


Asia-Pacific Finance and Development  
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# Trade Facilitation



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# Presentation's Objective

- ➡ How trade facilitation can help countries better reach economic development potential through more efficient and increased flow of goods, finance, information and people across borders?

# Outline

1. Definition of trade facilitation
2. Agencies and stakeholders involved in trade facilitation and agency specific trade facilitation issues
3. International conventions including the WTO trade facilitation agreement and international bodies focusing on trade facilitation
4. Trade facilitation results and benefits
5. *Tea break*
6. ADB's ongoing programs and projects on trade facilitation
7. Trade facilitation and regional cooperation

# Definition: Trade Facilitation

## NO SINGLE DEFINITION.

- Simplification, harmonization, automation of the procedures applied to international trade, particularly the requirements and formalities related to importation and exportation with a view to further expediting the movement, release and clearance of goods, including goods in transit (World Trade Organization).

# Trade and Transport Facilitation

## Trade Facilitation Area

### Trade

- international trade policy
- bilateral and multilateral trade agreements
- international trade conventions, standards, and best practices

### Controls on Cargo

- inspection of cargo documentation
- collection of Customs duties

### Controls on Cargo

- inspection of common documentation
- customs physical inspection of cargo
- quarantine (agriculture and veterinary)/health inspection of cargo

### Other activity at border

- collection of statistical data

## Transport Facilitation Area

### Transport

- international transport policy
- bilateral and multilateral transport agreements
- international transport conventions

### Controls on vehicles and drivers

- checking: authorization, Customs security, certificates, insurance cover; vehicle quarantine
- collection: vehicle and fuel tax; road charges; special transport permits

# Agencies and Stakeholders

## **AUTHORITY**

Customs • Environment  
Agriculture • Standards •  
Consular Health • Port  
Chamber of Commerce

## **CUSTOMER**

Buyer  
Importer  
Consignee

## **INTERMEDIARY**

Transport Service  
Supplier  
Freight Forwarder  
Bank  
Insurance Provider  
Customs Agent  
Broker  
Commission Agent

## **SUPPLIER**

Seller  
Exporter  
Consignor



# International Conventions

- WTO Trade Facilitation Agreement (2017)
- *Revised Kyoto Convention (2003) - International Convention on Simplification and Harmonization of Customs*
- *Kyoto Convention (1974) - International Convention on Simplification and Harmonization of Customs*
- International Convention on the Harmonization of Frontier Controls of Goods (1975)
- Customs Convention on the International Transport of Goods under Cover of TIR Carnets (1982)
- Customs Convention on Containers (1972)
- Customs Convention on the Temporary Importation of Commercial Road Vehicles (1956)

# What is TFA?

The WTO Trade Facilitation Agreement (TFA) contains 12 Articles regarding Trade Facilitation in Section I and special and differential (S&D) treatment for developing countries and Least-Developed Countries in Section II. It deals almost entirely with Customs-related topics but foresees cooperation with other agencies (CBM).

## Section I

- Art.1 Publication and availability of information
- Art.2 Consultations
- Art.3 Advance ruling
- Art.4 Appeal/Review procedures
- Art.5 Other measures for transparency etc.
- Art.6 Fee, Charges and penalty
- Art.7 Release and Clearance of goods
- Art.8 Border Agency Cooperation
- Art.9 Movement of goods intended for import
- Art.10 Formalities
- Art.11 Transit
- Art.12 Customs cooperation

## Section II

### **Special and Differential Treatment for Developing Countries and Least Developed Countries**

- o Rules about Categories A, B and C
- o Assistance for Capacity Building
- o Information to be submitted to the TF Committee

