United Nations
Trade Facilitation and Paperless Trade Implementation Survey 2017

Sub-Regional Notes – South and South-West Asia

Prepared by

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Economic and Social Commission for Asia and the Pacific

Contents

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 organizations[3], 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 Joint Survey on Trade Facilitation and Paperless Trade implementation for the South and South-West Asian (SSWA) sub-region, covering Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka and Turkey. **This note is a complement to the more elaborate Global and Regional (Asia-Pacific) Reports. It should best be read in conjunction with them, as well as the associated Country Notes.** [4]

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

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[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://unnext.unescap.org/content/un-global-survey-trade-facilitation-and-paperless-trade-implementation-2017

2.   Trade facilitation implementation in South and South-West Asia: Overview

Figure 1 shows the overall implementation levels of nine South and South-West Asian countries based on a common set of 31 trade facilitation and paperless trade measures included in the survey[5]. The sub-regional average implementation of this comprehensive set of trade facilitation measures stands at 46.5%, which is below the regional Asia-Pacific average (50.4%). India has the highest implementation rate at 72%, and together with Turkey, Maldives, Pakistan and Sri Lanka – has implementation scores higher than the regional average.

Figure 1: Overall implementation of trade facilitation measures in South and South-West Asian countries
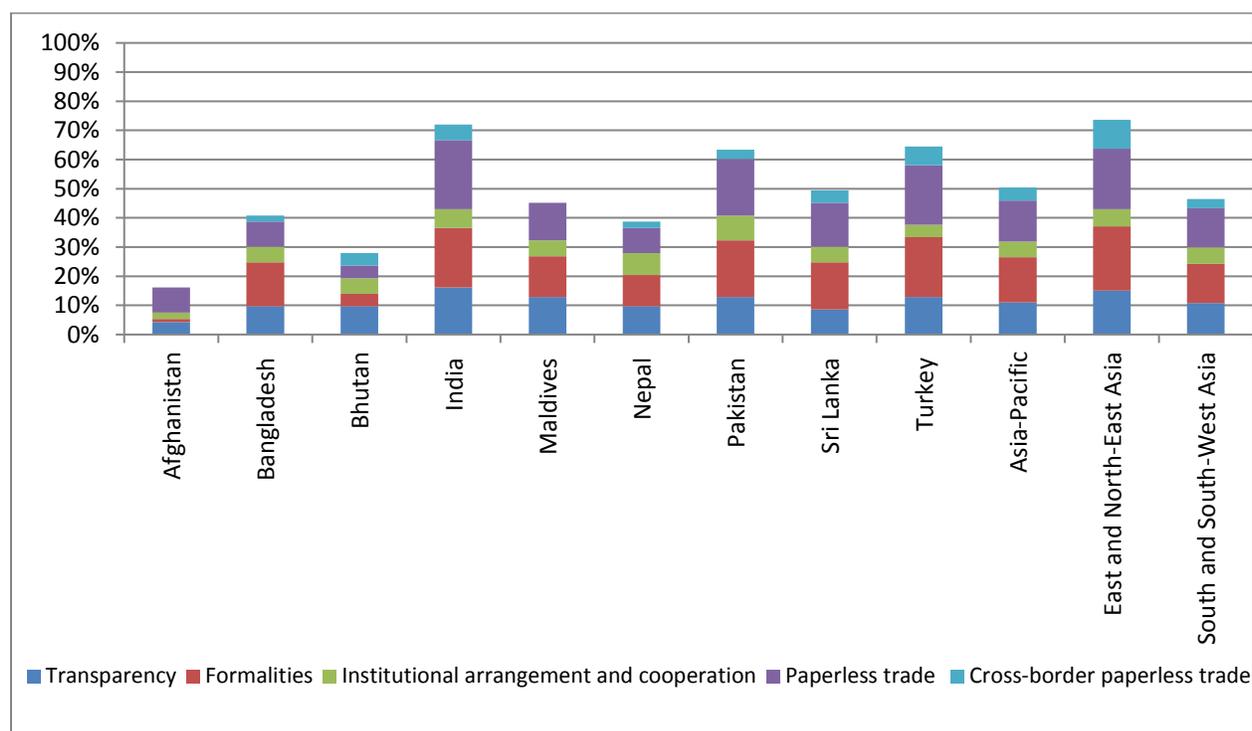
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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[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).

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 and South-West Asia has the fifth highest average level of implementation (46.4%) after North and Central Asia.

Figure 2: Trade facilitation implementation in Asia-Pacific sub-regions
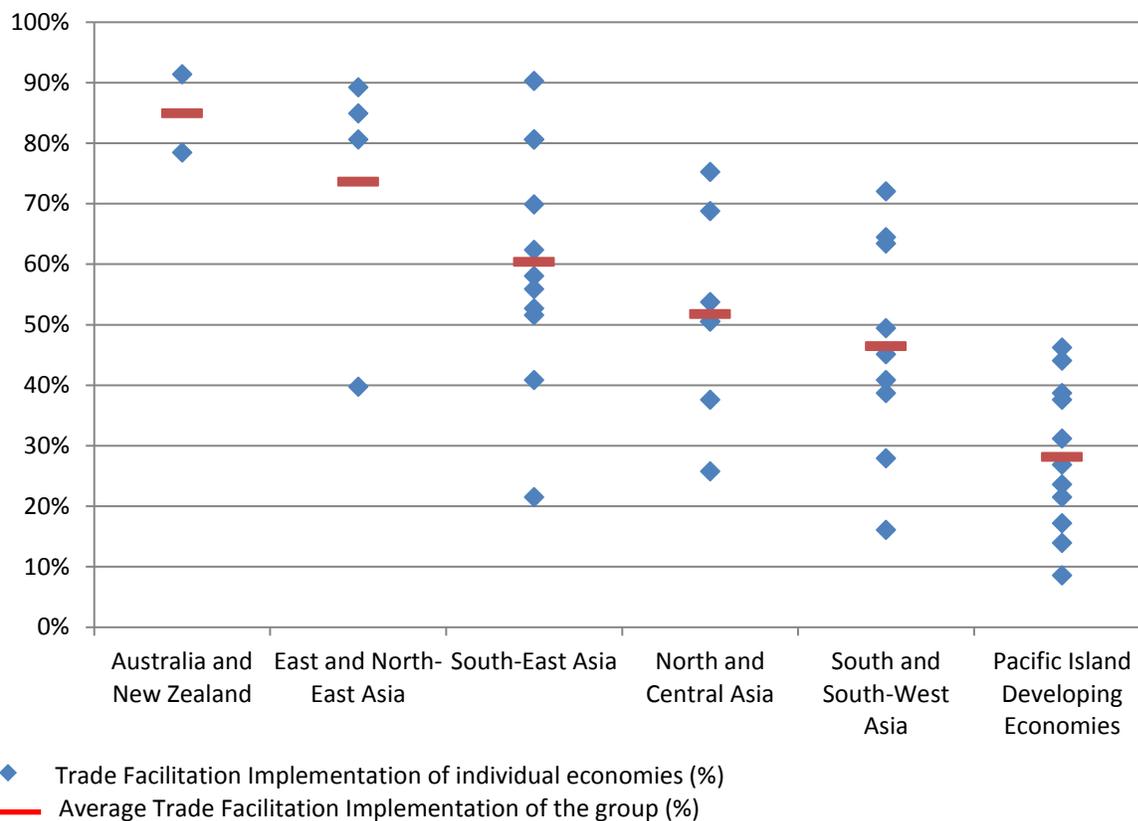
◆ Trade Facilitation Implementation of individual economies (%)
▬ Average Trade Facilitation Implementation of the group (%)
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

South and South-West Asia 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 48%. Challenges, however, remain for implementing cross-border paperless trade[6]. Implementation rate of cross-border paperless trade remains just above 18% (see Figure 3). Despite this, it is important to recognize that South and South-West Asia countries have been actively working on cross-border paperless trade implementation.

