

Workshop on The Impact of Transportation Networks on Trade and Tourism
7-8 June 2011, Izmir, Republic of Turkey

Trade Facilitation in Asia and the Pacific: ESCAP Perspective

by
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**ECONOMIC AND SOCIAL COMMISSION
FOR ASIA AND THE PACIFIC**

RUSSIAN
FEDERATION

**ESCAP has 15
Members in common
with the Islamic
Development Bank**

Members:

Afghanistan
Armenia
Australia
Azerbaijan
Bangladesh
Bhutan
Brunei Darussalam
Cambodia
China
Democratic People's Republic of Korea
Federated States of Micronesia
Fiji
France
Georgia
India
Indonesia
Islamic Republic of Iran
Japan
Kazakhstan
Kiribati
Kyrgyzstan
Lao People's Democratic Republic
Malaysia
Maldives
Marshall Islands
Mongolia
Myanmar

Associate members:

American Samoa
Commonwealth of the
Northern Mariana Islands
Cook Islands
French Polynesia

Guam
Hong Kong, China
Macao, China
New Caledonia
Niue

★ ESCAP Headquarters or regional centres

*The boundaries and names shown and the designations used
on this map do not imply official endorsement or acceptance
by the United Nations.*

*Dotted line represents approximately the Line of Control
in Jammu and Kashmir agreed upon by India and Pakistan.
The final status of Jammu and Kashmir has not yet been
agreed upon by the parties.*

0 1000 2000 3000 km
0 1000 2000 mi

ASIAN HIGHWAY ROUTE MAP



Overview

- Trade Facilitation?
- Trade Facilitation in Asia and the Pacific
 - Status/Performance
- ESCAP's Work on Trade Facilitation
 - ADB-ESCAP collaboration
 - UNNExT
- Lessons learned and recommendations

Trade Facilitation (TF)?



- “the simplification and harmonization of international trade procedures.”
- “Measures that aims to increase the cost-effectiveness of international trade transactions”.

TF covers the entire trade transaction



INVOLVES

Commercial Procedures

- Establish Contract
- Order Goods
- Advice on Delivery
- Request Payment
- Packing
- Certification
- Accreditation
- Warehousing

Transport Procedures

- Establish Transport Contract
- Collect, Transport and Deliver Goods
- Provide Waybills, Goods Receipts Status Reports, etc.

Regulatory Procedures

- Obtain Import/Export Licenses, etc.
- Provide Customs Declaration
- Provide Cargo Declaration
- Apply Trade Security Procedures
- Clear Goods for Export/Import

Financial Procedures

- Provide Credit Rating
- Provide Insurance
- Provide Finance
- Execute Payment
- Issue Statements

Source: United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). 2008.

