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# **Summary of Study Report: REGIONAL ARRANGEMENTS FOR FACILITATION OF CROSS- BORDER PAPERLESS TRADE IN ASIA AND THE PACIFIC**

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

**12 September 2013  
Beijing, China**

# Study Background

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- ❑ ESCAP Resolution 68/3 of May 2012 mandates to conduct studies to facilitate regional arrangements for cross-border paperless trade
- ❑ Study covered:
  - Status and gaps in trade and transit facilitation in Asia-Pacific region
  - Review of existing approaches on arrangements of cross-border paperless trade in the Region
  - Proposed contents and features of a possible regional arrangement
  - Proposal on draft text of regional arrangement

# Study Methodology

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- ❑ Review of documents of UN Bodies and other organizations, including WCO and WTO
- ❑ Desktop Research: information from the Web
- ❑ Information obtained through consultation and interaction with officials from private sector and governments
- ❑ Inputs from ESCAP Secretariat

# Study Outline

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- ❑ Chapter 1 – Discusses need for regional arrangement on paperless trade in the Asia-Pacific
- ❑ Chapter 2 – Reviews existing arrangements for facilitation for paperless trade
- ❑ Chapter 3 - Proposes contents and features of a regional arrangement for the Asia-Pacific
- ❑ Chapter 4 – Presents conclusion and Way Forward
- ❑ Annex presents a draft text of regional arrangement on facilitation of cross-border paperless trade for the Asia-Pacific region

# Chapter 1

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- ☐ Paperless Trade: “trade taking place on the basis of dematerialized commercial and regulatory documents instead of paper documents”
- ☐ Term ‘Paperless Trade’ distinct from ‘e-trade’
- ☐ Paperless Trade has several advantages:
  - ✓ Cost reduction
  - ✓ Increased revenue
  - ✓ Supply chain security
  - ✓ Information more reliable
  - ✓ Faster clearance at border
  - ✓ Simplification and modernization of procedures through re-engineering

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## Advantages cont'd...

- Beneficial for SMEs
- Helpful in risk assessment
- Avoiding rekeying of same data
- Special benefits for landlocked countries
- Reliable data to take trade defense measures

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## Challenges in moving towards paperless trading:

- ❖ Inadequate national effort to apply ICT
- ❖ Uncoordinated computerization
- ❖ Lack of application of global standards
- ❖ Lack of financial resources and qualified personnel (human capacity gap)
- ❖ Lack of political will
- ❖ Lack of public-private partnership
- ❖ Vested interests

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Regional arrangements for cross-border paperless trade need the following:

- Ideally have a single window
- Re-engineer complex trade procedures
- Take into account specific national/regional requirements
- Should factor considerations like compliance, enforcement, safety
- Organizational support

# Chapter 2

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- ❑ Chapter 2 reviews initiatives on paperless trade at national, bilateral and multilateral levels
- ❑ Based on this, it suggests a model for Asia-Pacific region
- ❑ Country initiatives in the form of single window in Singapore, Korea, Malaysia, Mauritius, Sweden, Netherlands, US reviewed
- ❑ Indian example to illustrate extensive ICT use by even those countries which do not have a Single Window

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## □ Lessons:

Establishing single window requires a gradual approach and should involve:

- re-engineering of processes,
- simplification,
- strong leadership,
- good public-private partnership
- enabling legal framework

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- ❑ Cross-border paperless trade systems – relatively few
  - ❑ The motives are better Customs compliance, improved trade facilitation
  - ❑ No example of a full fledged system of information exchange – only certain countries/data involved
  - ❑ Examples are 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

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- ❑ ASEAN Single Window is an ambitious project but implementation rather slow
  - ❑ Very ambitious cross-border paperless trade systems will be difficult to achieve as brought out in Pilot Study of exchange of export declaration between Australia, New Zealand, Korea and Japan
  - ❑ Cross-border paperless trade through government agencies takes more time as regulatory, legal and technical issues take time to address
  - ❑ Private sector can play an important role in cross-border paperless trade by providing for electronic interlinking between importer and exporter

