
Joint United Nations Regional Commissions
Trade Facilitation and Paperless Trade
Implementation Survey 2015

*Sub-Regional Notes –
Pacific Island Developing Economies¹*

Prepared by



In collaboration with the

Oceania Customs Organization

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Disclaimers:

This note is a complement to the more elaborate Regional (Asia-Pacific) Report. It should best be read in conjunction with it, as well as the associated Country Notes, which can be found at: <http://unnex.unescap.org/UNTFSurvey2015.asp>

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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.² 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 successful conclusion of the negotiations on a WTO Trade Facilitation Agreement in December 2013, and the progress made at ESCAP on developing a complementary regional arrangement for the facilitation of cross-border paperless trade since 2012.

This note is part of a new global effort by all United Nations Regional Commissions (UNRCs), in cooperation with other interested international organizations³, 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 2015 UNRCs Joint Survey on Trade Facilitation and Paperless Trade implementation for the Pacific Island Developing Economies (PIDEs) sub-region, covering Fiji, Kiribati, Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. This report is a complement to the more elaborate Regional (Asia-Pacific) Report. It should best be read in conjunction with it, as well as the associated Country Notes.⁴

The survey was prepared taking into account the final list of provisions included in the WTO Trade Facilitation Agreement (TFA) as well as the content of the draft text of the regional UN treaty on cross-border paperless trade facilitation under negotiation at ESCAP. It covers 38 trade facilitation measures divided into four groups, namely, *General trade facilitation measures*, *Paperless trade*, *Cross-border paperless trade* and *Transit facilitation*.⁵ The *General trade facilitation measures* – as well as *Transit facilitation* measures - are essentially measures featured in the WTO TFA. In contrast, 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 implementation of many of the *General trade facilitation measures*. Survey results for Pacific Island Developing Economies are presented below.

² For example, see ESCAP (2011), Asia-Pacific Trade and Investment Report 2011, United Nations.

³ The survey has been 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 More information is available in the regional, other sub-regional and national reports at:

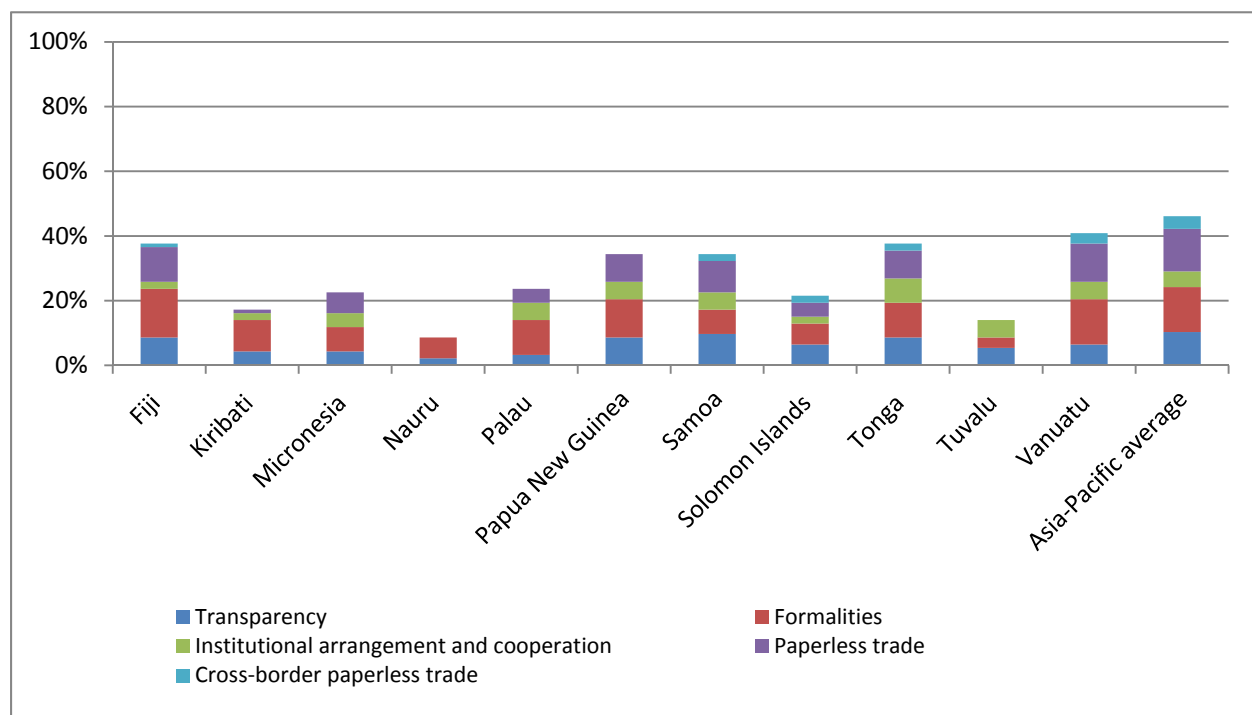
<http://unnex.unescap.org/UNTFSurvey2015.asp>

⁵ The survey questionnaire is available in full at: <http://unnex.unescap.org/tfforum14-survey.asp>

2. Trade facilitation implementation in Pacific Island Developing Economies: Overview

Figure 1 shows the overall implementation levels of 11 Pacific Island Developing Economies based on a common set of 31 trade facilitation and paperless trade measures included in the survey⁶. The sub-regional average implementation of this comprehensive set of trade facilitation measures stands at 25.2%, which is below the regional average (46.5%) and consistent with known capacity and resource gaps in the Pacific. The implementation of trade facilitation measures across PIDEs is quite homogeneous when compared to other sub-regions.

