% in 2015 (Figure 6).

Figure 5 Implementation in sub-regions between 2015 and 2017



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

Figure 6 The regional average implementation of 31 common measures in SPECA between 2015 and 2017

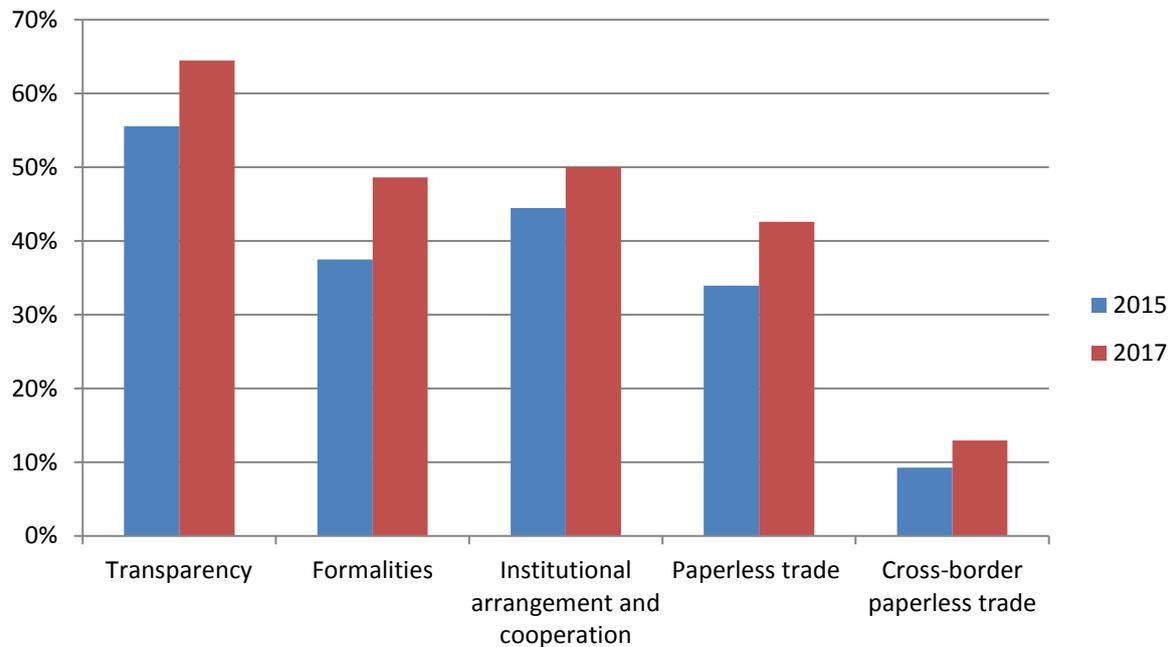


Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

The SPECA members have made the most progress in implementing the Formalities measures between 2015 and 2017: implementation rate rose by approximately 11 percentage points (from 37.5% in 2015 to 48.6% in 2017). Implementation rate of the Transparency measures progresses

second which increases from 55.6% in 2015 to 64.4% in 2017 while implementation rate of Paperless Trade rose by a similar 8.6 percentage point: from 34.0% in 2015 to 42.6% in 2017. The slowest progress is with implementation of the Cross-border paperless trade measures, improving by 3.7 percentage point. (Figure 7)

Figure 7 Implementation of different groups of trade facilitation measures in SPECA countries between 2015 and 2017



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

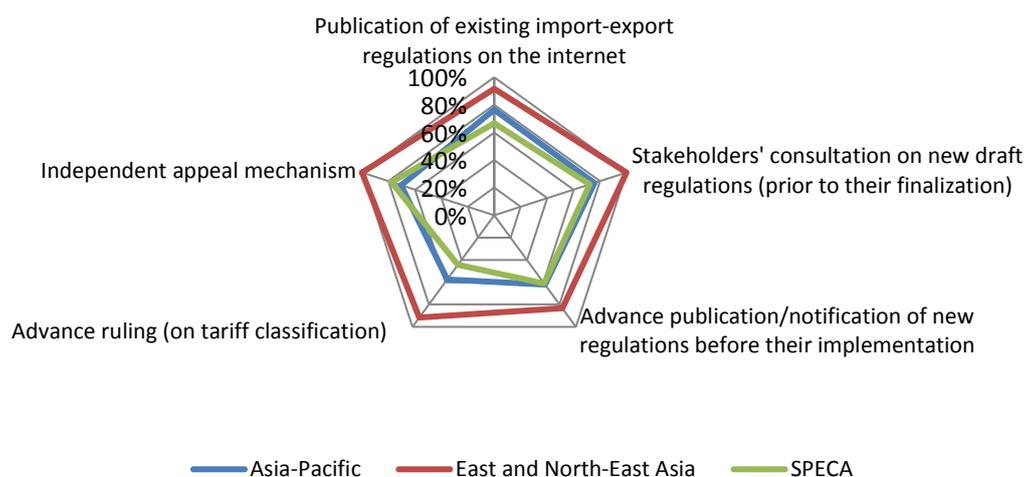
3. Implementation of trade facilitation measures: a closer look

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 8 shows the average level of implementation of all five Transparency measures by SPECA members are over 64%, and all the measures are lower than both the regional and sub-regional levels.

