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

*Sub-Regional Notes –
South-East Asia
[ASEAN and Timor Leste]*¹

Prepared by



¹ This note was prepared by Pamela Bayona, Dimitra Malakoudi, and Nucharat Tuntiwigit under the supervision of Yann Duval and Tengfei Wang of the Trade Facilitation Unit, Trade and Investment Division, UNESCAP.

Contents

1. Introduction	1
2. Trade facilitation implementation in South-East Asia: Overview	2
2.1 Most and least implemented trade facilitation measures.....	3
3. Implementation of trade facilitation measures: A closer look	5
3.1 “Transparency” measures.....	5
3.2 “Formalities” facilitation measures	6
3.3 “Institutional arrangement and cooperation” measures	8
3.4 “Paperless trade” measures.....	9
3.5 “Cross-border paperless trade” measures.....	11
3.6 “Transit facilitation” measures	12
4. Moving up the trade facilitation ladder towards seamless international supply chains.....	14

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>

The designation employed and the presentation of the material in the note do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The United Nations bears no responsibility for the availability or functioning of URLs.

Opinions, figures and estimates set forth in this publication are the responsibility of the authors, and should not necessarily be considered as reflecting the views or carrying the endorsement of the United Nations. Any errors are the responsibility of the authors. Mention of firm names and commercial products does not imply the endorsement of the United Nations.

The note has been issued without formal editing.

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 South-East Asian sub-region, covering ASEAN countries⁴ and Timor-Leste. **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.**⁵

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*.⁶ 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 the South-East Asian sub-region 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 The ASEAN includes Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

⁵ More information is available in the regional, other sub-regional and national reports at:

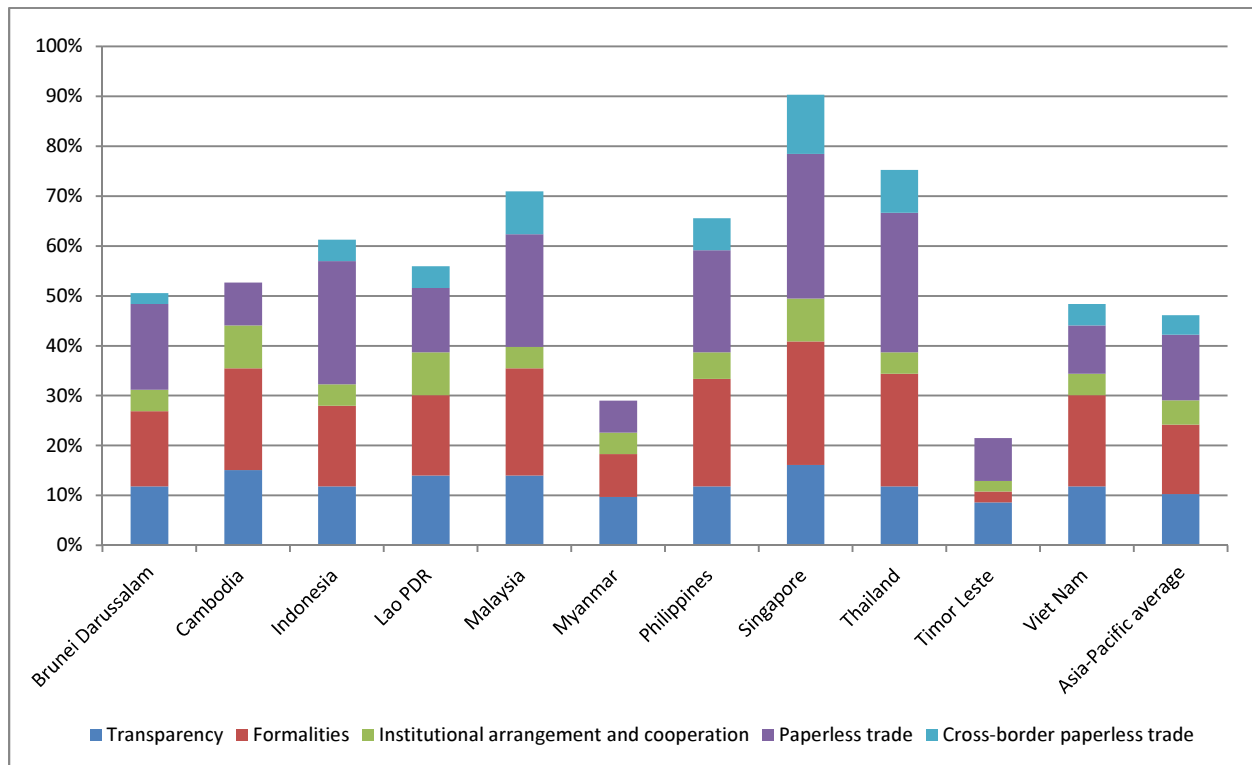
<http://unnex.unescap.org/UNTFSurvey2015.asp>

⁶ The survey questionnaire is available in full at: <http://unnex.unescap.org/tfforum14-survey.asp>

2. Trade facilitation implementation in South-East Asia: Overview

Figure 1 shows the overall implementation levels of 11 South-East Asian countries based on a common set of 31 trade facilitation and paperless trade measures included in the survey⁷. The sub-regional average implementation of this comprehensive set of trade facilitation measures stands at 56.1%, exceeding the regional average (46.5%). However, the implementation of trade facilitation measures in the region is quite heterogeneous. Malaysia, Singapore and Thailand achieve implementation rates in excess of 70%, while implementation in Myanmar and Timor-Leste is under 30%.

Figure 1: Overall implementation of trade facilitation measures in South-East Asian countries