Figure 1: Overall implementation of trade facilitation measures in Pacific Island Developing Economies



Source: ESCAP, UNRCs TF Survey 2015

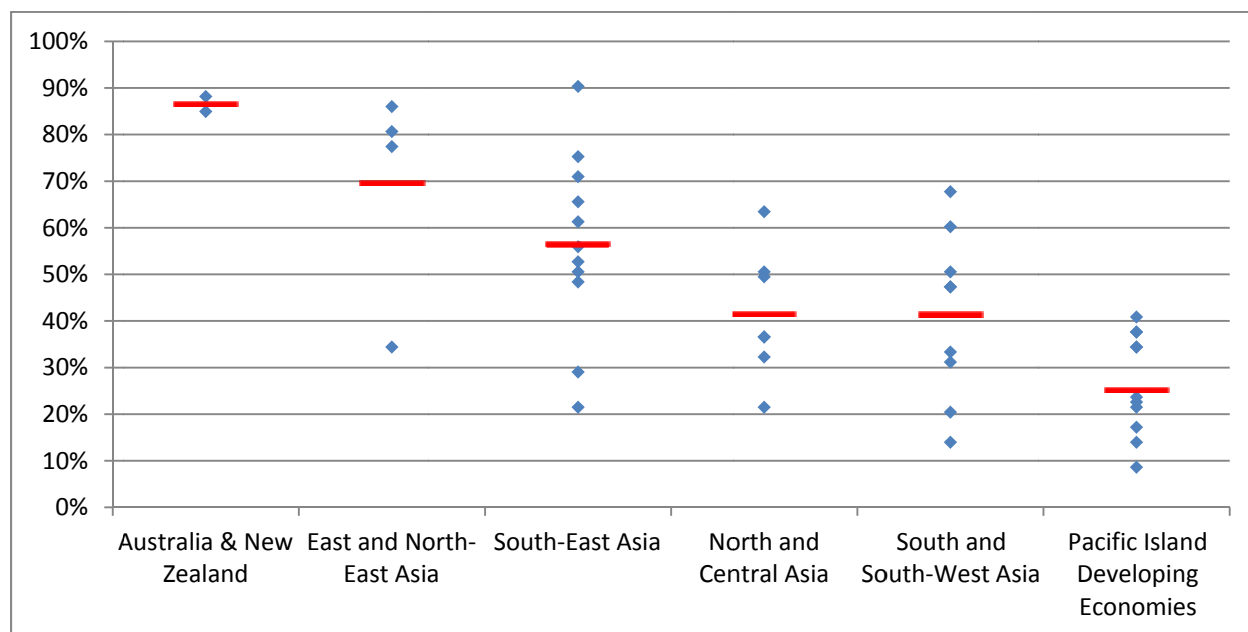
Figure 2 presents an overview of the implementation of trade facilitation measures (measured by percentage) in the different Asia-Pacific sub-regions as well as the average level of implementation of countries within each group. Pacific Island Developing Economies have the lowest average level of implementation (25.2%) after South and South-West Asia. In general, more advanced or larger

⁶ 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).

economies are at a higher level of trade facilitation than many other countries in the region, while small or less developed countries, such as LDCs or small Pacific countries, lag behind in the implementation of trade facilitation measures, particularly those related to paperless trade.

Although trade facilitation implementation varies widely within each sub-regional grouping, differences in trade facilitation implementation levels are smallest in PIDEs. This can be explained by the strong emphasis on on-going economic cooperation initiatives in this sub-region on trade facilitation – but arguably more likely by the fact that these small and generally isolated economies all face relatively similar implementation constraints. Countries with special needs in the Asia-Pacific region face particular challenges in implementation of trade facilitation, in particular paperless trade and cross-border paperless trade measures. This is reflected in the average implementation level of these countries, which varies between 25 and 35% (see Figure 2).

Figure 2: Trade facilitation implementation in Asia-Pacific sub-regions



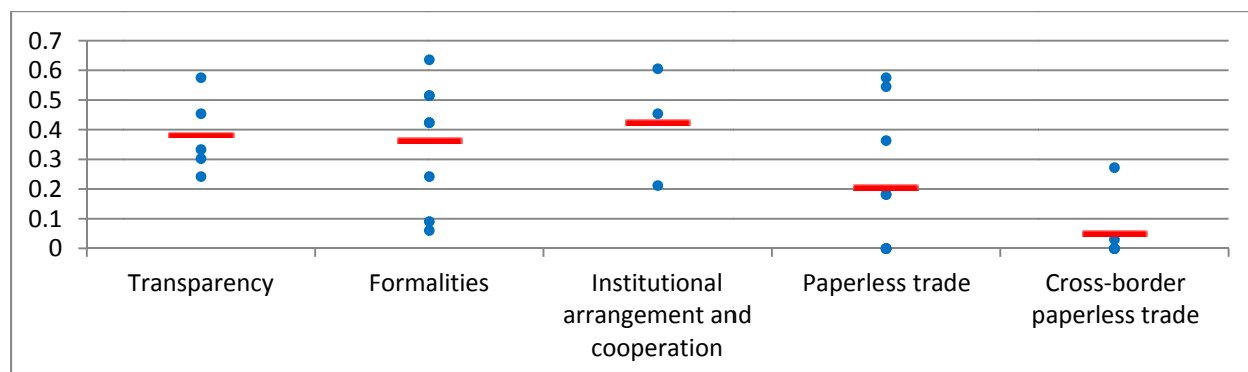
◆ Trade Facilitation Implementation of individual economies (%)
 — Average Trade Facilitation Implementation of the group (%)

Source: ESCAP, UNRCs TF Survey 2015

2.1 Most and least implemented trade facilitation measures

In PIDEs, the most implemented trade facilitation measures are *Transparency*, *Institutional arrangement and cooperation*, and *Formalities*, while the least implemented are *Paperless trade* and *Cross-border paperless trade*. Specific measures under each category are discussed in Table 2.

Figure 3: Implementation of different groups of trade facilitation measures: Pacific Island Developing Economies average



Notes: Blue dots show regional average implementation level of individual measures within each group.
 — Average sub-regional implementation level by groups of measures.