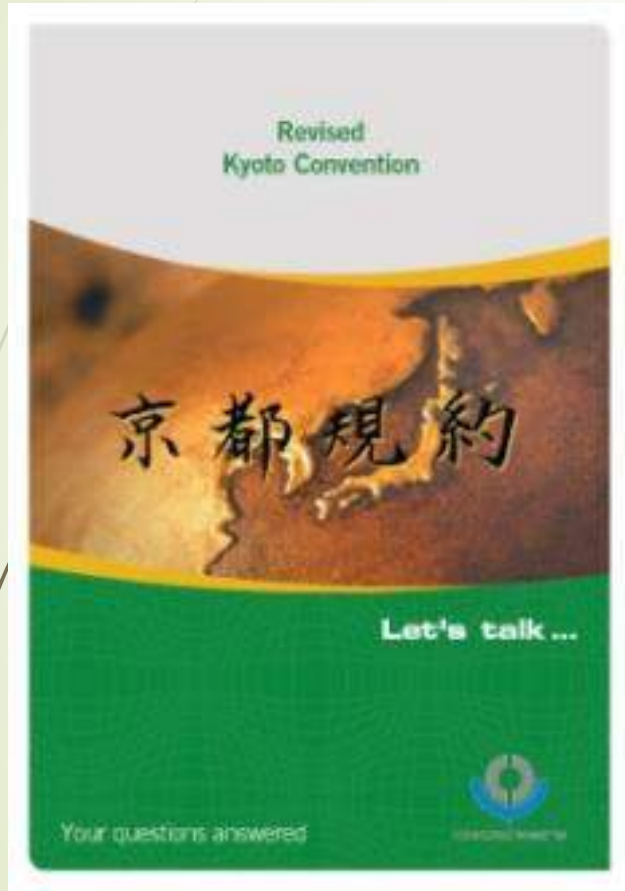
## Section III

### **Institutional Arrangements and Final Provisions**

- o Committee on Trade Facilitation
- o National Committee on Trade Facilitation
- o Final provisions



# Revised Kyoto Convention



- The WCO Council adopted the revised Kyoto Convention in June 1999 as the blueprint for modern and efficient Customs procedures in the 21<sup>st</sup> century
- Currently 108 Contracting Parties
- Basis for the TFA negotiations

# International Bodies

- World Trade Organization
- World Customs Organization
- United Nations – UNCTAD, UN ECE (UN/CEFACT), UNESCAP
- Asian Development Bank and other regional development banks
- World Bank

# Trade Facilitation Results

- Trade Facilitation, in particular, the WTO TFA, cuts red tape at the border, resulting in easier trade:
  - Release and clearance of goods
  - Availability of information on rules and procedures
  - Automation and e-services
  - Disciplines for fees and penalties
  - Harmonized processes and standards
  - Consultations and appeals
  - Assistance for implementation

# Benefits of TFA

- Slash costs and time needed to export and import goods.
- Amid global slowdown, easing trade processes can boost international trade and the global economy.
- TFA full implementation:
  - Reduced global trade costs by 14.3%, with African countries and LDCs enjoying the biggest average reduction.
  - TFA to add 2.7% a year to world export growth, and more than 0.5% a year to world GDP growth in 2015–30.
  - Developing countries are better off, exports grow 3.7% annually, economic growth by 0.9%.

# Trade Facilitation and Regional Cooperation

- TF includes all factors affecting the time and money cost of moving goods across international borders. Implementation options include regional agreements (Brooks and Stone 2010).
- **ADB's Subregional TF Working Group and Strategy**
  - CAREC Transport and TF Strategy 2020
  - GMS TF Working Group
  - SASEC TF and Transport Working Group
  - Trade and Transport Facilitation in the Pacific

# RCI Platforms

- **CAREC**

Transport, energy, trade facilitation and trade policy

- **GMS**

Transport, energy, environment, agriculture, human resources development, ICT, tourism, urban, trade and transport facilitation, and multisector (CBEZ)

