



Trade Facilitation and Paperless Trade Implementation

UNECE Regional Report 2017



United Nations Economic Commission for Europe

**Trade Facilitation and
Paperless Trade Implementation
UNECE Regional Report 2017**



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Foreword

The internationalization of production and supply chains offer developing and transition economies new opportunities to integrate into the global economy by allowing firms to join international production networks. Thus, the need for simplified trade procedures across borders is growing for these countries.

The Trade Facilitation Agreement (TFA)—one of the main outcomes of the WTO 9th Ministerial Conference in Bali in 2013—is addressing such need. According to OECD estimates, when fully implemented, the TFA is expected to reduce the total trade costs of low-income countries by over 14%. Experience shows that trade facilitation reforms improve a country's trade competitiveness and enhance its revenue collection. What is more, they can help advance development goals such as strengthening governance and formalizing the informal sector. In light of the entry into force of the TFA in February 2017, the results of the Global Trade Facilitation and Paperless Trade Survey are timely. They allow policymakers to streamline their priorities and learn from each other's experiences.

The United Nations Regional Commissions, in partnership with other key United Nations Organizations, have committed to supporting member States in implementing the WTO TFA. This report is part of that commitment and the policy recommendations and technical standards developed by UNECE and UN/CEFACT are key implementation tools not only for the UNECE region, but also for other regions across the world.

The second UNECE Report on Trade Facilitation and Paperless Trade sheds light on the TFA implementation in North American, European and Central Asian countries, identifies best practices, and encourages better cooperation. I hope that Government officials and private sector actors involved in trade facilitation reform efforts will benefit from it.

This report aims to help UNECE member States to advance trade facilitation and paperless trade to the advantage of governments, cross-border traders and consumers, to enhance regional and global integration and to ultimately better achieve the Sustainable Development Goals of the United Nations Agenda 2030.



Olga Algayerova
Executive Secretary

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Abbreviations

ECA	Economic Commission for Africa
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
EU	European Union
FTA	Free Trade Agreement
GDP	Gross Domestic Product
LLDCs	Landlocked Developing Countries
OECD	Organization for Economic Cooperation and Development
SMEs	Small and Medium-sized Enterprises
TF	Trade Facilitation
TFA	Trade Facilitation Agreement
UNECE	United Nations Economic Commission for Europe
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNRC	United Nations Regional Commissions
WTO	World Trade Organization

Acknowledgments

The second Global Trade Facilitation and Paperless Trade Survey was jointly conducted by the five United Nations Regional Commissions, which include: the Economic Commission for Africa (ECA), the Economic Commission for Europe (UNECE), the Economic and Social Commission for Asia and the Pacific (ESCAP), the Economic Commission for Latin America and the Caribbean (ECLAC) and the Economic and Social Commission for Western Asia (ESCWA). The initiative was led and coordinated by ESCAP.

Data collection greatly facilitated by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), an intergovernmental body serviced by UNECE; and the United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific (UNNExT), a knowledge community supported by ESCAP and UNECE. Comments and suggestions received from participants at the UN Regional Commissions side event to the 6th Global Review on Aid for Trade (Geneva, 12 July 2017), where the preliminary findings from the global survey were presented, are gratefully acknowledged.

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CHAPTER 1

INTRODUCTION

1.1. Background and objective

Facilitating trade is about streamlining and simplifying international trade, particularly import and export procedures, transit requirements and procedures applied by Customs and other agencies (UNECE-UN/CEFACT). With the rapid increase of international trade, thanks in part to the reduction of tariffs and quotas, it has become evident that for countries to benefit from open global markets it is necessary to address the pressing challenge of outdated, complex and inefficient trade procedures. Although trade facilitation is not a novel issue, the recent entry into force of the WTO Trade Facilitation Agreement (February 2017) has brought it to the heart of the regional and global trade agenda.

There is strong evidence that by simplifying and modernizing trade procedures, countries can become more competitive and increase their overall trade flows, resulting in higher state revenue and other socio-economic benefits of increased trade such as job creation, poverty reduction, and improved quality of life (OECD, 2014).

Reducing trade costs is particularly important to developing and transition economies, for them to access international production networks and effectively use trade as an engine of growth and sustainable development. However, trade costs within and between most developing regions remain much higher than those that prevail between developed countries. For example, according to data from the ESCAP-World Bank Trade Cost database, for high-income EU countries who have achieved deep economic integration, trade costs amount to a 42% average tariff on the value of goods traded, while trade costs between EU-3 (Germany, France, and the United Kingdom) and the USA stand at 67% (see Table 1). In contrast, trade costs among the middle-income members of the Association of Southeast Asian Nations (ASEAN), which will soon be part of the ASEAN Economic Community, still stand at 76%. Other developing regions face much higher trade costs, typically two or three times higher than those in developed countries, with trade costs between EU-3 and North and Central Asia amounting to 150%.

Recent studies suggest that much of the trade cost reductions achieved over the past decade are due to the elimination or lowering of tariffs.¹ Further trade cost reduction, will be therefore accomplished by tackling non-tariff sources of trade costs (such as inefficient transport and logistics infrastructure and services) and by addressing cumbersome regulatory procedures and documentation requirements. Indeed, trade facilitation (the simplification and harmonization of import, export and transit procedures), including paperless trade (the

¹ For example, see ESCAP (2011), Asia-Pacific Trade and Investment Report 2011, United Nations. Available at: <http://www.unescap.org/resources/asia-pacific-trade-and-investment-report-2011-post-crisis-trade-and-investment>

use and exchange of electronic data and documents to support the trade transaction process), is of increasing importance, as evidenced by the entry into force of the WTO Trade Facilitation Agreement in February 2017, and regional initiatives such as the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific.²

Table 1: Intraregional and extraregional comprehensive trade costs in regions (excluding tariff costs), 2010–2015

Region	ASEAN-4	East Asia-3	North and Central Asia-4	AUS-NZL	EU-3
ASEAN-4	76% (6.7%)				
East Asia-3	76% (4.1%)	51% (-2.9%)			
North and Central Asia-4	343% (5.4%)	167% (-9.9%)	116% (-0.9%)		
AUS-NZL	101% (2.9%)	87% (-5.4%)	341% (-4.9%)	51% (-4.9%)	
EU-3	105% (-3.4%)	84% (-3.4%)	150% (-7.1%)	108% (-2.3%)	42% (-8.1%)
USA	86% (8.0%)	63% (0.4%)	174% (-3.5%)	100% (2.9%)	67% (0.4%)

ASEAN = Association of Southeast Asian Nations, AUS = Australia, PRC = People's Republic of China, EU = European Union, NZL = New Zealand, SASEC = South Asia Subregional Economic Cooperation, US = United States. ASEAN-4 includes Indonesia, Malaysia, Philippines, and Thailand; East Asia-3 includes the PRC, Japan, and Republic of Korea; North and Central Asia-4 includes Georgia, Kazakhstan, Kyrgyz Republic, and the Russian Federation; AUS-NZL includes Australia and New Zealand; EU-3 includes Germany, France, and the United Kingdom.

Note: Trade costs may be interpreted as tariff equivalents. Percentage changes in trade costs between 2004–2009 and 2010–2015 are given in parentheses.

Source: ESCAP. ESCAP-World Bank Trade Cost Database (June 2015 update).

<http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=escap-world-bank-international-trade-costs>.

To monitor implementation of trade facilitation reforms, including the setting up of single window systems and measures for the electronic exchange of trade data and documents, the United Nations Regional Commissions conducted two global surveys in 2015 and 2017, respectively. The surveys were carried out under the Joint UN Regional Commissions (UNRCs) approach to Trade Facilitation, following discussion at the Global Trade Facilitation Forum 2013³, and built upon a regional survey carried out by ESCAP since 2012.

Using the results of the Global Survey 2017, this UNECE Regional Report seeks to gauge how far the UNECE region has advanced in the areas of trade facilitation and paperless trade

² <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>.

³ The Global Trade Facilitation Forum was organized jointly by all the UN Regional Commissions (UNRCs) and took place in Bangkok in November 2013. See <http://www.unescap.org/events/global-trade-facilitation-conference-2013>

compared to the baseline provided by the Global Survey 2015 (UNECE, 2015). By doing so, the report provides an indication of how prepared the region is to begin implementing the new disciplines contained in the WTO TFA. It will help focus the efforts of UNECE governments on those areas where policy, legal, regulatory and technical gaps exist, including those within international cooperation programs. It will identify the areas where the most progress has been made, and those where implementation challenges remain.

The Global Survey on Trade Facilitation and Paperless Trade has been conducted by the United Nations Regional Commissions (ECA, UNECE, ECLAC, ESCAP and ESCWA) in collaboration with OECD, UNCTAD and regional Organizations like the Eurasian Economic Commission, in order to collect relevant data and information on trade facilitation and paperless trade from their respective member states. It covers both the implementation of some important measures included in the WTO Trade Facilitation Agreement (TFA) and measures aimed at enabling paperless trade (i.e. the conduct of trade using electronic rather than paper-based data and documentation).

The Global Survey on Trade Facilitation and Paperless Trade will be done at regular intervals (at least biennially) in order to observe the evolution of countries as they implement trade facilitation measures and paperless trade. The results are expected to enable countries to better understand and monitor the process of trade facilitation implementation, identify good practices and technical needs, support evidence-based policymaking and encourage cross-regional knowledge sharing.

1.2 Report instrument and methodology

The UNECE Regional Report 2017 is divided in two sections. Section A: Trade Facilitation Measures contains 38 multiple choice questions grouped in six categories, namely, General trade facilitation measures (Transparency, Formalities, Institutional arrangement and cooperation), Paperless trade, Cross-border paperless trade, and Transit facilitation. Section B: Inclusiveness in Trade Facilitation (which is new to the Global Survey 2017) contains 9 questions grouped in three categories, namely, Trade facilitation and SMEs, Trade facilitation and agriculture trade, and Women in trade facilitation.

The general trade facilitation measures—as well as the transit facilitation measures—are essentially measures featured in the WTO TFA. In contrast, most paperless trade measures (in particular those for cross-border paperless trade and inclusiveness in trade facilitation) are not specifically part of the TFA, but their implementation in many cases would support the implementation of many of the general trade facilitation measures.⁴

⁴ i.e., implementation beyond the minimum level needed for full compliance with the TFA.

Table 2: Trade facilitation measures used for calculating the results

Section A		
General TF measures	Transparency	<ul style="list-style-type: none"> 2. Publication of existing import-export regulations on the Internet 3. Stakeholder consultation on new draft regulations (prior to their finalization) 4. Advance publication/notification of new regulation before their implementation (e.g., 30 days prior) 5. Advance ruling (on tariff classification) 9. Independent appeal mechanism (for traders to appeal Customs and other relevant trade control agencies' rulings)
	Formalities	<ul style="list-style-type: none"> 6. Risk management (as a basis for deciding whether a shipment will or will not be physically inspected) 7. Pre-arrival processing 8. Post-clearance audit 10. Separation of Release from final determination of customs duties, taxes, fees and charges 11. Establishment and publication of average release times 12. Trade facilitation measures for authorized operators 13. Expedited shipments 14. Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities.
	Institutional arrangement and cooperation	<ul style="list-style-type: none"> 1. Establishment of a national trade facilitation committee or similar body 31. Cooperation between agencies on the ground at the national level 32. Government agencies delegating controls to Customs authorities 33. Alignment of working days and hours with neighbouring countries at border crossings 34. Alignment of formalities and procedures with neighbouring countries at border crossings
	Paperless trade	<ul style="list-style-type: none"> 15. Electronic/Automated Customs System established (e.g., ASYCUDA) 16. Internet connection available to Customs and other trade control agencies at border-crossings 17. Electronic Single Window system 18. Electronic submission of Customs declarations 19. Electronic application and issuance of trade licences 20. Electronic submission of Sea Cargo Manifests 21. Electronic submission of Air Cargo Manifests 22. Electronic application and issuance of Preferential Certificate of Origin 23. E-Payment of customs duties and fees 24. Electronic application for customs refunds
	Cross-border paperless trade	<ul style="list-style-type: none"> 25. Laws and regulations for electronic transactions are in place (e.g. e-commerce law, e-transaction law) 26. Recognized certification authority issuing digital certificates to traders to conduct electronic transactions 27. Engagement of the country in trade-related cross-border electronic data exchange with other countries 28. Certificate of Origin electronically exchanged between your country and other countries 29. Sanitary and Phytosanitary Certificate electronically exchanged between your country and other countries 30. Banks and insurers in your country retrieving letters of credit electronically without lodging paper-based documents

Transit facilitation		<p>35. Transit facilitation agreement(s) with neighbouring country(ies)</p> <p>36. Customs authorities limit the physical inspections of transit goods and use risk assessment</p> <p>37. Supporting pre-arrival processing for transit facilitation</p> <p>38. Cooperation between agencies of countries involved in transit</p>
Section B		
Inclusiveness in trade facilitation	Trade facilitation and SMEs	<p>39. Government has developed trade facilitation measures that ensure easy and affordable access for SMEs to trade related information</p> <p>40. Government has developed specific measures that enable SMEs to more easily benefit from the Authorized Economic Operator (AEO) scheme</p> <p>41. Government has taken actions to make the single windows more easily accessible to SMEs (e.g., by providing technical consultation and training services to SMEs on registering and using the facility.)</p> <p>42. Government has taken actions to ensure that SMEs are well represented and made key members of National Trade Facilitation Committees (NTFCs)</p>
	Trade facilitation and agriculture trade	<p>43. Testing and laboratory facilities are equipped for compliance with sanitary and phytosanitary (SPS) standards in your country</p> <p>44. National standards and accreditation bodies are established for the purpose of compliance with SPS standards in your country</p> <p>45. Application, verification and issuance of SPS certificates is automated</p>
	Women and trade facilitation	<p>46. The existing trade facilitation policy/strategy incorporates special consideration of women involved in trade</p> <p>47. Government has introduced trade facilitation measures to benefit women involved in trade</p>

Source: Global Trade Facilitation and Paperless Trade Survey 2017

The three-step approach created by ESCAP was adapted by the UNECE to meet specific regional context (see Box 1). Data was collected between January and July 2017. Each of the trade facilitation measures included in the survey was rated as “fully implemented”, “partially implemented”, “on a pilot basis”, or “not implemented”. A score (weight) of 3, 2, 1 and 0, respectively, was assigned to each of the four implementation stages to calculate implementation scores for individual measures across countries, regions or categories (as shown in Annex 1). Due to limited availability of data in section B, a full analysis was not possible.