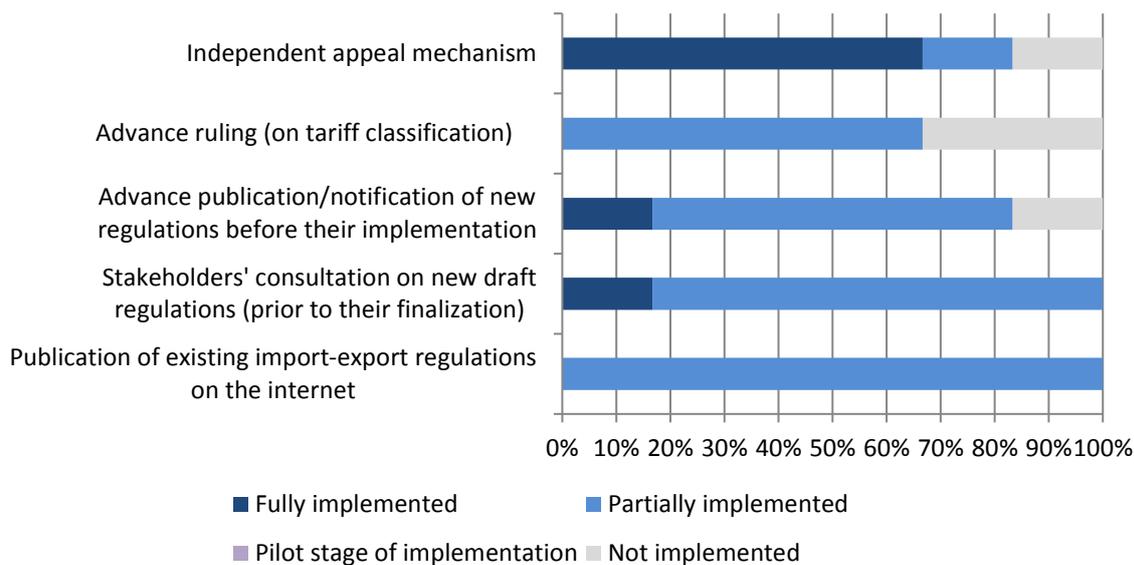
Figure 9 shows that all Transparency measures have been fully or partially implemented by all countries. *Independent appeal mechanism* is the most implemented measure and has been fully implemented by 67% of the countries in this sub-region. In contrast, *Advance ruling (on tariff classification)* is the least implemented of the Transparency measures, which haven't been fully implemented in all countries in the sub-region.

Figure 8 Implementation of Transparency measures, 2017



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

Figure 9 State of implementation of Transparency measures for trade facilitation in SPECA



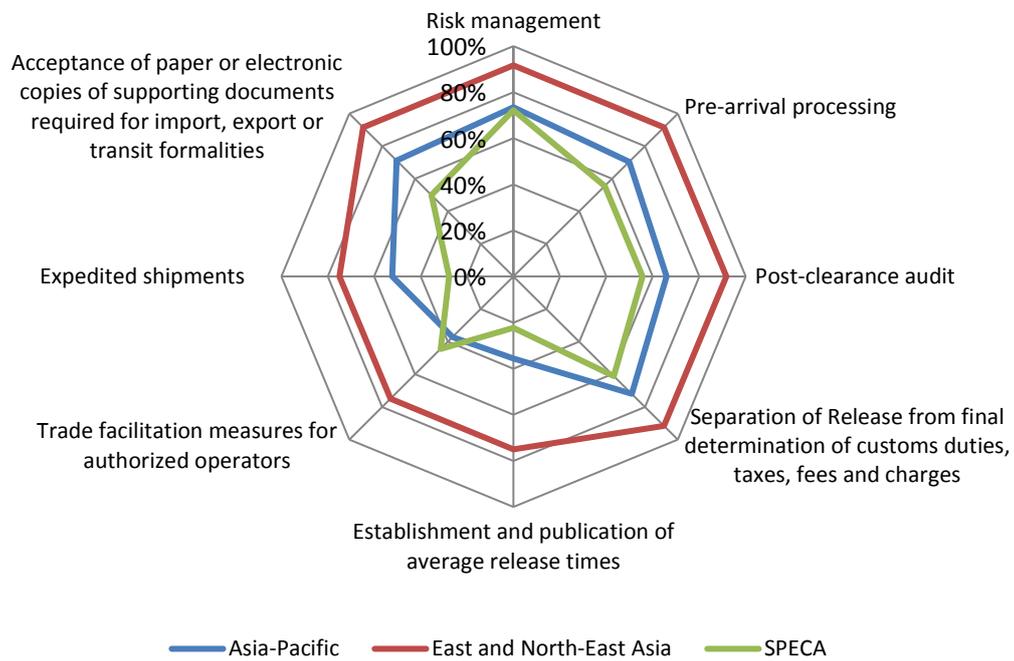
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.2 Formalities facilitation measures