- **Pan-Beibu**

Maritime connectivity, trade and investment facilitation, PPP

- **GTI**

Connectivity and trade facilitation

- **SASEC**

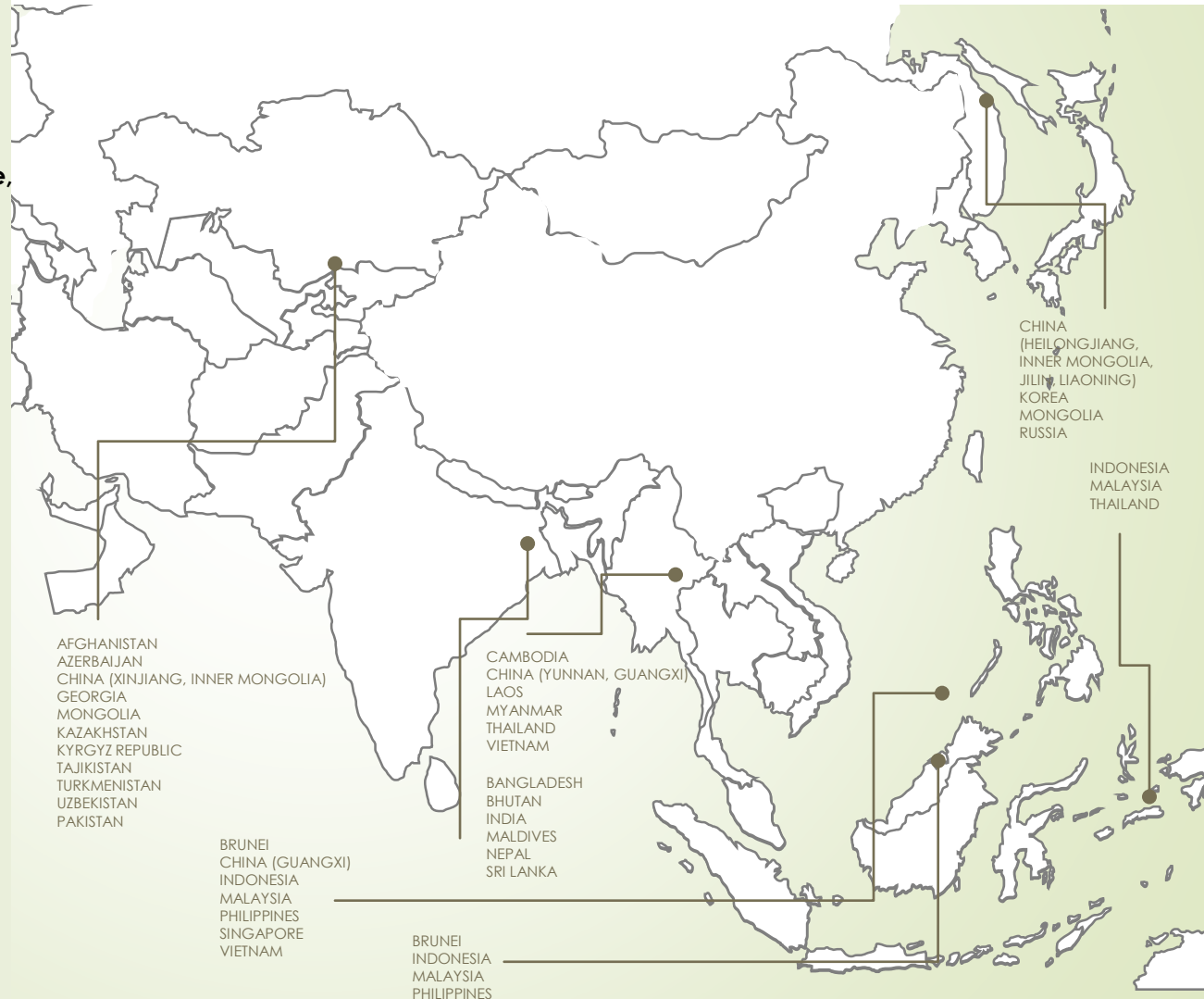
Pan-Asian integration

- **BIMP-EAGA**

Connectivity, food basket, tourism, environment, and trade and investment facilitation

- **IMT-GT**

Transport and energy, trade and investment, agriculture, halal products and services, tourism, and human resources development





# Trade Facilitation – ADB's Programs

## ADB RCI strategy (2006)

- Connectivity
- Trade and investment
- Financial cooperation
- Regional public goods

## ADB RCI Operation Plan (2016–2020)

- Strengthen connectivity between economies
- Enhance competitiveness across connected markets
- Improve regional public goods and collective action
- Strengthen ADB's institutional capacity to lead in advancing RCI

# Trade Facilitation – ADB's Programs

*(continued)*

## ► Technical Assistance / Projects

- Trade Facilitation and Customs Cooperation (Oct 2002)
- Development of Transport Corridor for Trade Facilitation (Jul 2006)
- Trade and TF in the GMS (Aug 2012)
- Aligning Customs TF Measures with Best Practices in CAREC (Dec 2013)
- TF in South Asia (Aug 2013)
- Capacity Building for Customs and TF (Dec 2016)
- Support for TF (Jul 2014)
- Support for TF in Asia and the Pacific (Dec 2016)