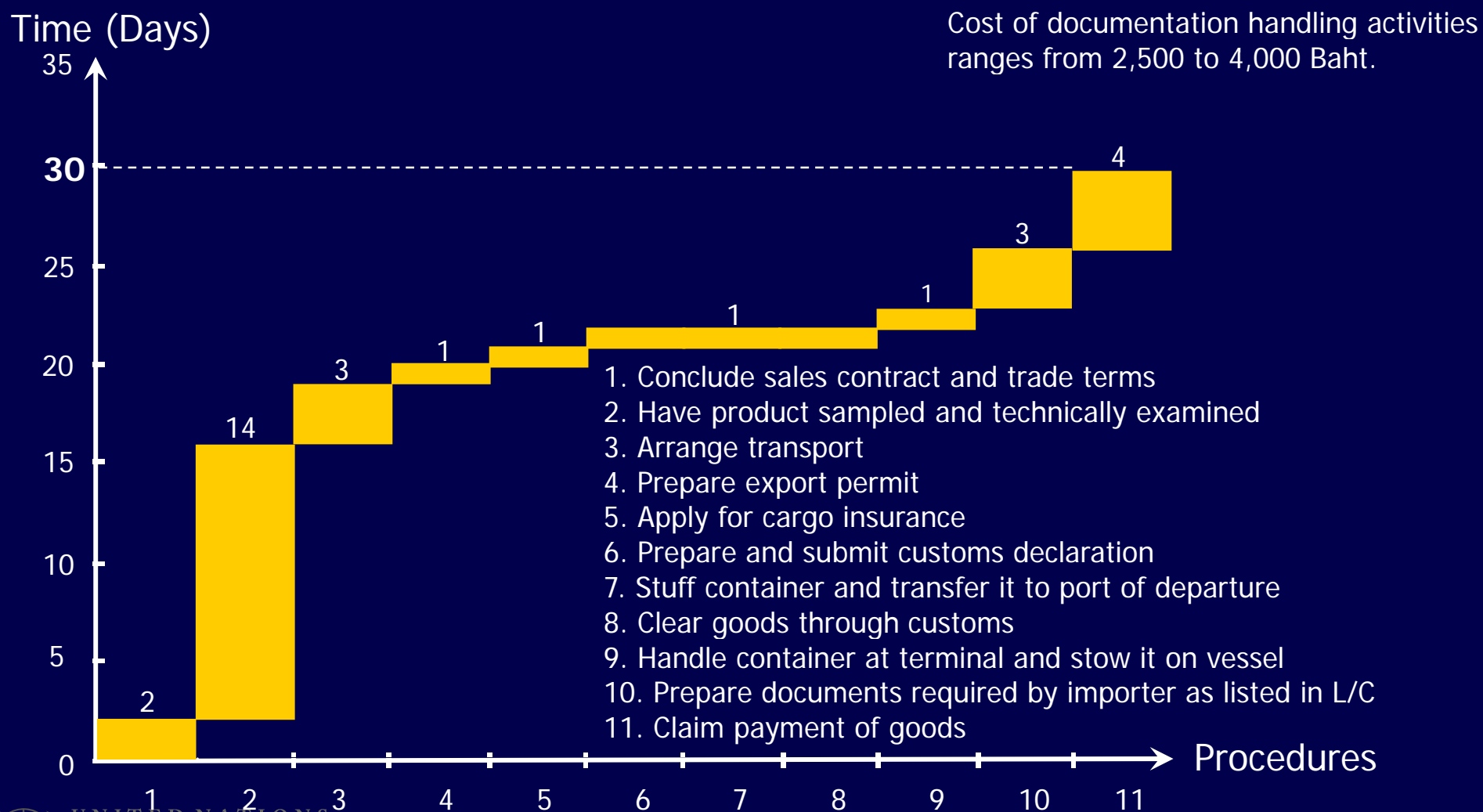
How many documents and parties involved in exporting Rice from Thailand?

About **24** documents (~700 data elements) and **15** parties

1. Purchase Order
2. Proforma Invoice
3. Commercial Invoice
4. Letter of Credit
5. Packing List
6. Application for the Rice Export Permit (A. 3)
7. Rice Export Permit (A. 4)
8. Application for Certificate of Standards of Product (MS. 13/1)
9. Certificate of Product
10. Certificate of Standards of Products (MS. 24)
11. Application for Phyto-sanitary Certificate (PQ. 9)
12. Booking Request Form – Border Crossing
13. Booking Confirmation – Border Crossing
14. Container Loading List
15. Outward Container List
16. TKT 308.2
17. Equipment Interchange Report (EIR)
18. *Export Declaration*
19. *Manifest*
20. Shipping Particular
21. Bill of Lading
22. Health Certificate
23. *Certificate of Origin*
24. Phyto-sanitary Certificate