Eight of the general trade facilitation measures included in the survey are categorized as Formalities facilitation measures which relate 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 average level of implementation of most Formalities facilitation measures in this sub-region is around 49%, lower than both the regional and sub-regional averages. (Figure 10)

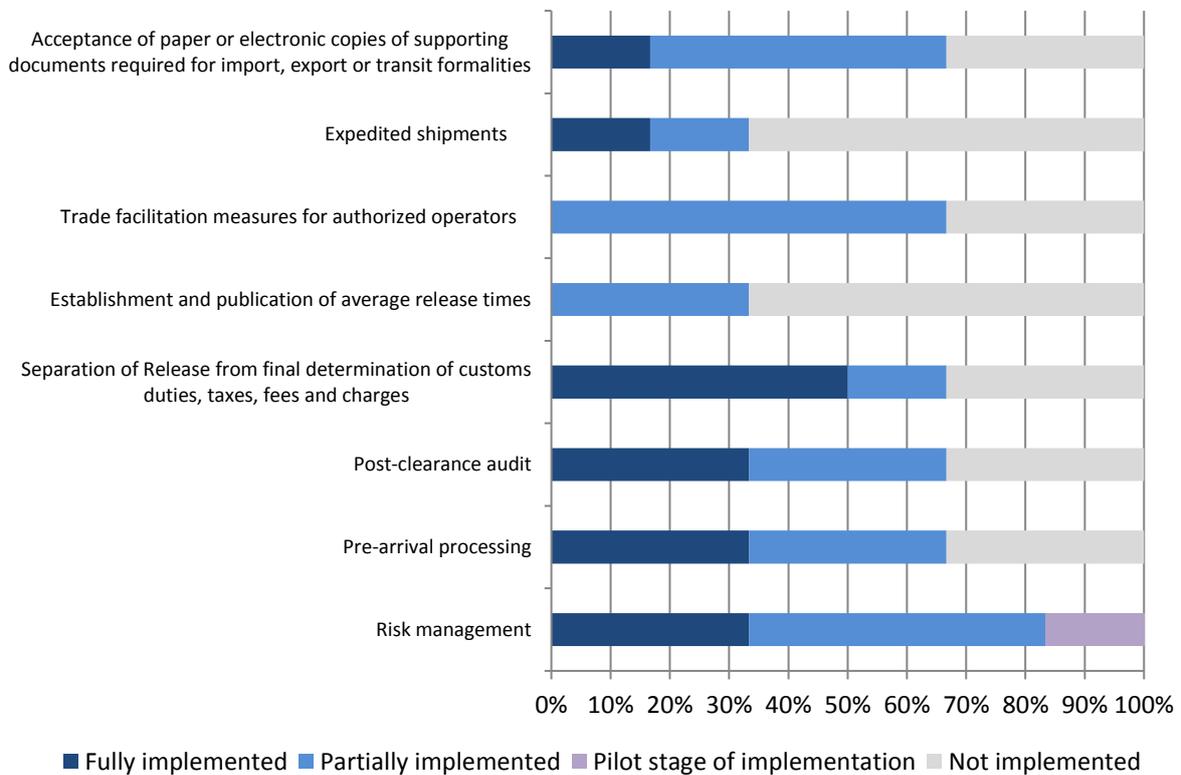
Most Formalities measures have been fully or partial implemented in more than 60% of all SPECA countries. *Separation of Release from final determination of customs duties, taxes, fees and charge* is the most implemented measures in the sub-region. In contrast, the least implemented measure is *Establishment and publication of average release times*, which has not yet been implemented in 67% of the countries of the sub-region. (Figure 11)

Figure 10 Implementation of Formalities measures, 2017



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

Figure 11 State of implementation of Formalities measures for trade facilitation in SPECA



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

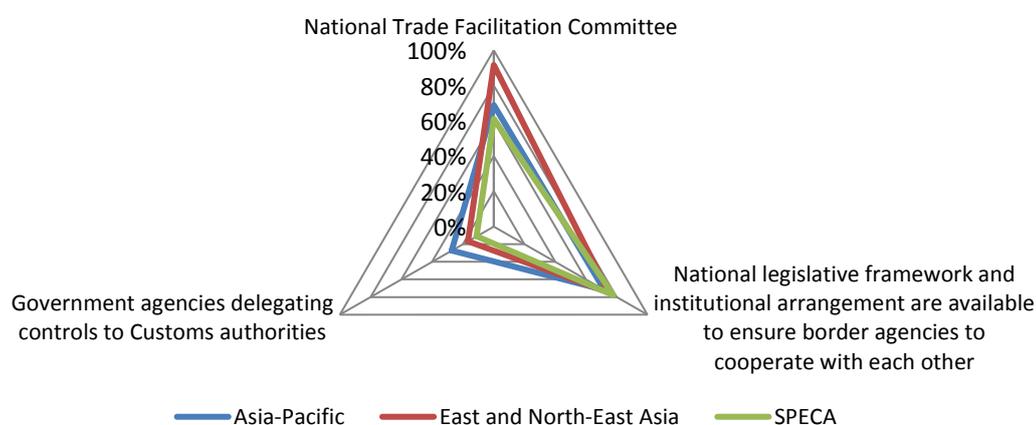
3.3 Institutional arrangement and cooperation measures

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.¹⁰ All three measures are also specified in various Articles of the WTO TFA.