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

In the context of 2030 Agenda for sustainable development, challenges also remain for South and South-West Asia 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 29%, 42% and 17%, respectively, indicating significant room for improvement in these areas. (see Figure 3)

Figure 3: Implementation of different groups of trade facilitation measures: South and South-West Asian average
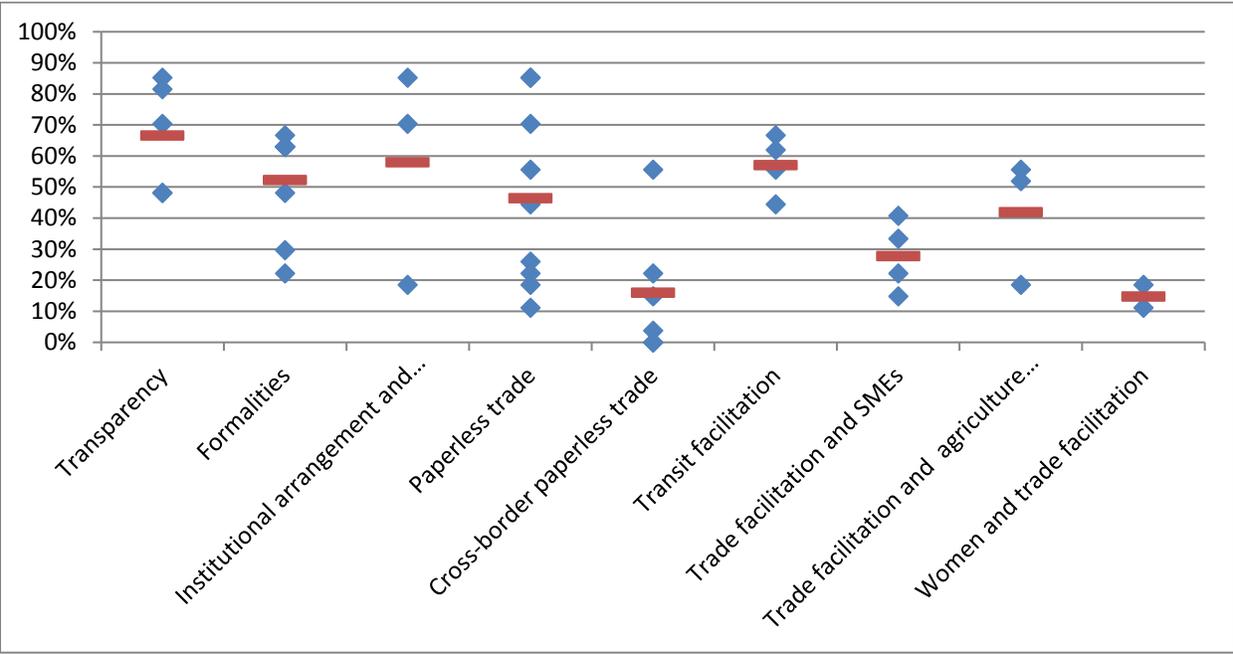
● Blue dots show regional average implementation level of individual measures within each group.
── Average sub-regional implementation level by groups of measures.
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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 and South-West Asian countries is Publication of existing import-export regulations on the internet (Article 1.2), which has been partially implemented by all countries in the sub-region. The least implemented measure is *Electronic single window system (Article 10.4)*. Figure 4 is further supplemented by Table 1, which provides information on the most and least 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 and South-West Asian member

Publication of existing import-export regulations on the internet(Art. 1.2)
Stakeholders' consultation on new draft regulations (prior to their finalization)(Art. 2)
Cooperation between border agencies(Art. 8)
National Trade Facilitation Committee (Art. 23)
Independent appeal mechanism(Art. 4)
Risk management(Art. 7.4)
Separation of Release from final determination of customs duties, taxes, fees and charges(Art. 7.3)
Acceptance of paper or electronic copies of supporting documents(Art. 10.2)
Pre-arrival processing(Art. 7.1)
Post-clearance audit(Art. 7.5)
E-Payment of Customs Duties and Fees(Art. 7.2)
Advance publication/notification of new regulations before their implementation(Art. 2.1)
Advance ruling (on tariff classification)   (Art. 3)
Expedited shipments   (Art. 7.8)
Establishment and publication of average release times(Art. 7.6)
Electronic Single Window System   (Art. 10.4)
Trade facilitation measures for authorized operators (Art. 7.7)

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

■ Fully implemented ■ Partially implemented ■ Pilot stage of implementation ■ Not implemented