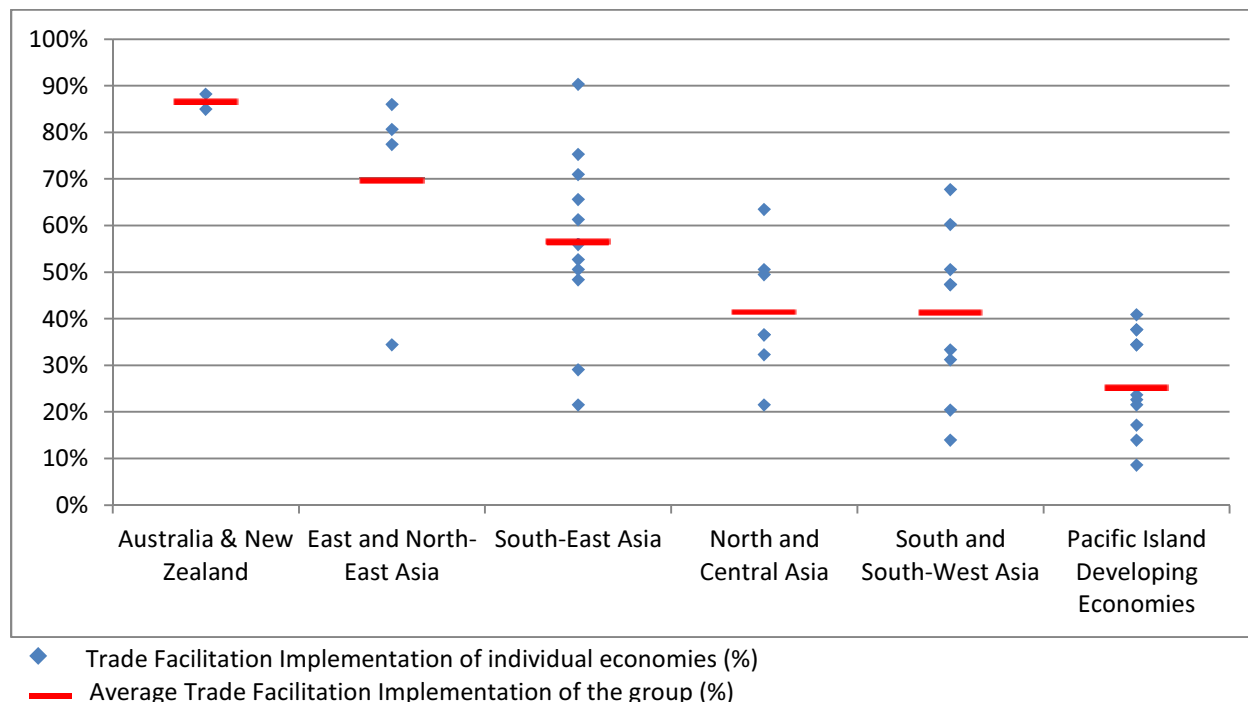
Source: ESCAP, UNRCs TF Survey 2015

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

⁷ 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).

countries within each group. South-East Asia has the third highest average level of implementation (56.1%) after Australia & New-Zealand and East & North-East Asia.

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



Source: ESCAP, UNRCs TF Survey 2015

Although trade facilitation implementation varies widely within each sub-regional grouping, differences in trade facilitation implementation levels are widest in South-East Asia. This is essentially due to Myanmar and Timor-Leste, two economies that have only recently been able to actively engage in international trade. In fact, regional integration processes appear to have played a significant and positive role in trade facilitation implementation, with several LDCs in ASEAN, where regional cooperation on trade facilitation has long been promoted, achieving higher implementation rates than LDCs in other sub-regions⁸.

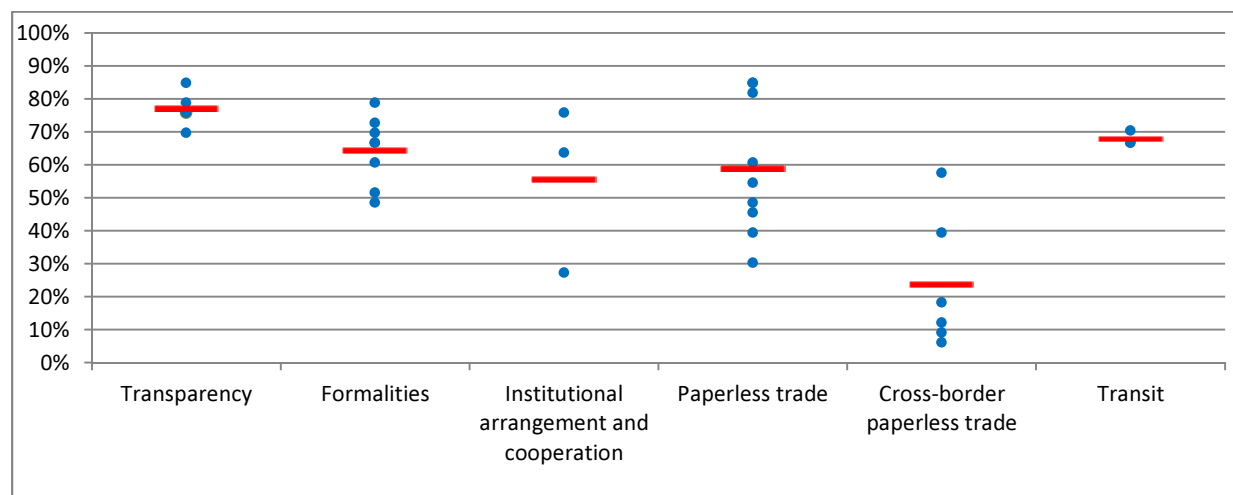
2.1 Most and least implemented trade facilitation measures

While implementation levels vary greatly across countries for all six (6) categories of trade facilitation measures shown in Figure 3, differences in overall implementation scores across countries in South-East Asia are exacerbated by wide differences among countries in the level of implementation of

⁸ The Asia-Pacific region comprises 12 LDCs, 3 of which are in South-East Asia (Cambodia, Lao PDR and Myanmar).

institutional arrangement and cooperation measures and paperless trade measures. Most and least implemented measures in each category are shown in Table 2.

Figure 3: Implementation of different groups of trade facilitation measures: South-East Asian 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 South-East Asia (within each group of trade facilitation measures)