Figure 12 shows that the average weighted implementation score of the three Institutional arrangement and cooperation measures in this sub-region is around 50%, which is similar to the situation at the Asia-Pacific regional level.

Figure 13 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 countries. In contrast, 82% of the countries have not implemented *Government agencies delegating controls to Customs authorities*, making it the least implemented measure of this group.

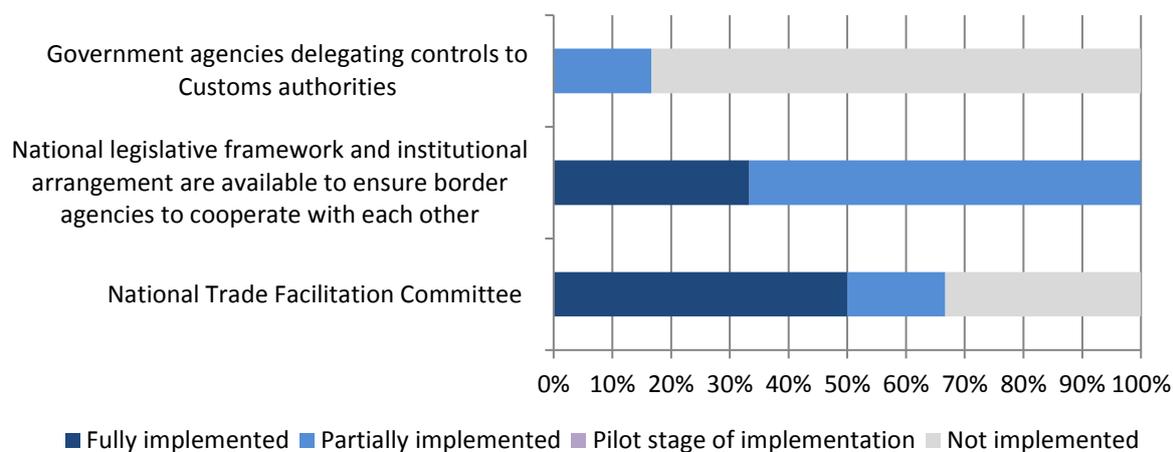
Figure 12 Implementation of Institutional arrangement and cooperation measures, 2017



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

¹⁰ See, for example, UN/CEFACT Recommendation No. 4 on establishment of national trade facilitation bodies, first issued in 1974.

Figure 13 State of implementation of Institutional arrangement and cooperation measures for trade facilitation in SPECA



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

3.4 Paperless trade measures

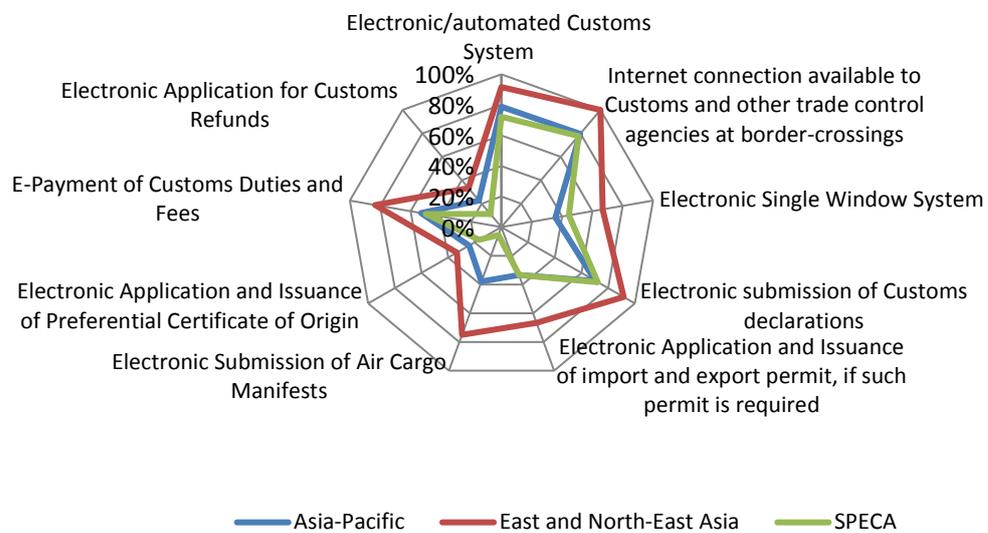
Nine of the trade facilitation measures included in the survey are categorized as Paperless trade measures. All these measures involve the use and application of modern information and communications technologies (ICT) to trade “formalities”, starting from the availability of internet connections at 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.¹¹

The average weighted implementation level of Paperless trade measures in SPECA is around 43% (Figure 14). This level is lower than both the Asia-Pacific regional average and the East and North-East Asia sub-regional average.