The UNECE Regional Report covers 36 countries, which are divided into the following eight groups:

- Caucasus and Turkey (3 countries): Armenia, Azerbaijan, Turkey
- Central Asia (4 countries): Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan
- Eastern Europe (3 countries): Belarus, Moldova, Ukraine
- EU, Norway and Switzerland (20 countries): Austria, Belgium, Bulgaria, Croatia, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom
- North America (1 country): Canada
- Russian Federation

- South-Eastern Europe (4 countries): Albania, Macedonia, Montenegro, Serbia
- Landlocked Developing Countries (LLDC) (8 countries): Armenia, Azerbaijan, the Former Yugoslav Republic of Macedonia, Moldova, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan

1.3. Utilization of report and the data

To make the survey effort as transparent and useful as possible, regional and global datasets are accessible through the UNRCs focal points indicated on the dedicated survey website.⁵

Box 1: A three-step approach for data collection and validation

Step 1. Data submission by experts: The survey instrument was sent by the UN Regional Commissions (UNRCs) to selected trade facilitation experts (e.g., government, private sector and/or academia) to gather preliminary information. The questionnaire was also made publicly available online and disseminated with the support of OECD, ITC, and UNCTAD as well as the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) and the United Nations Network of Experts for Paperless Trade and Transport for Asia and the Pacific (UNNExT). In some cases, the questionnaire was sent to relevant national trade facilitation authorities or agencies, regional trade facilitation partners, or organizations such as Eurasian Economic Commission (EEC), Association of Southeast Asian Nations (ASEAN), and Oceania Customs Organisation (OCO).

Step 2. Data verification by the UNRCs Secretariats: The UNRCs cross-checked the data collected in Step 1. Desk research and data sharing among UNRCs and survey partners were carried out to further check the accuracy of data. In person or telephone interviews with key respondents were conducted to gather additional information when needed. The outcome of Step 2 was a consistent set of responses per country.

Step 3. Data validation by national governments (this step was applied by some RCs such as UNECE and ESCAP): The UNRC Secretariats sent the completed questionnaire to each national government to ensure that each country had the opportunity to review the dataset and provide any additional information. The feedback from national governments was incorporated to finalize the dataset.

The use of the data by researchers and policy analysts to advance our understanding of the impact of various trade facilitation measures and derive evidence-based policy advice is strongly encouraged. Stakeholders interested in submitting information which may help us further improve or expand the dataset may contact the UNRCs focal points. Subject to availability of resources, the UNRCs (together with other willing partners) will endeavour to conduct the survey on a biennial basis.

⁵ <https://unnex.unescap.org/content/global-survey-trade-facilitation-and-paperless-trade-implementation-2017>.

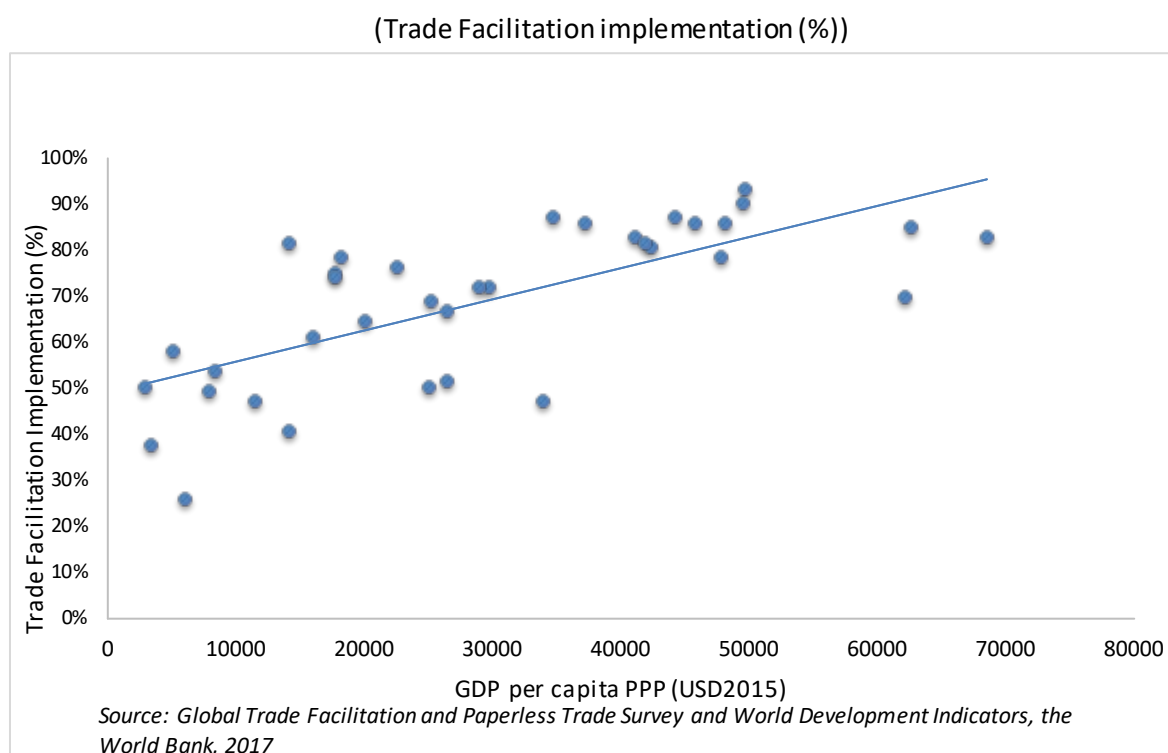
CHAPTER 2

IMPLEMENTATION OF TRADE FACILITATION MEASURES: AN OVERVIEW

2.1 Implementation of trade facilitation measures and GDP per capita

Overall, more advanced economies in the region are doing better than smaller or less advanced economies in facilitating their trade procedures, and achieve higher implementation rates. Figure 2.1 shows a positive correlation between trade facilitation implementation and GDP per capita for 36 UNECE member States, which consist of a mix of advanced economies and transition economies, including some landlocked developing countries (LLDCs).

Figure 2.1: Trade facilitation implementation and GDP per capita of UNECE member States



The figure illustrates a direct link between GDP per capita and the rate of implementation of trade facilitation measures. This may be because countries which are dependent on trade or have established trade trajectories also have a higher level of implementation for trade facilitation measures (which form part of the trade support infrastructure). Most of the advanced economies (particularly Canada, Switzerland, and the EU countries) have a trade facilitation implementation level above 75%. The Netherlands and Austria appear to have reached even higher levels of implementation—above 90% for each category of measures. In comparison, transition economies (including several Eastern European economies) tend to have a lower implementation rate.

However, there are exceptions to this trend. The Former Yugoslav Republic of Macedonia (FYROM), with a GDP per capita just above USD 14,000, achieved an impressive 82% implementation rate. As reported in the World Bank Doing Business Report (2017), FYROM is now in the top 30 countries in Trading Across Border ranking, thanks to effective uptake of customs and trade facilitation reforms undertaken over the last decade—particularly in the areas of information availability, involvement of trade community, advance rulings, appeal procedures, fees and charges, simplification and harmonization of trade documents, automation and streamlining of procedures, and border agency co-operation (external and internal) (See Box 2).

Box 2: Trade facilitation reforms in the Former Yugoslav Republic of Macedonia

The Former Yugoslav Republic of Macedonia ranked number one among the economies in transition surveyed in the UNECE region in 2017. The country scored very high for most of the general trade facilitation measures included in the WTO Trade Facilitation Agreement. It achieved full scores in Transparency measures, which included access to information, stakeholder consultation and an appeal mechanism. This was due to the successful uptake of recent reforms, which helped the country fully implement these measures. For example, the government authorities implemented the Unique National Electronic Register of Regulations (ENER), which gives the business community access to, and opportunity to comment on, all draft laws at least 10 days before they enter into force. Thus, the private sector can get involved in the process of creating the regulations. The country made strong progress also in the Paperless Trade category of measures. In particular, (along with other paperless trade provisions) the country exchanges Certificates of Origin and Sanitary & Phytosanitary Certificates electronically with Albania, Kosovo and Serbia through the SEED system. This contributes to the acceleration of customs procedures, reduces risk and facilitates legitimate trade in the Western Balkans.

Source: ENER- New mechanism for public private dialogue, Ministry of Information Society and Administration, <http://www.mio.gov.mk>;

Project Fiche: No. 14, Systematic Electronic Exchange of Data (SEED) in the Western Balkans, <https://ec.europa.eu>

Furthermore, there appears to be a certain level of heterogeneity even among countries with similar economic performance. For instance, among advanced economies, Switzerland and Norway, both with GDP per capita levels around USD 62,000, show quite different levels of trade facilitation implementation—84.95% and 69.89% respectively. Spain and Malta, both European Union members with a GDP per capita of approximately USD 34,000, have an implementation rate of 87% and 47% respectively. Among the transition economies, the Russian Federation and Kazakhstan, both members of the Eurasian Economic Union with GDP per capita slightly above USD 25,000, reached levels of implementation of 68.82% and 50.54% respectively.

Such findings suggest that variables other than per capita income are relevant in explaining a country's performance in the Global Survey 2017. These variables include national institutional capacities; membership in economic integration mechanisms such as the European Union or Free Trade Agreements (FTAs), which include extensive trade facilitation

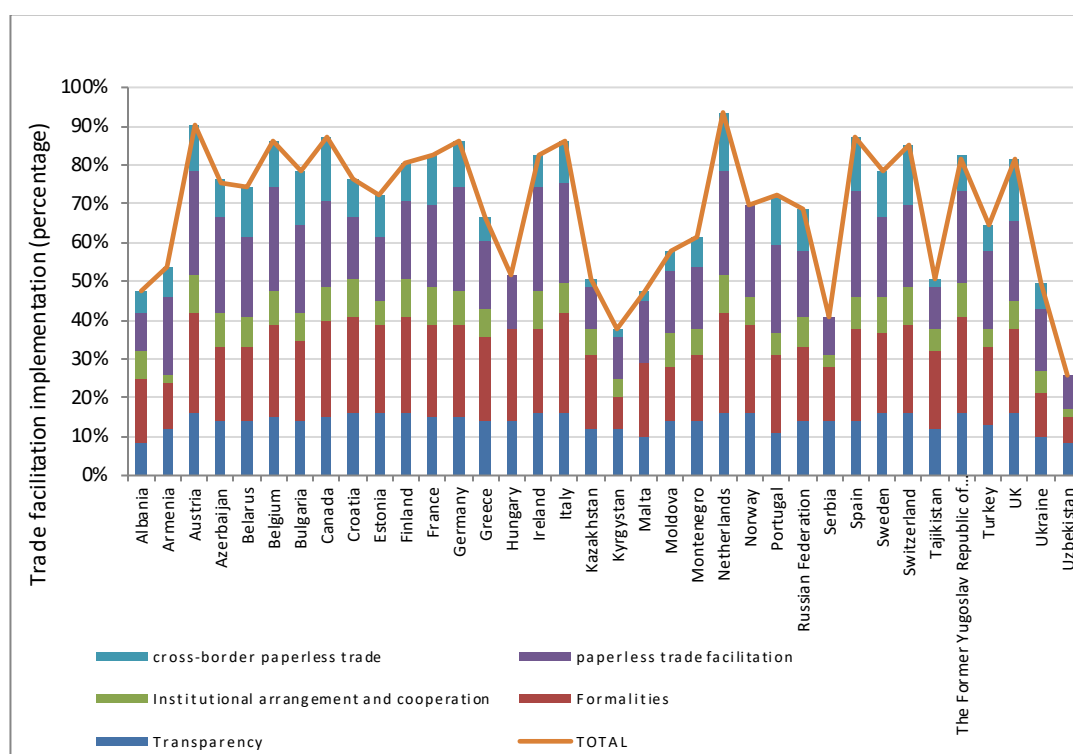
commitments (such as the European Economic Area); and geographical factors such as being a landlocked country, among others.

