## Opportunities and challenges for SPECA countries in trade facilitation: A new tool

# The Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific

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**SPECA High-Level Dialogue and Project Working Group on Trade, Geneva, 10 July 2017**

# Trade Facilitation Programme in ESCAP

## Legislative

- Enabling paperless trade (Res. 68/3)
- Interim Intergov. Steering Group on Cross-border Paperless Trade Facilitation (Res. 70/6)
- Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (Res. 72/4)

## Capacity Building

- Business Process Analysis
- Single Window & Paperless Trade Implementation
- Trade & Transport Facilitation Monitoring Mechanism
- Agricultural & SME trade facilitation
- WTO TFA implementation support
- UNNExT Masterclass

## Knowledge

- ESCAP-WB Trade Cost Database
- Paperless Trade Guides & Impact analyses
- Global Trade Facilitation & Paperless Trade Implementation Survey
- Trade Process Analysis Database

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CHAPTER X

INTERNATIONAL TRADE AND DEVELOPMENT

**20. Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific**

Bangkok, 19 May 2016

| | |
|---|---|
| **Not yet in force** | : in accordance with article 19, the Agreement shall enter into force ninety (90) days after the date on which the Governments of at least five (5) ESCAP member States have deposited their instruments of ratification, acceptance, approval or accession to the present Agreement pursuant to article 18, paragraphs 2 and 3. |
| **Text** | : Certified true copy CN.597.2016.TREATIES-X.20 of 23 August 2016 (Opening for signature) and CN.598.2016.TREATIES-X.20 of 23 August 2016 (Issuance of Certified True Copies). |
| **Note** | : The above Agreement was adopted on 19 May 2016 by resolution 72/4 during the seventy-second session of the United Nations Economic and Social Commission for Asia and the Pacific. In |

# Framework Agreement on the Facilitation of Cross-Border Paperless Trade in Asia and the Pacific - Overview

- **A new UN Treaty**
  - Open to interested (53) ESCAP member states (voluntary) to become parties
  - Opened for signature on **1 October 2016** at UN Headquarters, New York
- **4 year step-by-step development process (ESCAP resolutions 68/3,70/6,72/4)**
  - Over 30 countries directly involved in finalizing the treaty text in March 2016
- **Objective**

**To <u>facilitate</u> cross-border paperless trade (data exchange) among willing ESCAP member states by providing a dedicated intergovernmental framework to develop legal and technical solutions**

- **To complement & support the WTO TFA implementation + (sub)regional efforts**

# Paperless trade: a key to trade facilitation

- Paperless Trade

  Conduct of trade activities on the basis of electronic rather than paper documents, *e.g. electronic Customs declaration, electronic cert. of origin*

  (application of e-commerce to international trade domain)

- Paperless Trade Systems

  Legal/regulatory and technical frameworks in which paperless trade transactions take place *e.g. electronic Single Window facility, e-port management systems, Framework Act on Electronic Transaction (in RoK)*

# UN Global Survey on Trade Facilitation and Paperless Trade Implementation: **Asia-Pacific, 2017**

Implementation in Central Asia heterogeneous & below global average

Premininary results

***Data validation process on-going; Input from Governments accepted until 30 June 2017.** Details available at: https://unnext.unescap.org/content/global-survey-trade-facilitation-and-paperless-trade-implementation-2017

# Implementation of different groups of trade facilitation measures: Asia-Pacific average, 2017

Note: Blue dots show regional average implementation level of individual measures within each group. Red lines show average regional implementation level by group of measures. Data for newly added TF measures (in blue box) is available in only 3 countries: PNG, Solomon Islands, and Tonga

***Data validation process on-going; Input from Governments accepted until 30 June 2017.** Details available at: https://unnext.unescap.org/content/global-survey-trade-facilitation-and-paperless-trade-implementation-2017

# Challenges to moving forward on cross-border paperless trade

- Adoption of common International Standards
- Harmonization of legal frameworks
- Capacity gaps among the parties (infrastructure & HR)
- Cooperation between public and private sectors
- Lack of intergovernmental coordination mechanism

# Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific: Key Provisions

**Article 1: Objective**

The objective of the present Framework Agreement is **to promote cross-border paperless trade** by enabling the exchange and mutual recognition of trade-related data and documents in electronic form and facilitating interoperability among national and subregional single windows and/or other paperless trade systems, for the purpose of **making international trade transactions more efficient and transparent while improving regulatory compliance**.

# Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific: Features/Benefits

❑**Region-wide multilateral intergovernmental platform (Article 11)**

Establishes dedicated space for collaboration and acceleration of paperless trade implementation. Fosters harmonization and reduce need for ad-hoc bilateral approaches; Helps implement existing "paperless trading" commitments in RTAs;

❑**General Principles (Article 5)**

Guiding principles: Improve both trade facilitation AND regulatory compliance; Improve transboundary trust; Promotes interoperability; Adopt/use international standards (Art. 9);

❑**Action Plan (Article 12)**

Helps in planning and identifying gaps. Allows Parties with different implementation level to set actions based on their respective readiness;

❑**Strong capacity building programme (Article 14)**

Enhanced opportunities for capacity building based on proven (high-level) commitment to achieving paperless trade. Strong emphasis on knowledge sharing and CB/TA among parties; Inclusive initative, designed to benefit countries at all levels of development;

❑**Pilot projects (Article 13)**

Share information on pilot projects on identify new ones; Allows parties to adjust and test systems before engaging in actual cross-border trade data exchange

→ **Better implementation of WTO TFA and bilateral/subregional initiatives**

# Benefits of Cross-Border Paperless Trade

## Estimating the Benefits of Cross-Border Paperless Trade

**Date:** Tuesday, June 24, 2014

**Type:** Books

### ABSTRACT

This report estimates the possible economic benefits—export gains, and cost savings—from partial or full implementation of cross-border paperless trade facilitation measures. Simulation results suggest that cross-border paperless trade has significant potential to reduce trade costs and boost trade in the Asia-Pacific region. Moreover, there is every reason to believe that these are low-end estimates of the possible economic gains from reform, due to the way in which the simulations are set up on a technical level, and the fact that they focus on implementation of cross-border measures only. In reality, paperless trade is typically implemented on a broader basis, which would tend to increase the level of export gains and cost savings reported here.

**DOWNLOAD:**

Benefits of Cross-Border Paperless Trade

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Annual regional export gains :

$36 bn (for partial implementation) to $257 bn (full implementation)

Export time reduction: 24% to 44%

Export cost reduction: 17% to 31%

Total direct cost savings across all trade: $1bn to $7bn annually

Source: http://www.unescap.org/resources/estimating-benefits-cross-border-paperless-trade

# Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific: Latest news

- Intergovernmental Steering Group on CB Paperless Trade held in March 2017
  - 26 countries attended
  - Drafted an implementation roadmap for the FA
  - Decided to organize a ***Signing Ceremony on 29 August in Bangkok***
    - *SPECA Countries need to inform UN of* ***cabinet-level approval to sign <u>by end of July</u>***

# *Thank you for your attention*

**More information on the Framework Agreement?**

**See:**

[http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific](http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific)

# Annex

# Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific: Contents

***Preamble***

**Articles 1 to 16: Substantive clauses**

**Article 1: Objective**
**Article 2: Scope**
**Article 3: Definitions**
**Article 4: Interpretation**
**Article 5: General principles**
**Article 6: National Policy Framework, Enabling Domestic Legal Environment and Paperless Trade Committee**
**Article 7: Facilitation of Cross-border Paperless Trade and Development of national Single Window(s)**
**Article 8: Cross-border Mutual Recognition of Trade-related Data and Documents in Electronic Form**
**Article 9: International Standards for Exchange of Trade-related Data and Documents in Electronic Form**
**Article 10: Relation with Other Legal Instruments Enabling Cross-Border Paperless Trade**
**Article 11: Institutional Arrangements**
**Article 12: Action Plan**
**Article 13: Pilot Projects and Sharing of Lessons Learned**
**Article 14: Capacity Building**
**Article 15: Implementation of the present Framework Agreement**
**Article 16: Other agreements in force**

***Articles 17 to 25: Final clauses***

# Art. 5: General principles

# Other provisions related to General Principles on *improving transboundary trust* and *promoting interoperability*

**Article 9** International standards for exchange of trade-related data and documents in electronic form

1. The Parties shall endeavour to apply international standards and guidelines in order to ensure interoperability in paperless trade and to develop safe, secure and reliable means of communication for the exchange of data.
2. The Parties shall endeavour to become involved in the development of international standards and best practices related to cross-border paperless trade.

**Article 10** Relation to other legal instruments enabling cross-border paperless trade

1. The Parties may, where appropriate, adopt relevant international legal instruments concluded by United Nations bodies and other international organizations.
2. The Parties shall endeavour to ensure that the cross-border exchange of trade-related data and documents in electronic form is consistent with international law as well as regional and international regulations and best practices, as identified by the institutional arrangements established under the present Framework Agreement.

# Benefits of achieving cross-border paperless trade

## Estimated total direct cost savings (US$ mil.)

| | Scenario 1 | Scenario 2 |
|---|---|---|
| Afghanistan | | |
| Azerbaijan | | |
| Bangladesh | -44 | -131 |
| Bhutan | | |
| Cambodia | -51 | -68 |
| China | 0 | -3520 |
| India | -295 | -688 |
| Indonesia | -88 | -308 |
| Japan | 0 | -223 |
| Kyrgyzstan | | |
| Lao PDR | | |
| Malaysia | -55 | -332 |
| Maldives | -5 | -12 |
| Mongolia | | |
| Myanmar | -13 | -25 |
| Nepal | | |
| Pakistan | -102 | -225 |
| Philippines | -138 | -304 |
| Republic of Korea | 0 | -84 |
| Russian Federation | 0 | -229 |
| Samoa | | |
| Singapore | 0 | -244 |
| Sri Lanka | -69 | -240 |
| Tajikistan | | |
| Thailand | 0 | -206 |
| Timor Leste | | |
| Turkey | -223 | -490 |
| Uzbekistan | | |
| Viet Nam | 0 | -148 |