Figure 15 shows that all Paperless trade measures have been implemented either fully, partially or are at least on a pilot basis. *Internet connection available to Customs and other trade control agencies at border-crossings* is the most implemented measure in the sub-region, having been at least partially implemented in all countries. In contrast, the least implemented measure *Electronic Submission of Air Cargo Manifests*, which is still in the pilot stage of implementation in around 18% of countries in SPECA.

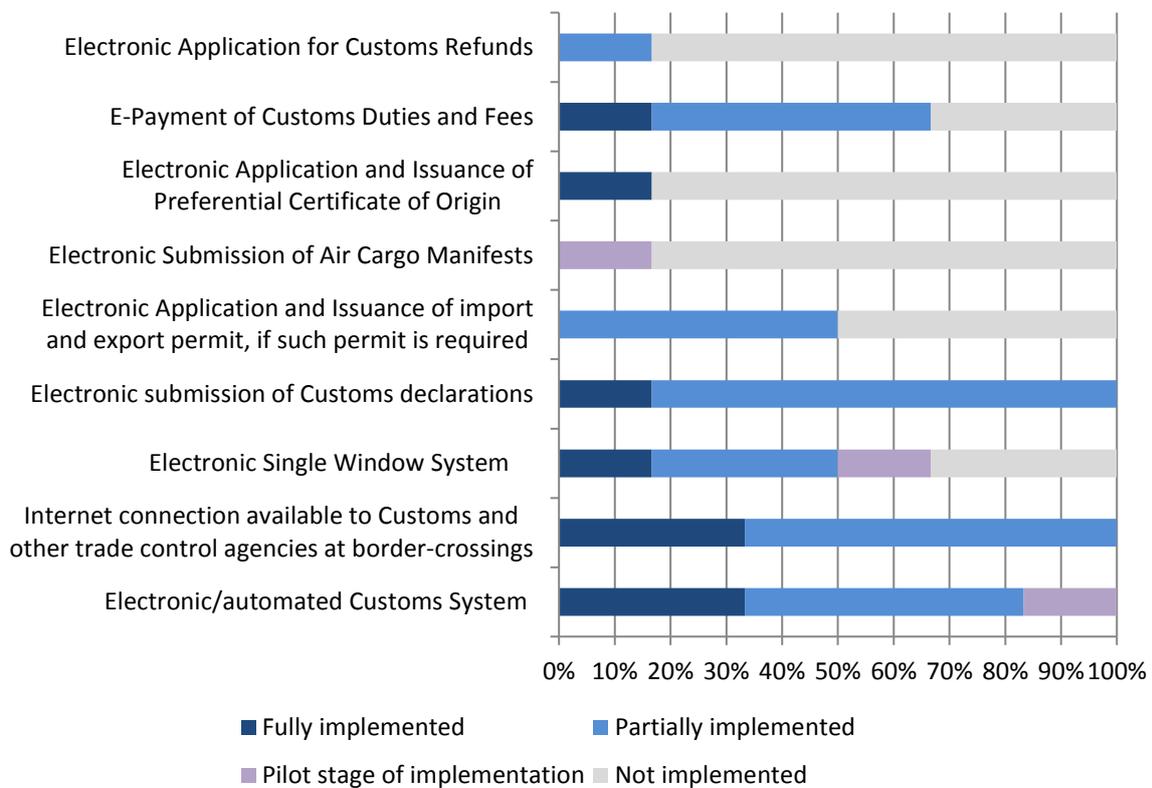
¹¹ An example of this is the WTO TFA Article 10.3 on Single Window, which reads as follows: “Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies... Members shall, to the extent possible and practicable, use information technology to support the single window.”

Figure 14 Implementation of Paperless trade measures, 2017



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

Figure 15 State of implementation of Paperless trade measures for trade facilitation in SPECA



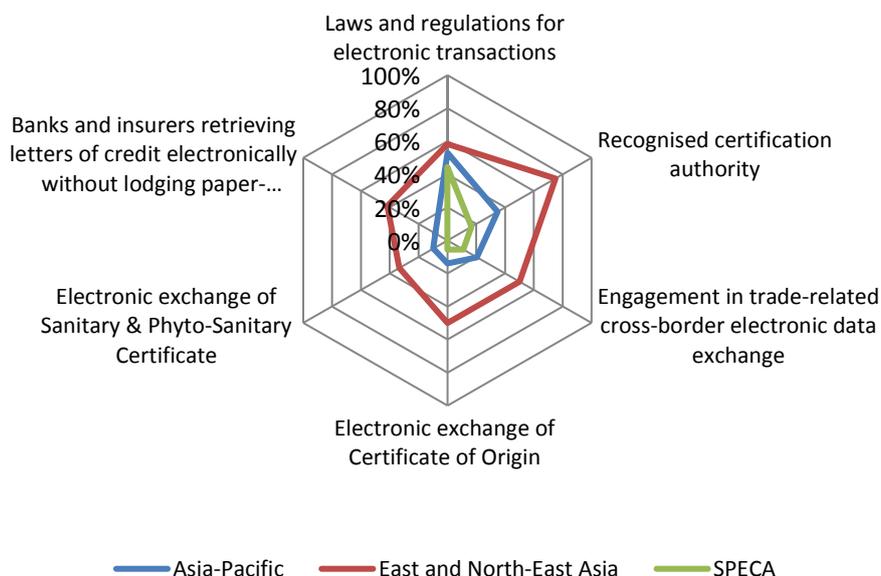
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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 16. Two measures, *Laws and regulations for electronic transactions* and *Recognised 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.