Time-Procedure Chart

Export of Frozen Shrimp from Thailand*



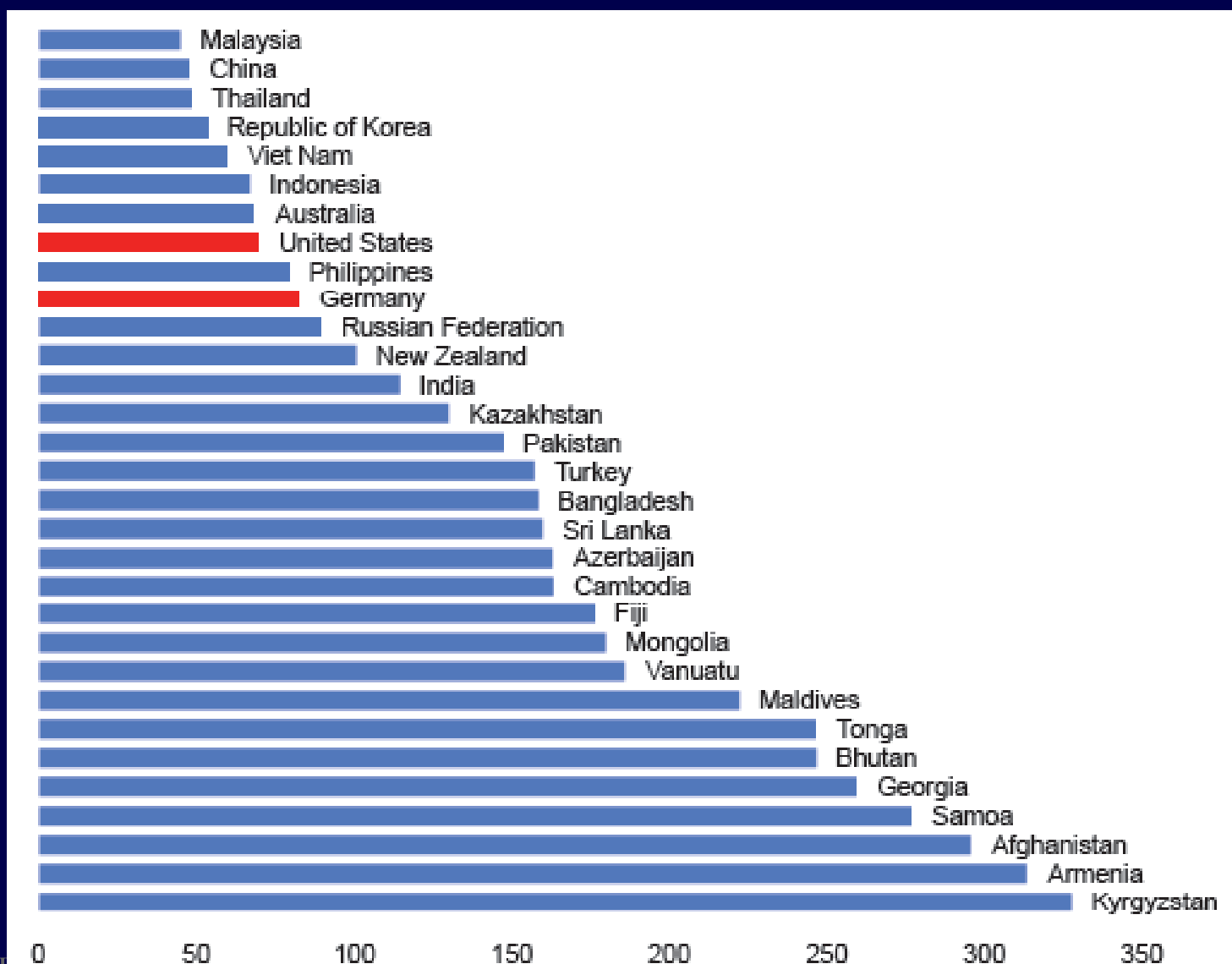
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Trade Facilitation (TF) in Asia and the Pacific

- On average ESCAP-wide, it still takes 30 days to move goods from factory to deck of ship at nearest seaport
 - ASEAN still takes about 15 days
 - G-7 export time is now at 10 days
- Significant progress made in reducing time of import/export since 2006,
 - but G-7 countries also improved during that period
- Improvements in TF could bring \$250 billion in additional intraregional trade

Bilateral comprehensive trade cost with Japan (ad valorem tariff equivalent), %



Source: ESCAP Trade Cost Database

Intra & Inter subregional Trade Costs in Asia

(excluding tariff; 2007 in tariff equivalent; changes since 2003 in parenthesis)

	ASEAN-4	East and North-East Asia	North and Central Asia	SAARC-4	Aus-NZ	EU-5	NAFTA
ASEAN-4	49% (-1%)						
East and North-East Asia	132% (na)	105% (na)					
North and Central Asia	259% (10%)	193% (-5%)	148% (12%)				
SAARC-4	117% (-4%)	201% (na)	258% (-6%)	113% (-5%)			
Aus-NZ	85% (-2%)	143% (na)	313% (-4%)	145% (0%)	61% (3%)		
EU-5	105% (2%)	127% (na)	161% (-3%)	124% (-2%)	122% (0%)	59% (-3%)	
NAFTA	101% (3%)	109% (na)	244% (10%)	137% (-7%)	122%(6 %)	104% (1%)	50% (15%)

→ Intra-Asia trade cost HIGHER than trade cost of Asia with non-Asian partners



ESCAP
Economic and Social Commission for Asia and the Pacific

What explains changes in the trade costs across countries?*

Tariff costs

0-10%

10%

10%

25%

1%

50+ %

Availability/use of ICT services
Business environment

Liner Shipping Connectivity (port and maritime services efficiency)

Direct cost of trade procedures

Other factors, including:

- Indirect cost of trade procedures
- Currency / exchange rate
- Non-tariff Measures (SPS, TBT)