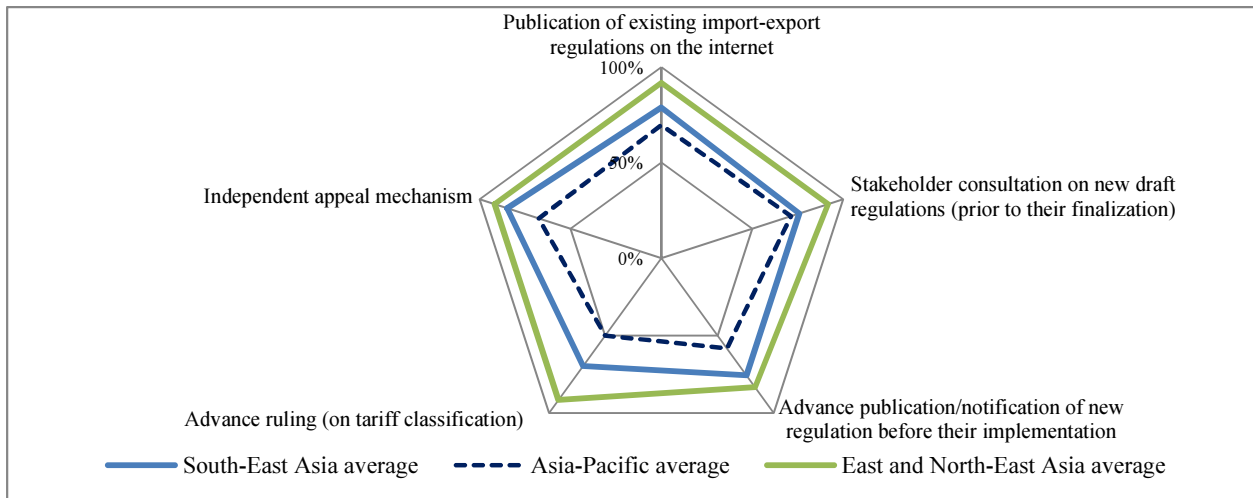
	Most implemented	Least implemented
Transparency	1. Independent appeal mechanism 2. Publication of existing import-export regulations on the internet	Advance ruling (on tariff classification)
Formalities	1. Pre-arrival processing 2. Risk management	Trade facilitation measures for authorized operators
Institutional arrangement and cooperation	Cooperation between agencies on the ground at the national level	Government agencies delegating controls to Customs authorities
Paperless trade	1. Internet connection available to Customs and other trade control agencies at border-crossings 2. Electronic submission of Customs declarations	1. Electronic Application for Customs Refunds 2. Electronic Application and Issuance of Preferential Certificate of Origin 3. Electronic Application and Issuance of Trade Licenses 4. Electronic Single Window System
Cross-border paperless trade	Laws and regulations for electronic transactions	1. Electronic exchange of Sanitary & Phyto-Sanitary Certificate 2. Banks and insurers retrieving letters of credit electronically

3. Implementation of trade facilitation measures: A closer look

3.1 “Transparency” measures

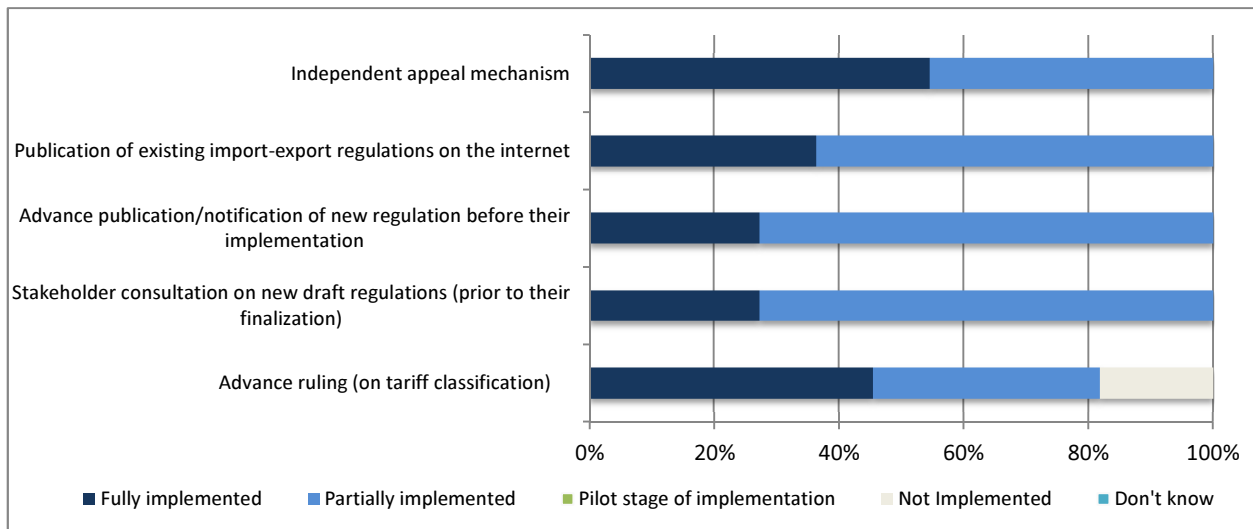
Five trade facilitation measures included in the survey can be categorized as “Transparency” measures. They relate to Articles 1-5 of the WTO TFA and GATT Article X on Publication and Administration of Trade Regulations.

Figure 4: Implementation of “transparency” measures: South-East Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 5: State of implementation of “transparency” measures for trade facilitation in South-East Asia (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 figure shows that the average level of implementation of “transparency” measures is well in excess of 50% and in fact higher than 75%, indicating a significantly higher level of implementation as compared to other types of measures and near full implementation of these measures. It also shows that South-East Asia has achieved higher level of implementation than the region as a whole although implementation has not reached the levels achieved in East and North-East Asia.

Figure 5 shows that all “transparency” measures have been at least partially implemented by 80% of all countries. *Independent appeal mechanism* is the most implemented measure, having been fully implemented by more than 50% of the countries in this sub-region. In contrast, *Advance ruling (on tariff classification)* is the least implemented of the “transparency” measures, while *Advance publication/notification of new regulation before their implementation* and *Stakeholder consultation on new draft regulations (prior to their finalization)* have only been fully implemented in less than 30% of all countries in the sub-region.

