I. INTRODUCTION

(1) Background

1. The Commission in its Resolution 68/3 in May 2012 requested the secretariat to support and facilitate the process for the development of regional arrangements on the facilitation of cross-border paperless trade, including by conducting studies, developing potential options, and organizing expert review and member consultations.

2. Following the conduct of a regional study to examine current practices and various options for cross-border paperless trade facilitation, as well as follow-up expert reviews to verify the study recommendations, the secretariat has organized three subregional meetings (South East Asia, South and South West Asia and East and North-East Asia) to elicit feedback and suggestions from ESCAP member countries in order to refine and achieve consensus on a proposed draft text of a regional arrangement.

3. In addition to three subregional meetings, the secretariat is organizing an additional regional meeting to further elicit feedback and suggestions from ESCAP member countries, especially those countries that could not join one of three subregional meetings, back-to-back with the Asia Pacific Trade Facilitation Forum 2013 for capacity building purpose in line with the mandate given in the Resolution 68/3 3(c).

(2) Organization of the Meeting

4. The Regional Meeting on Development of Regional Arrangements for the Facilitation of Cross-border Paperless Trade was organized by the Economic and Social Commission for Asia and the Pacific (ESCAP) in Beijing on 12 September 2013.
5. Agenda of the Meeting is attached as Annex 1 to this report.

(3) Attendance

6. The Meeting was attended by national focal points or official nominees from the following ESCAP member countries: Afghanistan, China, Japan, Kyrgyzstan, Malaysia, Maldives, Philippines, Republic of Korea, Samoa, Turkey, Uzbekistan and Vietnam. Experts from Azerbaijan, China, India and Malaysia and Tajikistan also attended the Meeting. The national focal point of Indonesia could not join the meeting due to other commitment at home, but delivered his comments to the secretariat for integration. Representatives of the United Nations Commission on International Trade Law (UNCITRAL) and World Customs Organization (WCO) also joined the Meeting.

7. The list of participants is attached as Annex 2 to this report.

(4) Opening of the Meeting

8. Mr. Ravi Ratnayake, Director, Trade and Investment Division, United Nations ESCAP, delivered opening remarks with a warm welcome to all the participants of the Meeting, highlighting the importance of the Meeting and requesting active participation of all the participants in the discussion. He also informed the participants of the upcoming Third Session of the Committee on Trade and Investment (CTI) on 20-22 November in Bangkok, where next steps on implementation of the Resolution 68/3 will be discussed.

II. PROCEEDINGS

(1) Introduction to the Implementation of ESCAP Resolution 68/3

9. The secretariat provided a detailed explanation of ESCAP Resolution 68/3, including the history of the Resolution, its implication for member countries and the mandate it provided to the secretariat.

10. The secretariat highlighted key milestones in the implementation of the Resolution, including consultation on the draft study, release of the study, expert reviews, member consultations and reporting of progress at the Third Session of the CTI.

(2) Introduction to the Findings of the Regional Study and Expert Review

11. The secretariat introduced findings from the Study on Regional Arrangements for Facilitation of Cross-border Paperless Trade in Asia and the Pacific.
12. The Study, comprising of four chapters, covers need for regional arrangements on paperless trade in Asia Pacific Region, review of existing arrangements for the facilitation of paperless trade, proposed contents and features of regional arrangement, and conclusion and way forward, as well as two annexes.

13. The study proposes a voluntary form of regional agreement with flexible trade data exchange mechanism as the best option for the Asia Pacific to take in the regional context.

14. The secretariat explained that the study was prepared in consultation with national focal points (nominated by their Government for the implementation of ESCAP Resolution 68/3) as well as regional experts, who met for an expert review of the draft study in November 2012 in Sri Lanka and participated in subsequent online review of revised study report in February 2013. Following release of the study, the initial draft text of the regional arrangement featured in annex to the report was further reviewed in two Expert Group Meetings.