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

Table 1: Most and least implemented measures in South and South-West 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
Transparency	Publication of existing import-export regulations on the internet	100.0 / 55.6	Advance ruling (on tariff classification)	55.6 / 33.3
Formalities	Risk management	88.9 / 33.3	Trade facilitation measures for authorized operators	22.2 / 22.2
Institutional arrangement and cooperation	National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other	100.0 / 11.1	Government agencies delegating controls to Customs authorities	22.2 / 11.1
Paperless trade	Internet connection available to Customs and other trade control agencies at border-crossings Electronic/automated Customs System	100.0 / 55.6	Electronic Application and Issuance of Preferential Certificate of Origin	22.2 / 0.0
Cross-border paperless trade	Laws and regulations for electronic transactions	77.8 / 11.1	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
Transit facilitation	Transit facilitation agreement(s) with neighbouring country(ies)	77.8 / 0.0	Supporting pre-arrival processing for transit facilitation	44.4 / 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)	55.6 / 22.2	Government has developed specific measures that enable SMEs to more easily benefit from the AEO scheme	22.2 / 11.1
Trade facilitation and agricultural trade	Testing and laboratory facilities are equipped for compliance with sanitary and phytosanitary (SPS) standards in your country	77.8 / 11.1	Application, verification and issuance of SPS certificates is automated	33.3 / 0.0
Women in trade facilitation	The existing trade facilitation policy/strategy incorporates special consideration of women involved in trade	33.3 / 0.0	Government has introduced trade facilitation measures to benefit women involved in trade	22.2 / 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: South and South-West Asian average
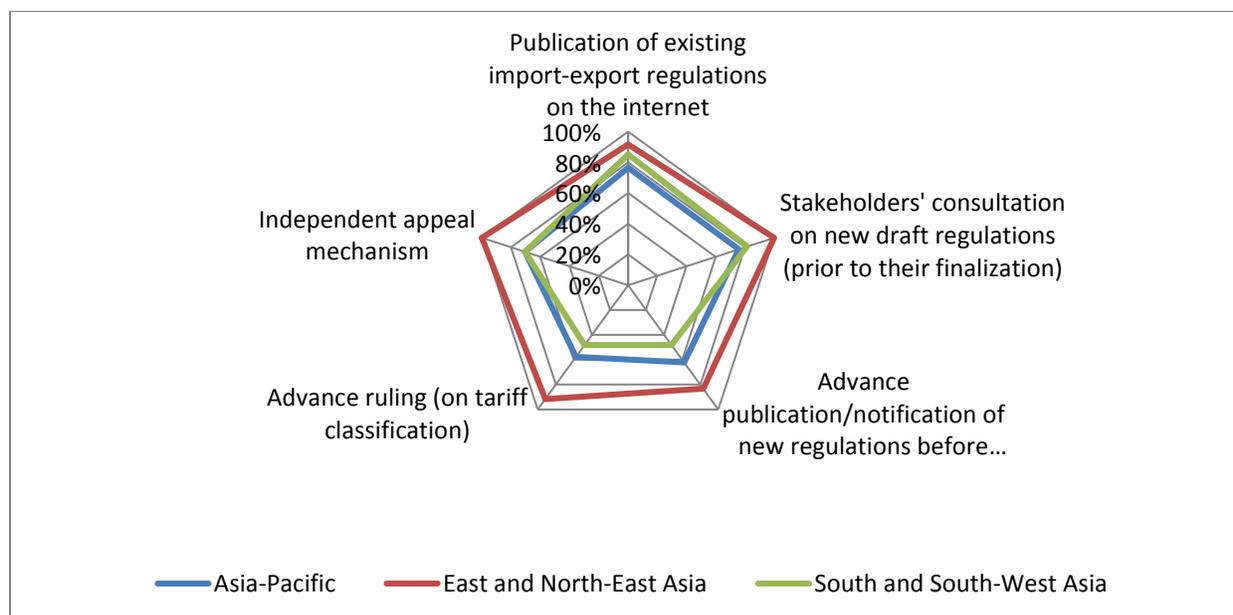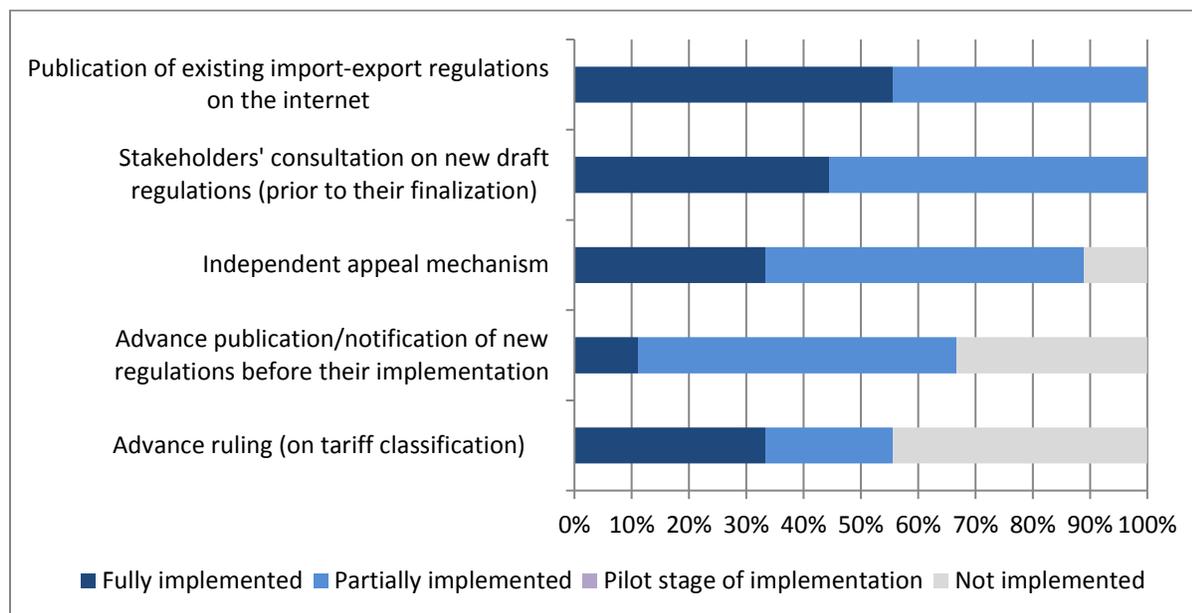

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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 average weighted implementation score of all five "transparency" measures across the South and South-West Asian sub-region is almost 67%, which is below both the Asia-Pacific regional average and the East and North-East Asian sub-regional average.

Figure 6 shows that the most implemented measures are *Publication of existing import-export regulations on the internet* and *Stakeholder consultation on new draft regulations;* they have both been at least partially implemented by all countries in the sub-region. *Advance ruling (on tariff classification)* is the least implemented measure, and has been at least partially implemented in less than 60% of all countries.

Figure 6: State of implementation of "transparency" measures for trade facilitation in South and South-West Asia (in %)
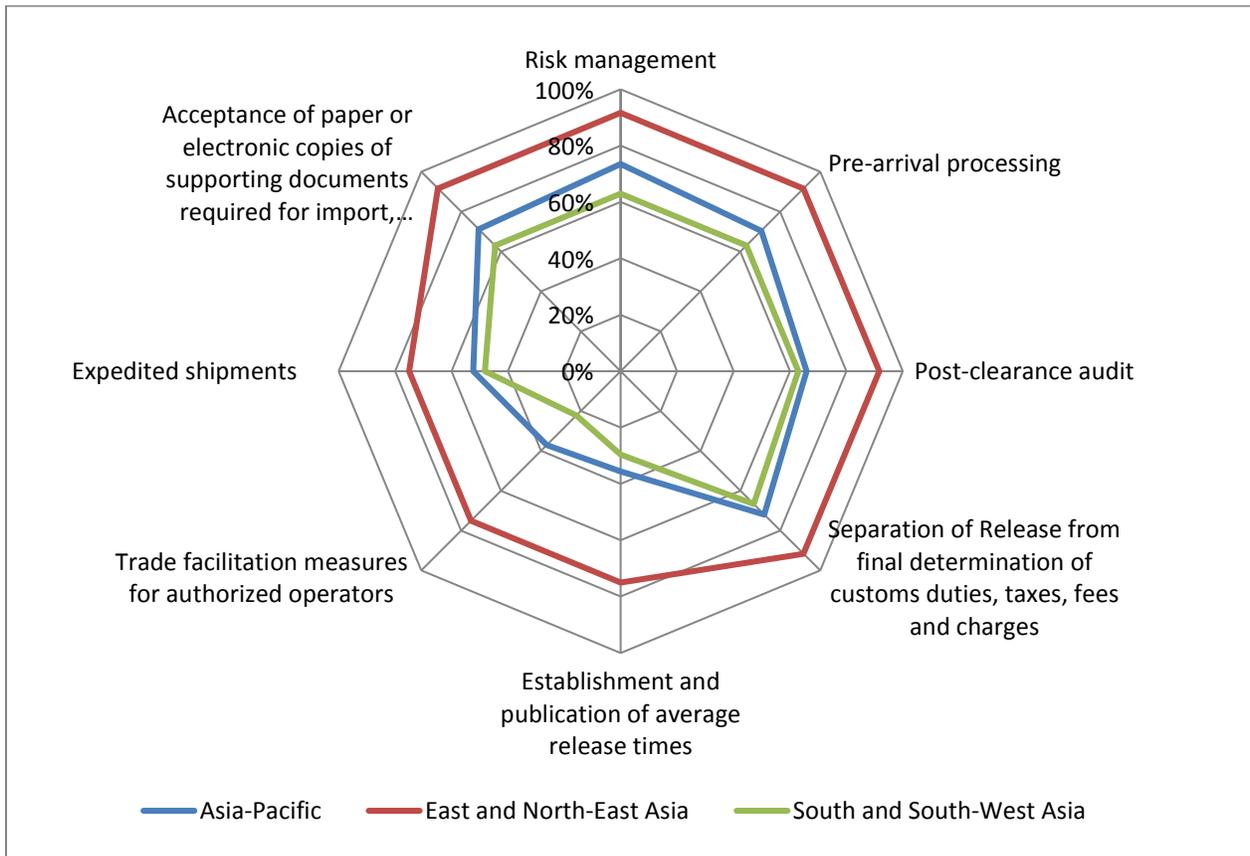