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- ❑ FTAs and Paperless Trade- 17 FTAs of countries of Asia-Pacific have provisions for paperless trade
  - ❑ Mostly couched in 'best endeavour' language
  - ❑ Shows readiness of countries to adopt paperless trade
  - ❑ Multilateral bodies like WTO, WCO and APEC working on paperless trade
  - ❑ In WTO, no proposal on cross-border paperless trade in on-going Trade Facilitation negotiation – a proposal on single window in square brackets

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- ❑ In WCO, proposal to develop cross-border paperless trade system under 'Globally Networked Customs' work programme
  - It envisages flexibility for Members to choose the countries and processes where to adopt cross-border paperless trade
  - WCO to help in developing a library of 'Utility Blocks' for paperless exchange of cross-border information which Members can adopt easily
  - Voluntary Model

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- ❑ APEC is promoting Paperless Trade Individual Action Plan (PTIAP)
  - ❑ Each APEC economy to establish a timetable to reduce or eliminate paper documents related to international trade
  - ❑ Voluntary Model based on individual countries' action plan
  - ❑ Recent study report of APEC re-affirms challenge of coordination/cooperation in cross-border data exchange and value of regional framework.

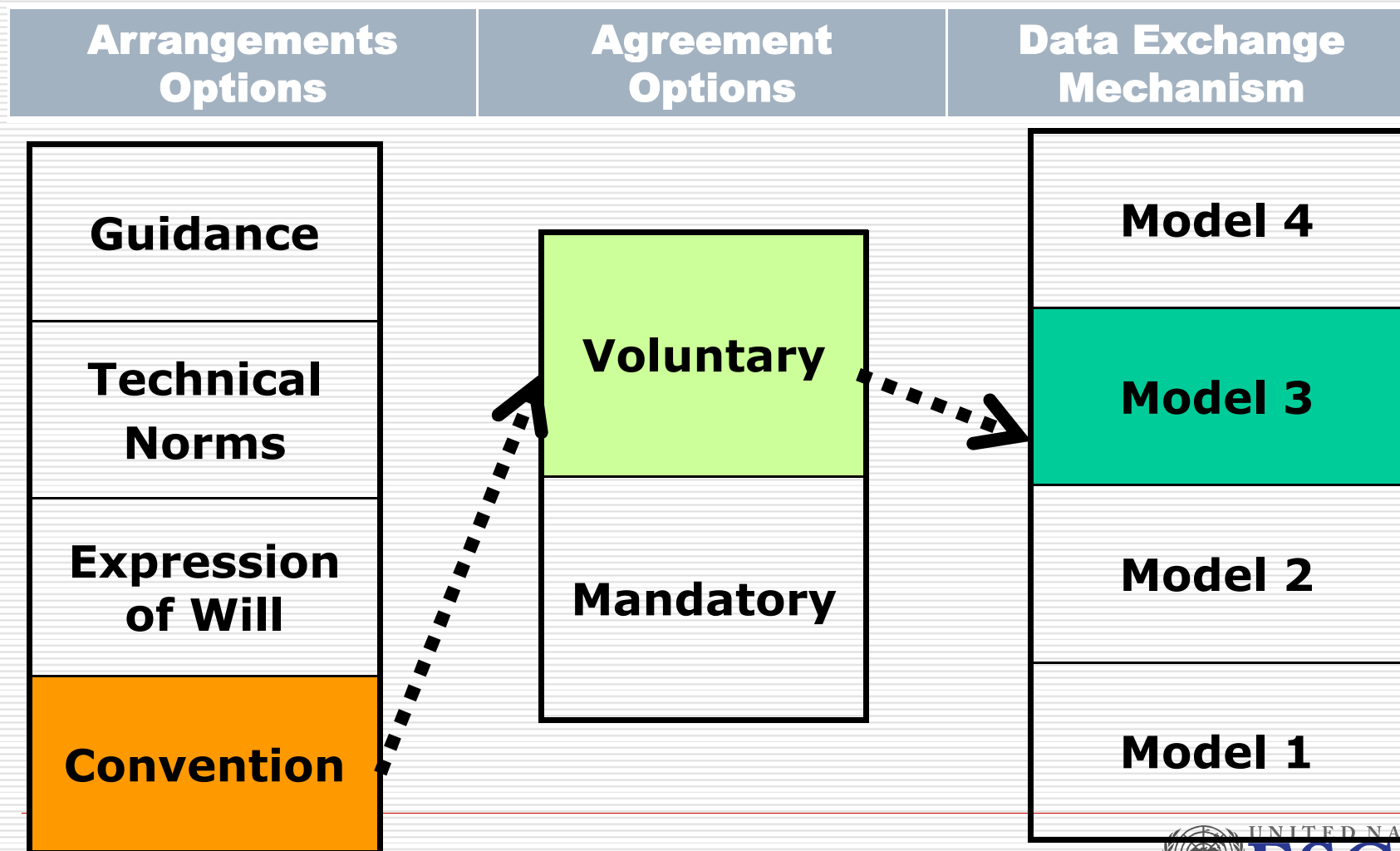
## Findings of Study on the Readiness of ECO Implementation in Cross-Border Trade in APEC Region