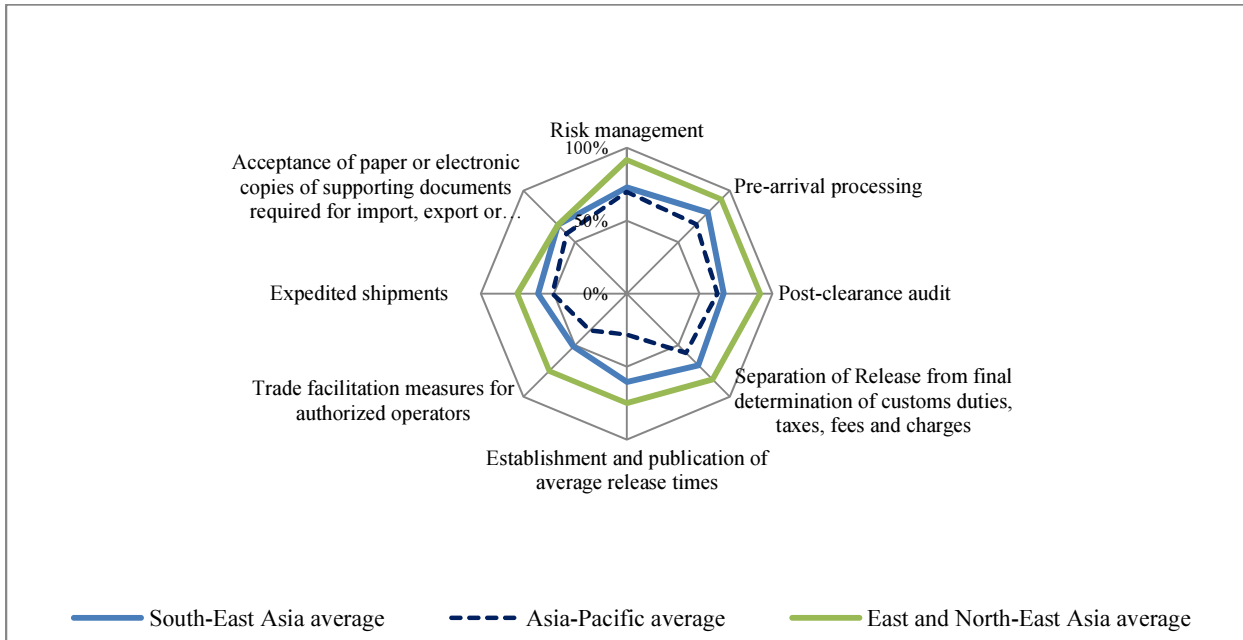
3.2 “Formalities” facilitation measures

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 level of implementation of “formalities” facilitation measures in this sub-region is generally above 50%. It is higher than the regional average but remains lower than the level in East and North-East Asia.

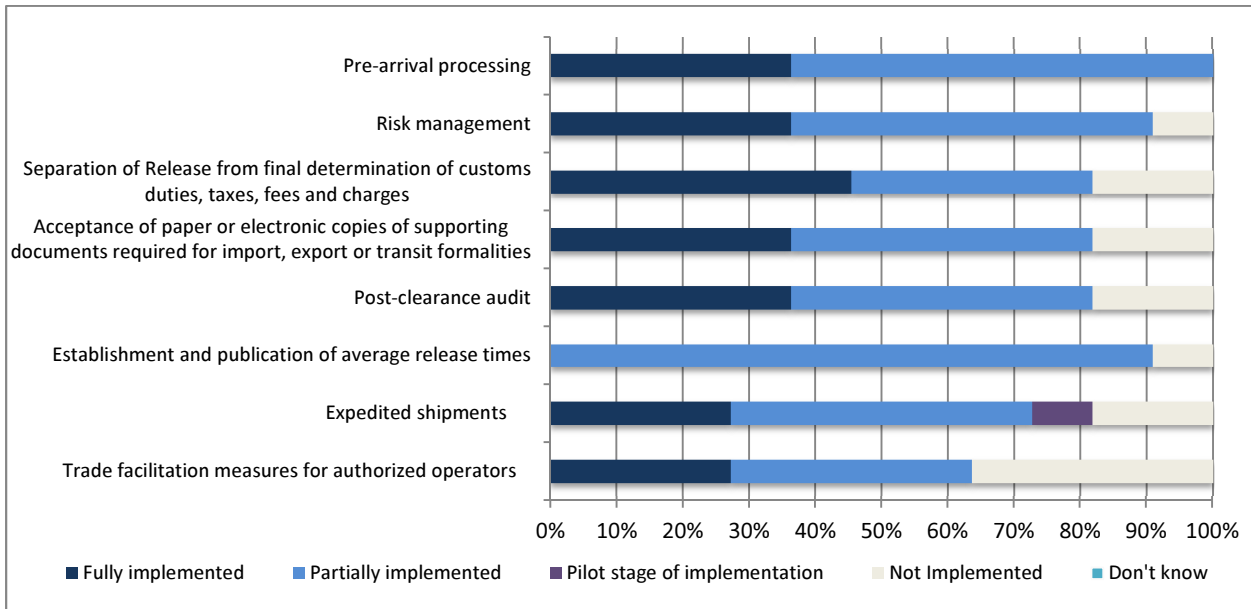
The implementation rates of “formalities” measures in the sub-region are presented in Figure 7. In general, all measures have reached at least partial implementation in 60% of all countries. *Pre-arrival processing* is the most implemented measure in the sub-region, having been at least partially implemented in all countries. Meanwhile, *Expedited shipments* is in the pilot stage of implementation in one country (Indonesia). In contrast, the least implemented measure is *Trade facilitation measures for authorized operators*, which has not yet been implemented in 40% of the countries of the sub-region.

Figure 6: Implementation of trade “formalities” facilitation measures: South-East Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 7: State of implementation of trade “formalities” facilitation measures in South-East Asia (in %)

