

Issues in Facilitating Paperless Trade Beyond Borders

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Introduction

- Several benefits of conducting trade transactions in paperless mode
- Several Asian and Pacific countries switched to paperless trade systems from the late 1990s and early 2000s leading to significant economic gains for them
- Nearly all countries in the region have some form of automated customs systems, but many catering to only domestic needs
- It is recognized that intraregional trade and connectivity can be enhanced significantly by a system of electronic exchange of information and documents across the borders

Strengths of Asia-Pacific Region

- Most dynamic region of the world in terms of share of world trade and the growth of trade
- Potentially the biggest beneficiary in terms of enhanced competitiveness by cutting down transaction cost
- Several successful initiatives for Single Window and cross-border exchange of electronic data and document
- Very significant provisions for paperless trade in FTAs involving countries of this region- a regional agreement can be a significant incremental step

Need for Study

- Resolution 68/3 of UNESCAP of May 2012 mandates to conduct studies to facilitate regional arrangements for cross-border paperless trade
- Study commenced in August 2012 and completed in February 2013 (after 2 peer reviews- Nov. 2012 and Feb. 2013)
- Study focused on:
 - Status and gaps in trade and transit facilitation in Asia-Pacific region
 - Review existing approaches for regional arrangements of cross-border paperless trade
 - Propose contents and features of a possible regional arrangement
 - Propose a draft regional arrangement

Review of Initiatives on Paperless Trade

- ▶ Initiatives on paperless trade at national, bilateral and multilateral levels reviewed
- ▶ Country initiatives in the form of single window/ICT initiative in Singapore, Korea, Malaysia, Mauritius, Sweden, Netherlands, US, India reviewed
- ▶ Cross-Border paperless trade: e.g. computerized transit system between EU and EFTA; EU-China Smart and Secure Trade Lanes Pilot; INDIRA of Mercosur; RADDEx of the East African Community; Exchange of e-CO between Chinese Taipei and Korea and between Malaysia and Japan
- ▶ ASEAN Single Window
- ▶ WTO, WCO and APEC

Challenges: Issues Relating to ICT

- Different countries have different systems- interoperability to be achieved
- Level of use of ICT by different border control agencies differs- e.g. customs may have a sophisticated system but the Ministry of Agriculture may not be using ICT extensively
- Uncoordinated computerisation at national level- leading to problems of sunk cost when trying to achieve interconnectivity and SW
- Lack of application of global standards

Challenges: Issues Relating to Legal Framework

- Challenge of achieving similar level of trust for data originating from different countries
- Domestic legislation to recognise electronic functional equivalents of written documents and written signatures
- Legal framework for mutual recognition of electronic signatures
- Legal framework for protection of data and achieving equivalent levels of data confidentiality
- Legal framework for damages arising out of leaking of data, wrong data, hacking, etc.

Challenges: Issues Relating to Infrastructure

- Lack of funds to establish sophisticated, secure networks
- Lack of supporting infrastructure like adequate power supply, bandwidth, user friendly programming
- Lack of expertise and technical knowhow in establishing and running the system

Challenges: Administrative Issues

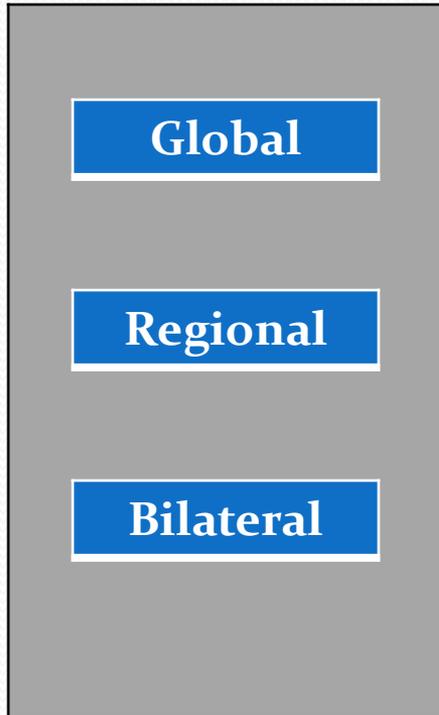
- An in depth analysis of pros and cons of establishing paperless trade network across the borders
- Bringing the stakeholders on board- both public and private sector
- Having one national body with enough financial and functional autonomy and authority and a clear roadmap
- No fully working international model
- Weariness of taking binding international commitment

Roadmap for Paperless Trade

- Roadmap towards paperless trade (Adapted from UNECE Paper Trade/RCR/371)



Possible Models



Model 4	Paperless exchange of information and documents binding for all Contracting Parties; all regulatory information to be exchanged through National Single Windows
Model 3	Paperless exchange of information binding between all Contracting Parties; flexibility regarding type of data and document exchange and number of agencies involved in such exchange (only Customs or Customs and few identified agencies). Countries endeavour to develop National Single Window.
Model 2	Paperless exchange of information on voluntary basis, data and document exchange through Single Window involving all agencies and all data (Customs and other regulatory agencies); leave choice of partner countries
Model 1	Paperless exchange of information on voluntary basis, flexibility regarding type of data and document exchange (only Customs or Customs and few identified agencies), number of agencies involved and choice of partner countries

Recommendation

- ▶ Four models for cross-border paperless trade shows that it can vary from being purely voluntary to fully mandatory
- ▶ Keeping in account the challenges and the present state of play, Study recommends a middle path
- ▶ Provides a high degree of flexibility
- ▶ Leaves choice of exchange protocol and choice of data elements for partner countries and allows exchange mechanism to be established with existing systems in a fixed time frame
- ▶ Development of Single Window systems and standardization of data elements to be exchanged can follow

Conclusions

- ▶ It proposed a draft regional agreement on cross-border paperless trade for the Asia-Pacific region
- ▶ The proposed draft has since undergone substantial changes as a result of various rounds of discussion with Experts and sub-regional consultations



Thank You