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For the readiness on ECO cross border transmission, all seven ESCAP members showed readiness in basic conditions, which are domestic ECO system, signature law & PKI technology, secure network & PKI mutual recognition, governments' acceptance of ECO issue and online ECO repository. The report evaluates that they “**have well-prepared for ECO cross border transmission**. All they need to do is to **reach certain agreements for cooperation with other relative economies**.”

On the other hand, most of the selected ESCAP members reported **lack of coordination and cooperation between economies as one of the major difficulties in implementing cross border ECO**. The report recommends that “member economies are suggested to **set up a cooperation framework for electronic trade documents cross-border transmission** in APEC region”

## Proposed Approach for Regional Agreement/Arrangement



## Possible Options of Regional Arrangements

Options	Examples	Characteristics
Guidance	Guidelines, Recommendations	Non-binding with low effectiveness
Technical Norms	Technical specifications/regula tions	Medium degree of binding with medium effectiveness
Expression of Will	Resolution, Declaration	High degree of binding with low effectiveness
Convention	Agreement, Treaty	Medium-to-high degree of binding with high effectiveness

## Options for Agreement

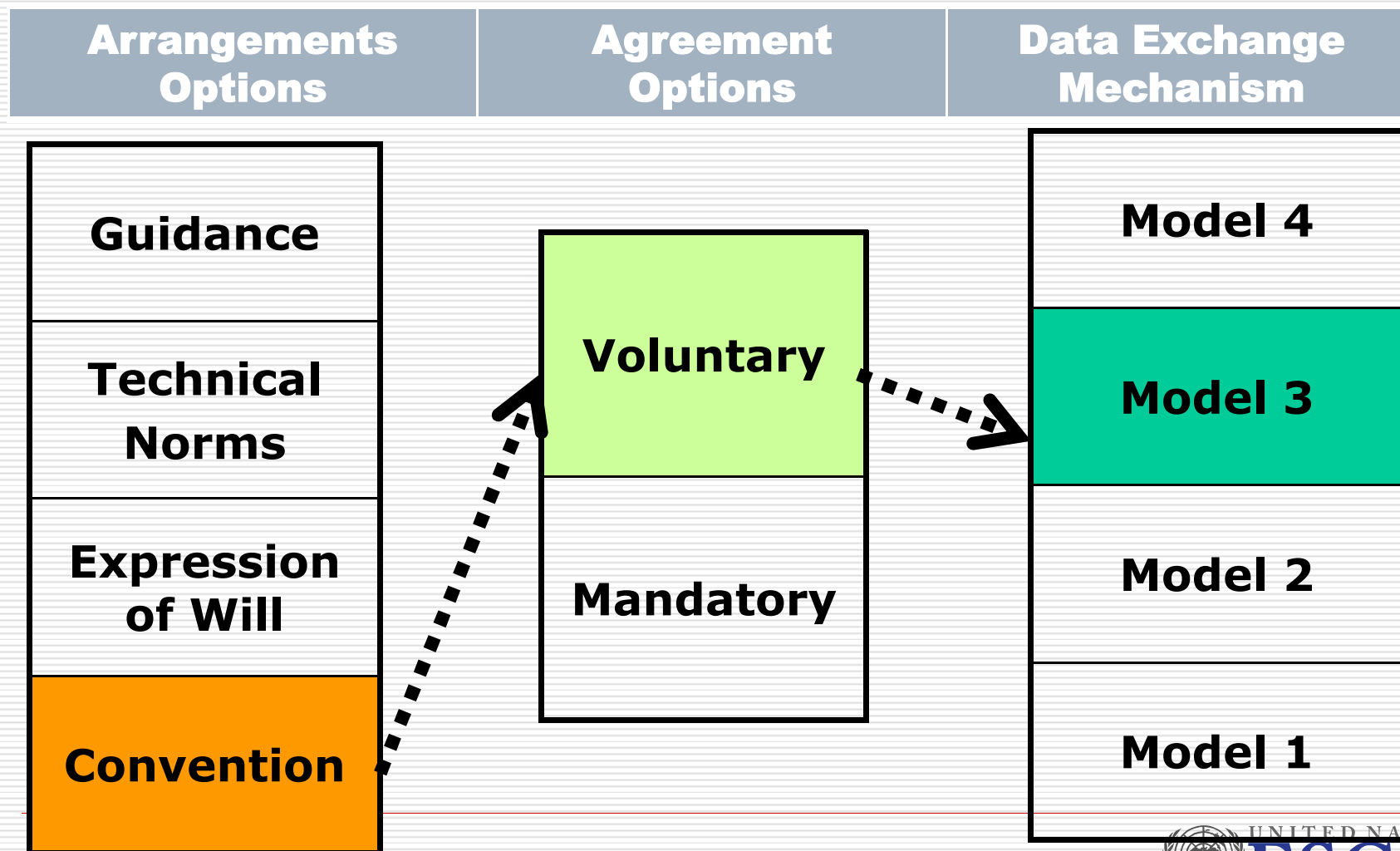
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<b>Voluntary</b>	Voluntary format allows each ESCAP member to join the agreement only as it wishes; becoming a party to such regional agreement is purely at the will of each country. Examples of such agreements are the Asia Pacific Trade Agreement, the Intergovernmental Agreement on the Asian Highway Network and the Intergovernmental Agreement on Trans-Asian Railway Network.