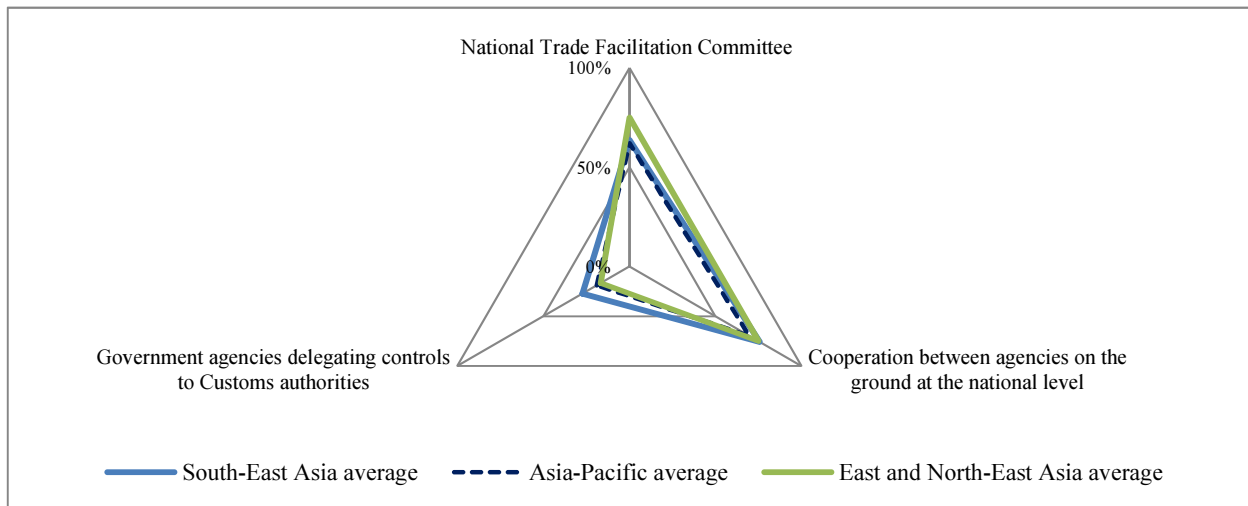


Source: ESCAP, UNRCs TF Survey 2015

3.3 “Institutional arrangement and cooperation” measures

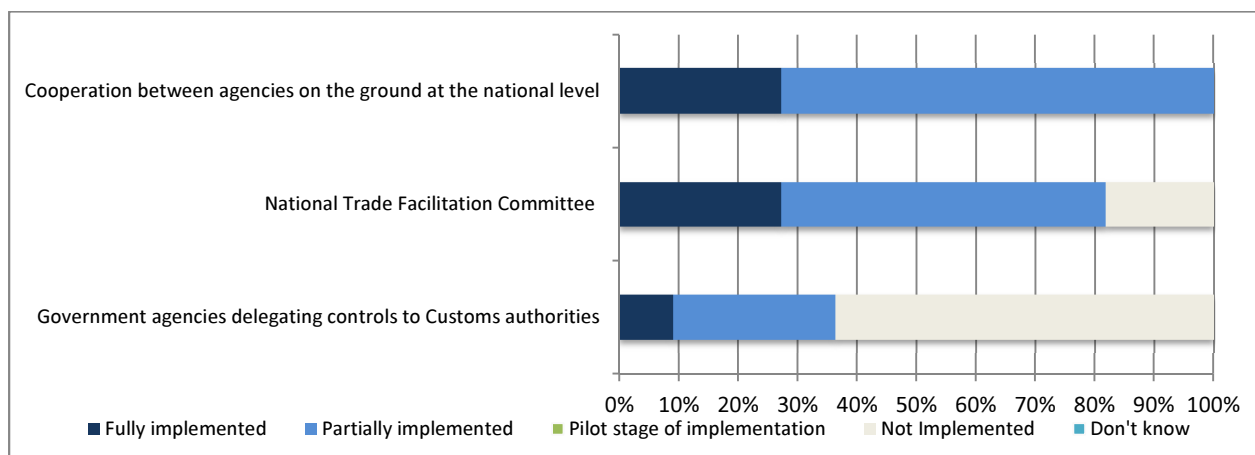
Three trade facilitation measures featured in the survey are grouped under “Institutional and cooperation” measures. These relate to the long-standing recommendation that a national trade facilitation body and other measures be implemented to ensure coordination and cooperation among the various government agencies and other stakeholders involved in facilitating trade.⁹ All three measures are also specified in various Articles of the WTO TFA.

Figure 8: Implementation of “institutional arrangement and cooperation” measures: South-East Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 9: State of implementation of “institutional arrangement and cooperation” measures for trade facilitation in South-East Asia (in %)



Source: ESCAP, UNRCs TF Survey 2015

⁹ 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 this sub-region is around 56%, which is similar to the situation at both the Asia-Pacific regional level and the East and North-East Asian sub-regional level.

Figure 9 shows that *Cooperation between agencies on the ground at the national level* has been at least partially implemented in all South-East Asian countries. *National trade facilitation committees* has also been at least partially implemented in the majority of countries. In contrast, more than 60% of the countries have not implemented *Government agencies delegating controls to Customs authorities*, making it the least implemented measure of this group.

3.4 “Paperless trade” measures

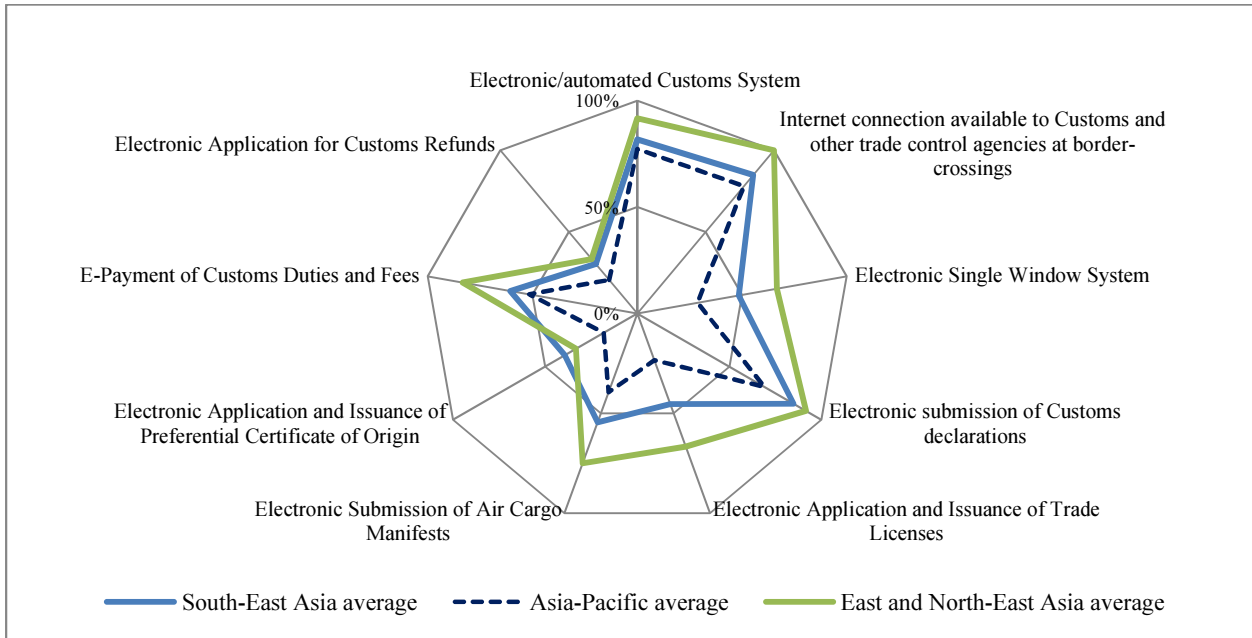
Nine of the trade facilitation measures included in the survey are categorized as “Paperless trade” measures. All these measures involve the use and application of modern information and communications technologies (ICT) to trade “formalities”, starting from the availability of internet connections at 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.¹⁰

The implementation levels of “paperless” measures in South-East Asia are heterogeneous since they exceed 80% for some measures while they are lower than 50% for the rest (Figure 10). These levels are all above the Asia-Pacific average; however they are below those in East and North-East Asia.

Figure 11 shows that a good number of “paperless” measures have been implemented either fully, partially or are at least in the pilot stage of implementation. *Electronic Single Window System*, *Internet connection availability*, and *Electronic/automated Customs System* are the three most implemented measures in the sub-region, having been at least partially implemented in all countries. In contrast, the least implemented measure is *Electronic application for customs refunds*, which has not been implemented in around 60% of countries in South-East Asia.