Source: ESCAP, UNRCs TF Survey 2015

Table 1: Most and least implemented measures in Pacific Island Developing Economies (within each group of trade facilitation measures)

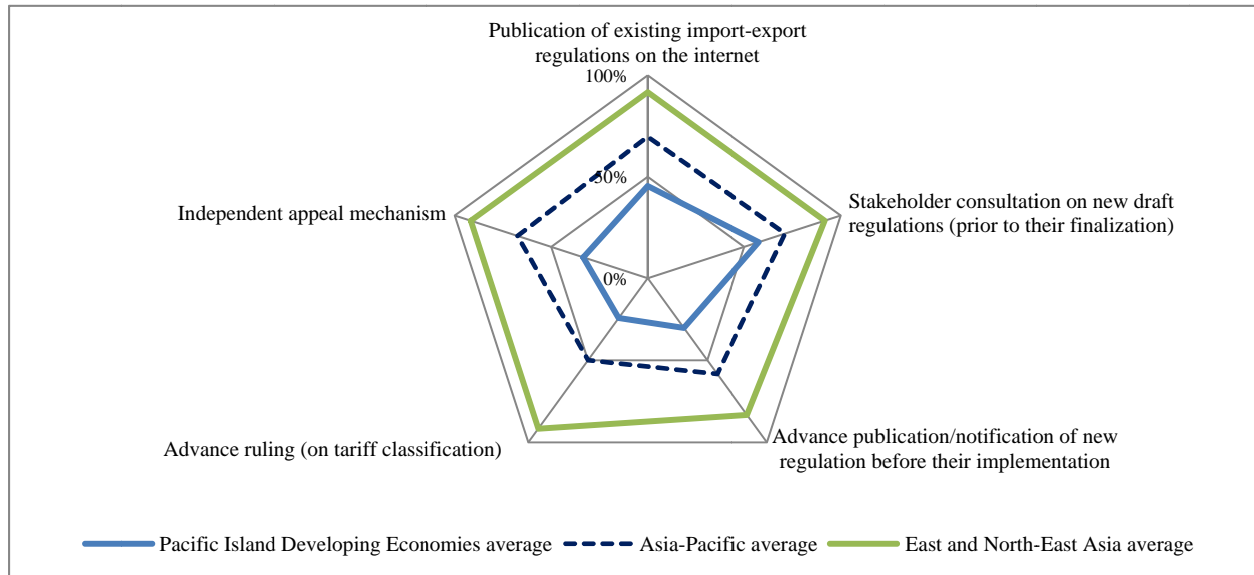
	Most implemented	Least implemented
Transparency	<ol style="list-style-type: none"> 1. Stakeholder consultation on new draft regulations (prior to their finalization) 2. Publication of existing import-export regulations on the internet 	<ol style="list-style-type: none"> 1. Independent appeal mechanism 2. Advance publication/notification of new regulation before their implementation 3. Advance ruling (on tariff classification)
Formalities	<ol style="list-style-type: none"> 1. Risk management 2. Pre-arrival processing 3. Acceptance of paper or electronic copies 	<ol style="list-style-type: none"> 1. Trade facilitation measures for authorized operators 2. Establishment and publication of average release times
Institutional arrangement and cooperation	<ol style="list-style-type: none"> 1. Cooperation between agencies on the ground at the national level 2. Establishment of National Trade Facilitation Committee 	Government agencies delegating controls to Customs authorities
Paperless trade	<ol style="list-style-type: none"> 1. Internet connection available to Customs and other trade control agencies at border-crossings 2. Electronic submission of Customs declarations 	<ol style="list-style-type: none"> 1. Electronic Single Window System 2. Electronic Application and Issuance of Trade Licenses 3. Electronic Application for Customs Refunds 4. Electronic Application and Issuance of Preferential Certificate of Origin
Cross-border paperless trade	Laws and regulations for electronic transactions	<ol style="list-style-type: none"> 1. Recognized certification authority 2. Engagement in trade-related cross-border electronic data exchange 3. Electronic exchange of Sanitary & Phyto-Sanitary Certificate 4. Banks and insurers retrieving letters of credit electronically

3. Implementation of trade facilitation measures: A closer look

3.1 “Transparency” measures

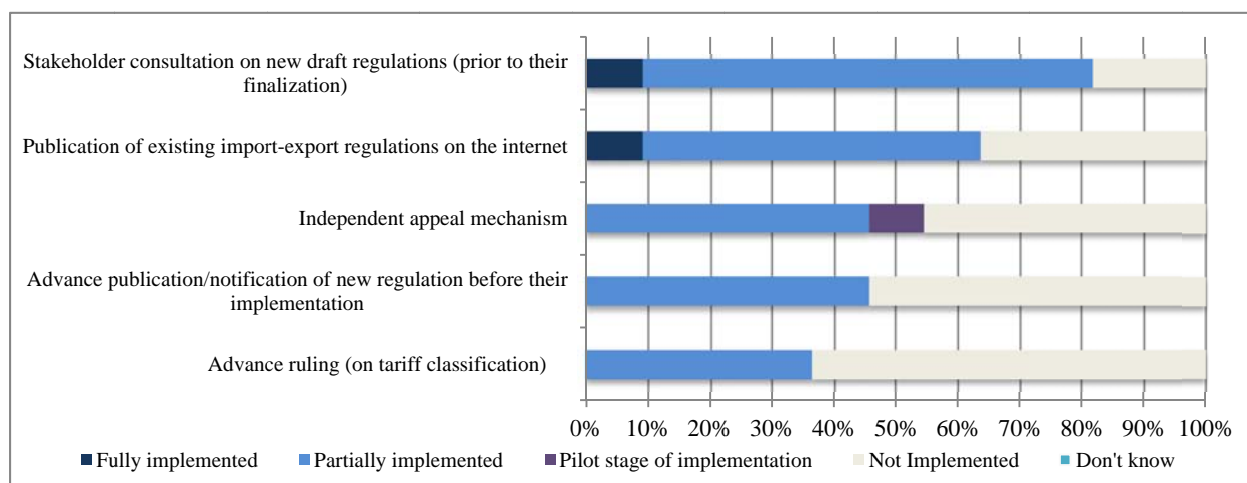
Five trade facilitation measures included in the survey can be categorized as “Transparency” measures. They relate to Articles 1-5 of the WTO TFA and GATT Article X on Publication and Administration of Trade Regulations.