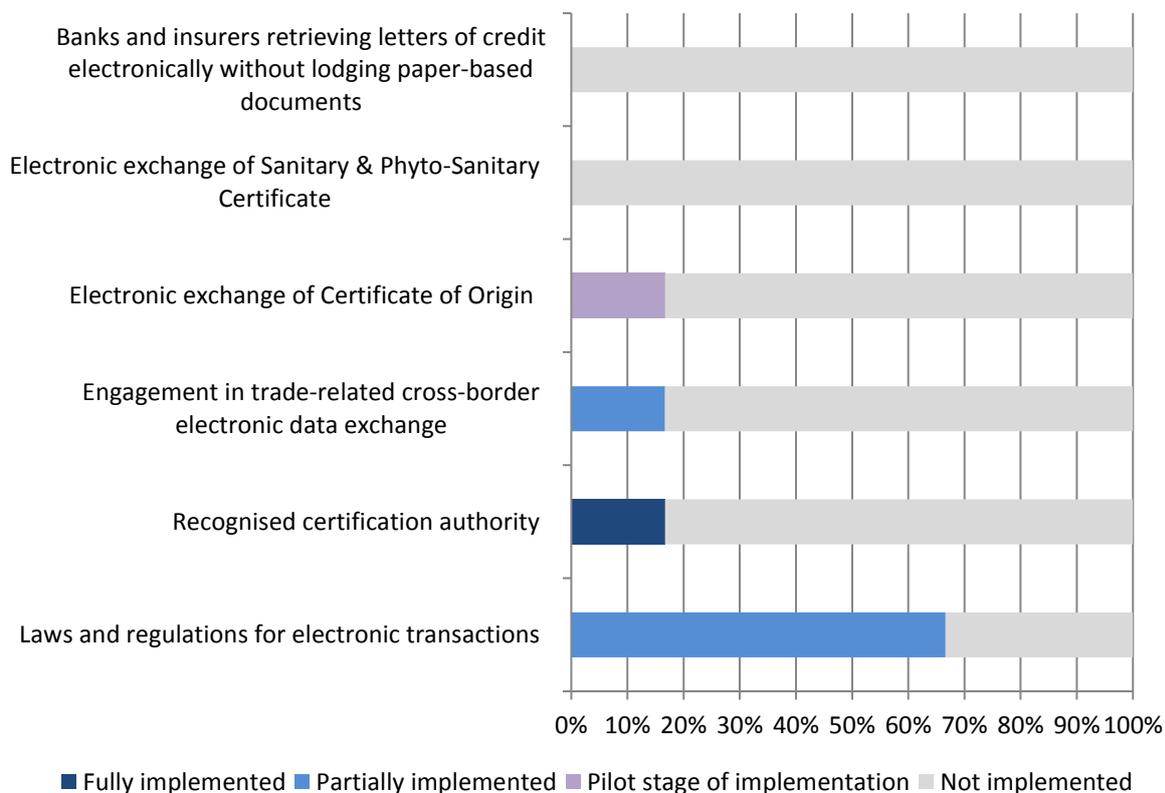
As shown in Figure 16, the average weighted implementation of these measures in SPECA is 13%, which is lower than both the regional Asia-Pacific average and the East and North-East Asian sub-regional average. Figure 17 shows that 68% of SPECA countries have at least partially implemented *Laws and regulations for electronic transactions*. *Recognised certification authority* hasn't been implemented in over 80% of the countries. *Engagement in trade-related cross-border electronic data exchange* has been partially implemented in 18% of the countries. The least implemented measures are *Electronic exchange of Sanitary and Phyto-sanitary Certificates* and *Banks and insurers retrieving letters of credit electronically without lodging paper-based documents*, which haven't been implemented in SPECA yet.