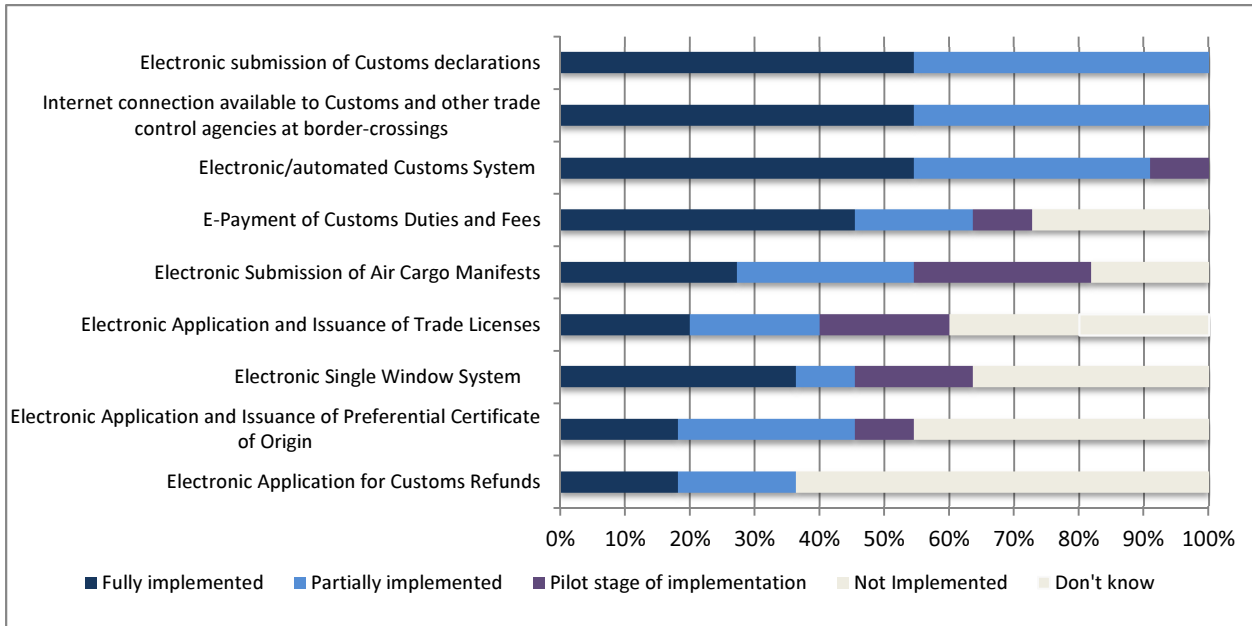
¹⁰ An example of this is the WTO TFA Article 10.3 on Single Window, which reads as follows: “Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point 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: South-East Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 11: State of implementation of “paperless trade” measures in South-East Asia (in %)

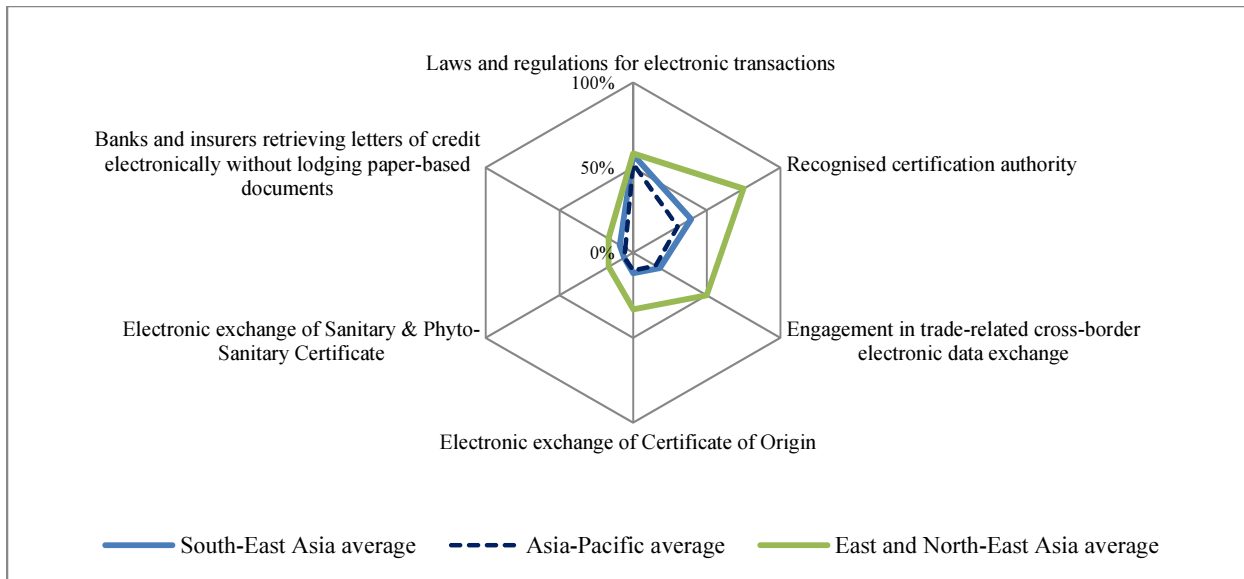


Source: ESCAP, UNRCs TF Survey 2015

3.5 “Cross-border paperless trade” measures

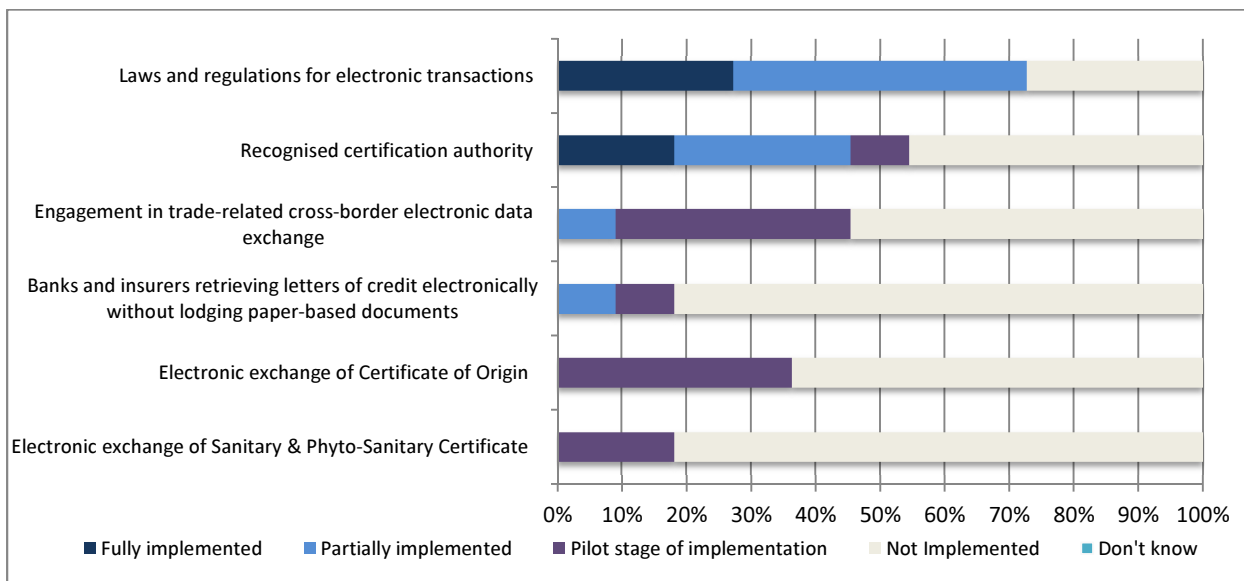
Six of the trade facilitation measures included in the survey are categorized as “cross-border paperless trade” measures, as shown in Figure 12.