Policy-related Non-Tariff trade costs

60-90%

Natural trade costs

(geographic and cultural distance between countries)

10-30%

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Trade Facilitation Work at ESCAP (on-going)



● Capacity Building

- United Nations Network of Experts on Paperless Trade for Asia and the Pacific (UNNExT)
- Joint UNITAR-ESCAP Course on Trade Finance Infrastructure Development
- Annual Asia-Pacific Trade Facilitation Forum

● Research and Analysis

- Evaluation of trade costs and factors affecting them
- Trade Facilitation Needs and Priorities
- Trade Facilitation Provisions in RTAs
- Mapping of trade procedures (w/ ARTNeT)

● Advisory Services

- Close collaboration with UNECE, ADB, and the Global Facilitation Partnership for Transport and Trade (see www.gfptt.org)

- ***“community of knowledge and practice to facilitate the implementation of single window and paperless trade in the region”***

- Tools and guides development activities
- Advocacy and Technical Training Workshops
- Knowledge sharing and peer-to-peer support

- On-going focus:

- Trade Process Analysis
- Data Harmonization
- Legal Framework for Single Window and Paperless Trade

- 2012-14: planned expansion of the regional community
(Transit Facilitation / Agricultural Trade Facilitation)



UNNExT Activities (selected)

Tools & Guides Development

- Business Process Analysis (BPA) Guide (published Dec. 2009)
- Data Harmonization Guide (Mid 2011)
- Legal Guide (Mid 2011)

Capacity Building

- National Workshop on SW& BPA, Mongolia (Sep. - Dec.09)
- Workshop on TF & BPA Training, Cambodia (Jun. – Jul. 2010)
- National Workshop on SW, Nepal (Feb. 2011)

Knowledge Sharing

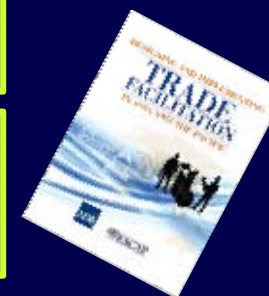
- UNNExT Brief Series
- Online Working Groups & Databases
- Asia Pacific Trade Facilitation Forum

Regional Advisory Service

- Mongolia Single Window Master Plan Peer Review (Oct. 2010)
- Nepal: Towards Single Window Environment (2011)

Research & Analysis

- Regional Study on Improving Trade Procedures (Using BPA Guide)
- Cooperation with the ARTNeT



ADB-ESCAP Collaboration on Trade Facilitation

- Capacity building for establishment of trade & transport facilitation committees in the GMS (2002-03)
- ADB-ESCAP reference book on “Designing and Implementing Trade Facilitation in Asia and the Pacific” (2007-2009)
- Annual **Asia-Pacific Trade Facilitation Forum & Exhibition**
- Regional workshop on data harmonization (jointly with WCO and UNECE, 2010)
- Support to single window implementation in CAREC countries [2009-11]
 - CAREC workshop on regional single window
 - National workshop on business process analysis for trade facilitation (Azerbaijan)
 - National Single Window in Mongolia

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Lessons learned & recommendations

- Still lots of room for TTF related capacity building
- Import/export time, costs and their predictability are affected by a wide range of factors
 - Document preparation takes most time, followed by transport/handling issues
 - The quality of the (domestic) business environment & regulations
 - The availability and quality of logistics services (i.e., the policies affecting development of this sector), in particular access to maritime services
 - Procedures between private parties are a big part of the overall trade process (Some procedures driven by industry associations to prevent entry by new/small players)
- → Bottlenecks may not be where we think they are...
- → **Strong trade process analysis and performance monitoring need to be built in the TTF initiatives,** always keeping the end-result in mind (i.e., making international trade more efficient)

Lessons learned & recommendations

- Institutional mechanism for TTF important, but no “one size fits all”
 - Key to inter-agency cooperation
 - Strengthen existing mechanism rather than develop new ones
- Consultations (involvement) of private sector and other stakeholders is essential
 - To identify need and priorities
 - For monitoring progress
 - To facilitate implementation
- Best to address Transport & Trade Facilitation (TTF) in an integrated manner...
 - Corridor approach & national trade facilitation initiatives complementary (**“soft” issues often not corridor specific**)
- prefer pragmatic step-by-step and flexible approach,
 - rather than spend a lot of resources on negotiating a comprehensive TTF agreement which may then never be implemented

Other recommendations

- → use/build upon existing frameworks, tools, and standards
 - → take the time to develop partnerships with existing players
- → Directly encourage/support participation of officials and project managers in regional and global TTF networks and events
 - → tap into existing regional and international TTF knowledge networks when supporting capacity building (e.g., UNNExT, GFPTT...)