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

3.2 "Formalities" facilitation measures

Eight of the general trade facilitation measures included in the survey are categorized as "formalities" facilitation measures, 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 slightly above 50%, which is below both the Asia-Pacific regional average and the East and North-East Asian sub-regional average.
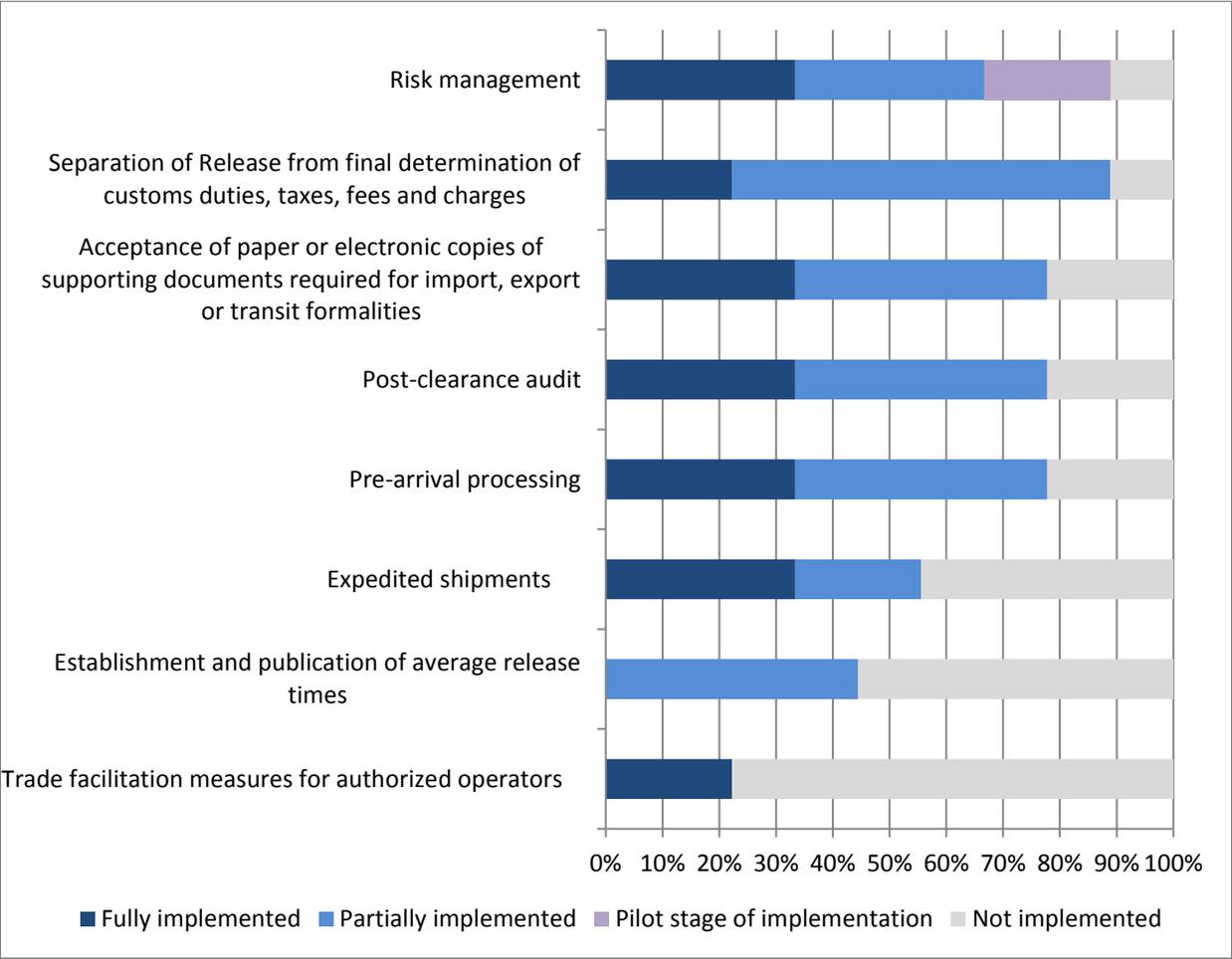
Figure 7: Implementation of trade "formalities" facilitation measures: South and South-West Asia

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 and Separation of Release from final determination of customs duties, taxes, fees and charges are the most implemented measures in the sub-region; they have been at least partially implemented in almost 90% of all countries. The least implemented measure is Trade facilitation measures for authorized operators, which has been fully implemented in around 20% of all countries.