# Trade Facilitation – ADB's Programs

*(continued)*

## **Publications**

- Facilitate Trade for Development: Aid for Trade (Hynes and Lammersen 2017)
- Trade and Trade Facilitation in the GMS (Srivastava and Kumar 2012)
- Trade Facilitation and Regional Cooperation in Asia (Brooks and Stone 2010)
- Trade Facilitation (Uiije 2006) – ERD Working Paper Series

# Tea Break

# CAREC Trade Facilitation

## 2 Major Components

1. Customs Cooperation
2. Integrated Trade Facilitation





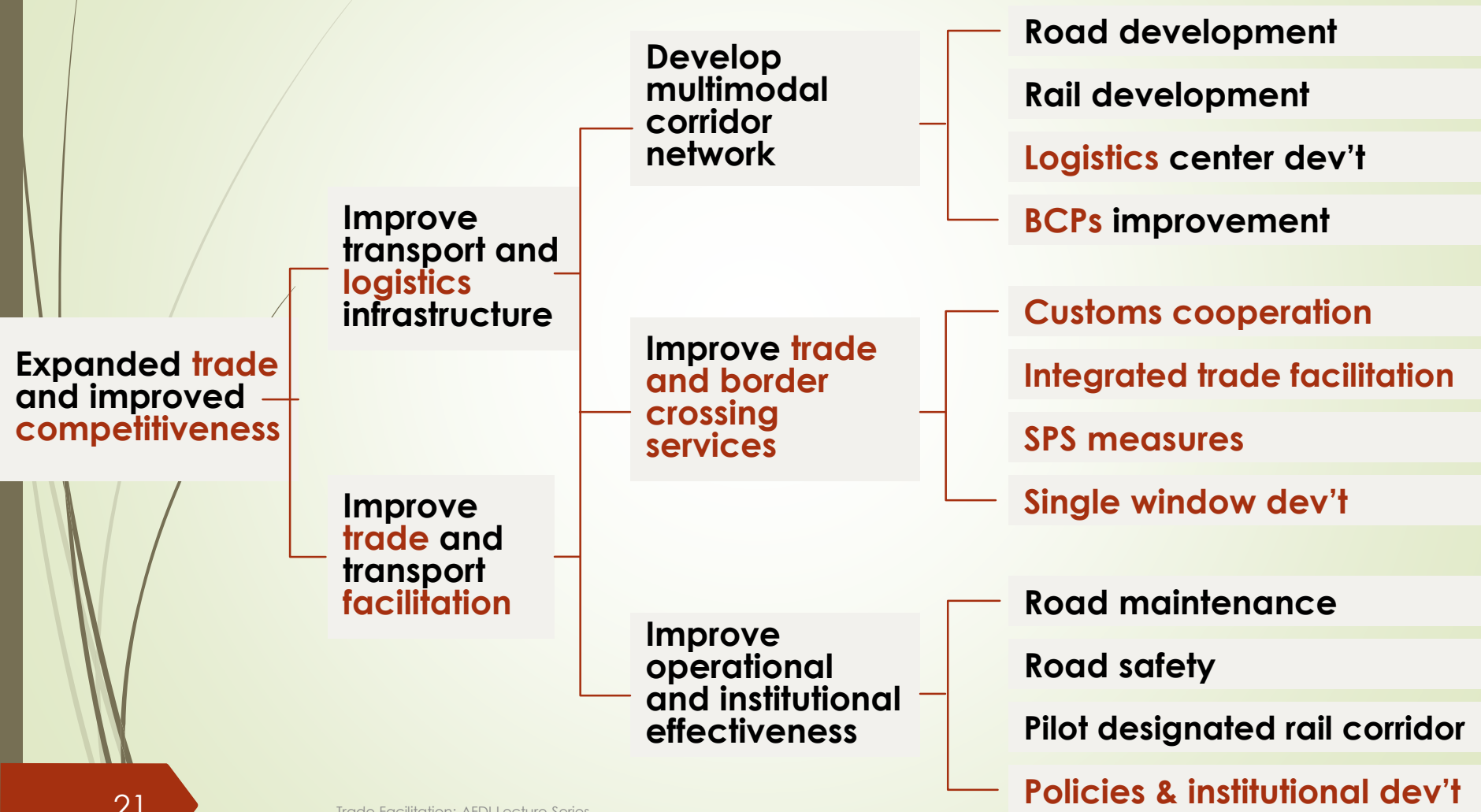
# CAREC Transport and Trade Facilitation Strategy 2020