15. The secretariat highlighted that the draft text, including the explanatory note, tabled for discussion in the Meeting was the outcome of such an extensive expert review, as well as three subregional meetings (South East Asia, South & South West Asia, and East & North-East Asia) organized in July 2013 as part of member consultation.

3) Introduction to and Discussion on the Draft Text of Regional Arrangement and Explanatory Note

16. The secretariat introduced the draft text as well as the explanatory note paragraph by paragraph, covering all articles, including preambular, substantive and final clauses.

17. In order to facilitate discussion and easy reference, relevant parts of the draft text and explanatory note were reviewed together, inviting the participants to provide feedback and suggestions relating to those provisions.

18. Extensive discussion took place among the participants. Major conclusions and recommendations are in section III of the report.

4) Other Matters

19. No other matters were discussed.

III. MAJOR CONCLUSIONS AND RECOMMENDATIONS

20. After extensive and constructive discussions, the Regional Meeting arrived at the following major conclusions and recommendations.
21. The Meeting noted that the draft text of the regional arrangement was developed based on the Resolution 68/3 itself and refined based on the outcomes of the two expert group meetings as well as three subregional meetings in 2013.

22. Referring to discussions on the nature of the meeting and whether it was for making a decision to adopt the draft text, the secretariat explained that the meeting intended to improve the draft text to make it more relevant and beneficial to the Asia Pacific region as a whole, also notifying the meeting that the decision for adoption of it would be done through formal intergovernmental mechanism at a later stage, including the Third Session of the CTI. The meeting emphasized the necessity to move up the draft text to policy level for timely discussion and adoption rather than discussing too much among operational-level stakeholders.

23. The choice of title between “agreement” and “framework agreement” was discussed. Though preference was “agreement” considering specificity of provisions of the draft text, the meeting left the choice to formal intergovernmental mechanism for final decision.

24. The meeting discussed importance of catering to the need of Small and Medium-sized Enterprises (SMEs) in the draft text, considering the potential of paperless trade in helping SMEs to better participate in international trade. The meeting requested the secretariat to add one more paragraph referring to SMEs in the preambular part of the draft text. An example of Authorized Economic Operator (AEO) programmes, where SMEs are often left out, was discussed.

25. With reference to the first sentence of the draft text on ESCAP Member States, discussion was made on scope of the Parties. The secretariat explained that only nation states who are members to the UN, regardless of status of being ESCAP member or associate member, can be parties to the agreement. The meeting requested the secretariat to clarify/specify application scope in the Explanatory Note.

26. Regarding Article 1, a request was made to replace “and” with “and/or” in the phrase of “subregional Single Windows and other paperless trade systems” to make it more flexible and inclusive.

27. Regarding scope of “Trade” in the agreement, a question was raised on coverage of financial and logistical services. The secretariat explained there was much discussion on this matter in previous three subregional meetings, and they were covered with the addition of word ‘related services” in the definition of “Trade” in the current draft text.

28. It was suggested to delete second paragraph under data message in the Explanatory Note, considering that the description it included may be too constraining with little added value. It was also suggested to refer to Article 10,
instead of Article 1(1), of the United Nations Convention on Contracts for the
International Sales of Goods in explaining notion of “place of business” as part of
Commercial transactions in the Explanatory Note.

29. With reference to Article 6, it was suggested to replace the word “shall” with
“may” in Paragraph 3. It was also suggested to merge Paragraphs 3 and 4 into
one paragraph since they are directly related to each other. Another suggestion
was made to delete the word “national” in national paperless trade committee to
avoid making it a pan-national mandate for the Parties.

30. With reference to Article 7(2), it was suggested to specify what “principles and
guidance” are referring to in the draft text for the purpose of clarity.

31. With reference to Article 8(2), participating legal experts raised a concern on
necessity and value of having this provision.