Figure 12: Implementation of “cross-border paperless trade” measures: South-East Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 13: State of implementation of “cross-border paperless trade” measures in South-East Asia (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.

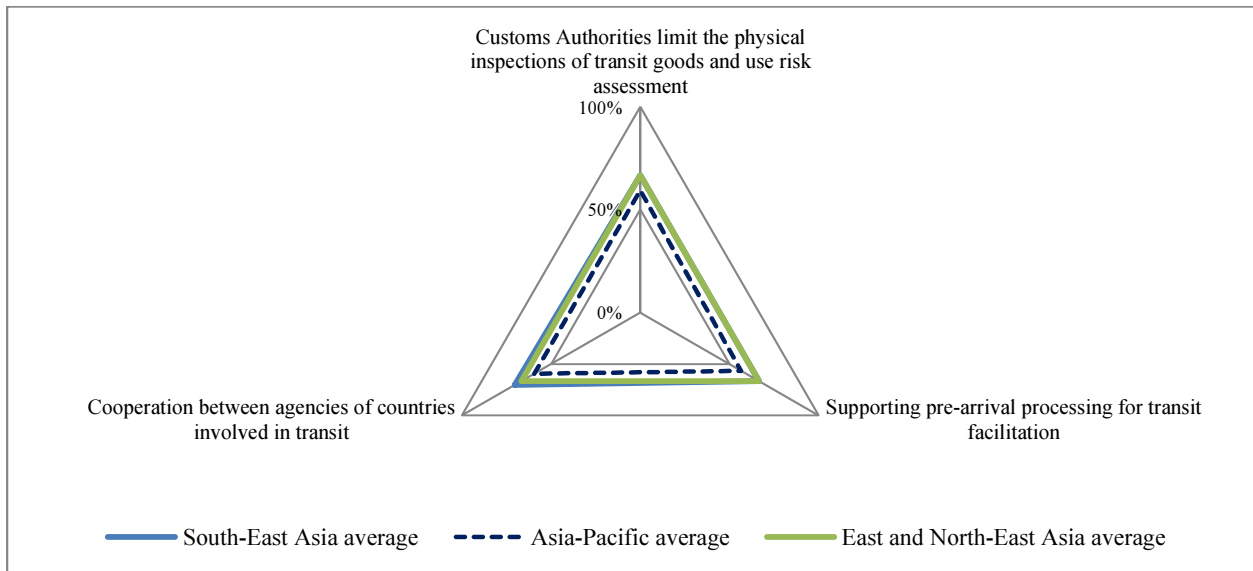
The three least implemented measures in South-East Asia are in fact “cross-border paperless trade” measures. Indeed, as shown in Figure 12, the implementation of these measures in South-East Asia is very low, with the exception of *Laws and regulation for electronic transactions* whose implementation level is slightly over 50%. This is similar to the situation at the Asia-Pacific regional level, while at the sub-regional level East and North-East Asia leads the rest in terms of “cross-border paperless trade” measures.

Figure 13 shows that 75% of South-East Asian countries have at least partially implemented *Laws and regulations for electronic transactions*. However, *A recognized certification authority issuing digital certificates to traders to conduct electronic transactions* has not been implemented in almost 50% of the countries. *Engagement in trade-related cross-border electronic data exchange* remains at best at a pilot stage of implementation, with no implementation reported in over half of the countries. Meanwhile, the least implemented measure is *Electronic exchange of Sanitary and Phyto-sanitary Certificates*, which is only in the pilot stage of implementation in two countries (Singapore and the Philippines).

3.6 “Transit facilitation” measures

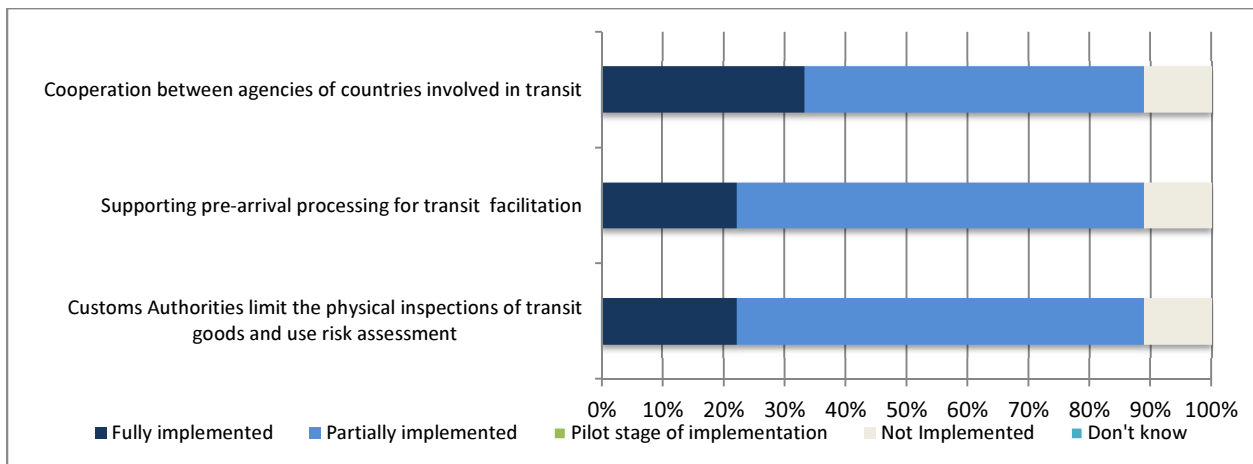
Three trade facilitation measures included in the survey relate specifically to transit facilitation and WTO TFA Article 11 on *Freedom of Transit*. The intent of these measures is to reduce as much as possible all the formalities associated with traffic in transit, allowing goods from one country and destined to another country to be seamlessly transported through one or more other transit countries. These measures are particularly important to landlocked developing countries, whose goods typically need to go through a neighboring country’s territory before reaching a sea port for onward transportation to their final destination.