Figure 4: Implementation of “transparency” measures: Pacific Island Developing Economies average



Source: ESCAP, UNRCs TF Survey 2015

Figure 5: State of implementation of “transparency” measures for trade facilitation in Pacific Island Developing Economies (in %)



Source: ESCAP, UNRCs TF Survey 2015

Figure 4 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 in the PIDEs sub-region is almost 40%, which is lower than both the Asia-Pacific regional average and the East and North-East Asian sub-regional average. Figure 5 highlights that *Stakeholder consultation on new draft regulations* skews the sub-regional average upwards as the most implemented “transparency” measure among PIDEs; it has been at least partially implemented by 80% of countries in this sub-region. On the other hand, *Advance ruling* is the least implemented of the “transparency” measures, with partial implementation of only around 40%.

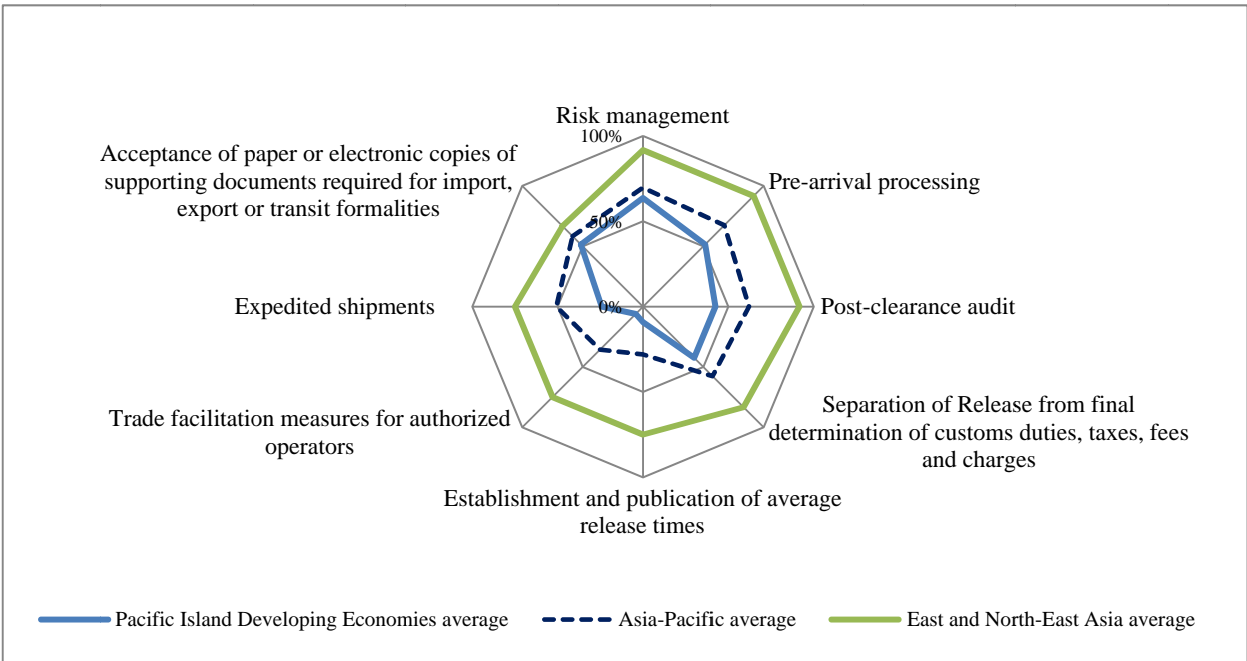
3.2 “Formalities” facilitation measures

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 6 shows that the average weighted implementation score of “formalities” facilitation measures in this sub-region is almost 40%. It is lower than both the regional average and the level in East and North-East Asia. The implementation rates of “formalities” measures in the sub-region are presented in Figure 7. *Risk management* is the most implemented measure in the sub-region; it has been at least partially implemented by 90% of the countries in this sub-region. The least implemented measure is *Trade facilitation measures for authorized operators*, which has only been partially implemented by less than 10% of all countries. Importantly, this – along with *Post-clearance audits* – has been an area long highlighted as deserving of additional resources and capacity, including through sub-regional supplemental efforts.⁷ Meanwhile, *Establishment and publication of average release times* is in the pilot stage of implementation in three countries (Fiji, Papua New Guinea and Samoa).

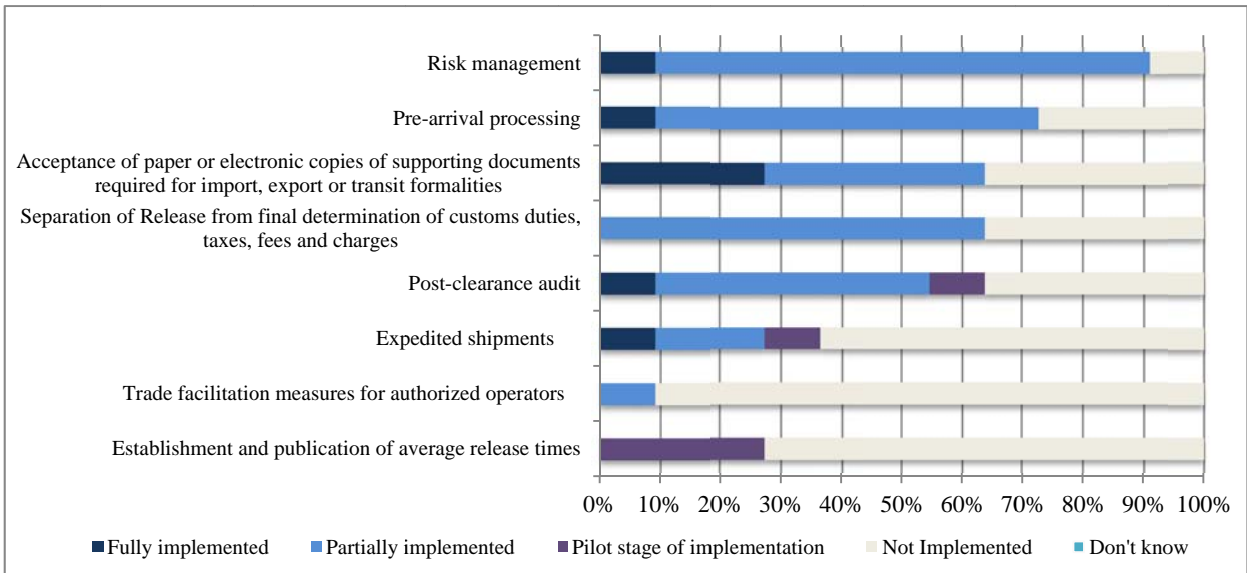
⁷See: <http://www.forumsec.org/resources/uploads/attachments/documents/FEMM%2009%20Customs%20Services%20Study%20-%20Report.pdf>