As far as FTAs are concerned, countries of the UNECE region are parties to several of them. According to an OECD study, FTAs can facilitate trade and improve market access by harmonizing rules of origin, removing limitations on tariff concessions, prohibiting export restrictions etc., however, preferential treatment of FTAs can create discriminatory conditions for non-signatory parties (UNCTAD 2011). The implementation of international agreements, like the WTO TFA, and the use of international standards for trade facilitation and electronic business like the UN/CEFACT recommendations and tools, decreases this risk and helps to align trade procedures worldwide.

2.2 Level of Implementation of Trade Facilitation Measures

Figure 2.2 shows the overall implementation levels of trade facilitation and paperless trade measures by country. The levels are calculated as a percentage of the total possible score of 93⁶. The overall implementation rate of each country includes the implementation level for each category (e.g. Formalities, Transparency etc.) proportionate to the full implementation (100 percent) score of all measures.

Figure 2.2: Overall implementation of trade facilitation measures in UNECE member States



Source: Global Trade Facilitation and Paperless Trade Survey 2017

⁶ Thirty-one questions (across transparency, formalities, institutional arrangement, paperless trade and cross-border paperless trade categories), each having a maximum score of three would equal 93 (total possible score).

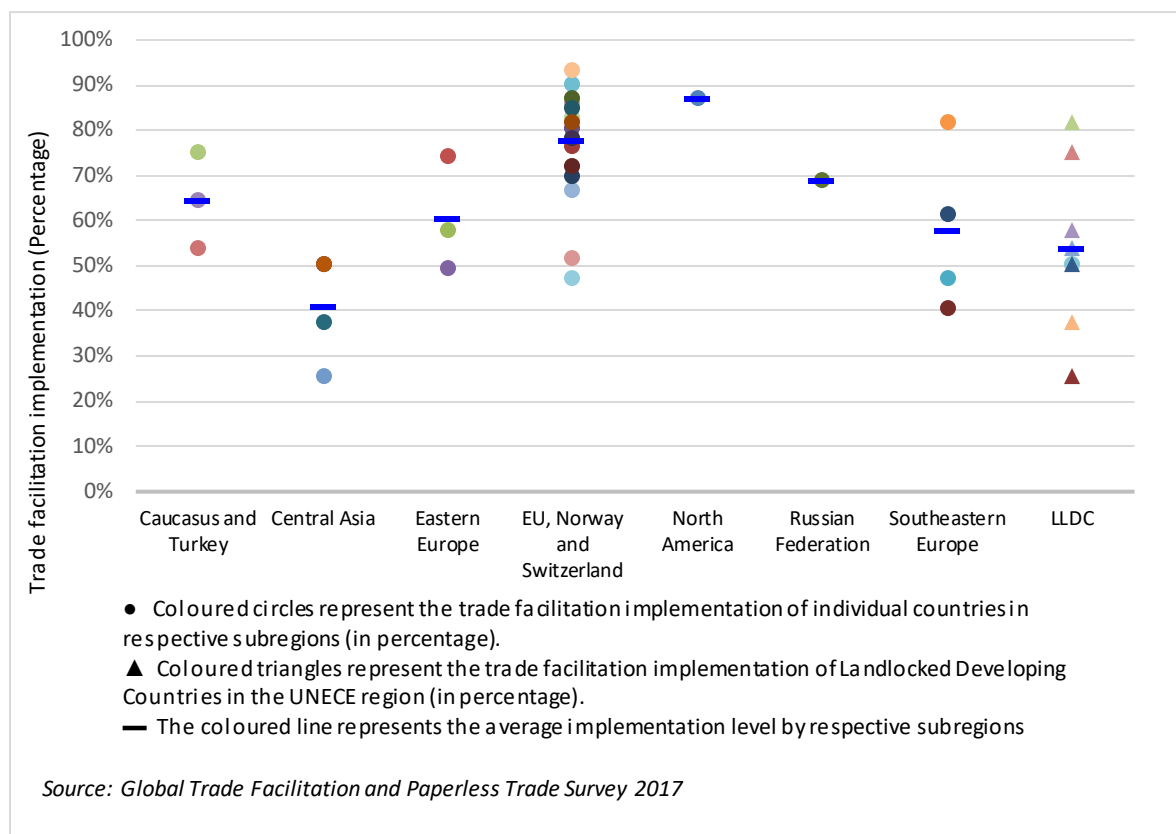
The implementation of trade facilitation measures is relatively heterogeneous. The Regional average for implementation of trade facilitation measures in the 36 UNECE countries surveyed in 2017 is 69%. This is higher than the regional average reflected in the 2015 Trade Facilitation and Paperless trade implementation survey, which stood at 62% for 27 UNECE countries.⁷

Just over one-third of the economically advanced countries (13 mostly European and North American countries) have an implementation level of 80% and above. About 31% (11 countries) have an implementation level below 60%. Among them, six countries could not reach 50% implementation levels. Most of these countries were from the Southern Europe and Central Asian regions.

2.3 Implementation of trade facilitation in the UNECE subregions

Figure 2.3 presents the average implementation of the UNECE member States, grouped by geographical subregions and landlocked developing countries (LLDC). Due to geographical heterogeneity (e.g. North America), an analysis of this figure is slightly complex.

Figure 2.3: Trade facilitation implementation in the subregions and landlocked developing countries (2017)



⁷ See UNECE, Trade Facilitation and Paperless Trade Implementation Survey 2015, Europe and Central Asia Report.

The EU, Norway and Switzerland subregion has the highest average implementation rate, of about 78%—without considering the North America subregion, which consists of only Canada (87%) for this report. The Russian Federation follows the tally with about 69% implementation, equal to UNECE. The rest of the subregions, including Caucasus and Turkey, Eastern Europe and South-Eastern Europe, have implementation rates between 58% and 65%. The average implementation rate for Central Asia is 41%, which is 5% points higher than its implementation rate in 2015. The LLDCs, which include the Central Asian countries, Armenia, Azerbaijan, Macedonia and Moldova, perform slightly better at approximately 54%. This average is mainly driven by the high levels of implementation of Macedonia and Azerbaijan.

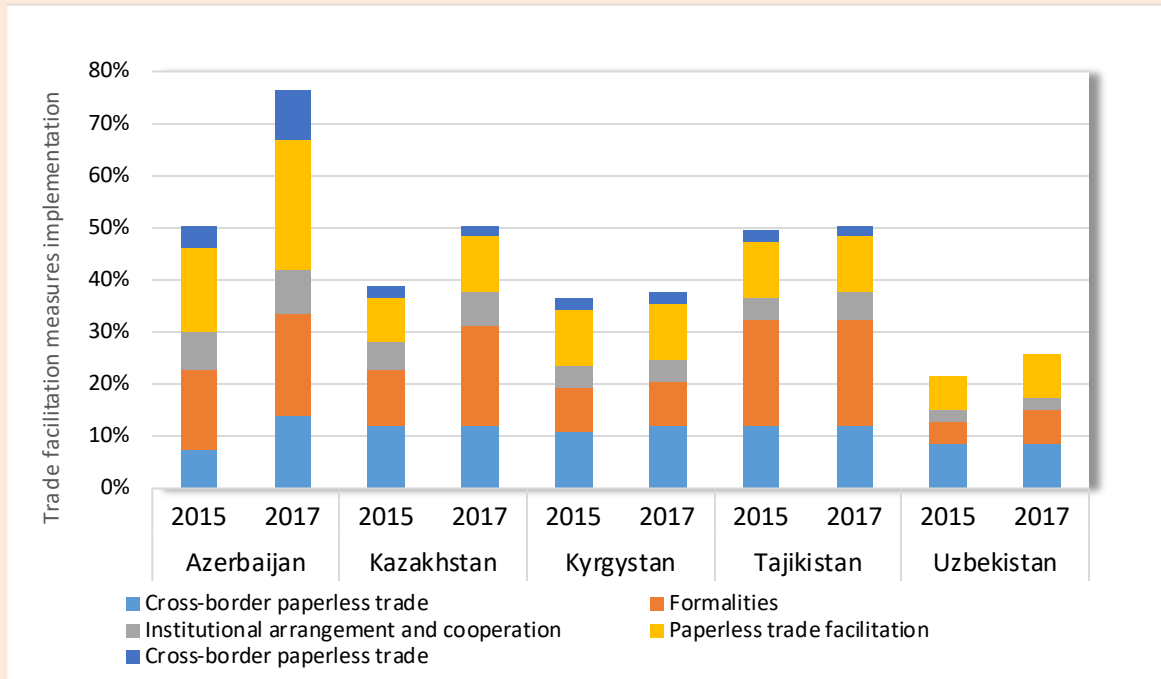
Trade facilitation implementation levels vary even within subregional grouping. For example, within South-Eastern Europe, the highest and lowest implementation rates are about 83% and 41%. Even within the EU, Norway and Switzerland group, Malta and Hungary have implementation rates of 47% and 52% respectively.

Box 3: Paperless trade in Belarus

Belarus has one of the best scores among developing countries in cross-border paperless trade among the UNECE member States surveyed in 2017. In the past years, the country changed many of its regulations favouring paperless customs procedures. In 2012, 95% of the customs documents were issued electronically. This percentage rose to 99% in 2017 according to Belarusian Customs Authorities. Introduced in 2008, the e-export declaration can be completed in less than 40 minutes if the supporting documents are available and in order. Submission of documents in electronic form to the customs authorities reduces the time for conducting customs operations and reduces the financial costs for participants in foreign economic activities. The initiative is part of the government's plan to make 25 of the most frequently used procedures electronically available to facilitate the country's transition to international norms and standards.

Source: The State Customs Committee of the Republic of Belarus, <http://www.customs.gov.by>

Box 4: Evolution in Central Asia



Since the last survey in 2015, all the Central Asian countries have shown progress in implementation of all the categories of trade facilitation and paperless trade measures. Across the countries of the subregion, the Formalities category occupied the major share of progress followed by the Paperless trade and Transparency group of measures. Overall, the most progress between 2015 and 2017 has been made by Azerbaijan. The country achieved the highest score of implementation (75.27%) in 2017 and doubled its progress in Cross-border paperless trade and Transparency. Kazakhstan (50.54%) follows—its Formalities category receiving a strong boost in the last two years. Tajikistan improved slightly since the 2015 performance and achieved the same implementation rate as Kazakhstan in 2017. Although nominally, improvements have been made by Kyrgyzstan and Uzbekistan too. Their implementation rates remain at 37.63% and 25.81% respectively, which calls for stronger implementation efforts.

Source: Global Trade Facilitation and Paperless Trade Survey 2017

2.4 Most and least implemented trade facilitation measures

Figure 2.4: Implementation of groups of trade facilitation measures: UNECE average

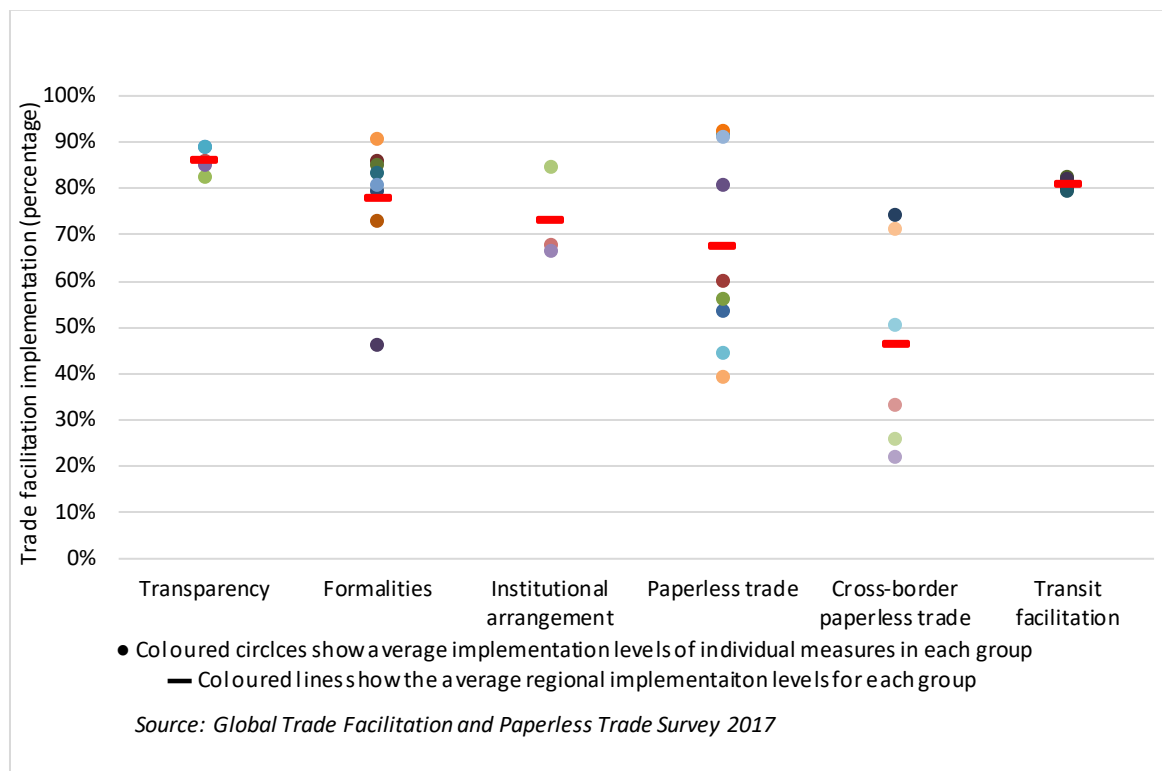


Figure 2.4 reviews average implementation for individual measures within six categories of measures. As the figure indicates, for 2017, the most implemented trade facilitation measures were those related to Transparency, for which the UNECE average was 86%. This category included measures such as Publication of existing import-export regulations on the internet (89%), which had the highest implementation rates. In the 2015 survey too, Transparency was the most implemented category for the UNECE region with a regional average of around 80%.⁸

The average implementation for the Formalities category was about 78%, which marks an improvement from the 2015 average of 70%. Among the measures within this group, Risk management had the highest implementation rate of 90%, while Establishment and publication of average release times was the least implemented (44%) measure.