Figure 14: Implementation of “transit facilitation” measures: South-East Asian average



Source: ESCAP, UNRCs TF Survey 2015

Figure 15: State of implementation of “transit facilitation” measures in South-East Asia (in %)



Source: ESCAP, UNRCs TF Survey 2015

In South-East Asia, these measures are not applicable to Timor-Leste and the Philippines. As shown in Figure 14, the implementation level of “transit facilitation” measures in the sub-region exceeds 65% across all measures. This exceeds the Asia-Pacific regional average, and is at par with the East and North-East Asian sub-regional average.

Figure 15 shows that the three transit measures are at least partially implemented in 90% of countries in South-East Asia, but that most countries still have room to improve “transit facilitation”.

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

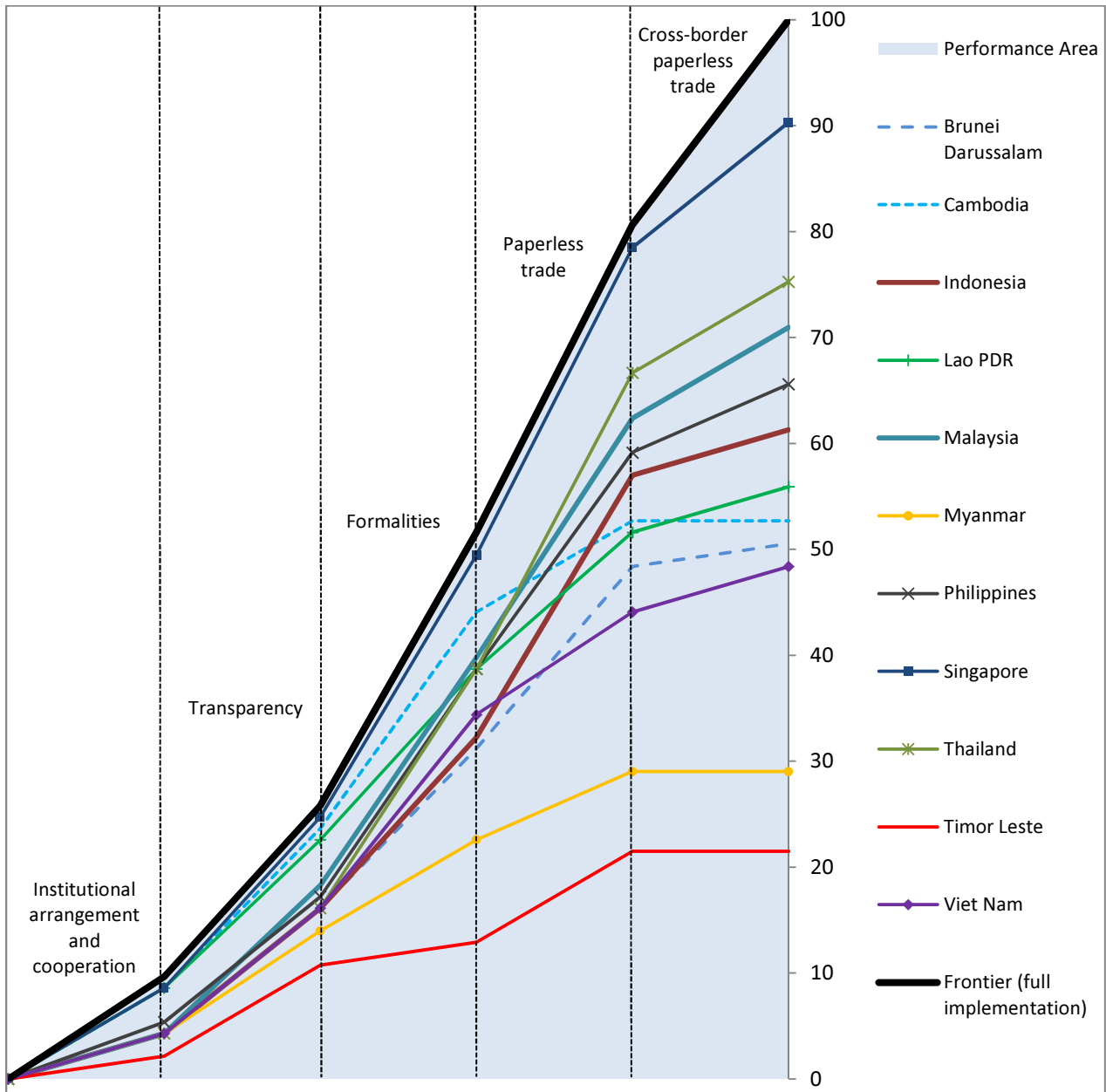
This note, which is best read in conjunction with the regional (Asia-Pacific) report as well as individual country notes,¹¹ presented data on trade facilitation and paperless trade implementation for South-East Asia. Based on an ambitious package of more than 30 trade facilitation measures included in the survey, the average trade facilitation implementation in South-East Asia is found to be 56%, suggesting that significant progress has been made in the sub-region. The assessment confirms that a large majority of countries in South-East Asia have been actively engaged in implementing measures to improve transparency, enhance inter-agency coordination and cooperation, and streamline fees and formalities associated with trade. While Customs in essentially all countries have been actively developing paperless systems to speed up customs clearance while also improving control, more than 45% of the economies are now also engaged in implementation of more advanced national multi-agency paperless systems, such as national electronic single windows.

However, implementation of cross-border paperless trade systems remains mostly at the pilot stage with very low levels of implementation, although some work has already been done as part of implementation of the ASEAN Single Window for example. Some of the challenges mentioned by South-East Asian countries, such as lack of coordination between government agencies and lack of human resources have possibly contributed to the slow implementation of some of these advanced trade facilitation measures.

Figure 16 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 South-East Asian country included in the survey, revealing wide disparities across countries. However, cross-border paperless trade facilitation is the least implemented of all groups of measures, and all countries have significant room to make progress in all areas of trade facilitation, starting with institutional arrangements and enhancing inter-agency cooperation.

¹¹ Available at: <http://unnex.unescap.org/UNTFSurvey2015.asp>

Figure 16: Moving up the trade facilitation ladder towards seamless international supply chains



Note: the figure shows cumulative trade facilitation implementation scores of South-East Asia for five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100.

Source: ESCAP, UNRCs TF Survey 2015