Figure 8: State of implementation of trade "formalities" facilitation measures in South and South-West Asia (in %)
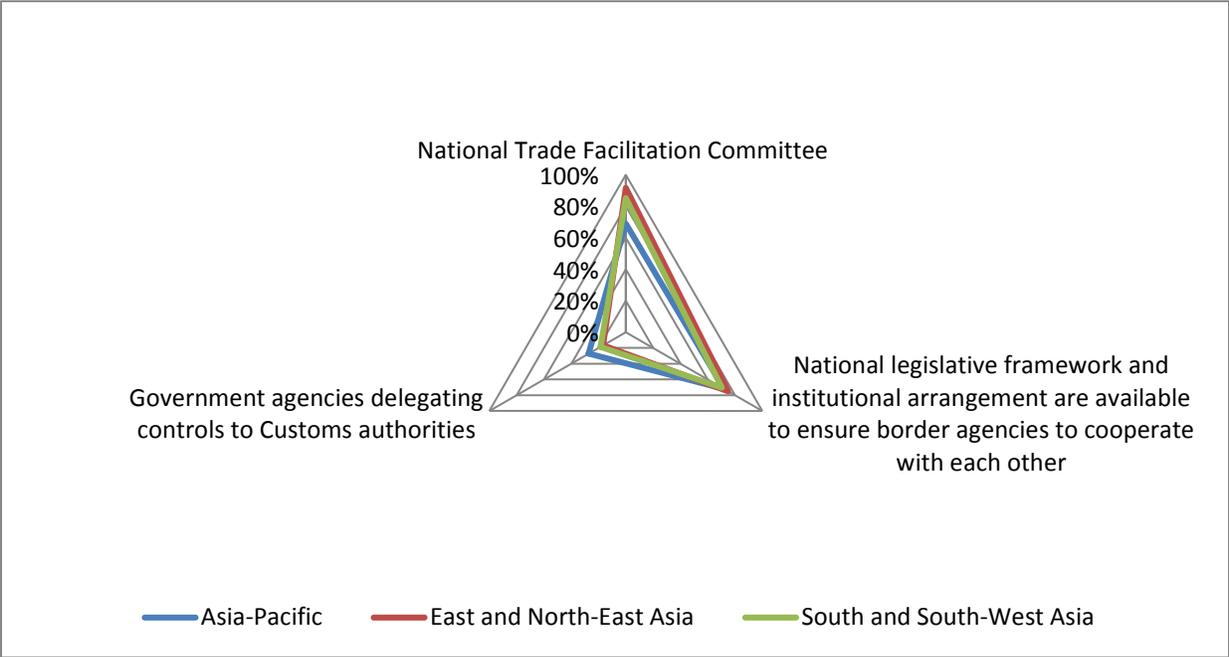

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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.[7] All three measures are also specified in various Articles of the WTO TFA.

Figure 9: Implementation of "institutional arrangement and cooperation" measures: South and South-West Asian average

National Trade Facilitation Committee

National legislative framework and institutional arrangement are available to ensure border agencies to cooperate with each other

Government agencies delegating controls to Customs authorities

Asia-Pacific   East and North-East Asia   South and South-West Asia
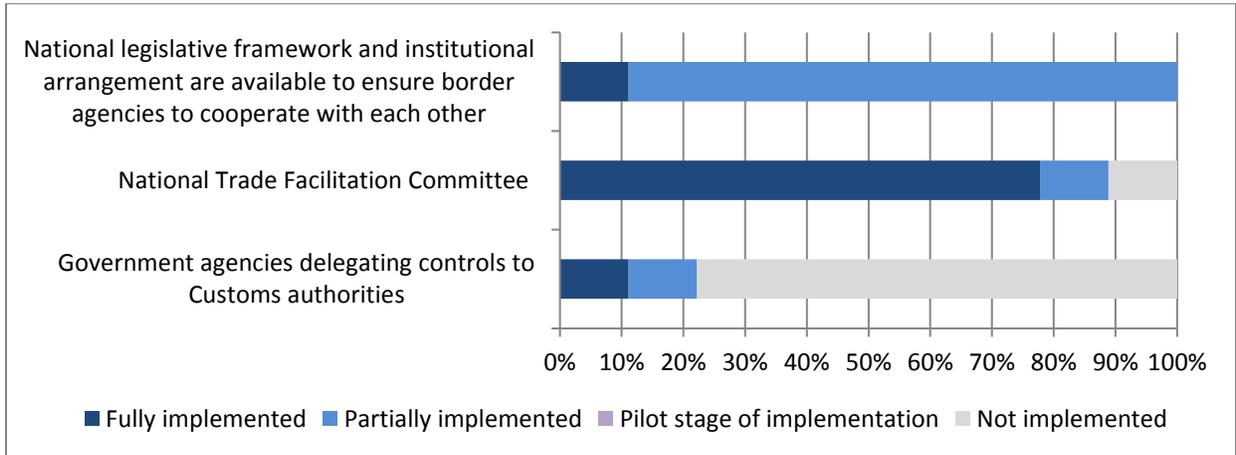
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 9 shows that the average weighted implementation score of the three "institutional arrangement and cooperation" measures in this sub-region is 58%, which is similar to the situation at both the Asia-Pacific regional level and the East and North-East Asian sub-regional level.

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

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 cooperate with each other is the most implemented measure, having been at least partially implemented in all countries. National trade facilitation committees is also particularly well implemented, enjoying full implementation in more than 70% of all countries, and being at least partially implemented in 10% of all countries. In contrast, only 20% of all countries have at least partially implemented Government agencies delegating controls to Customs authorities and still have room to improve the implemented measure.