The Institutional arrangement category had on average 74% implementation, as opposed to 67% in 2015. National trade facilitation committee was calculated to be the least implemented (68%) in this category. The average implementation rate for the Paperless trade category has increased from 62% in 2015 to 68% in 2017. The final category, Cross-border paperless trade, was the least implemented in terms of the regional average rate (46%), with

⁸ See UNECE, Trade Facilitation and Paperless Trade Implementation Survey 2015, Europe and Central Asia Report.

no improvement since the last survey in 2015 (47%)⁹. Table 3 summarizes the most and the least implemented measures based on the UNECE average rate of implementation.

Table 3: Most and least implemented measures within each group of trade facilitation measures in the UNECE region (2017)

<i>Category</i>	<i>Most Implemented</i>	<i>Implementation rate</i>	<i>Least Implemented</i>	<i>Implementation rate</i>
<i>Transparency</i>	Publication of existing import-export regulations on the internet	89%	Advance publication/notification of new regulations before their implementation	81%
<i>Formalities</i>	Risk management	90%	Establishment and publication of average release times	44%
<i>Institutional arrangement</i>	National legislative framework and institutional arrangement are available to ensure border agencies cooperate with each other	86%	National Trade Facilitation Committee	68%
<i>Paperless trade</i>	Electronic/automated customs system	93%	Electronic application for customs refunds	39%
<i>Cross-border paperless trade</i>	Laws and regulations for electronic transactions	74%	Electronic exchange of certificate of origin	22%
<i>Transit facilitation</i>	Customs Authorities limit the physical inspections of transit goods and use risk assessment	82%	Cooperation between agencies of countries involved in transit	80%

Source: *Global Trade Facilitation and Paperless Trade Survey 2017*

⁹ See UNECE, Trade Facilitation and Paperless Trade Implementation Survey 2015, Europe and Central Asia Report.

CHAPTER 3

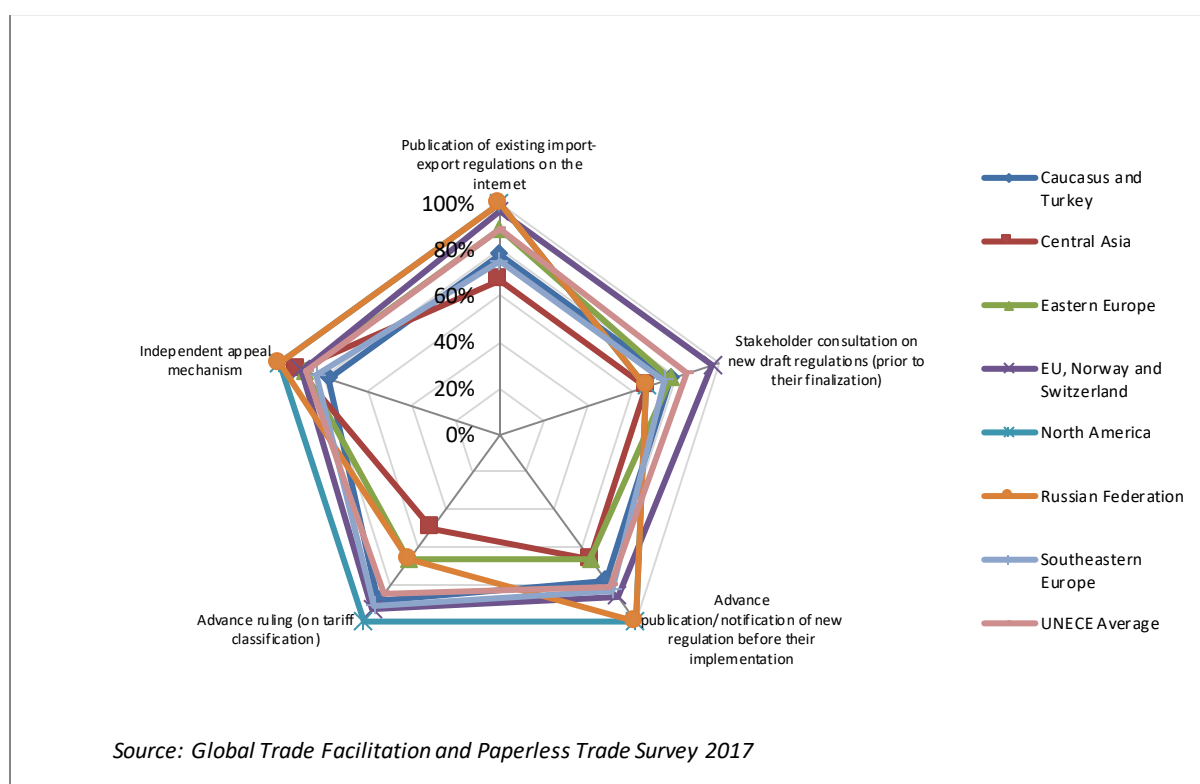
IMPLEMENTATION OF TRADE FACILITATION MEASURES: A CLOSER LOOK

3.1 Transparency

Transparency is an important aspect of trade facilitation, as it is not only the restrictiveness of at-the-border and behind-the-border policies that matters for bilateral trade, but also the way in which those policies are designed and administered. Making trade policy more predictable reduces uncertainty, and therefore costs, for business.

The Transparency category received the highest scores among all six categories in the UNECE region. The average rate of implementation for this category stood at 86%, which is considerably higher than the average rate for all the measures (which is 69%). The set of measures in this group are also some of the basic provisions in the WTO Trade Facilitation Agreement (TFA). Therefore, a closer look at this category is warranted (see Figure 3.1)

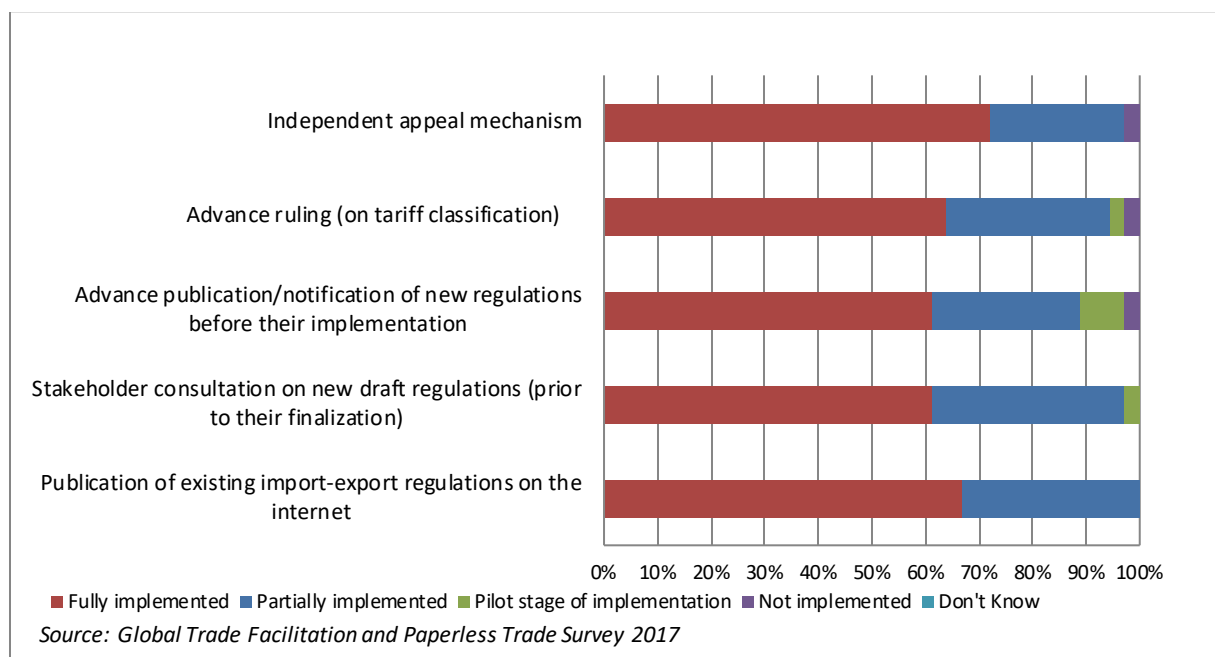
Figure 3.1: Implementation of 'Transparency' in the UNECE Region (2017)



Significant progress has been made in this category by almost all the subregions, including Central Asia. This is reflected in the small differences between the implementation rates among the subregions. The two most implemented measures in this category are Publication of existing import/export regulations on the internet and Independent appeal mechanism—indicating that export-import regulations are more accessible to traders, and traders have better a chance of reviewing the duties imposed on their goods. However, there is still room for improvement in Advance ruling (tariff classification) by a few subregions—including Central Asia, Eastern Europe and the Russian Federation.

Figure 3.2 shows what percentage of countries have implemented each measure in this category. Overall, the state of implementation is promising, as most of the countries have fully or partially implemented the individual measures in this category. All the countries have fully or partially implemented the Publication of existing import-export regulations on the internet. A slightly lower percentage of countries (97%) have implemented the Independent appeal mechanism measure. The least implemented measure, albeit implemented by majority of the countries (88%), is Advance publication/notification of new regulations before their implementation.

Figure 3.2: State of implementation of ‘Transparency’ measures (2017)



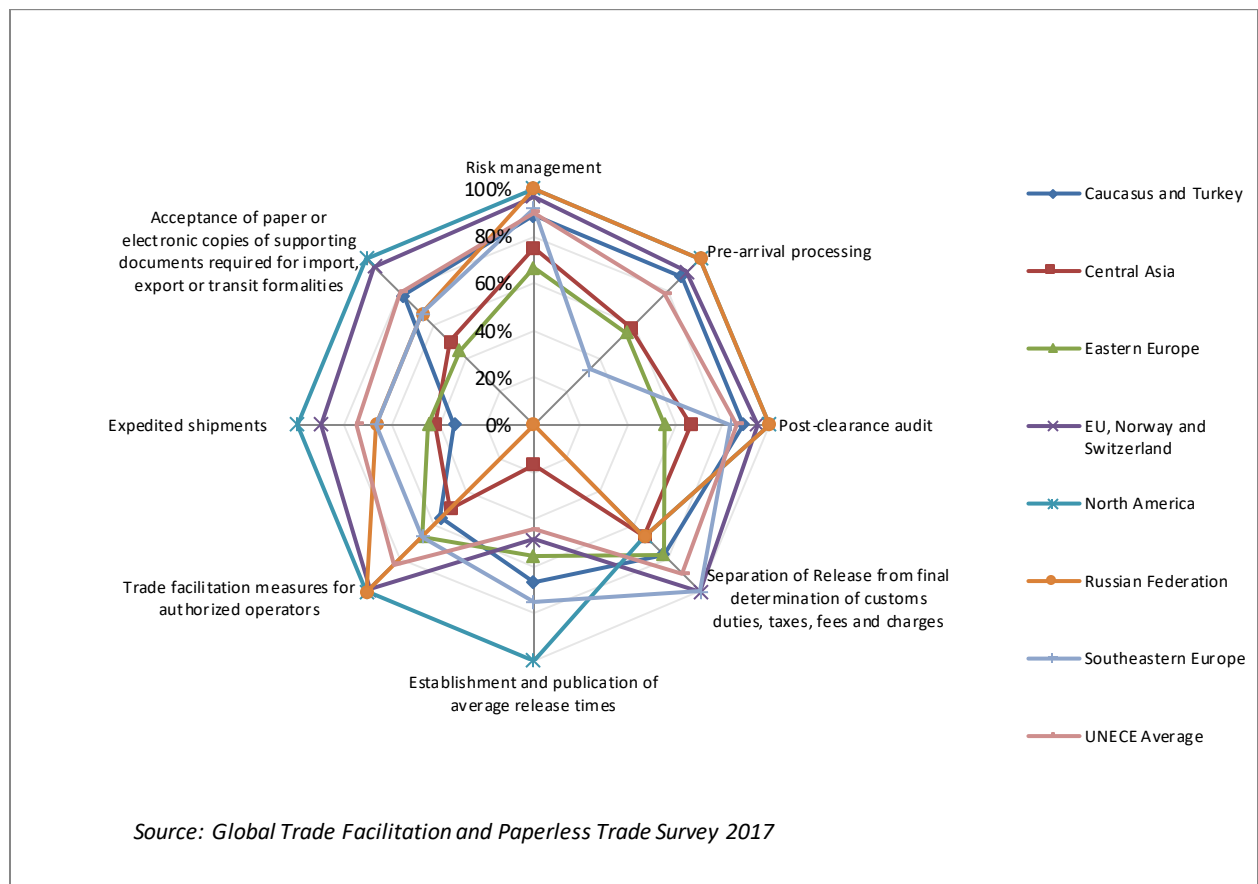
3.2 Formalities

The Formalities category contains eight measures that are also part of the WTO Trade Facilitation Agreement (TFA). On average, this category of measures has been implemented at a rate of about 78% for all the countries surveyed. Considering the wide variety of these measures, the average rate of implementation is noteworthy, as it is higher than the average implementation rate of all the measures (69%) covered in the survey.

