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**Economic and Social Commission for Asia and the Pacific**

Committee on Trade and Investment

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Item 4 of the provisional agenda\*

**Promoting cross-border paperless trade in Asia and the Pacific****Promoting cross-border paperless trade in Asia and the Pacific****Note by the secretariat***Summary*

Cross-border paperless trade, by streamlining trade processes and documentary requirements, is estimated to add more than \$250 billion in export potential to the region. The present document contains information on progress made by countries in Asia and the Pacific on cross-border paperless trade, in particular on the implementation of the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific. The present document also provides an overview of the related support provided by the secretariat to member States. It contains the recommendation that the Committee on Trade and Investment should encourage its members to proactively support their Governments in becoming parties to the Framework Agreement.

**I. Progress made**

1. The simplification and digitalization of trade procedures are essential to reducing trade costs for developing economies and enabling them to effectively use trade as an engine of growth and sustainable development. Trade facilitation has increased in importance as evidenced by the progress made in the implementation of the World Trade Organization (WTO) Agreement on Trade Facilitation.<sup>1</sup> As countries of the region strive to use modern information and communications technologies to enhance their competitiveness, Governments in Asia and the Pacific have also engaged in a

\* ESCAP/CTI/2019/L.1/Rev.1.

<sup>1</sup> The United Nations Global Survey on Trade Facilitation and Paperless Trade Implementation, conducted by the United Nations regional commissions in 2017, found that implementation of trade facilitation measures considered in the survey increased by more than 9 per cent between 2015 and 2017. Survey results are available at <https://unnex.unescap.org/AP-TFSurvey2017/>.

growing number of regional and subregional initiatives for facilitating the electronic exchange of information along international supply chains, including the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.

2. The Framework Agreement was adopted by the Economic and Social Commission for Asia and the Pacific (ESCAP) in May 2016. It is a United Nations treaty designed to be an inclusive instrument accessible to ESCAP member States at all levels of development. It contains mechanisms to support them to develop their capacity to engage in cross-border paperless trade and provides them with a new tool to support the full and digital implementation of the WTO Agreement on Trade Facilitation and the development of cross-border e-commerce.<sup>2</sup> Since the fifth session of the Committee on Trade and Investment, held in November 2017, Azerbaijan acceded to the Framework Agreement, in March 2018, becoming the first party to it. Five ESCAP member States that signed the Agreement by September 2017, namely Armenia, Bangladesh, Cambodia, China and the Islamic Republic of Iran, continued their efforts to complete the domestic ratification process. Other member States are in the process of completing their domestic procedures for becoming parties to the Agreement through accession. The Agreement will enter into force once five member States have ratified or acceded to it.<sup>3</sup>

3. Since the Framework Agreement was finalized and adopted in 2016, the Interim Intergovernmental Steering Group on Cross-border Paperless Trade Facilitation, established in accordance with Commission resolution 70/6, has focused on preparing a draft road map and supporting documents for the implementation of substantive provisions of the Framework Agreement with the support of its Legal and Technical Working Groups. The Steering Group held its fourth meeting on 22 and 23 March 2018, in conjunction with the meetings of its Legal and Technical Working Groups on 20 and 21 March 2018, to improve the draft road map and supporting documents. The Steering Group will hold its fifth meeting on 12 and 13 March 2019, in conjunction with the meetings of its Legal and Technical Working Groups on 11 March 2019.

4. The secretariat provides support to member States that are interested in becoming parties to the Framework Agreement. The secretariat sponsored officials from interested countries to participate in capacity-building training activities and workshops, including (a) the International Conference on Cross-border Paperless Trade: Single Window in the Context of the New Technological Wave, held in Moscow on 7 and 8 December 2017; (b) the Capacity-building Workshop on Cross-border Paperless Trade Facilitation: Implications of Emerging Technologies, held in Bangkok on 21 and 23 March 2018; (c) the ESCAP, Asia-Pacific Research and Training Network on Trade and International Institute for Trade and Development regional workshop on trade facilitation for sustainable development, held in Bangkok from 7 to 10 August 2018; (d) the fourth United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific masterclass on licenses, permits, certificates and other regulatory requirements in a single window environment, held in Cheon-an, Republic of Korea, from 5 to 14 November 2018; and (e) the Forum on Trade Digitalization for Sustainable Regional Integration, to be held in Bangkok on 14 and 15 March 2019. The secretariat

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<sup>2</sup> See [www.tfafacility.org/new-un-treaty-facilitate-paperless-trade-asia-and-pacific-support-trade-facilitation-agreement](http://www.tfafacility.org/new-un-treaty-facilitate-paperless-trade-asia-and-pacific-support-trade-facilitation-agreement); and ESCAP and Asian Development Bank (ADB), *Trade Facilitation and Better Connectivity for an Inclusive Asia and Pacific* (Manila, ADB, 2017).