Figure 6: Implementation of trade “formalities” facilitation measures: Pacific Island Developing Economies average



Source: ESCAP, UNRCs TF Survey 2015

Figure 7: State of implementation of trade “formalities” facilitation measures in Pacific Island Developing Economies (in %)

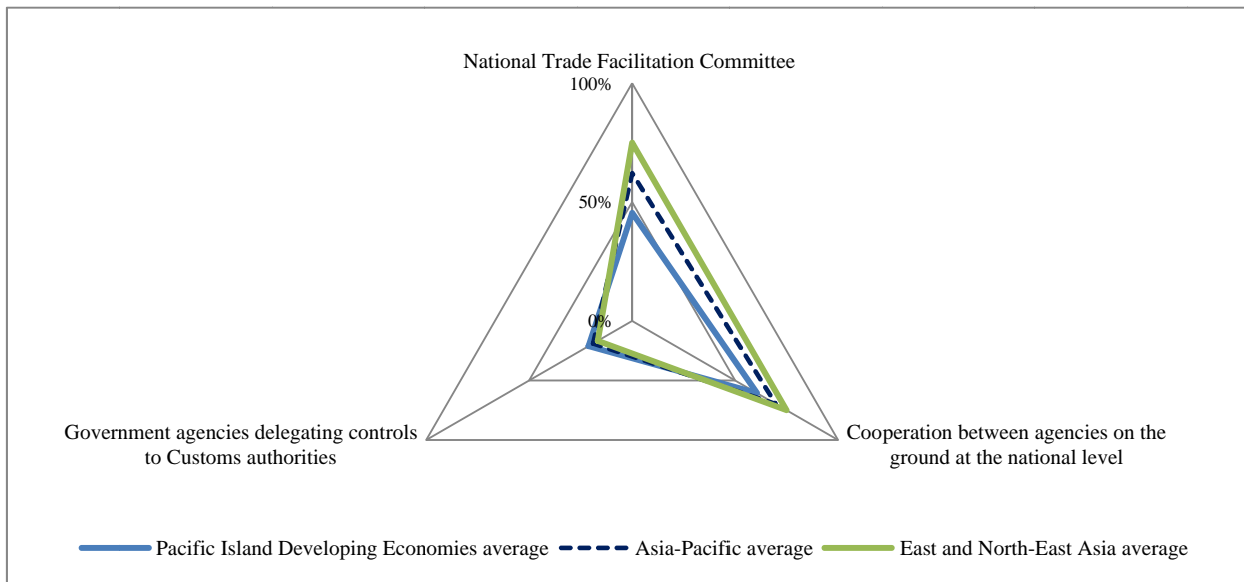


Source: ESCAP, UNRCs TF Survey 2015

3.3 “Institutional arrangement and cooperation” measures

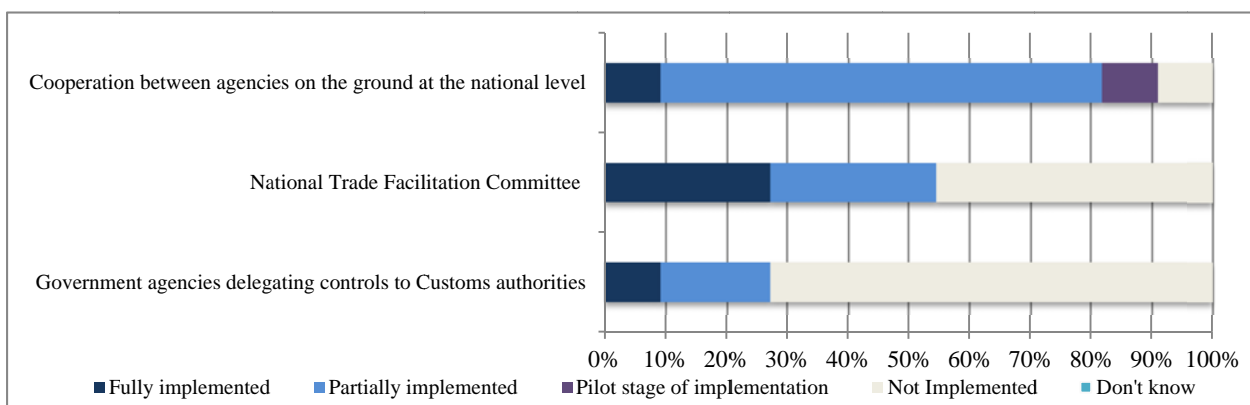
Three trade facilitation measures featured in the survey are grouped under “Institutional and cooperation” measures. These relate to the long-standing recommendation that a national trade facilitation body and other measures be implemented to ensure coordination and cooperation among the various government agencies and other stakeholders involved in facilitating trade.⁸ All three measures are also specified in various Articles of the WTO TFA.

Figure 8: Implementation of “institutional arrangement and cooperation” measures: Pacific Island Developing Economies average



Source: ESCAP, UNRCs TF Survey 2015

Figure 9: State of implementation of “institutional arrangement and cooperation” measures for trade facilitation in Pacific Island Developing Economies (in %)



Source: ESCAP, UNRCs TF Survey 2015

⁸ See, for example, UN/CEFACT Recommendation No. 4 on establishment of national trade facilitation bodies, first issued in 1974.

Figure 8 shows that the average weighted implementation score of the three “institutional arrangement and cooperation” measures in PIDEs is around 40%, which is lower than both the Asia-Pacific regional average and the East and North-East Asian sub-regional average.

Figure 9 shows that *Cooperation between agencies on the ground at the national level* has been at least partially implemented in 80% of all PIDEs, and is in the pilot stage in one country (Tuvalu). *National trade facilitation committees* have also been partially or fully implemented in at least 50% of all countries. In contrast, less than 30% of the countries have implemented *Government agencies delegating controls to Customs authorities*, making it the least implemented measure of this group.