However, there appears to be no general pattern of implementation for this category. As shown in Figure 3.3, the subregions are at various levels of implementation, irrespective of their economic situation. The North America region (Canada) is the leading implementer. It has fully implemented all the measures, except Separation of release from final determination of customs duties, taxes, fees and charges. The EU, Norway and Switzerland group has also achieved a consistently high rate of implementation, ranging between 90% to 100%, except for Establishment and publication of average release times, which has been implemented at 48% only.

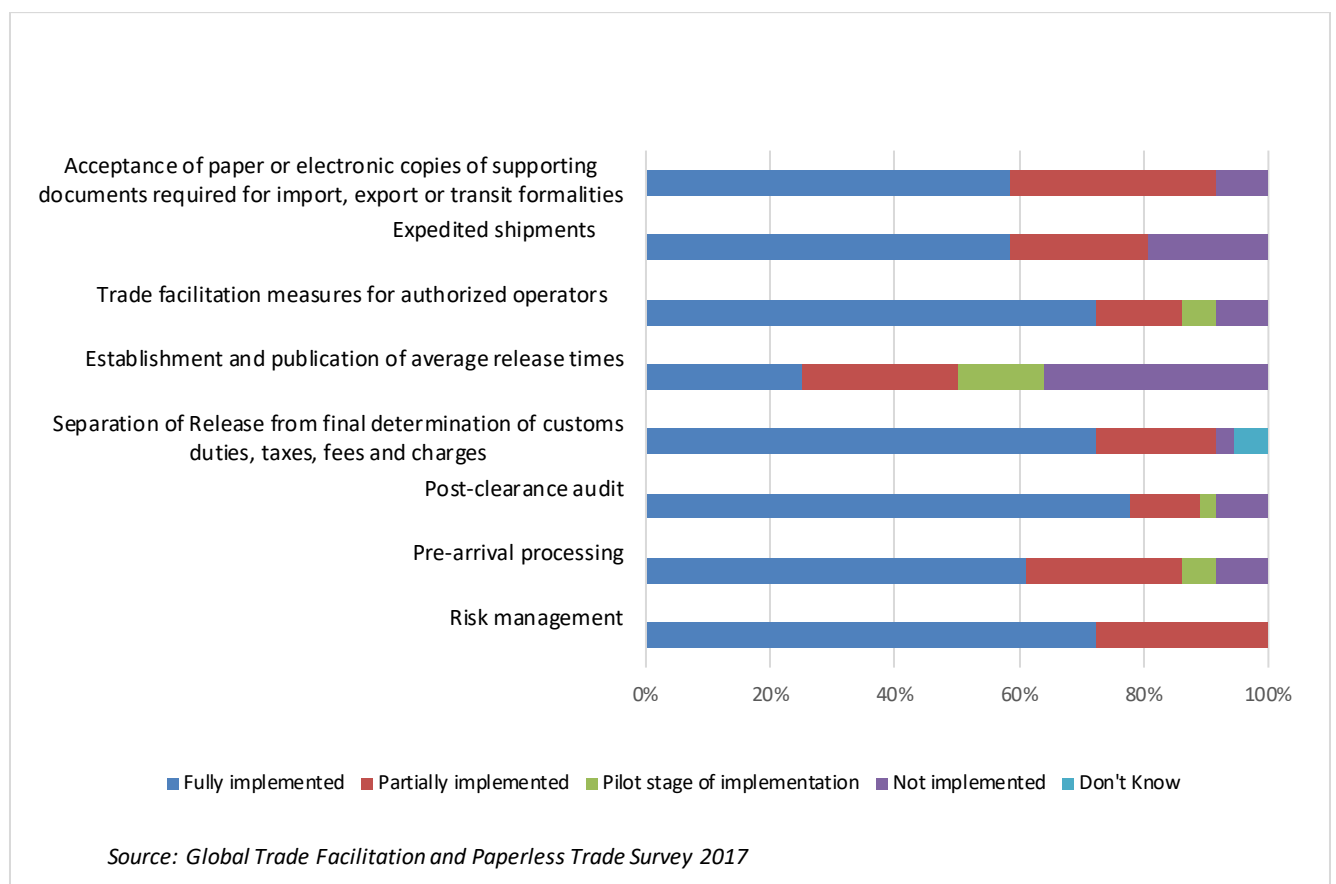
The overall implementation of Publication of average release time is low. Other subregions, including Central Asia and the Russian Federation, either did not implement the measure at all, or have shown very limited progress—which possibly indicates the need for technical assistance to advance implementation. Acceptance of paper or electronic documents had a mixed rate of implementation as the Central Asia and Eastern Europe subregions have achieved approximately 50% implementation. The following figure shows that the implementation of Risk management, Authorized economic operators schemes, Pre-arrival processing and Post-clearance audit have been implemented throughout the subregions, except for Eastern Europe and Central Asia, where there is scope to do more.

Figure 3.3: Implementation of ‘Formalities’ in the UNECE subregions (2017)



Likewise, Figure 3.4 provides a mixed picture of the rate of implementation of this category by share of countries. In the Formalities category, all countries either fully or partially implemented the Risk management measure. This was followed by Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities and Separation of Release from final determination of customs duties, taxes, fees and charges, both of which have been fully or partially implemented by more than 90% of the countries. On the contrary, only 50% of the countries have fully or partially implemented the measure related to the Establishment and publication of average release times. This trend was reported in the 2015 survey as well.

Figure 3.4: State of implementation of ‘Formalities’ (2017)

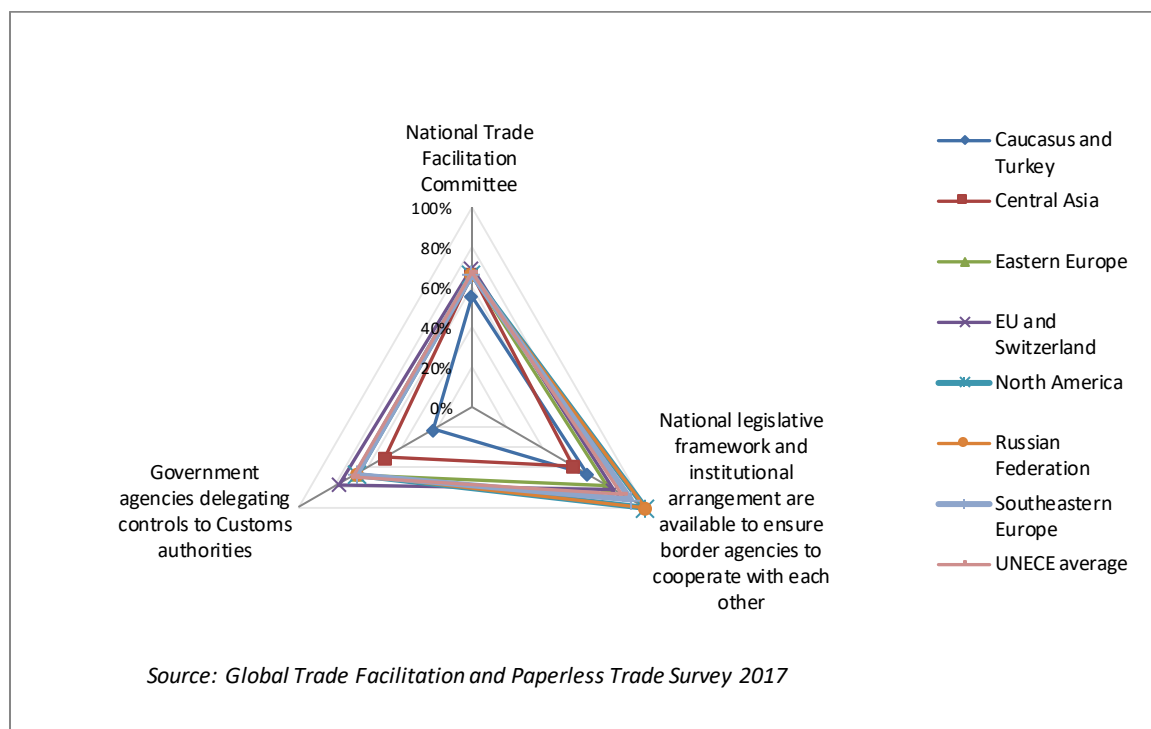


3.3 Institutional arrangement

The Institutional arrangement category includes key measures for supporting trade facilitation reforms, including the establishment of National Trade Facilitation Committees, Government agencies delegating controls to Customs authorities, and a National legislative framework and institutional arrangement to ensure border agencies cooperate with each other. This set of measures aims to gauge the readiness of the institutional and regulatory framework that enables these institutions to support the simplification of international trade processes and procedures.

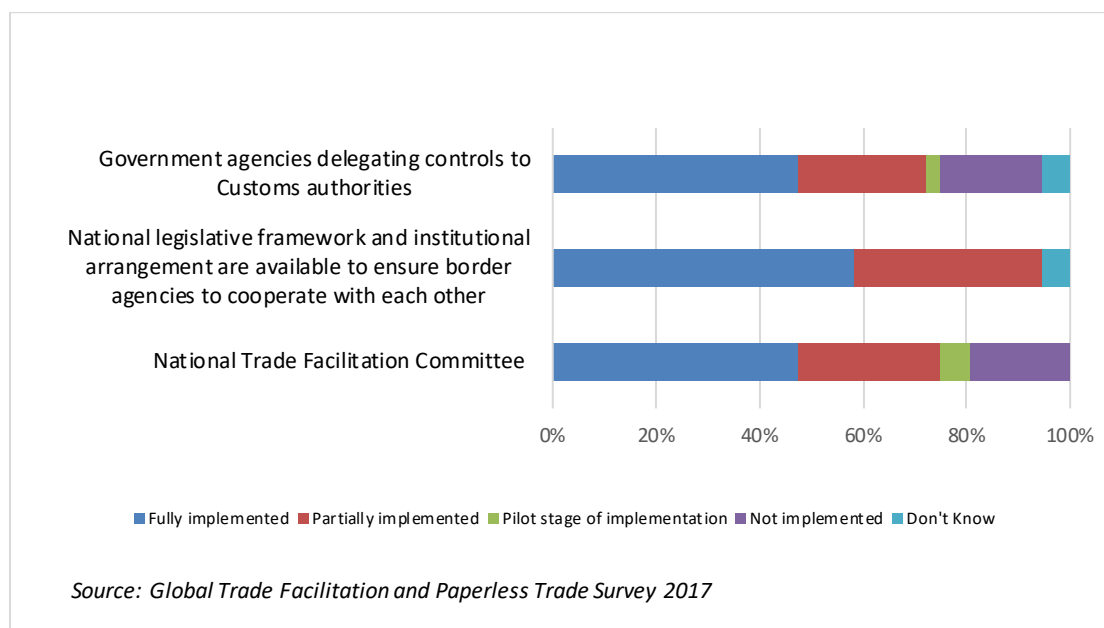
Figure 3.5 suggests that most of the subregions are making progress on their National legislative framework, and that institutional arrangements are available to ensure border agencies cooperate with each other. The much-discussed establishment of a National Trade Facilitation Committee, which is a requirement for the parties of the WTO TFA (Art.23.2), has been less implemented by all the subregions, with the highest rate of 70% by the EU, Norway and Switzerland group. In hindsight, this provision is a pre-requisite for the development, adoption and effective implementation of many other trade facilitation measures. In 2015, to support countries in their efforts to carry out this measure, UNECE revised Recommendation No. 4 on National Trade Facilitation Bodies and its guidelines, and developed Recommendation No. 40 on Consultation approaches: Best Practices in Trade Government Consultations in Trade Facilitation Matters. The Government agencies delegating controls to Customs authorities measure has also been moderately put in place, except in the Caucasus and Turkey and Central Asia subregions, where the implementation rates are 22% and 50% respectively.