Moving Forward on Collaboration...

- Asia-Pacific Trade Facilitation Forum, 4-5 Oct., Seoul
 - IDB/ITFC participation in exhibition; IDB as a co-sponsor & organization of a joint side-event
- IDB as a UNNExT cooperating organization
 - Joint capacity building events; IDB-sponsored advisory group on specific TTF issues of interest
- **Pilot business process analysis of trade & transport procedures in countries along specific IDB-supported corridors**
 - 1: Training based on UNNExT BPA for TF guide
 - 2: Conduct of BPA of trade procedures along the corridor for selected strategic products, including time and cost of procedures
 - 3: Organization of an IDB workshop to review and discuss the results and implications, and possible replications/extension of the method to other corridors or as a regular performance assessment mechanism

Thank You for Your Attention

Trade and Investment Division website

<http://www.unescap.org/tid/>

UNNEExT website

<http://www.unescap.org/unnext/>

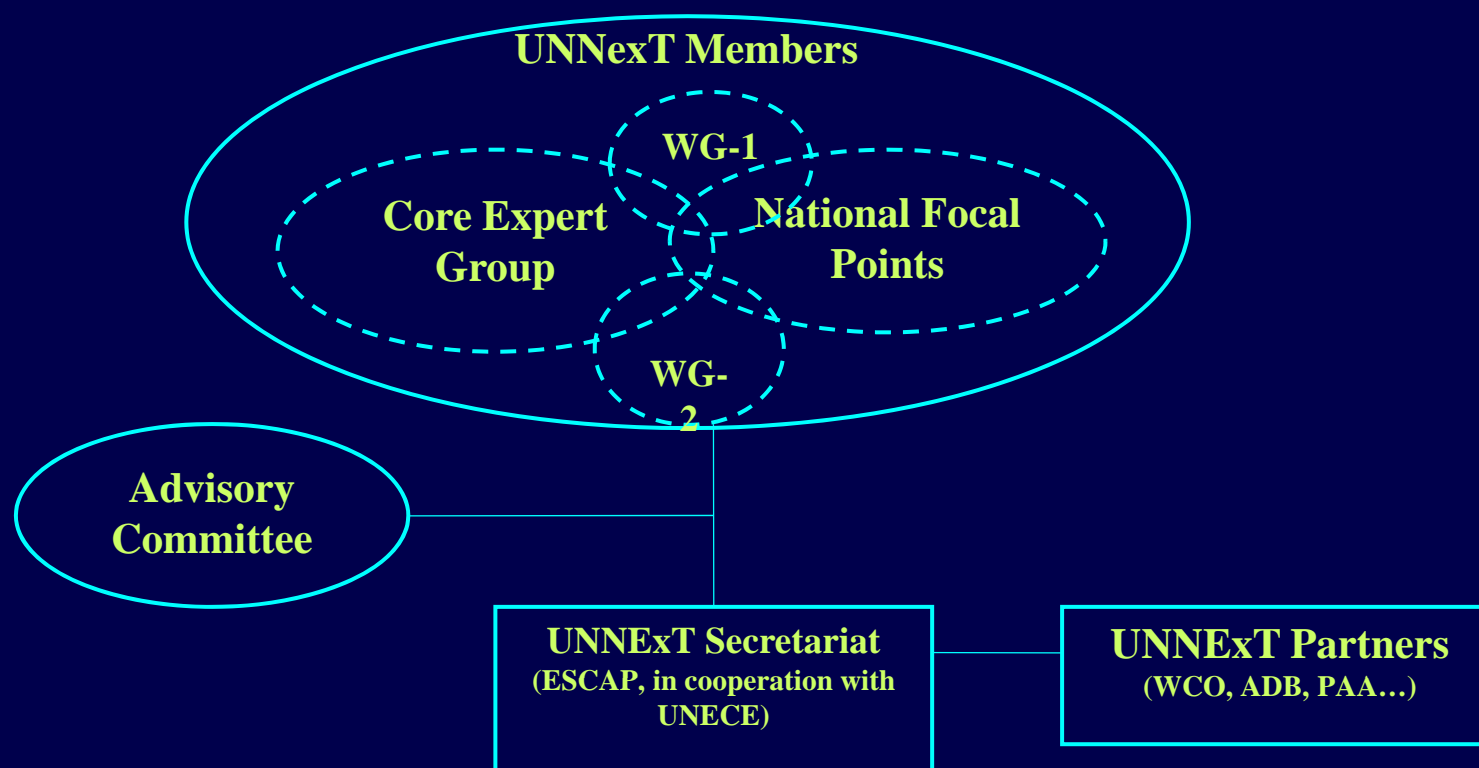
Forthcoming Events:

**2nd Asia-Pacific Trade and Investment Week, 25-29 July 2011,
Bangkok, Thailand**

**3rd Asia-Pacific Trade Facilitation Forum & Exhibition, 4-5 October
2011, Seoul, Rep. of Korea**

ANNEX

UNNExT Institutional Structure



www.unescap.org/unnext/

Trade Facilitation – Transport Facilitation

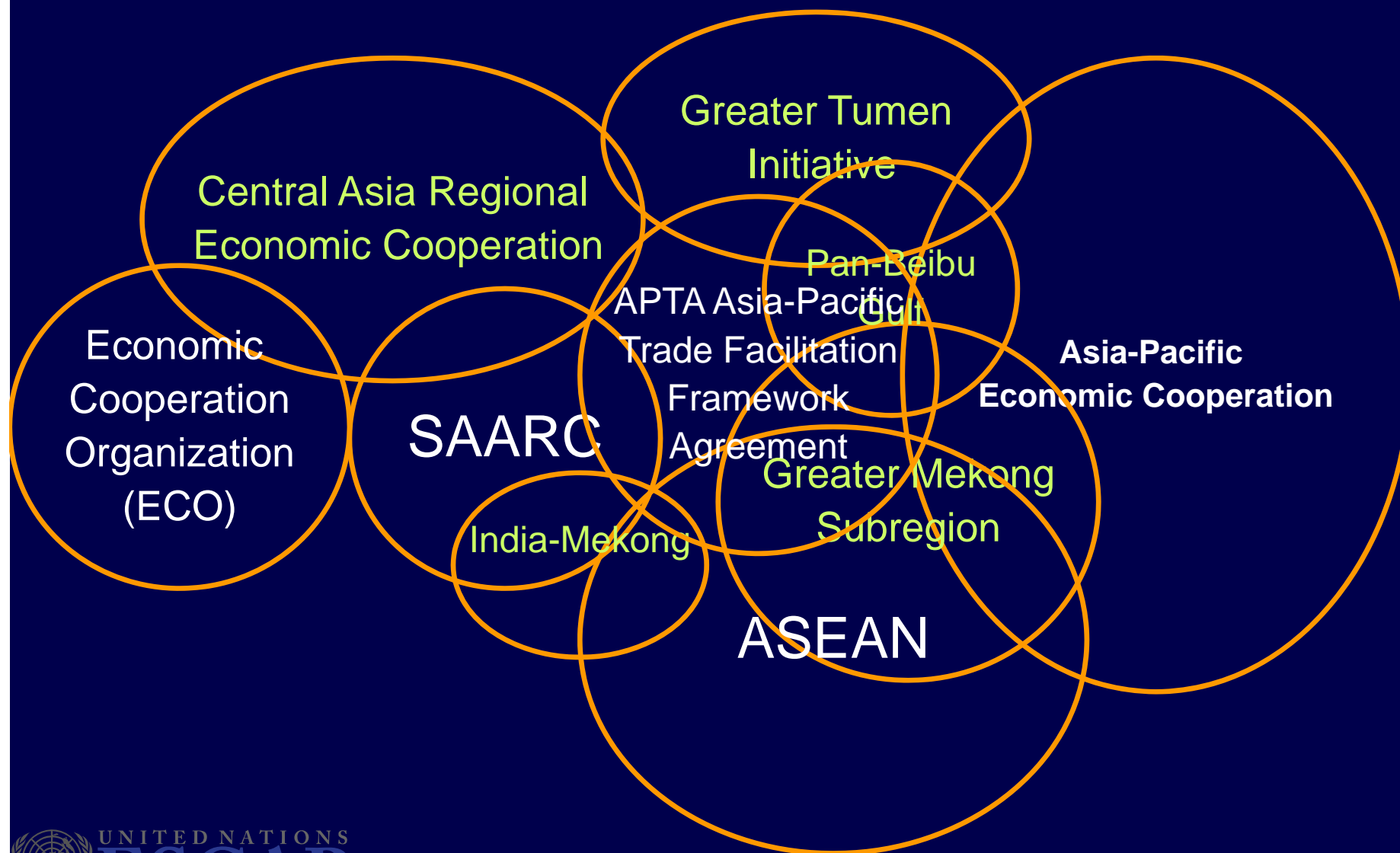
● Transport facilitation

- Main focus is on the actual movement of goods (transport documents, traffic rights)
- Focus often on specific routes & corridors