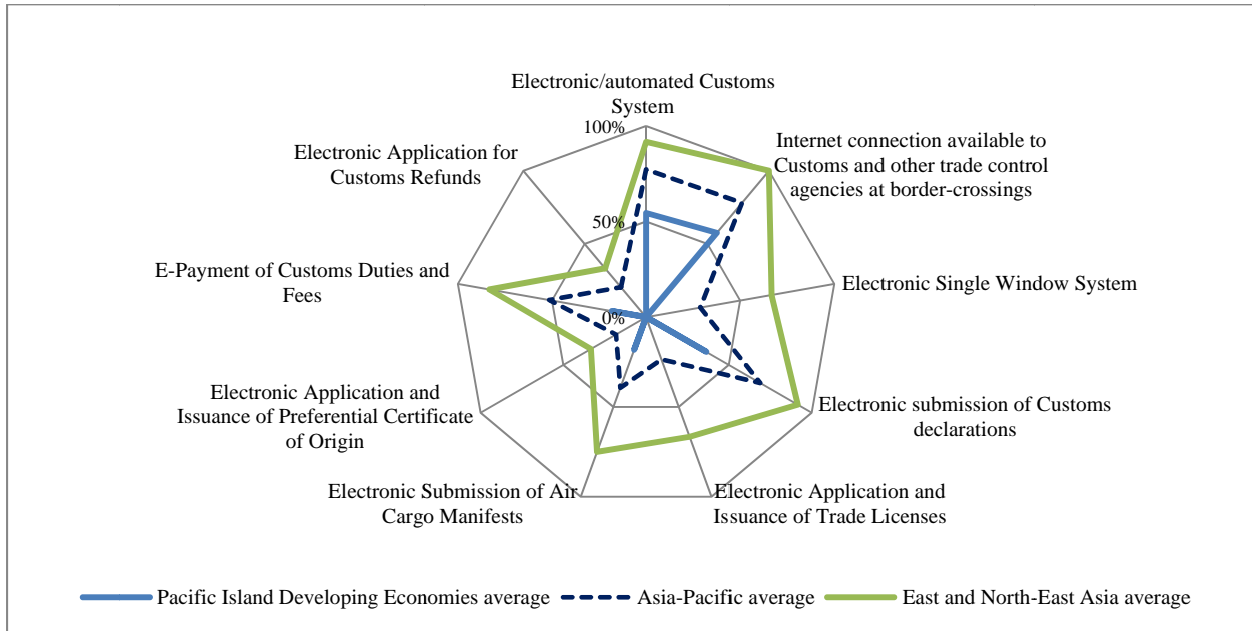
3.4 “Paperless trade” measures

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.⁹

The implementation levels of “paperless” measures in Pacific Island Developing Economies are heterogeneous since they vary widely from around 60% to zero implementation (Figure 10). Importantly, there is a need for affordable Information and Communication Technologies (ICT) infrastructure in the sub-region to support trade facilitation, which promises significant returns to investment from relatively low cost reforms. The average level of 20% is below both the Asia-Pacific and East and North-East Asian averages. Figure 11 shows that *Internet connection availability* has been at least partially implemented in around 70% of PIDEs, and in the pilot stage in one country (Kiribati). Almost 50% have partially implemented the *Electronic submission of Customs declarations*. Meanwhile, *Electronic submission of air cargo manifests* and *E-payment of customs duties and fees* are partially implemented in almost 30%. *Electronic single window system*, *Electronic application and issuance of trade licenses*, *Electronic application and issuance of preferential certificate of origin*, and *Electronic application for customs refunds*, have not been implemented in any country.

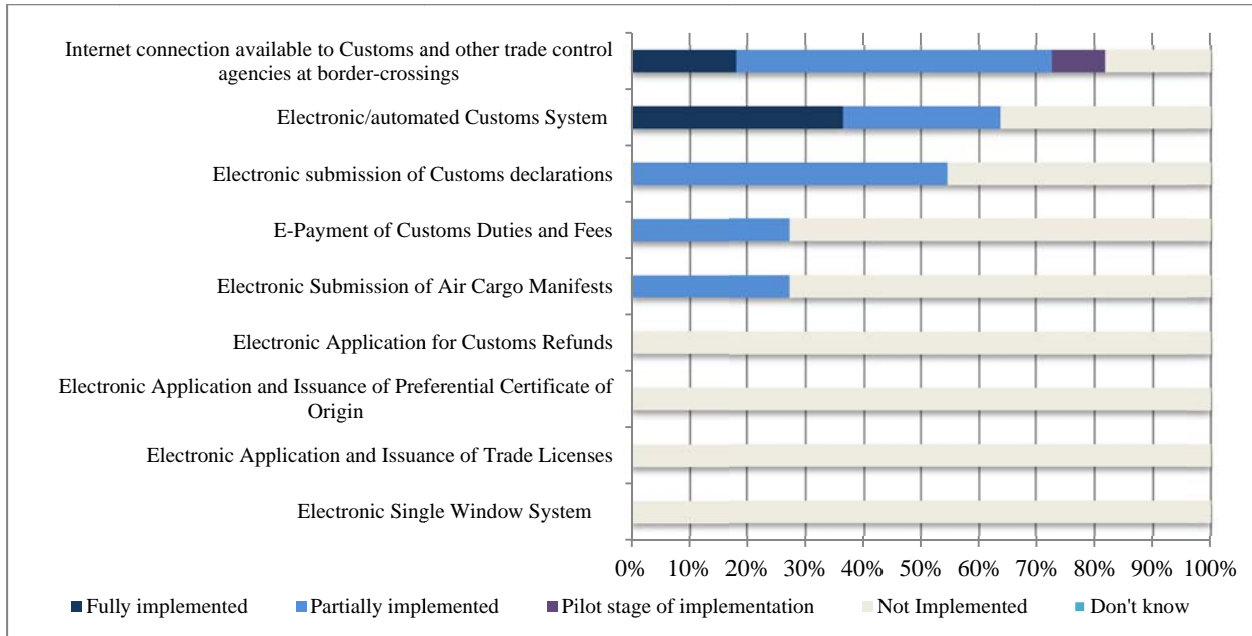
⁹ An example of this is the WTO TFA Article 10.3 on Single Window, which reads as follows: “Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies... Members shall, to the extent possible and practicable, use information technology to support the single window.”