Figure 3.5: Implementation of ‘Institutional arrangement’ in the UNECE subregions (2017)



The rate of implementation of these measures is echoed in Figure 3.6. The National legislative frameworks and institutional arrangements available to ensure that border agencies cooperate with each other measure has been implemented by most of the countries (94%). While, only three-quarters of the countries surveyed have established a National Trade Facilitation Committee, and have Government authorities delegating control to customs agencies—indicating the need for further action in this area.

Figure 3.6: State of implementation of 'Institutional arrangement' (2017)

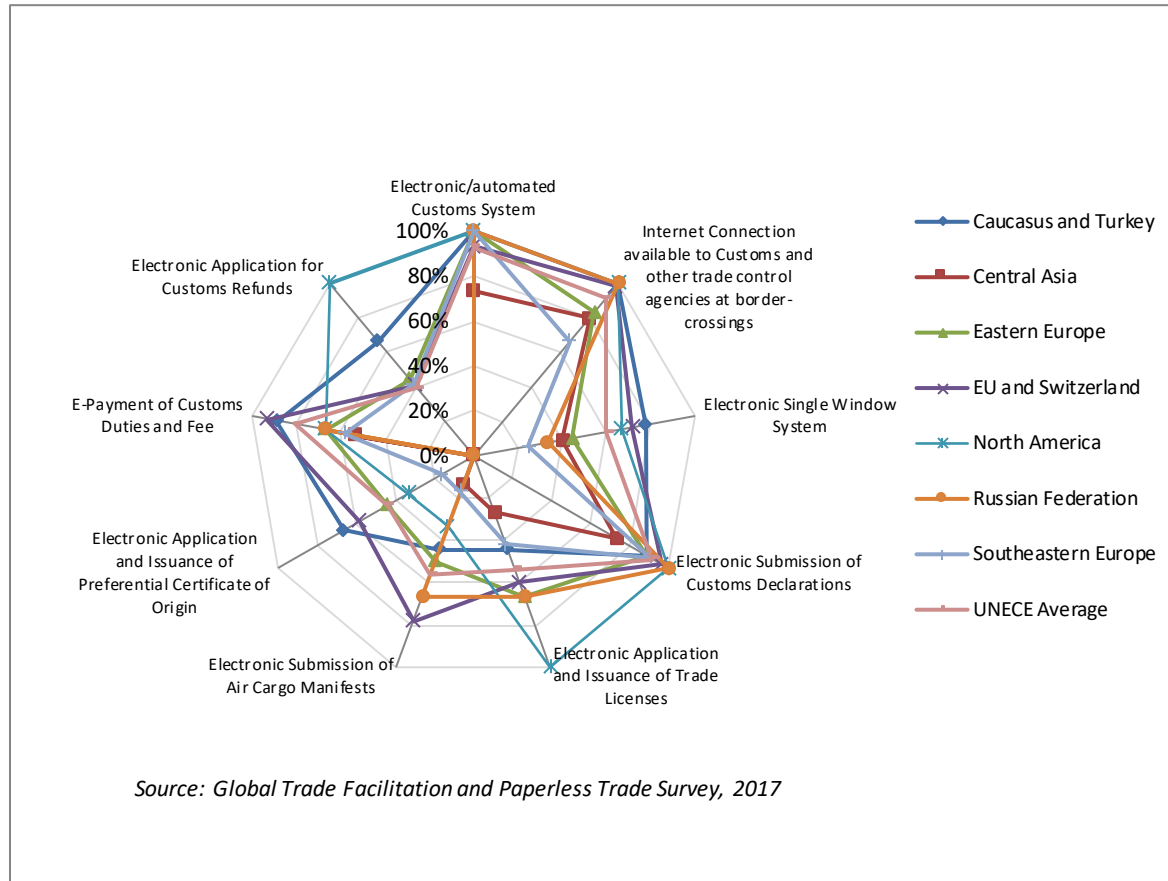


3.4 Paperless Trade

Electronic systems for filing, transferring, processing and exchanging trade information have become an important tool for managing flows of information. If implemented effectively, such systems save precious time and money. The key to success is the ability of an economy to adapt its regulatory framework of electronic signatures and transactions to the new information technologies (World Bank Doing Business 2017). Exchange of trade data and harmonization of trade procedures are important pillars of regional communities, and electronic data interchange systems can help facilitate the materialization of regional integration initiatives.

The Paperless trade category explores the level of advancement in the facilitation of electronic trade, and inquires whether the necessary supporting national systems and provisions are in place. As shown in Figure 3.7, in the UNECE region, the implementation levels vary greatly across and within subregions. The evidence shows that the most implemented measures are Electronic/automated customs system, Electronic submission of customs declarations, and Internet connection available to customs and other trade control agencies at border-crossings. Almost all the subregions have achieved either full or almost full implementation. It is worth noting that the subregions of Caucasus and Turkey have fully implemented two of the surveyed measures, while Eastern Europe and South-Eastern Europe have fully implemented only one.

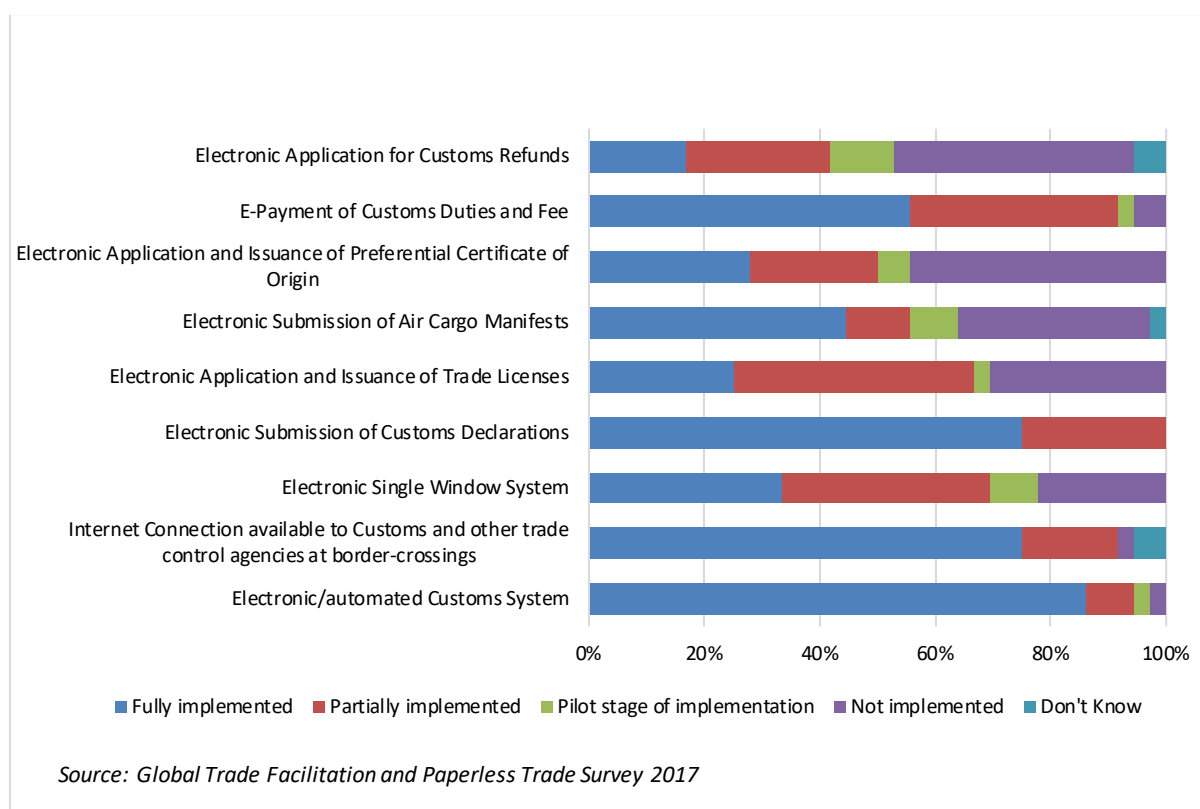
Figure 3.7: Implementation of 'Paperless Trade' in the UNECE Sub Regions 2017



The remaining measures are more technologically-advanced, which explains the comparatively lower level of adoption. Examples include E-payment of customs duties and fees, and the Electronic application and issuance of import and export permits, which are making good progress in all the subregions except Central Asia. Electronic Single Window system has been implemented moderately, except in South-Eastern Europe and the Russian Federation. The least implemented measures are Electronic application for customs refunds and Electronic application and issuance of preferential certificate of origin. Central Asia, the Russian Federation and South-Eastern Europe still have a large gap to reach full implementation of these measures.

Similar to the rate of implementation in the various subregions, the percentage of countries that either fully or partially implemented the measures in this category varies too. Notably, Electronic submission of customs declarations has been fully or partially implemented by all countries. More than 90% of countries have implemented a number of other measures including Electronic/automated customs system, Internet connection available to customs and other trade control agencies at border crossings, and E-payment of customs duties and fees. However, just over 40% of the countries have implemented the Electronic application for customs refunds measure, and less than 50% of the countries have implemented the Electronic application and issuance of preferential certificate of origin (see Figure 3.8).

Figure 3.8: State of Implementation of Paperless Trade Measures (2017)



3.5 Cross-border Paperless Trade

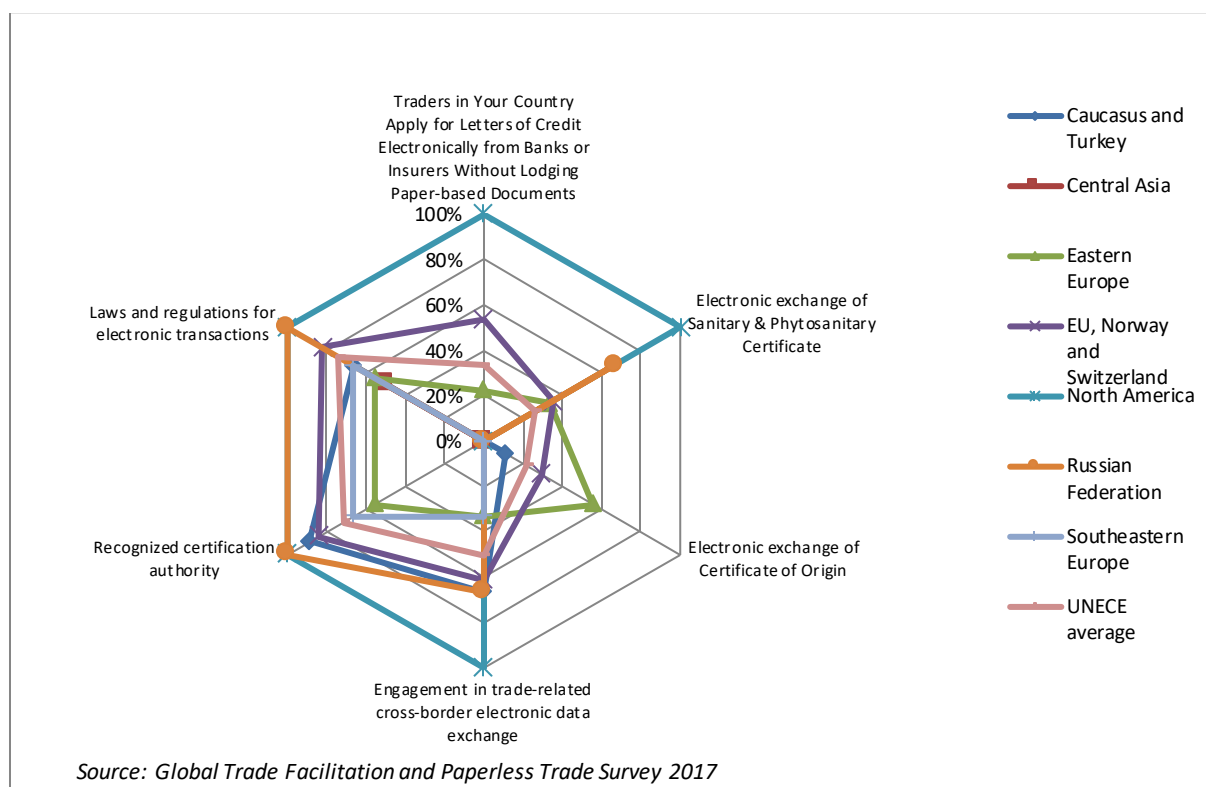
This category consists of the most advanced measures for facilitating cross-border paperless trade transactions. Two of the measures, Laws and regulations for electronic transactions and Recognized certification authority, are key enablers for the exchange and legal recognition of trade-related data and documents among trade actors, both within a country and along the entire international supply chain. The other four measures relate to the implementation of systems which allow for the actual exchange of electronic trade-related data and documents across borders in order to overcome the need for paper documents.

As Figure 3.9 shows, the North America subregion stands out in terms of full application of 5 out of 6 measures in this group, while the Russian Federation has fully implemented Laws and regulations for electronic transactions and Recognized certification authority. However, on average, the countries' performance in this category is lower compared to other categories, and the implementation gap between developed and developing economies is very wide for most measures in this category. This is not surprising due to the nature of the measures, which involve exchange of electronic information between trading partners.

