Unlocking the trade potential of LLDCs in Asia through trade facilitation

High-Level International Workshop on “WTO Agreement on Trade Facilitation: Implications for LLDCs”
2-3 June 2014
Ulaanbaatar, Mongolia

Ravi Ratnayake
Director
Trade and Investment Division
Outline

1. Regional state of play in trade facilitation
2. ESCAP’s support for trade facilitation
3. Concluding remarks
LLDCs in Asia

12 LLDCs

- Afghanistan
- Armenia
- Azerbaijan
- Bhutan
- Kazakhstan
- Kyrgyzstan
- Lao PDR
- Mongolia
- Nepal
- Tajikistan
- Turkmenistan
- Uzbekistan
1. Regional state of play in trade facilitation
   - Measured by trade costs
   - Implementation of trade facilitation measures
   - Asian transit agreements in the context of the WTO negotiations

2. ESCAP’s support for trade facilitation

3. Concluding remarks
ESCAP-World Bank
International Trade Cost Database
(launched Jan. 2013)

Bilateral Comprehensive Trade Costs capture all additional costs involved in trading goods bilaterally relative to those involved in trading goods domestically, *including*

- International shipping and logistics costs
- Tariff and non-tariff costs, including indirect and direct costs associated with trade procedures and regulations
- Costs from differences in language, culture, currencies…
Intra and extra-regional trade costs (excluding tariff; 2006-2011)
## Trade costs of LLDCs with major trading partners

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<th>Reporter\Partner</th>
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<th>Brazil</th>
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Key factors in lowering trade costs – Asia-Pacific Perspective

Contribution of natural barriers, behind-the border facilitation and trade-related practice to trade costs

* Illustrative based on casual observation of the data only. Natural trade costs for landlocked countries may be outside the range shown for natural trade costs.
Survey conducted in conjunction with annual APTFF

- Started from APTFF 2012 in collaboration with ADB

2013/14 survey structure:

- 1) General trade facilitation measures;
- 2) Paperless trade facilitation measures;
- 3) Towards cross-border paperless trade;
- 4) Border agency cooperation;
- 5) Transit facilitation;
- 6) Trade-related information availability and
- 7) Key challenges and recommendations

Data collected from Sept.13 to Mar.14

- APTFF participants + UNNExT experts and secondary data
Trade Facilitation & Paperless Trade Implementation Score*

Maximum possible score: 100

Source: APTFF 2013 Survey
General Trade Facilitation Measures (included in the WTO TFA)

- Publication of existing import-export regulations on the Internet
- Stakeholder consultation on new draft regulations (prior to their finalization)
- Advance publication/notification of new regulation before their implementation
- Post-clearance audit
- Risk management
- Independent appeal mechanism
- Separation of Release from final determination of customs duties, taxes, fees and charges
- Advance ruling (on tariff classification)
- Pre-arrival processing
- Expedited shipments
- National single window
- Trade facilitation measures for authorized operators
- Establishment and publication of average release times

Source: APTFF 2013 Survey
### Key Challenges to implementing trade facilitation measures in Asian LLDCs

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<td>Lack of political will</td>
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<td>No clearly designated lead agency</td>
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<td>Financial constraints</td>
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<td>Limited human resource capacity</td>
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</table>

*Note:* ‘1’ indicates the most challenging factor

*Source: APTFF 2013 Survey*
Key findings from ESCAP study on Asian transit agreements in the context of WTO negotiations

- Little attention has generally been given to transit facilitation matters in preferential trade agreements;

- Transit issues have been addressed through a variety of separate bilateral/regional trade, transport, and/or transit specific treaties and instruments – rather than through a more integrated approach.

- When compared to text of bilateral/regional agreements, the WTO Bali text typically enhances the freedom of transit of WTO members, with specific provisions on guarantees and institutional aspects.