3.4 "Paperless trade" measures

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

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

The average weighted implementation level of "paperless" measures in South and South-West Asia is around 46% (Figure 11). This level is lower than both the Asia-Pacific regional average and the East and North-East Asian sub-regional average.
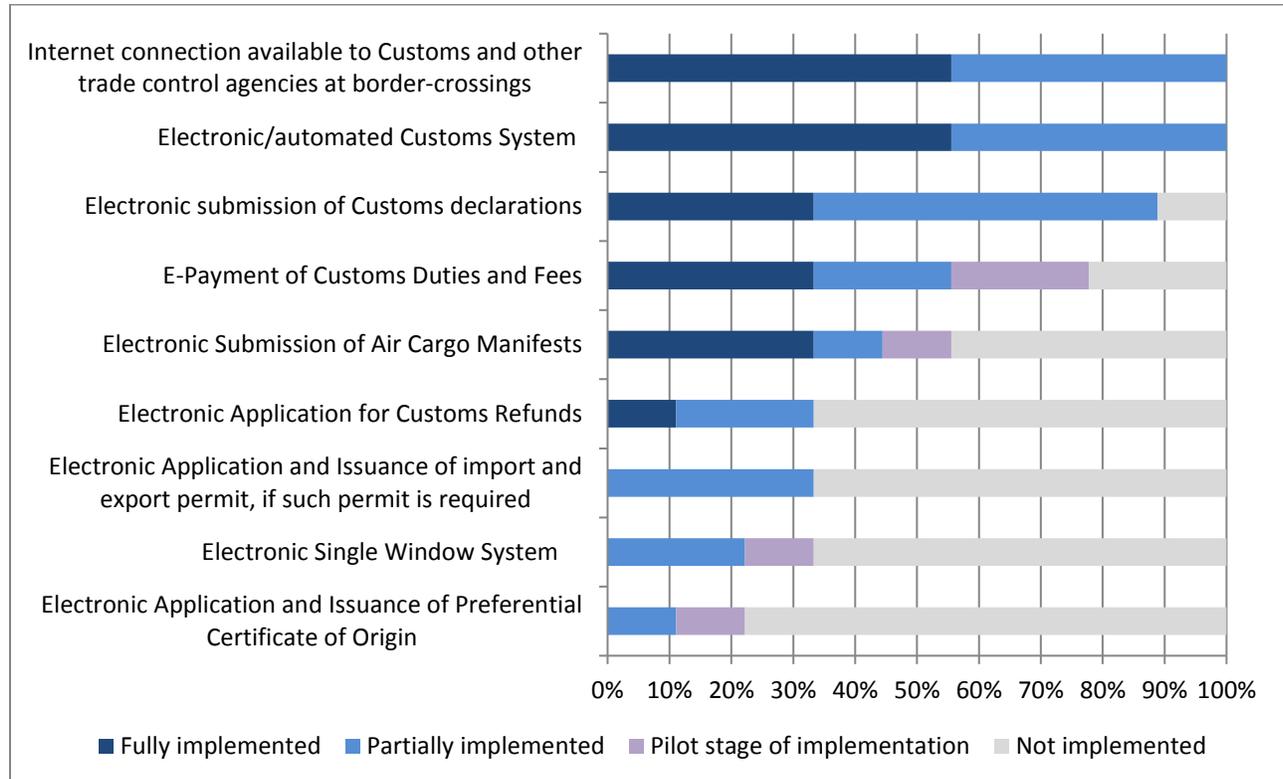
Figure 11: Implementation of "paperless trade" measures: South and South-West Asian average
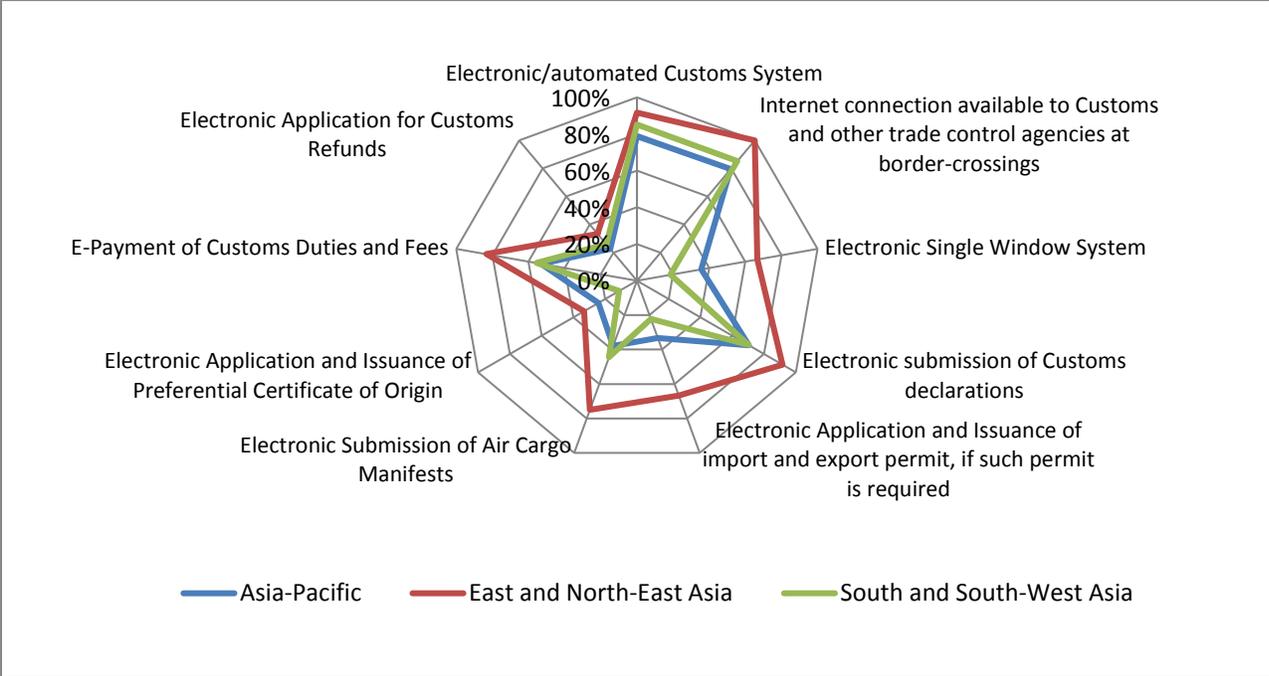
Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 12 shows that *Internet connection available to Customs and other trade control agencies at border-crossings* and *Electronic/automated Customs System* are the most implemented measures, and have been at least partially implemented in all countries in the sub-region. In contrast, the least implemented measure is *Electronic application and issuance of preferential certificate of origin*, which has been partially implemented in only 10% of countries in SSWA.

Figure 12: State of implementation of "paperless trade" measures in South and South-West Asia (in %)
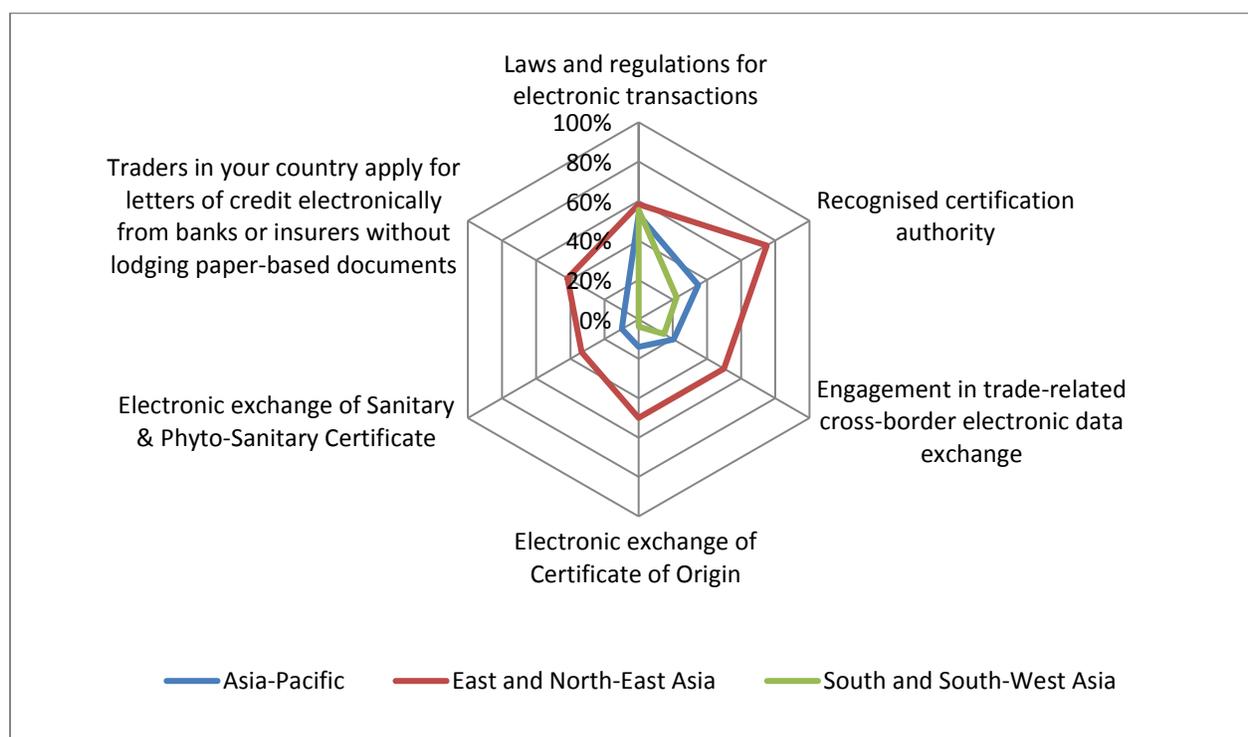