<b>Mandatory</b>	Mandatory format requires all the ESCAP members to become parties to such a regional agreement; all the members are needed to join the agreement from the outset. Examples of such agreements are the World Trade Organization Doha Development Agenda and the Agreement to Establish and Implement the ASEAN Single Window.

## 4 Models of Data Exchange Mechanisms

<div>Global</div> <div>Regional</div> <div>Bilateral</div>	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

## Proposed Approach for Regional Agreement/Arrangement



# Chapter 3

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The possible contents and feature of a regional agreement:

- ☐ Preamble
- ☐ Scope and objective
- ☐ Definitions-of terms like mutual recognition, single window, etc.
- ☐ General principles of the Agreement
- ☐ National Committees and National Policy Framework to be established
- ☐ Single Window establishment
- ☐ Technological Framework
- ☐ Legal Framework
- ☐ Adoption of Global Standards

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- ❑ Dispute resolution
  - ❑ Amendments
  - ❑ Institutional arrangements
    - governing body
    - Standing Committee
    - Working Groups
    - the Secretariat
    - Capacity Building provisions
  - ❑ Based on these broad features, a Draft Regional Arrangement/agreement has been proposed as Annex to the Study

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## Chapter 4

- ❑ Conclusions and Way Forward

## Annexes

- ❑ Text of ESCAP Resolution 68/3
- ❑ Proposed Draft text of regional arrangement/Agreement

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# Thank you

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