- Agreement text important, but actual implementation more important & challenging
Outline

1. Regional state of play in trade facilitation

2. ESCAP’s support for trade facilitation
   • Major platform: UNNExT
   • Selected key activities on trade facilitation

3. Concluding remarks
“an ongoing community of knowledge and practice to facilitate the implementation of single window and paperless trade in the Asia-Pacific region”

... As part of ESCAP’s effort to enhance regional connectivity and integration in cooperation with UNECE
Selected Trade Facilitation Tools developed under the UNNExT
Selected ESCAP activities on Trade Facilitation

Research and Analysis

• ESCAP-World Bank Trade Cost Database,
• International Supply Chain Connectivity Index
• Trade and Transport Facilitation Monitoring Mechanism (TTFMM)

Capacity Building

• Trainings: UNNExT Master Class on Single Window Development, SW MasterPlan Development and Implementation, Business Process Analysis (BPA), Data Harmonization, Legal Framework for Paperless Trade
• Guides: SW Implementation Toolkit on all of the above topics
• National/Subregional Advisory Services – Trade/Transit Process Analysis, Trade and Transport Monitoring Mechanism etc.

Regional Cooperation

• ESCAP Committee on Trade and Investment
• ESCAP Resolution 68/3 – Cross-border paperless trade implementation
• Annual Asia-Pacific Trade Facilitation Forum (2014 Forum in Bangkok)
Benefits of Paperless Trade

**Government**
- Effective & Efficient Deployment of Resources
- Correct Revenue Yield
- Improved Trader Compliance
- Enhanced Security
- Increased Integrity & Transparency

**Traders**
- Cutting Costs through Reducing Delays
- Faster Clearance & Release
- Predictable Application and Explanation of Rules
- Effective & Efficient Deployment of Resources
- Increased Transparency
Title: “Enabling paperless trade and the cross-border recognition of electronic data and documents for inclusive and sustainable trade facilitation”

Adopted at the 68th ESCAP Commission Session (May 2012)

Key features:

- Strong Capacity Building Component
- Mandate for Development of a regional arrangement on cross-border paperless trade
- Complementary to the WTO TFA, as aimed at facilitating application of information and communication technologies to trade facilitation measures (including single window)
Asia-Pacific Trade Facilitation Forum

jointly organized by ESCAP and ADB

supported by development partners

- APTFF 2009, Bangkok, Thailand, 25-26 November
- APTFF 2010, Kuala Lumpur, Malaysia, 5-6 October
- APTFF 2011, Seoul, Republic of Korea, 4-5 October
- APTFF 2012, Colombo, Sri Lanka, 30-31 October
- APTFF 2013, Beijing, China, 10-11 September

- APTFF 2014, Bangkok, Thailand, 24-25 September
  in conjunction with
  Thailand International Logistics Fair (TILOG 2014).
ESCAP Support and WTO Trade Facilitation Agreement

**Section I**

**Article 10.1**

Formalities and Documentation Requirements

- National Training of Trainers for Business Process Analysis (BPA) and Data Harmonization for simplification of processes

- Comprehensive support in establishing Single Window including development of SW Masterplan and Implementation; development of Legal Framework through Masterclass Workshops, National Training Events and Advisory Services

**Article 10.3**

Use of International Standards

- All Guides developed by ESCAP are based on global standards for example, UN/CEFACT Recommendation No. 33 (Single Window) or WCO Data Model 3.0

- Trade and Transport Facilitation Monitoring Mechanism (TTFMM)

- UN Development Account Project focused at Agri-food trade, Advisory Group on Agri trade facilitation established, UNNExT Guide on Agro-food Chain Information Management.

**Article 10.4**

Single Window

- All Guides developed by ESCAP are based on global standards for example, UN/CEFACT Recommendation No. 33 (Single Window) or WCO Data Model 3.0

**Section II 9.**

Provision of Assistance for Capacity Building

- Trade and Transport Facilitation Monitoring Mechanism (TTFMM)

- UN Development Account Project focused at Agri-food trade, Advisory Group on Agri trade facilitation established, UNNExT Guide on Agro-food Chain Information Management.
Concluding remarks

- Trade facilitation essential to trade competitiveness and enabling participation in production networks
  - A lot of room for improvement in Asia-Pacific LLDCs
- WTO TFA implementation provides a great opportunity to engage in TF reform
- Need for a “whole of supply chain” approach to TF
  - Comprehensive assessment/analysis of import-export procedures needed + monitoring
- Moving from paper to electronic exchange of documents will not be an option for much longer, so plan accordingly
- Participation in regional/subregional initiatives can make a difference
Thank you

For more information:

www.unescap.org
http://www.unescap.org/our-work/trade-investment
http://unnext.unescap.org/