As shown in Figure 3.9, Norway, Switzerland, the EU and North America are performing above the average low-level rate of implementation. For the EU countries, one of the factors behind the progress is the supporting EU regulations which promote electronic exchange of trade and customs data, and the increasing adoption of standardization and harmonization of

electronic data exchange methods. In this subregion, the submission of paper documents is mostly not required (unless demanded by the regulatory authorities). Trading within EU does not require a Certificate of Origin, and the SPS certificate is often exchanged electronically among the agencies. Overall, while the legal framework seems to have made progress in many subregions, implementation of practical measures has not advanced as much. For example, Engagement in trade-related cross-border electronic data exchange, Electronic exchange of certificate of origin and Electronic exchange of Sanitary & Phytosanitary (SPS) certificate are some of the least implemented measures across all countries.

Figure 3.9: Implementation of ‘Cross-border paperless trade’ in the UNECE Region (2017)



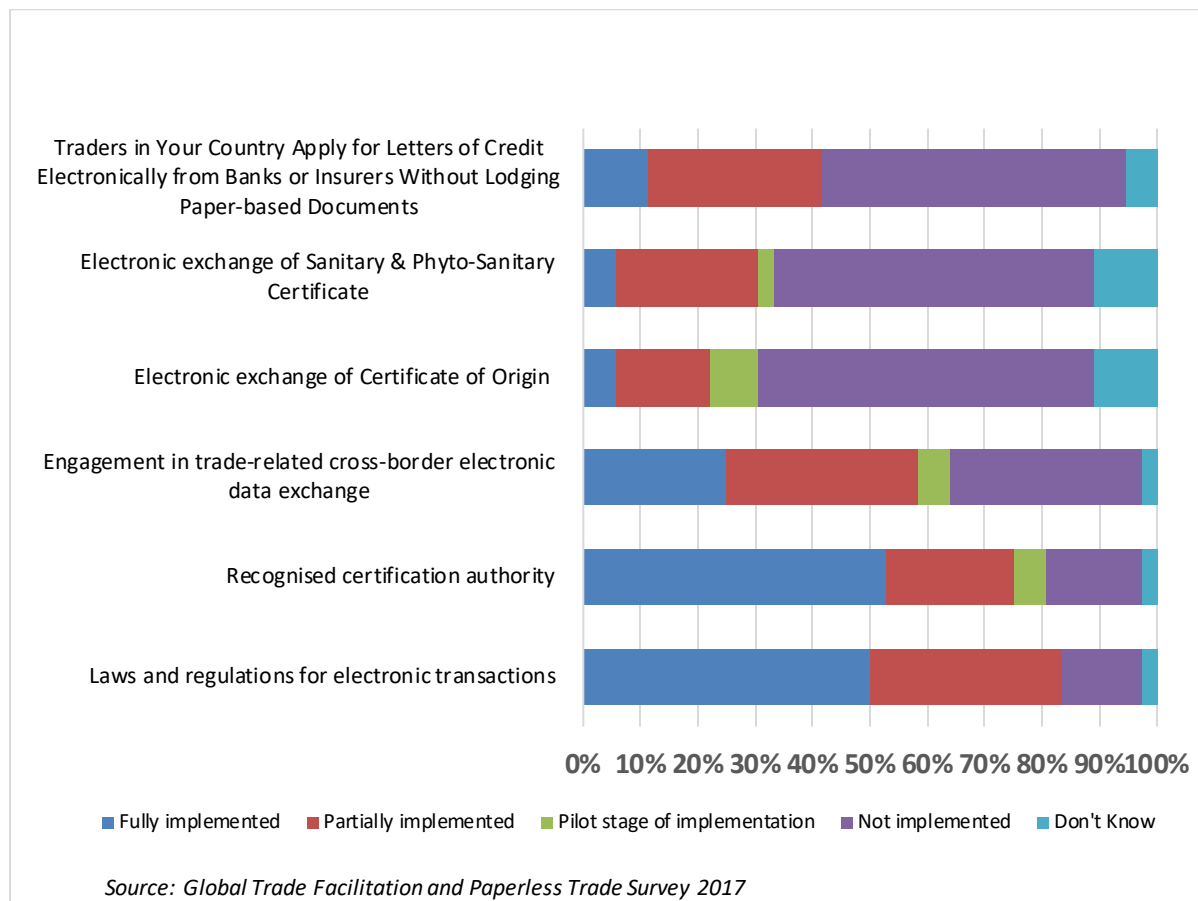
On the other hand, none of the measures in this group, except Laws and regulations for electronic transactions, have been implemented in the Central Asia subregion. This indicates a need to step up efforts to prioritize and implement targeted action addressing countries’ specific needs.

Analysis of the implementation of specific measures (see Figure 3.10) reveals that more than 80% of countries in the region claim to have Laws and regulations for electronic transactions in place, while about 60% of the countries have implemented measures for the Engagement in trade-related cross-border electronic data exchange. However, such frameworks have not yet been fully developed in about half of these economies, and may therefore not be conducive to legal recognition of electronic data and documents across borders.

Although the EU countries already have regulations and electronic systems in place to exchange transaction data, in some cases paper documents are still required (e.g. some

perishable goods) for trading outside the EU. This points to the need for harmonization of different national and subregional regulatory approaches. Furthermore, while most of the EU countries have advanced in cross-border paperless trade, in general, the non-EU countries need greater implementation efforts in this direction. The two measures that have been implemented by the least number of countries are Electronic exchange of Certificate of Origin and Electronic exchange of Sanitary & Phytosanitary Certificate. In fact, only about a quarter of the countries have fully or partially implemented them.

Figure 3.10: State of implementation of ‘Cross-border paperless trade’ measures (2017)



3.6 Transit facilitation

Transit forms a key component of trade facilitation, especially when it comes to cross-border trade. The transit facilitation category includes measures such as transit facilitation agreements with neighbouring countries, or the limiting of physical inspection of transit goods.

As Figure 3.11 shows, on average, the measures of this category are quite well implemented. Customs authorities limit physical inspections of transit goods and use risk assessment and Supporting pre-arrival processing for transit facilitation are top the list—followed very closely by Transit facilitation agreements with neighbouring countries and Cooperation between

agencies of countries involved in transit. The EU, Norway and Switzerland, North America and the Russian Federation fully implement the first two provisions. Among the developing regions, Eastern Europe and South-Eastern Europe perform well by achieving full and 75% implementation in Cooperation between agencies of countries involved in transit. Caucasus and Turkey achieved 78% implementation in Transit facilitation agreements with neighbouring countries and Supporting pre-arrival processing for transit facilitation. Central Asia's highest implementation rate reached 68% for the same measure. However, there is significant room for improvement in this subregion.

Figure 3.11: Implementation of 'Transit Facilitation' in the UNECE subregions (2017)

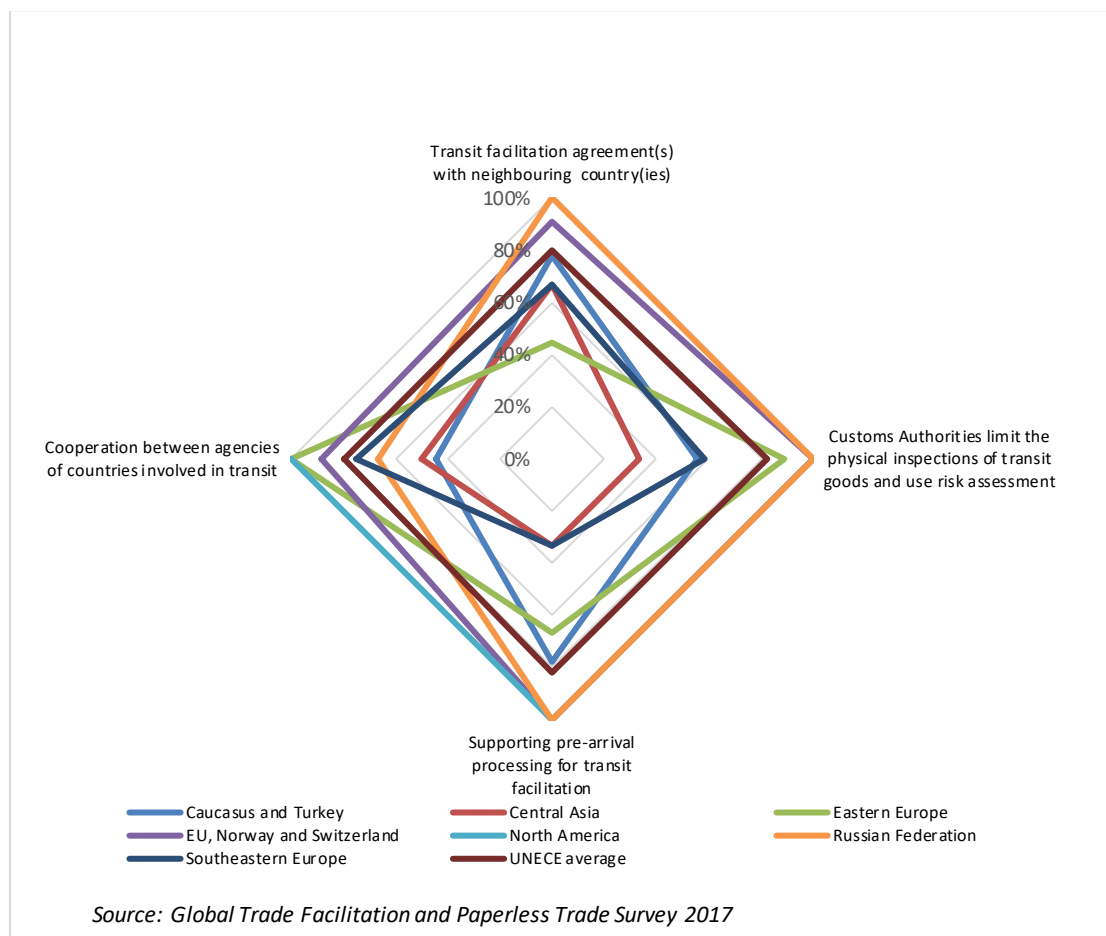
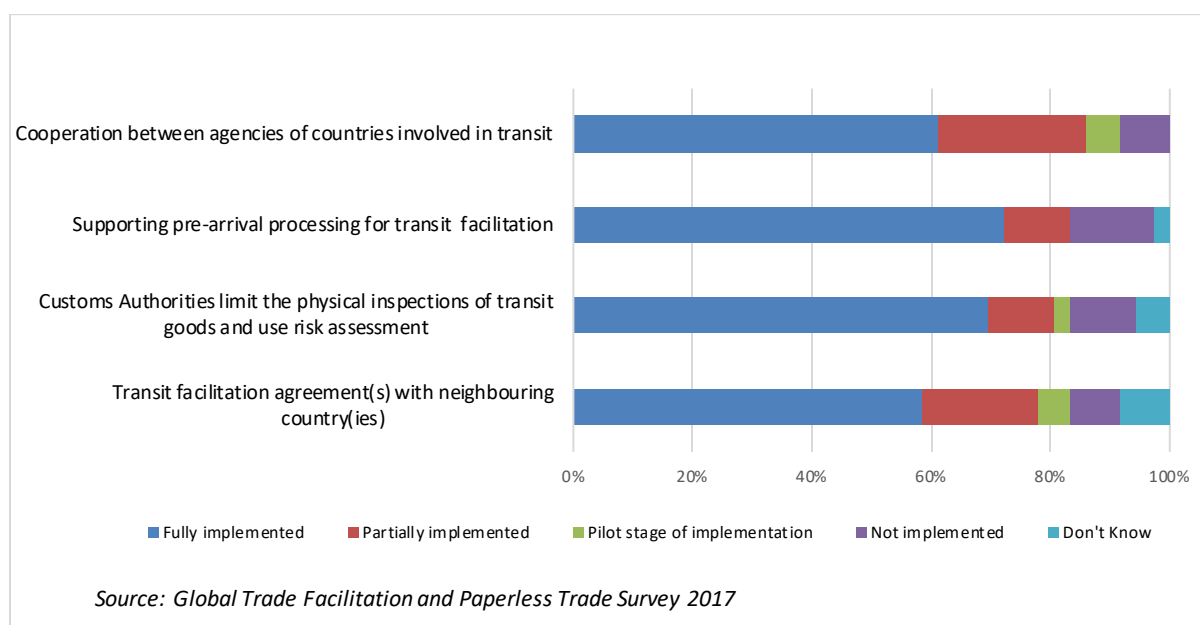


Figure 3.12 shows the share of countries and stages of implementation for each measure in this category. The majority of countries are well underway in achieving full implementation of all the measures. About 87% of the countries either fully or partially implemented Cooperation between agencies of countries involved in transit. A slightly lower share of countries (83%) did so for supporting pre-arrival processing for transit, followed by 80% and 77% of the countries that either fully or partially implemented Customs authorities limit physical inspections of transit goods and Transit facilitation agreements with neighbouring countries, respectively.