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

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.
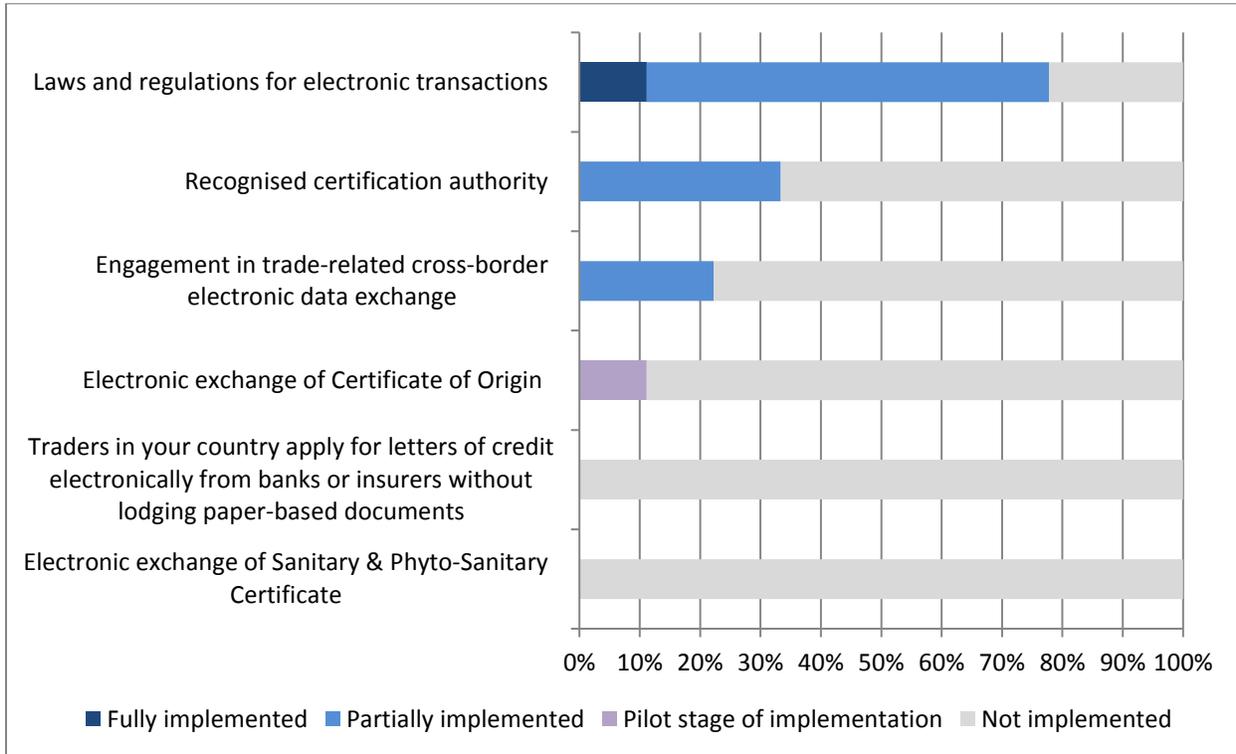
Figure 13: Implementation of "cross-border paperless trade" measures: South and South-West Asian average

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.

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

As shown in Figure 13, the average weighted implementation of these measures in South and South-West Asia is 16%, which is lower than both the regional Asia-Pacific average and the East and North-East Asian sub-regional average. Figure 14 shows that the most implemented measure is Laws and regulations for electronic transactions, which has been at least partially implemented in almost 80% of countries. The least implemented measures are Traders in your country apply for letters of credit electronically from banks or insurers without lodging paper-based documents and Electronic exchange of Sanitary & Phyto-Sanitary Certificate, which have not been implemented in any country. Electronic exchange of Certificate of Origin has been implemented on a pilot basis in one country (India).
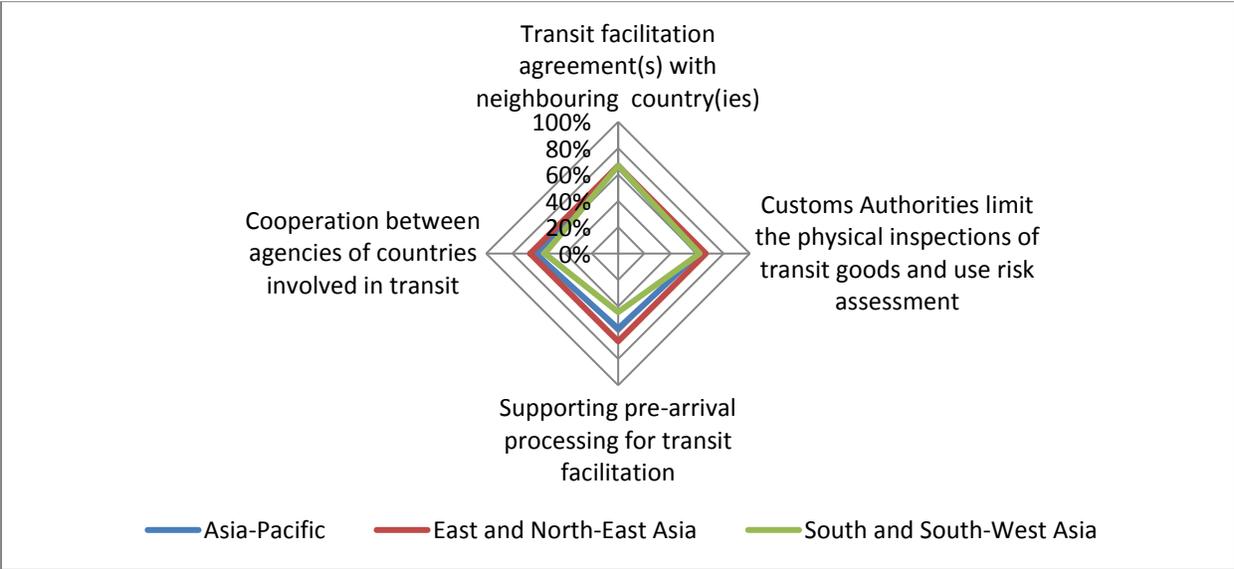
3.6 "Transit facilitation" measures

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.

As shown in Figure 15, the average weighted implementation level of "transit facilitation" measures in the sub-region is around 57% across all measures, which is lower than both the Asia-Pacific regional average and the East and North-East Asian sub-regional average.