*Source: Author's calculations.*

## Estimated export gains (%)

Source:. ESCAP (2014), Estimating the Benefits of Cross-Border Paperless Trade. Online available at http://www.unescap.org/sites/default/files/Benefits%20of%20Cross-Border%20Paperless%20Trade.pdf

# More information: FAQ on the FA

1. Why was the Framework Agreement on the Facilitation of Cross-border Paperless Trade in Asia and the Pacific (FA) prepared?
2. Why the agreement at regional level?
3. Does the FA duplicate the efforts of other regional initiatives such as APEC and ASEAN?
4. What are the benefits of the FA to my country?
5. How was the text of the FA developed?
6. Which agency should play a leading role in cross-border paperless trade facilitation?
7. What does the text of the FA contain?
8. What is the nature of the FA?
9. To what areas is the FA applied?
10. What are key features of the FA?
11. What is the relationship between the FA and the WTO Agreement on Trade Facilitation?

Frequently Asked Questions (FAQ)
on the
Framework Agreement on Facilitation of
Cross-border Paperless Trade in Asia and the Pacific

July 2016
(version 1.0)

United Nations ESCAP



http://www.unescap.org/resources/faq-framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific

# More information: FAQ on the FA (Cont'd)

12. What is the relevance of the FA to Least Developed Countries (LDCs) and Land-Locked Developing Countries (LLDCs)?

13. What are the obligations of parties?

14. What are conditions for entry into force of the FA?

15. What actions would follow after entry into force?

16. What would be covered in the action plan?

17. What is the timeline to achieve cross-border paperless trade in Asia-Pacific?

18. If I become a party, do I have to exchange electronic data and information with all other parties?

19. How will my country benefit from becoming a party at an early stage?

20. What are possible negative impacts of the FA?

21. Do I need to fulfill technical and legal requirements to become a party to the FA?

22. Who would sign the FA from my country?

# More information: FAQ on the FA (Cont'd)

## 13. What are the obligations of parties?

Major obligations for Member States who become parties to the FA would include:

- Mostly best endeavor in implementing substantive provisions of the FA in line with the key principles featured in it.
- Participation in the bodies of the institutional arrangement of the FA, including the Council (annual), Standing Committee (at least once a year), and Working Groups (at least twice a year).
- Participation in developing and implementing collective actions to be agreed upon by the Council.
- Development and implementation of individual action (self-specified based on a self-assessment) at national level to improve domestic paperless trade environment.
- Sharing of lessons learnt, participation in pilot projects and provision of technical assistance on a voluntary basis.

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# Presentations for Capacity Building Workshop on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (March 2017)

**Date:** Wednesday, March 22, 2017

**Type:** Public information and advocacy materials

## ABSTRACT


Presentations for Capacity Building Workshop on Facilitation of Cross-border Paperless Trade in Asia and the Pacific are as follows;

Session 1:
- ESCAP FA and WTO TFA with Korean case by Mr. Seung Hyun Cha
- UN/CEFACT Recommendation on Single Window Interoperability by Mr. Tahseen A. Khan
- Implementing the legal provisions of the Framework Agreement on Paperless Trade Facilitation by Mr. Luca Castellani

Session 2:
- Asian Single Window by Ms. Kanokporn Hanbumrungtham
- EU SINGLE WINDOW ENVIRONMENT FOR CUSTOMS: State of play and future plans by European Commission DG TAXUD.
- Singapore's new National Trade Platform
- Eurasian Economic Commission initiatives on Nationals "Single Window" development of the Eurasian Economic Union Member States


## DOWNLOAD:

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- Module 7 - From BPA to TTFMM

## ADDITIONAL RESOURCES

- Course Study Guide
- UNNExT BPA Guide for TF
- TTFMM Guide
- BPA Case Studies
- Trade Process Analysis Database

## E-Learning Series on Business Process Analysis for Trade Facilitation

The Business Process Analysis (BPA) online training course has been developed by the ESCAP Trade, Investment and Innovation Division based on the UNNExT BPA Guide to Simplify Trade Procedures. BPA is considered the first necessary step to simplifying trade procedures. The course consists of seven modules and introduces a step-by-step approach to conducting BPA. It is aimed at government officials and other stakeholders responsible for trade facilitation. For more information, testing and certification please contact: escap-tid@un.org

The course is divided as follows:

- Module 1: BPA for Trade Facilitation - An Introduction
- Module 2: Unified Modeling Language
- Module 3: Project and Scope Setting
- Module 4: Project Planning
- Module 5: Data Collection and Process Documentation
- Module 6: Process Analysis and Recommendations Development
- Module 7: From BPA to Trade and Transport Facilitation Monitoring Mechanism

For guidance on how to study this course download the Study Guide.

http://www.unescap.org/our-work/trade-investment-innovation/trade-facilitation/bpa-course

# UNNExT Single Window Implementation Toolkit for Trade Facilitation

UNNExT
United Nations Network of Experts for Paperless Trade in Asia and the Pacific