<sup>3</sup> See [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).

has also published a new study report<sup>4</sup> and a guide<sup>5</sup> on cross-border interoperability of single window systems.

5. As part of its advocacy work on trade facilitation and cross-border paperless trade, the secretariat made presentations on the Framework Agreement at several regional and subregional events that it organized, including (a) the capacity-building workshop on emerging priorities in least developed countries on trade and development, co-organized with the Enhanced Integrated Framework and held in Bangkok on 2 and 3 November 2017; (b) the meeting on building the innovation and technological capacities of least developed countries in Asia and the Pacific, held in Bangkok on 6 and 7 November 2017; (c) the International Seminar on Trade Facilitation in North-East Asia, held in Ulaanbaatar on 16 November 2017; (d) at the Eleventh Ministerial Conference of the World Trade Organization, the side event on advancing trade facilitation and paperless trade for sustainable growth, held in Buenos Aires on 9 December 2017; (e) the ADB-ESCAP-WTO International Conference on Promoting Connectivity for an Inclusive Asia and the Pacific, held in Tashkent on 27 and 28 June 2018; (f) the ADB-ESCAP workshop on promoting e-commerce in Asia and the Pacific: a holistic approach, held in Bangkok on 27 and 28 August 2018; (g) the twelfth session of the Working Group on Trade of the United Nations Special Programme for the Economies of Central Asia, held in Almaty, Kazakhstan, on 19 September 2018; (h) the International Seminar on Trade Facilitation in North-East Asia – Cross-border Paperless Trade: In Support of Reinvigorating Trade, held in Kemerovo, Russian Federation, on 4 December 2018; and (i) the capacity-building workshop on the facilitation of international railway transport to support intraregional and interregional trade, held in Bangkok on 18 and 19 December 2018.

6. The secretariat has also conducted analytical studies on the benefits of trade facilitation and cross-border paperless trade. Using the latest estimates from the ESCAP-World Bank Trade Cost Database, it was found that full implementation of the cross-border paperless trade measures included in the United Nations Global Survey on Trade Facilitation and Paperless Trade Implementation 2017 could help reduce trade costs by more than 25 per cent on average across the ESCAP region, resulting in savings of approximately \$1.2 trillion. Trade cost reductions ranged from 10 per cent to more than 40 per cent, depending on each country's current state of implementation of digital trade facilitation measures.<sup>6</sup> An analysis of paperless trade provisions in existing bilateral and regional trade agreements in Asia and the Pacific also showed that many countries had already made commitments to advance paperless trade, with the Framework Agreement a useful tool in supporting the implementation of provisions in those agreements.<sup>7</sup>

7. Several ESCAP member States have provided funding to the secretariat to support the facilitation of cross-border paperless trade and the implementation of the Framework Agreement. The Government of the

<sup>4</sup> ESCAP, *Single Window for Trade Facilitation: Regional Best Practices and Future Development* (Bangkok, 2018).

<sup>5</sup> ESCAP, *Cross-border Single Window Interoperability: A Managerial Guide* (Bangkok, 2018).

<sup>6</sup> *Digital Trade Facilitation in Asia and the Pacific*, Studies in Trade, Investment and Innovation No. 87 (United Nations publication, Sales No. E.18.II.F.10), chapter 2; and ADB, *Trade Facilitation for a More Inclusive and Connected Asia and Pacific Region: Progress and Way Forward* (Manila, 2017).

<sup>7</sup> *Digital Trade Facilitation*, chapters 3 and 4.

Republic of Korea renewed its support in 2016 to a dedicated trust fund in ESCAP and committed to further increasing funding in the next phase (2019 onward). The Government of the Russian Federation funded a capacity-building project on single window systems interoperability in Central Asia and another on pilot testing of cross-border paperless data exchange in North-East Asia. The Government of China funded a project on conducting legal and technical readiness assessments on cross-border paperless trade in selected countries, namely Armenia, Mongolia, Myanmar and Uzbekistan, along the corridors of the Belt and Road Initiative. In addition, the Enhanced Integrated Framework also provided funding for a project on conducting legal and technical readiness assessments on cross-border paperless trade in selected least developed countries, namely Bangladesh, Cambodia, Nepal and Timor-Leste.

## **II. Issues for consideration by the Committee**

8. The Committee on Trade and Investment may wish to consider taking the following actions:

- (a) Noting the benefits and progress made in promoting cross-border paperless trade in Asia and the Pacific;
  - (b) Encouraging its members to proactively support their Governments in becoming parties to the Framework Agreement.
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