Figure 15: Implementation of "transit facilitation" measures: South and South-West Asian average
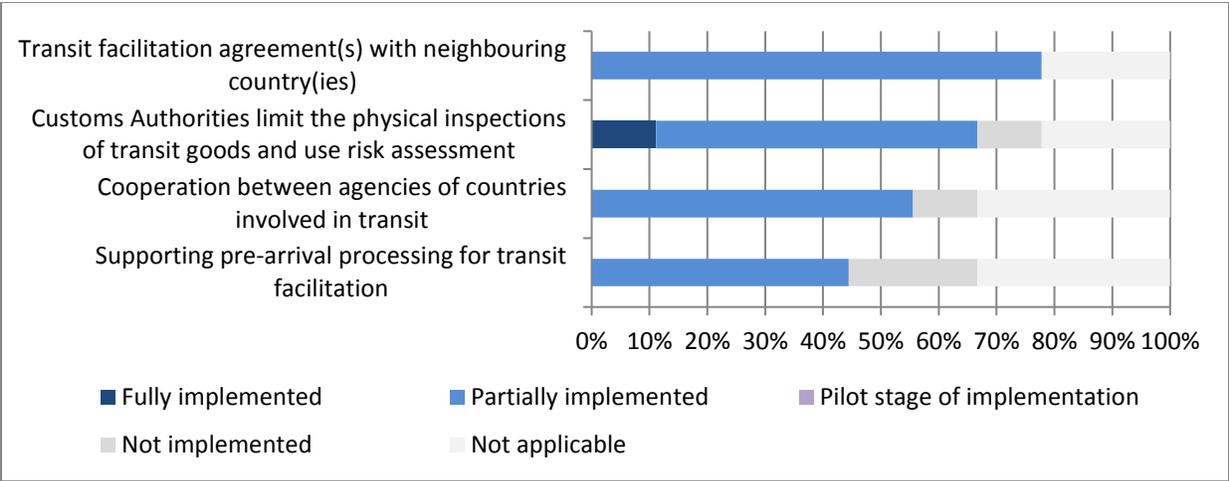

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Figure 16 shows that Transit facilitation agreement(s) with neighboring country(ies) and Customs Authorities limit the physical inspections of transit goods and use risk assessment are the most implemented measures, having been at least partially implemented in roughly 70% of all countries. In contrast, Supporting pre-arrival processing for transit facilitation has been at least partially implemented around 40% of all countries, making it the least implemented measure in the sub-region.

Figure 16: State of implementation of "transit facilitation" measures in South and South-West Asia

(in %)

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

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

This note, which is best read in conjunction with the regional (Asia-Pacific) report as well as individual country notes,[9] presented data on trade facilitation and paperless trade implementation for South and South-West Asia. Based on an ambitious package of more than 30 trade facilitation measures included in the survey, the average trade facilitation implementation in SSWA is found to be 46.5%, placing it among the middle-ranking sub-regions and indicating ample room for improvement. The assessment confirms that while some countries in SSWA have been actively engaged in implementing measures to improve transparency, enhance inter-agency coordination and cooperation, and streamline fees and formalities associated with trade, there is still much scope for work on trade facilitation. In particular, the recognition of electronic certificates in cross-border paperless trade transactions is an area that requires more focus and improvement.
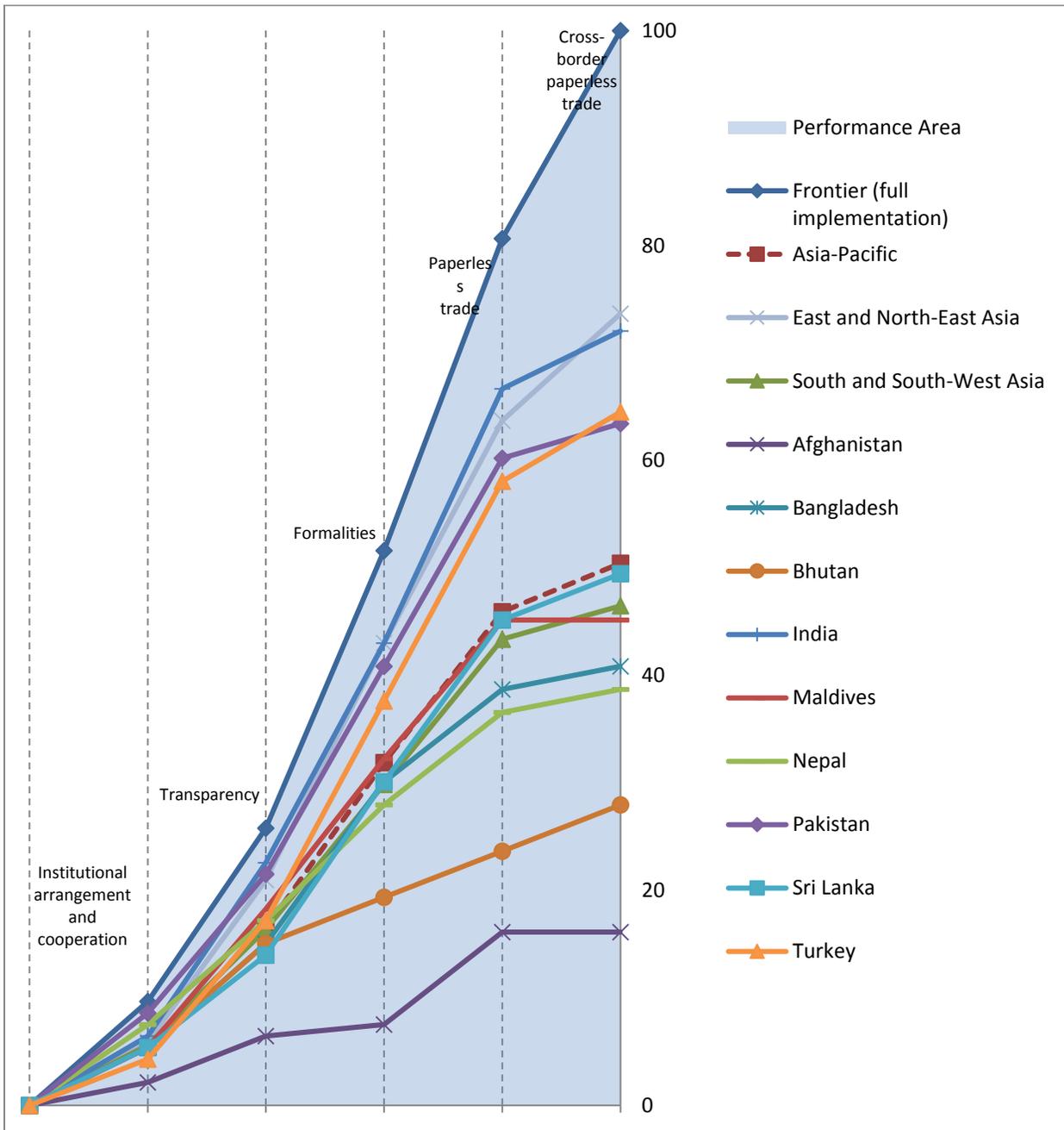
Overall implementation of trade facilitation systems in the South and South-West Asian sub-region is typically just below the Asia-Pacific regional average. India and Turkey are pulling ahead, but landlocked neighbors such as Nepal, Bhutan and Afghanistan are still struggling to implement trade facilitation initiatives in the sub-region. Some of the challenges mentioned by SSWA, 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 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 SSWA 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 and South-West 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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[9] Available at: https://unnext.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 and South-West 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