Figure 10: Implementation of “paperless trade” measures: Pacific Island Developing Economies average



Source: ESCAP, UNRCs TF Survey 2015

Figure 11: State of implementation of “paperless trade” measures in Pacific Island Developing Economies (in %)

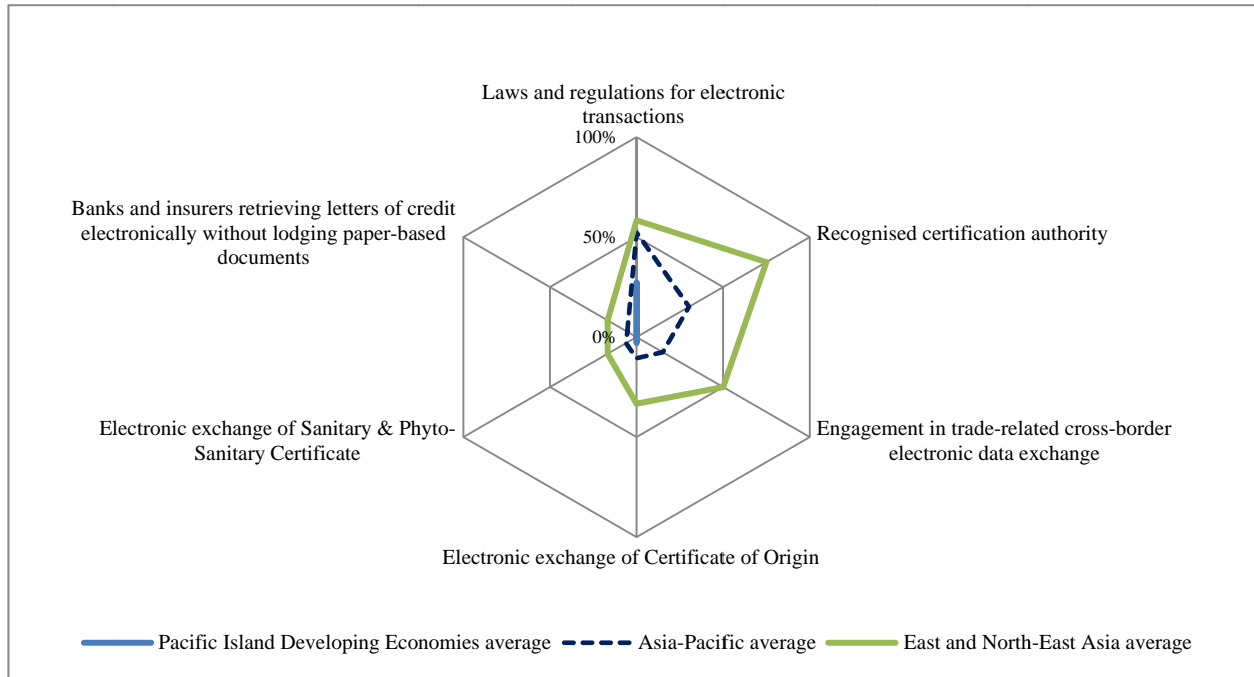


Source: ESCAP, UNRCs TF Survey 2015

3.5 “Cross-border paperless trade” measures

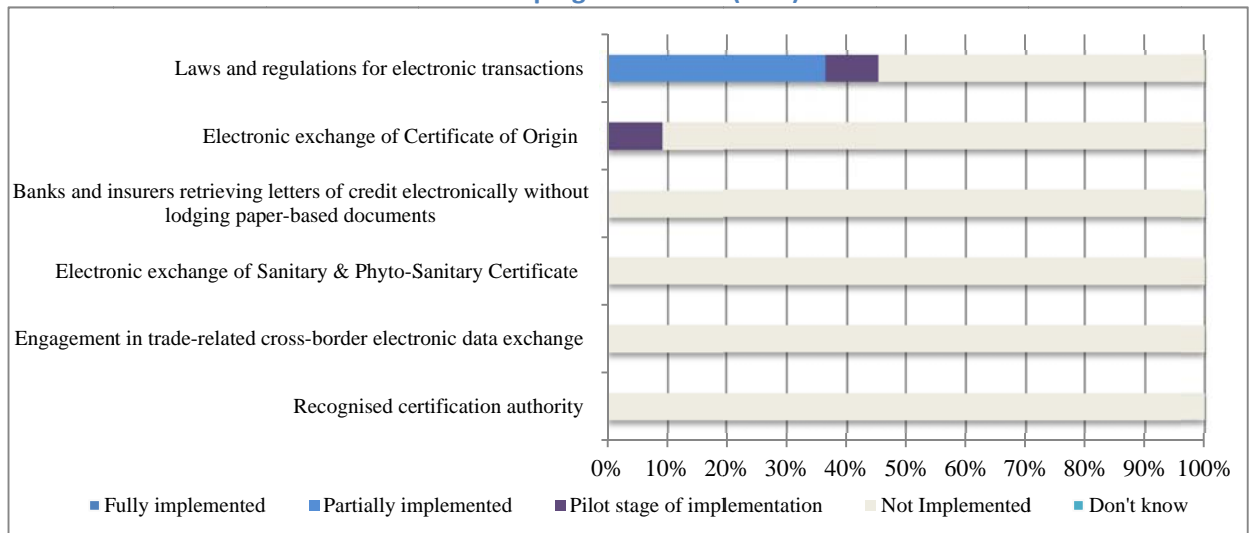
Six of the trade facilitation measures included in the survey are categorized as “cross-border paperless trade” measures, as shown in Figure 12.

Figure 12: Implementation of “cross-border paperless trade” measures: Pacific Island Developing Economies average



Source: ESCAP, UNRCs TF Survey 2015

Figure 13: State of implementation of “cross-border paperless trade” measures in Pacific Island Developing Economies (in %)



Source: ESCAP, UNRCs TF Survey 2015

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.