Figure 16 Implementation of Cross-border paperless trade measures, 2017



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

Figure 17 State of implementation of Cross-border paperless trade measures for trade facilitation in SPECA



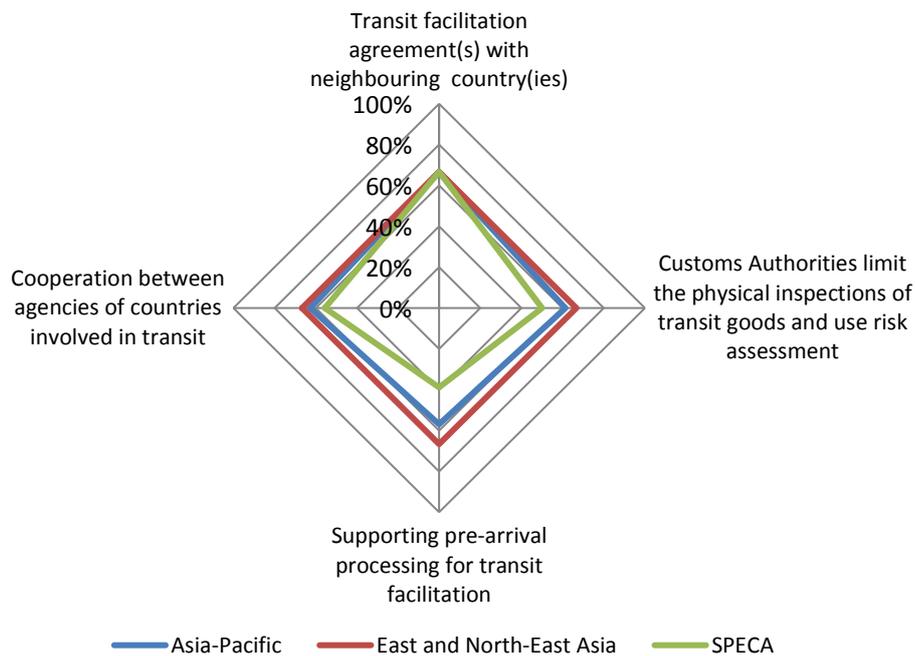
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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 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, whose goods typically need to go through a neighboring country’s territory before reaching a sea port for onward transportation to their final destination.

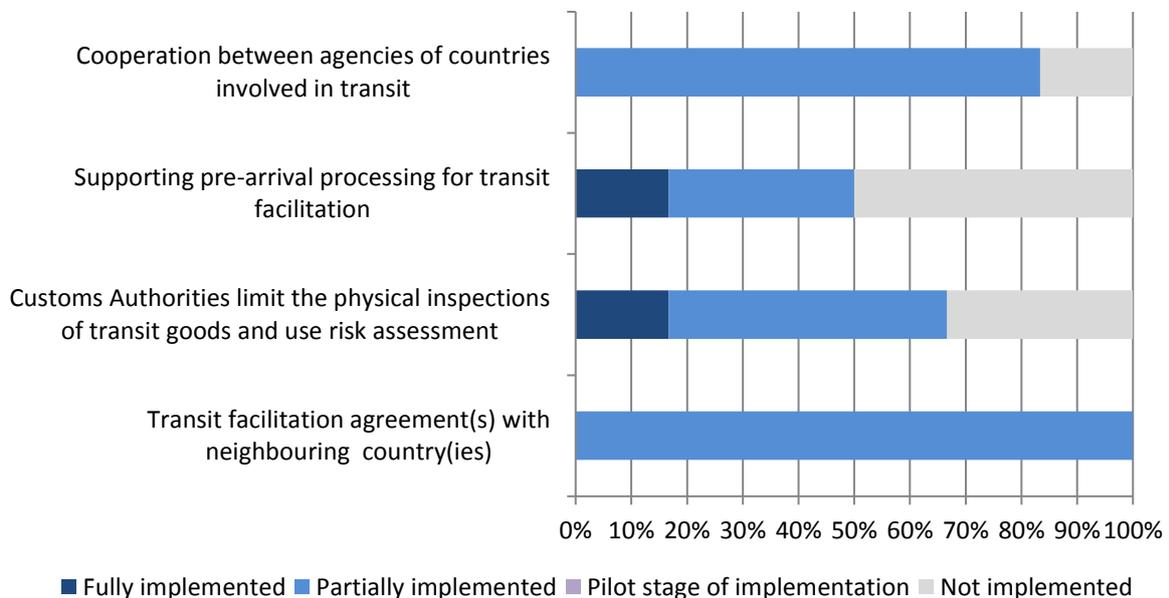
As shown in Figure 18, the average weighted implementation level of Transit facilitation measures in SPECA countries is around 53% across all measures, which is lower than both the Asia-Pacific regional average and the East and North-East Asian sub-regional average. Figure 19 shows that *Transit facilitation agreement(s) with neighbouring country(ies)* is the most implemented measures, having been partially implemented in all countries. In contrast, *Supporting pre-arrival processing for transit facilitation* has been at least partially implemented around 50% of all countries, making it the least implemented measure in the sub-region.

Figure 18 Implementation of Transit measures, 2017



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

Figure 19 State of implementation of Transit facilitation measures for trade facilitation in SPECA



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 presents data on trade facilitation and paperless trade implementation for SPECA. Based on a set of 35 trade facilitation measures included in the survey, the average trade facilitation implementation in SPECA is found to be 42.7%, in comparison with the regional average of 50%, indicating that there is still room for SPECA members to improve implementing trade facilitation measures.