32. Regarding Article 10, it was proposed to integrate some relevant provisions in the
Resolution 68/3 into this Article and remove provision on becoming a party to the
United Nations Convention on the Use of Electronic Communications in

33. On Article 12, it was suggested to make membership of the Council at full-
minister level and membership of the Standing Committee at Director General
level or above to ensure necessary commitment from the Parties. It was also
suggested to make the frequency of the Council meeting once a year.

34. On Article 14, a concern was raised on legal appropriateness of specifying
exchange of experience and lessons learned to be extended beyond the Parties.
The secretariat is to revise the provision to make this a voluntary practice.

35. With reference to Article 15, a point was made that the regional agreement might
not be the best place for extensive provisions on capacity building. The secretariat
explained that participating Least Developed Countries (LDCs) in the previous
subregional meetings made strong emphasis on importance of capacity building
provisions in the text. A suggestion was also made to alleviate the level of
binding to the Parties on special consideration to requests from LDCs.

36. With reference to Article 19, the meeting proposed to make the entry into force of
the agreement once at least five (5) parties have signed or ratified it instead of
eight (8), as this would make its implementation more practical.

37. The Meeting expressed appreciation to ESCAP for good work done in
implementing the Resolution 68/3. The meeting found overall acceptability of the
draft text and requested it to be moved to policy level for a decision rather than
discussing further among operational-level stakeholders. The Meeting also
acknowledged the necessity for national focal points to engage in national level
consultation with different stakeholders, considering cross-sectoral nature of paperless trade.

38. Finally, the meeting requested to make the text of agreement as flexible as possible, so that more ESCAP members can join the agreement and benefit from participation in its implementation.

IV. ADOPTION OF THE CONCLUSIONS AND RECOMMENDATIONS

39. The major conclusions and recommendations of the Regional Meeting on Development of Regional Arrangements for the Facilitation of Cross-border Paperless trade were adopted at Beijing on 12 September 2013. Participants requested the secretariat to revise the draft text of the arrangement and the explanatory note taking into account the conclusions and recommendations reached.
ANNEX 1: AGENDA OF THE MEETING

UNITED NATIONS
ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Regional Meeting on Development of Regional Arrangements for the Facilitation of Cross-border Paperless Trade

Date: 12 September 2013
Venue: Beijing, China

<table>
<thead>
<tr>
<th>Time</th>
<th>Programme</th>
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| 09:00 – 09:15| 1. Opening of the Meeting  
*Dr. Ravi Ratnayake, Director, Trade and Investment Division, United Nations ESCAP*                                      |
| 09:15 – 09:30| 2. Introduction to the Implementation of ESCAP Resolution 68/3  
*M. Sangwon Lim, Trade Facilitation Unit, United Nations ESCAP*                                                        |
| 09:30 – 10:00| 3. Introduction to the Findings of the Regional Study and Expert Review  
*M. Sangwon Lim, Trade Facilitation Unit, United Nations ESCAP*                                                        |
| 10:00 – 10:20| Coffee Break                                                             |
| 10:20 – 12:00| 4. Introduction to and Discussion on the Draft Text of Regional Arrangement  
|              | a) Preamble                                                              |
|              | b) Substantive Clause                                                    |
|              | c) Final Clauses                                                        |
|              | *All*                                                                   |
| 12:00 – 13:30| Lunch Break                                                             |
| 13:30 – 14:50| 4. Introduction to and Discussion on the Draft Text of Regional Arrangement (Cont’d)  
*All*                                                              |
| 14:50 – 15:10| Coffee Break                                                             |
| 15:10 – 16:30| 5. Other Matters  
*All*                                                              |
|              | 6. Adoption of Major Conclusions and Recommendations  
*All*                                                              |
|              | 7. Closing of the Meeting  
*Dr. Ravi Ratnayake, Director, Trade and Investment Division, United Nations ESCAP*                               |
ANNEX 2: LIST OF PARTICIPANTS

Regional Meeting on Development of Regional Arrangements for the Facilitation of Cross-border Paperless Trade  
12 September 2013, Beijing, China

FINAL LIST OF PARTICIPANTS

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