As shown in Figure 12, the implementation of the majority of these measures in Pacific Island Developing Economies is very low. This is similar to the situation at the Asia-Pacific regional level, while at the sub-regional level East and North East Asia lead the rest in implementation of “cross-border paperless trade” measures. Figure 13 shows the most implemented measures are *Laws and regulations for electronic transactions*, which have been at least partially implemented by almost 40% of countries, and in the pilot stage in one country (Fiji). *Electronic exchange of certificate of origin* is in the pilot stage in one country (Vanuatu).

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

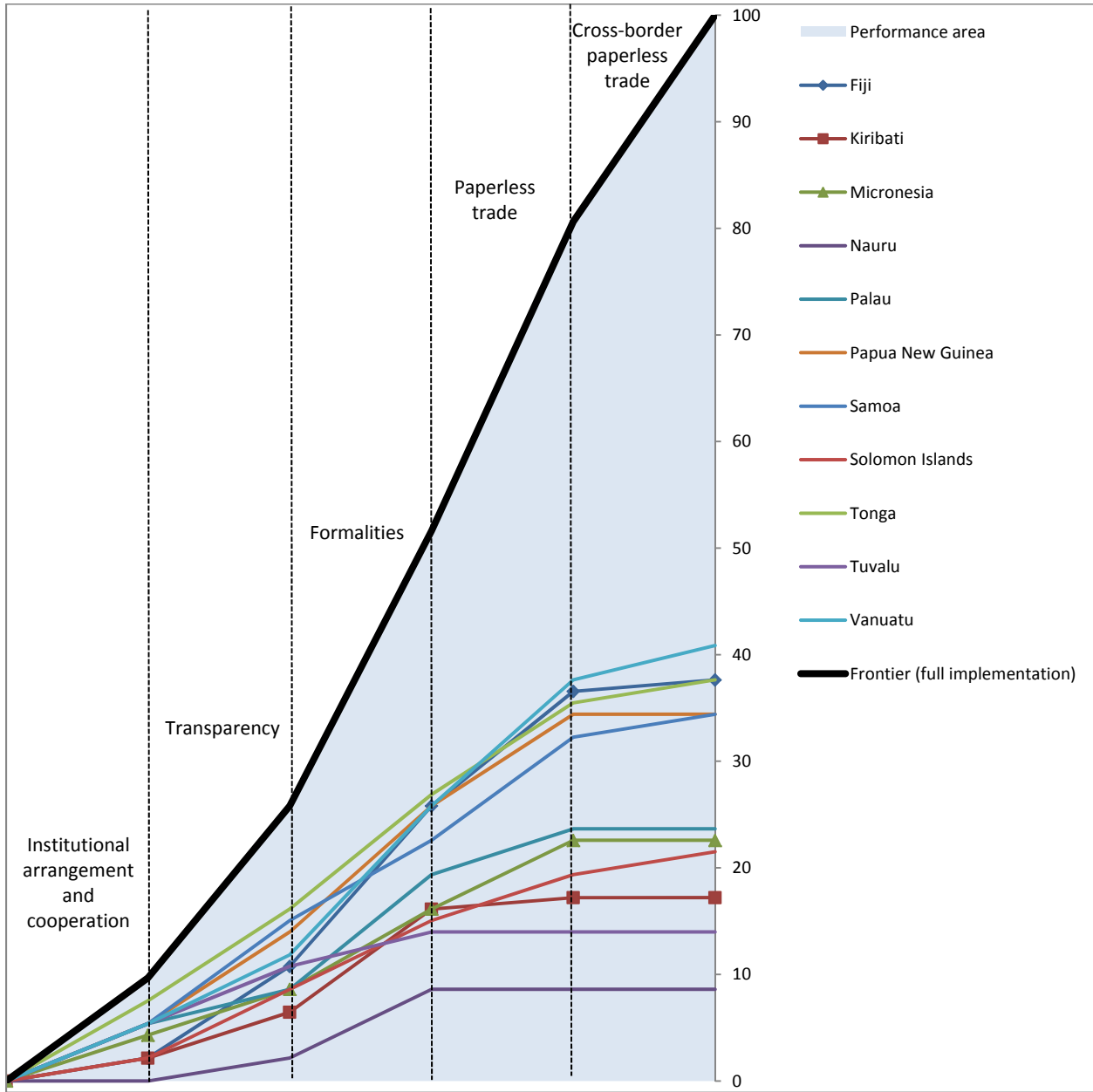
This note, which is best read in conjunction with the regional (Asia-Pacific) report as well as individual country notes,¹⁰ presents data on trade facilitation and paperless trade implementation for Pacific Island Developing Economies. Based on an ambitious package of more than 30 trade facilitation measures included in the survey, the average trade facilitation implementation in PIDEs is found to be 25%, suggesting that there is much scope for improvement in the sub-region. The assessment confirms that while some countries in PIDEs have been actively engaged in implementing measures to improve transparency, enhance inter-agency coordination and cooperation, and streamline fees and formalities associated with trade, many still struggle with implementing even basic facilities for trade facilitation. In particular, electronic transactions for Customs procedures towards paperless trade, as well as recognition of electronic certificates in cross-border paperless trade transactions are areas that require more focus and improvement.

Implementation of the majority of trade facilitation systems remain at the pilot stage with very low levels of implementation, although some countries such as Vanuatu, Fiji, Tonga and Samoa lead the rest in terms of overall initiatives. Some of the challenges mentioned by PIDEs, 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 14 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 PIDEs country included in the survey. The graph reveals wide differences in implementation patterns across countries, suggesting that different countries have emphasized the implementation of different groups of measures. Paperless and cross-border paperless trade facilitation are the least implemented of all groups of measures, and countries have significant room to make progress in all areas of trade facilitation, starting with institutional arrangements and enhancing inter-agency cooperation.

¹⁰ Available at: <http://unnext.unescap.org/UNTFsurvey2015.asp>

Figure 14: Moving up the trade facilitation ladder towards seamless international supply chains



Note: the figure shows cumulative trade facilitation implementation scores of Pacific Island Developing Economies for five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100.

Source: ESCAP, UNRCs TF Survey 2015