However, implementation of Cross-border paperless trade systems remains mostly at the pilot stage with very low levels of implementation, although work in other areas has already started – a typical example is the implementation of *laws and regulations for electronic transactions* by 4 SPECA members.

Figure 20 shows implementation of trade facilitation as a step-by step process, based on the six core groups of measures included in this survey. It shows the cumulative implementation level of trade facilitation measures in each SPECA country included in the survey.

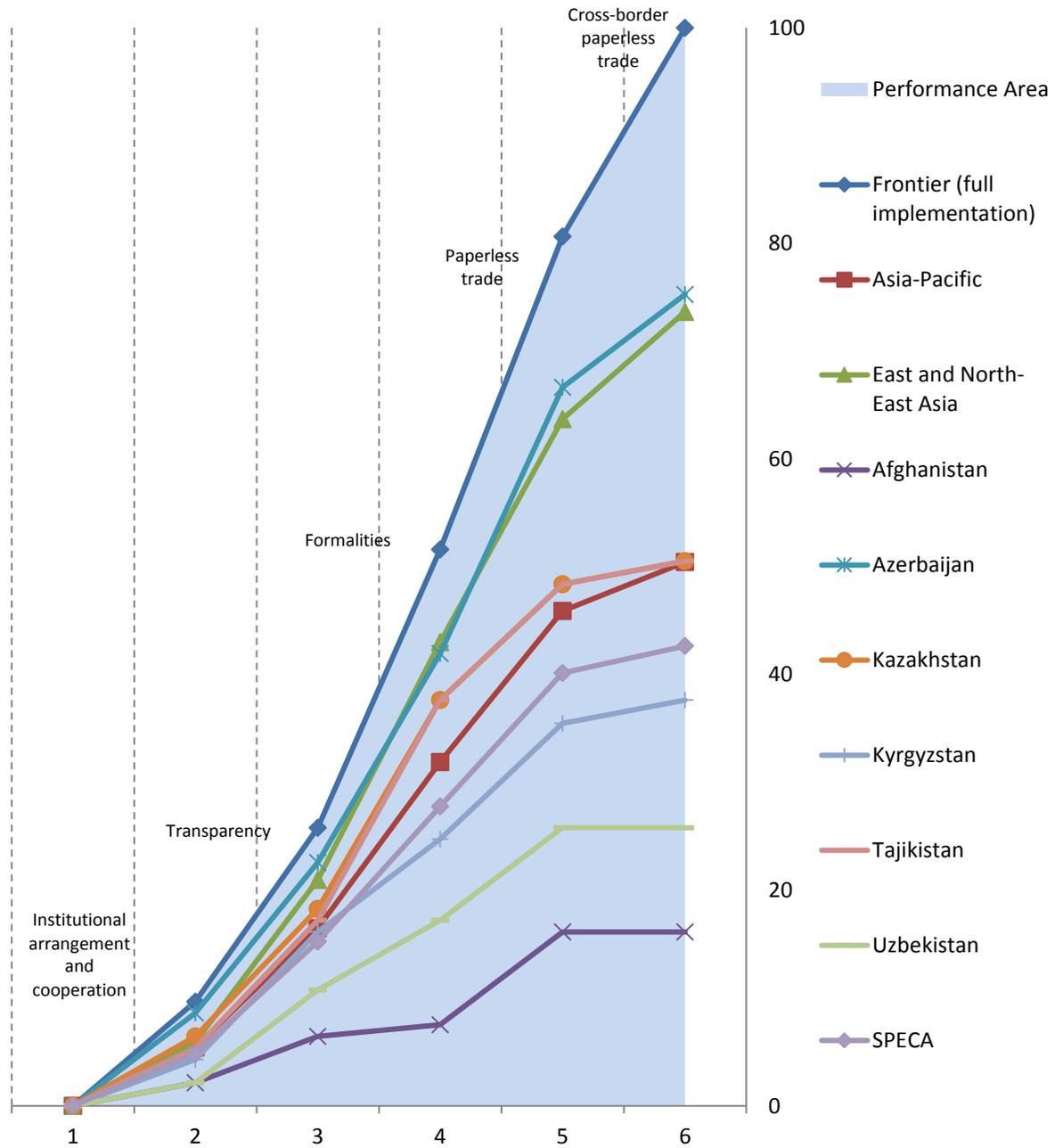
Going forward, the SPECA members should continue to work on paperless trade, and gradually move towards digital trade facilitation to maintain their competitiveness. In this respect, the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific will not only complement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

In the immediate term, participation in the agreement can support development of 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 SPECA countries promote their already existing paperless trade solutions to other regions. Accordingly, all SPECA countries are encouraged to become parties of the agreement to reap the benefits as early as possible.¹²

In the context of 2030 Agenda for sustainable development, SPECA 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.

¹² More information on the Framework Agreement is available at: <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>

Figure 20 Moving up the trade facilitation ladder towards seamless international supply chains



Note: the figure shows cumulative trade facilitation implementation scores of SPECA 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