- Competitive corridors
- Efficient movement of goods and people
- Sustainable, safe, user-friendly transport and trade networks



# Refined CAREC Transport and Trade Facilitation Strategy 2020



# CAREC: Customs Cooperation

## ► History

- CAREC Customs Cooperation Committee (CCC) as the platform
- First CCC Meeting, Urumqi, PRC, 21–22 Aug 2002

## Priority areas

- simplification and harmonization of procedures
- ICT and data exchange
- risk management and post entry audit
- joint customs control
- regional transit



Photo: 15th Annual CCC Meeting, 21–22 Sep 2016, Singapore

# CATS and ICE

## ➡ CAREC Advanced Transit System (CATS)

- Test a comprehensive regional transit guarantee scheme
- Key features: (1) regional electronic transit document; (2) varying the customs guarantee levels; and (3) a facility to guarantee a number of transit movements over a period of time using a comprehensive transit guarantee facility

## ➡ CAREC Customs Information Common Exchange (ICE)

- Protocol to implement a proof-of-concept for information exchange of customs documents

# CAREC: Role of Private Sector

## ► CAREC Federation of Carrier and Forwarder Associations (CFCFA)

- 22 associations
- 7th CFCFA Annual Meeting, Singapore, 21 Sep 2016



## Corridor Performance Measurement and Monitoring (CPMM)

- Partner Associations
- Annual Report 2015
- Trade Facilitation Indicators

# CAREC: Integrated Trade Facilitation

## Regional Improvement of Border Services (RIBS)

- Focus: BCP improvement and NSW development
- Ongoing projects in KGZ, MON, PAK and TAJ

## Immigration

- Complementary Study: Immigration Authorities Readiness
- Initial report on movement of people along MON-PRC borders, with IOM support

## Regional Upgrade of Sanitary and Phyto-sanitary Measures (RUST)

- CAREC Common Agenda for Modernization of SPS Measures
- Mongolia: RUST Project
- Transforming SPS Measures for Trade– regional TA under preparation



# WTO Committee on Trade Facilitation

- WTO Trade Facilitation Agreement Assistance Facility
- National Committees on Trade Facilitation (NCTF)
- CAREC reviews members' WTO TFA commitments and status implementation
  - Meeting on NCTF (Seoul, Jun 2017)
  - Country surveys and interviews



# Greater Mekong Subregion (GMS)

**RCI** Greater Mekong Subregion

**Formation** 1992

**Members** Cambodia, PRC (Guangxi and Yunnan), Laos, Myanmar, Thailand, Viet Nam

**Population** 326 million

**Vision** The overall vision is of a more integrated, prosperous, and harmonious subregion. This can be summed up by the so-called “3Cs”: enhanced connectivity, improved competitiveness, and a greater sense of community

## Priority Sectors

- Transport
- Energy
- Telecommunications
- Environment
- Agriculture
- Tourism
- Human resource development
- Trade and transport facilitation
- Investment

## Thrusts

- strengthen infrastructure linkages
- facilitate cross-border trade and investment
- enhance private sector participation
- develop human resources and skills competencies
- protect the environment and promote sustainable use of shared natural resources



# GMS TTF Action Program

ADB has developed an integrated *Transport and Trade Facilitation Action Program for the GMS* that integrates technical assistance support from the Governments of Australia and Japan



# GMS TTF Action Program

**Core Area 1:** Expanding Transport and Traffic Rights along GMS Corridors

**Core Area 2:** Simplifying and Modernizing Customs and Border Management, including Customs Transit

**Core Area 3:** Support for Enhanced Transport and Logistics

**Core Area 4:** Strengthening Capacities of Sanitary and Phytosanitary (SPS) Agencies

# GMS: Core Area 2 Activities (Customs and Border Management)

1. Helping CLMV prepare to implement the ASEAN Customs Transit System (ACTS);
2. Aligning the CBTA with current international best practice (automation, guarantees...);
3. Strengthening partnerships between Customs and private sector in CLMV countries and Thailand;

# **GMS: Core Area 2 Activities (Customs and Border Management)**

4. Promoting coordinated border management (CBM) and single stop inspection (SSI);
5. Strengthening Customs capacity in CLMV based on Time Release Study (TRS);
6. Implementing preferential Rules of Origin (ROO), advance rulings, cargo tracking, risk management, Post Clearance Audit (PCA), HR management; and
7. Accession to Revised Kyoto Convention (RKC) accession in select countries.