● Trade facilitation

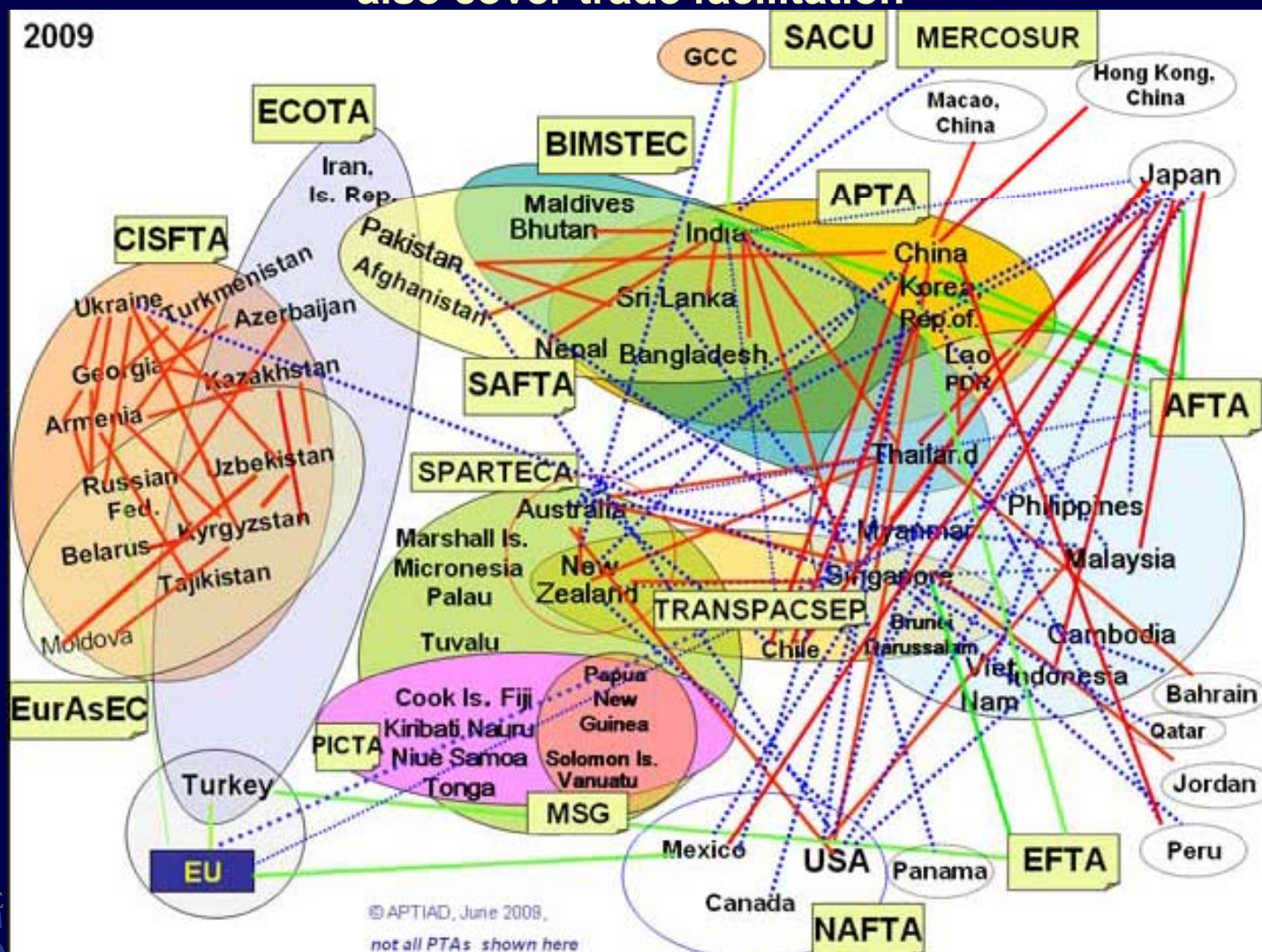
- Focus is on documentation, procedures, and information collection and exchange involved during the entire trade transaction
 - Traditionally between trader and regulators/controllers
 - Increasingly between all stakeholders (trader, logistics provider, regulators)
 - Often starts well before the goods move (e.g., application for license or quality certificate)
 - Can end after the goods have arrived at destination (payment procedures)
- Focus often national (rather than corridor specific)