# GMS: Coordination and Monitoring

Implementation of the TTF-AP is anchored on full development partners coordination (regular meetings and project inventory), and

Monitoring based on the collection and analysis of trade and transport data for corridors and at border crossing points

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# South Asia Subregional Economic Cooperation (SASEC)

RCI

South Asia Subregional Economic Cooperation

Formation

2001

Members

Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka

Population

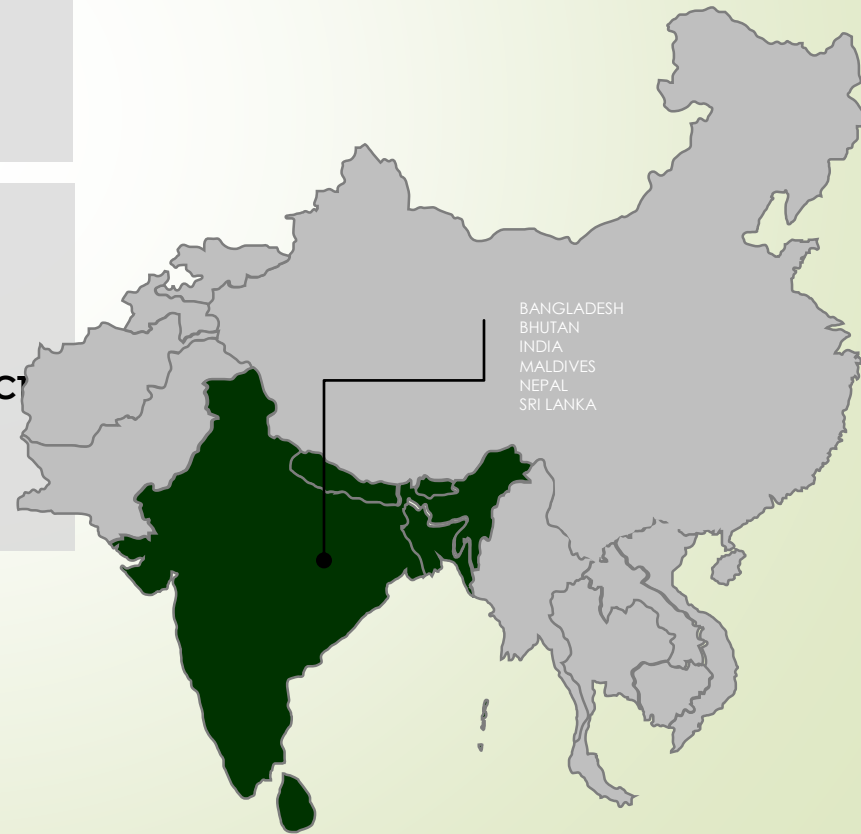
1.3 billion

Profile

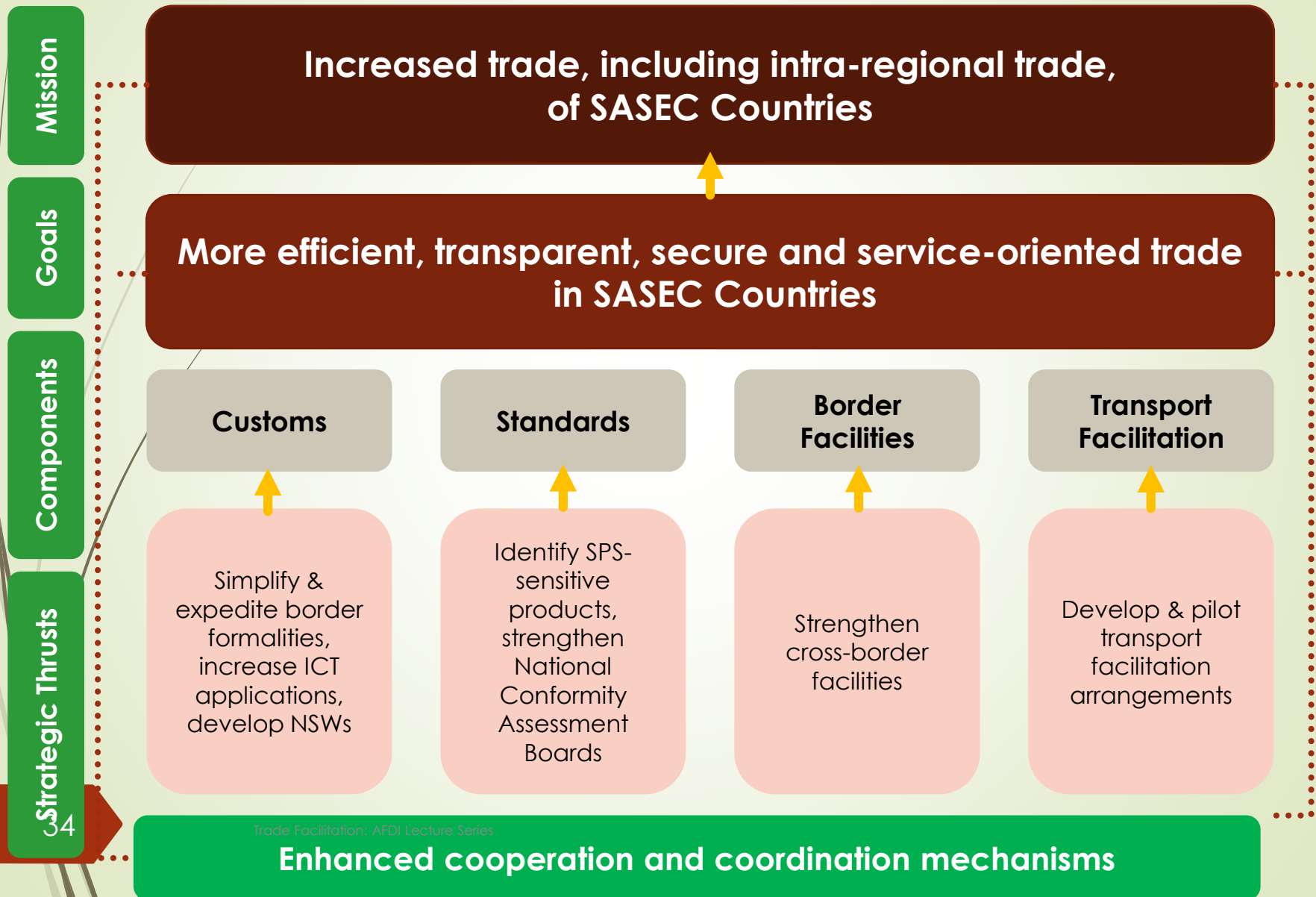
SASEC is at the center of Pan-Asian integration, and have important role to connect GMS and ASEAN+ on the East to CAREC on the West. Established in 2001, SASEC and neighboring countries including Myanmar are critical in the context of the development of regional connectivity.

Priority Sectors

- Energy and power
- Transport
- Trade, investment, and private sector
- Information and communications technology (ICT)
- Tourism
- Environment



# SASEC Trade Facilitation Strategic Framework



# SASEC: Customs Modernization

## SASEC Customs Subgroup Action Plan (2014–2016)

### 6 Subregional Projects

- Exchange of documents at major BCPs
- Assessment of regulatory framework and infrastructure for containerized movement of cargo through land borders
- Institutionalize border meetings among customs authorities at major BCPs
- Automation of transit processes
- FS of electronic exchange of data
- ASYCUDA World

### 20 National Projects

#### Subregional Capacity Building Priorities

- Customs valuation
- Risk assessment
- Trusted trader program
- National single window
- International standards and conventions
- Post clearance audit

# SASEC Customs

- National projects
- In BAN, BHU, NEP, supported by ADB program loans/grants and TA from Japan Fund for Poverty Reduction
  - Modernizing customs administrations through Revised Kyoto Convention (RKC) compliance
  - Streamlining trade procedures and automation
  - Promoting participation of stakeholders
- MLD: accession to RKC, introduction of risk management system, and road map for the development of national single window (NSW)
- SRL: preparation for NSW

# SASEC Corridors - Total of 11 corridors



# SASEC Customs: Future Directions

- SCS to monitor action plan
- Ratification/promulgation of new customs acts
- Continued implementation of RKC provisions
- Further automation of customs systems
- Development of trade portals
- Implementation of transport and trade facilitation monitoring mechanism



# Trade Facilitation in Country Investment Projects

- Guangxi
- Inner Mongolia
- Xinjiang



# Thank you.

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