Trade Facilitation initiatives in Asia and the Pacific*

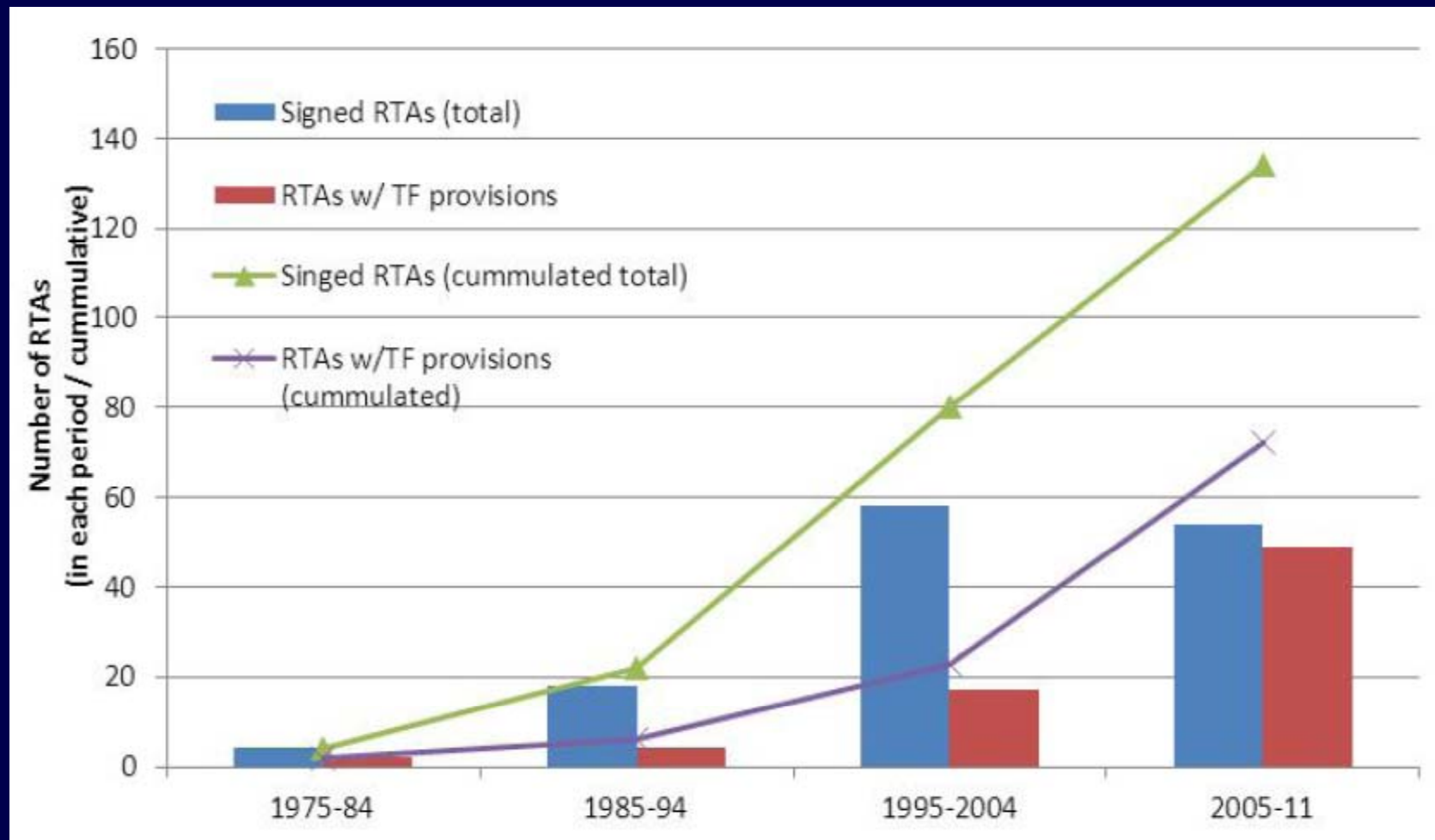


Trade Facilitation initiatives in Asia and the Pacific*

Many preferential and free trade agreements also cover trade facilitation



Trade Agreements and Trade Facilitation in Asia and the Pacific*



TRANS-ASIAN RAILWAY NETWORK