Figure 3.12: State of implementation of ‘Transit Facilitation’ measures (2017)



3.7 Trade facilitation and inclusiveness

This year’s survey included a new set of questions which attempted to gauge the efforts made in making trade facilitation more inclusive. These questions concerned emerging issues related to trade facilitation for small and medium-sized enterprises (SMEs), agriculture, and women in trade.

Red tape at the border affects SMEs disproportionately. Trade facilitation encourages the internationalization of such firms, the overwhelming majority of which do not export. This may in turn support export diversification, which is key to many transition economies in the region that are heavily dependent on the export of commodities. As far as gender issues are concerned, multiple constraints such as limited access to assets, salary inequalities, unequal gender classified tariffs, and higher security protection requirements often push women into informal cross-border trade (with all the disadvantages that this implies). Given the key role that they play for trade and inclusive economic growth (especially in developing and transition economies), the introduction of trade facilitation policies and measures to benefit women in trade has been addressed in the survey. Concerning the facilitation of agriculture trade (particularly perishable goods), sanitary and phytosanitary (SPS) regulations are of particular relevance, as many of the SPS controls are carried out at the border.

About two-thirds of the countries surveyed undertook measures related to trade facilitation and agricultural trade, either fully, partially, or as a pilot initiative. A slightly lower number of countries (just above 61%) have done so regarding trade facilitation and SMEs, while only 17% have undertaken initiatives for women and trade facilitation. A handful of countries have exceeded the average implementation of rate of 50% for all these categories, with Finland leading the way at 81%. Due to the limited response to these indicators, a fuller analysis of

this section of data could not be carried out. However, from the responses received, it is evident that while a few countries have undertaken dedicated efforts to make trade facilitation more inclusive, there is significant room for more targeted action in this area across the entire UNECE region.

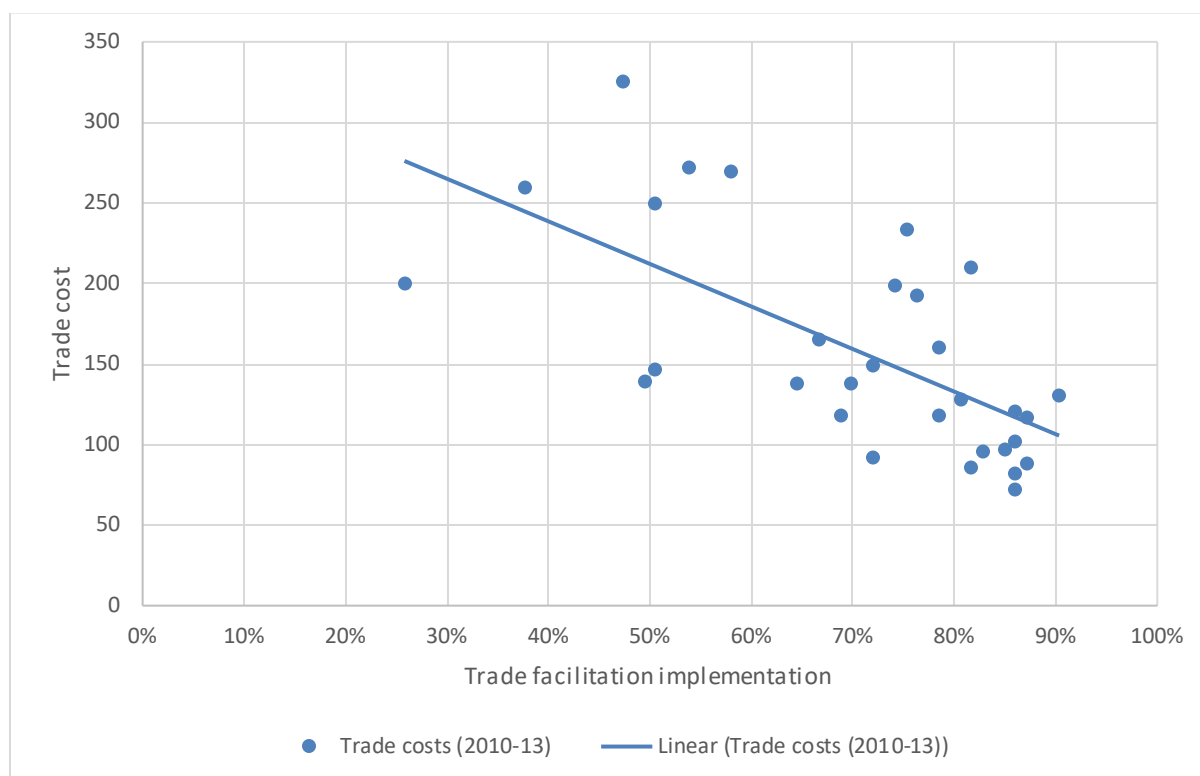
CHAPTER 4

CONCLUSIONS AND WAY FORWARD

This report presents data on trade facilitation and paperless trade implementation in 36 countries. The survey includes the implementation of general trade facilitation measures (including many of those featured in the WTO TFA) along with measures for enhancing paperless trade, specific measures tailored for SMEs, the agricultural sector, and women involved in trade.

The results of the survey indicate that over the past two years, the UNECE region has made progress in easing trade across borders and advancing electronic commerce. This has contributed to less red tape and reduced trade costs. Figure 4.1 demonstrates the negative relationship between countries' levels of implementation of surveyed measures and international trade costs ¹⁰.

Figure 4.1: Trade facilitation implementation and trade costs



Source: *Global Trade Facilitation and Paperless Trade Survey 2017*

The regional average implementation rate of trade facilitation measures in the 36 UNECE countries surveyed in 2017 is 69%, which marks an increase compared to the average rate of 62% for 27 countries surveyed in 2015. The results show that, overall, more advanced

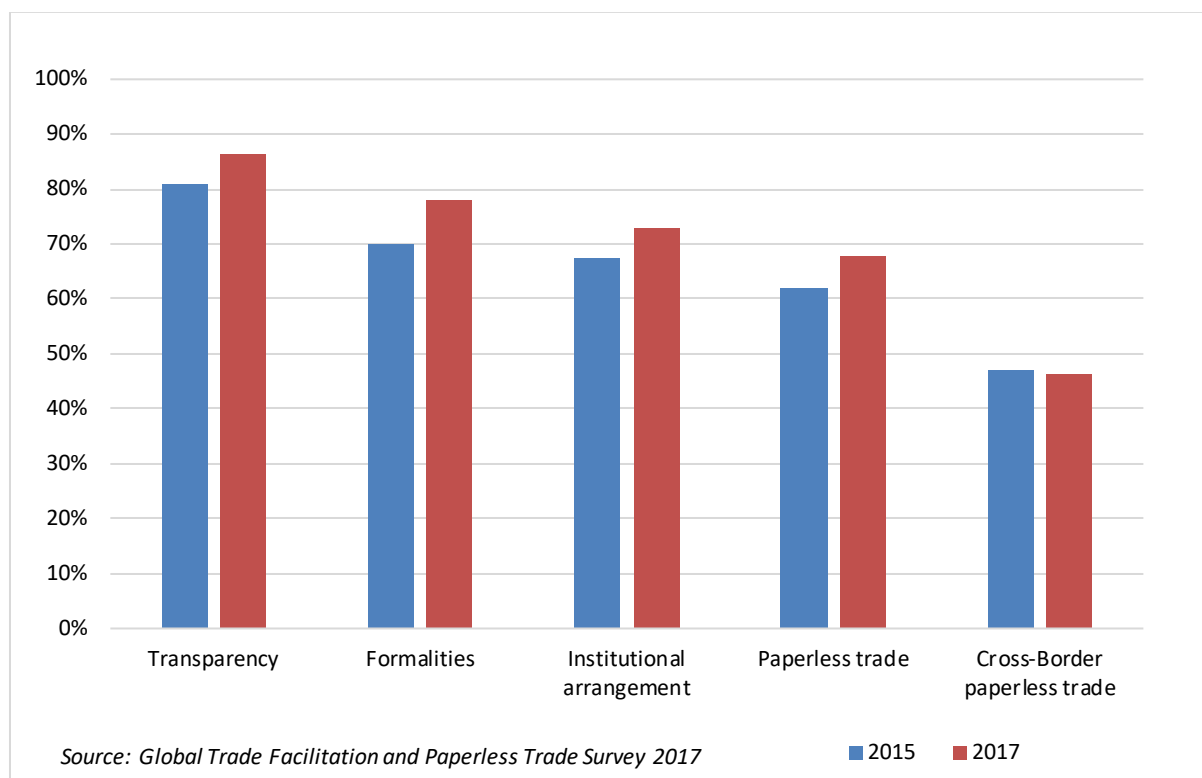
¹⁰ A simple linear regression of trade costs against trade facilitation implementation—estimated using Ordinary Least Squares (OLS)—shows that trade facilitation implementation levels explain about 48% of the variations in trade costs.

economies in the region are doing better than smaller or less advanced economies in facilitating their trade procedures—as there appears to be a positive correlation between GDP per capita and trade facilitation. The recent revision of the European Union customs code, the new Eurasian Union customs code, and the entry into force of the WTO TFA have been identified by respondents as important factors in this positive trend.

A closer look at the trade facilitation measures, shows that the most implemented ones appear to be those related to Transparency, with an average implementation rate of 86%, which marks an improvement compared to the 80% in 2015. They include measures such as Independent appeal mechanism and publication of existing import-export regulations on the internet, which have the highest implementation rates (89%). The average implementation for the Formalities category is about 78%, which also marks an improvement from the 2015 average of 70%. Among the measures within this group, risk management has the highest implementation rate of 90%, while the establishment and publication of average release times is the least implemented (44%).

The Institutional arrangement category, which includes the establishment of National Trade Facilitation Committees, has on average 74% implementation as opposed to 67% in 2015. Average implementation rate for Paperless trade category has increased from 62% in 2015 to 69% in 2017. The category of cross border paperless trade measures is the least implemented in terms of regional average rate (46%).

Figure 4.2: Average implementation rates of trade facilitation and paperless trade measures (2015 & 2017)



However, progress is uneven across countries and subregions, and the implementation of trade facilitation measures appears relatively heterogeneous. The most economically advanced economies, which represent one third of the countries surveyed (mainly from the EU and North America), reached a level of implementation of 80% and above. Among these countries are the best performers at the global level, with The Netherlands reaching 94%. The middle-income countries (which account for almost a third of the countries surveyed) show an implementation rate of about 60%, while less advanced economies (mainly from South-Eastern Europe and Central Asia) did not reach 50%.

Trade facilitation implementation levels vary even within subregional groupings. For example, within South-Eastern Europe, the highest and lowest implementation rates are about 83% and 41%; and within the EU, Norway and Switzerland group, Malta and Hungary have implementation rates of 47% and 52% respectively.

The survey included all the WTO Trade Facilitation Agreement (TFA) provisions and, in addition, measures for enhancing Paperless Trade systems that could eventually lead to the sole use of electronic data. The section on Inclusiveness in Trade Facilitation (which is new to the UNECE Regional Report 2017) contains questions related to Trade facilitation and SMEs, Trade facilitation and agriculture trade, and Women in trade facilitation.

Regarding the group of measures on Inclusiveness in trade facilitation, the survey showed that that all Trade facilitation measures for agricultural trade and SMEs have been implemented—fully, partially or on pilot basis—by more than 67% and 61% of countries, respectively. Trade facilitation measures for women are strikingly low in comparison with other groups of trade facilitation measures. Furthermore, in the process of data collection, respondents often were not aware of such measures and could not provide any detailed information. This explains the lack of data for some of the countries surveyed. Such findings show that countries need to increase efforts to make trade facilitation more inclusive.

In conclusion, the regional average implementation score of approximately 69% was higher than the current global average score of 60%¹¹, and marks a positive trend since 2015. However, while North America, EU and Switzerland performed well above the regional average, all subregions have scope to make progress—particularly in relation to paperless trade and cross-border paperless trade measures. The survey reveals that national paperless trade measures have relatively higher scores than those of cross-border paperless trade measures. This points to the need for greater collaboration among countries in order to increase the electronic exchange of trade-related data and to take appropriate actions to make the regulatory and commercial processes easier using appropriate legal frameworks. To this end, the development of a regional framework agreement on e-Trade would be an important step to harness the huge potential of digitization, facilitate action at the national level and further reduce trade costs. Furthermore, it is important to note that more than 40

¹¹ See the 2017 UN Global Survey on Trade Facilitation and Paperless Trade.

policy recommendations and 440 standards for electronic exchange of information (such as the recommendations on Single Window implementation and the UN/EDIFACT standard for the electronic exchange of trade data, developed by UNECE through UN/CEFACT) can be used as tools to address the gaps in paperless trade—not only in the UNECE region, but also across the globe.

In fact, Figure 4.3 shows that trade facilitation is a step-by-step process, based on the groups of measures included in the survey, and provides an overview of subregion performance in the different areas. Trade facilitation begins by setting up the institutional arrangements needed to prioritize and coordinate implementation of trade facilitation reform efforts.

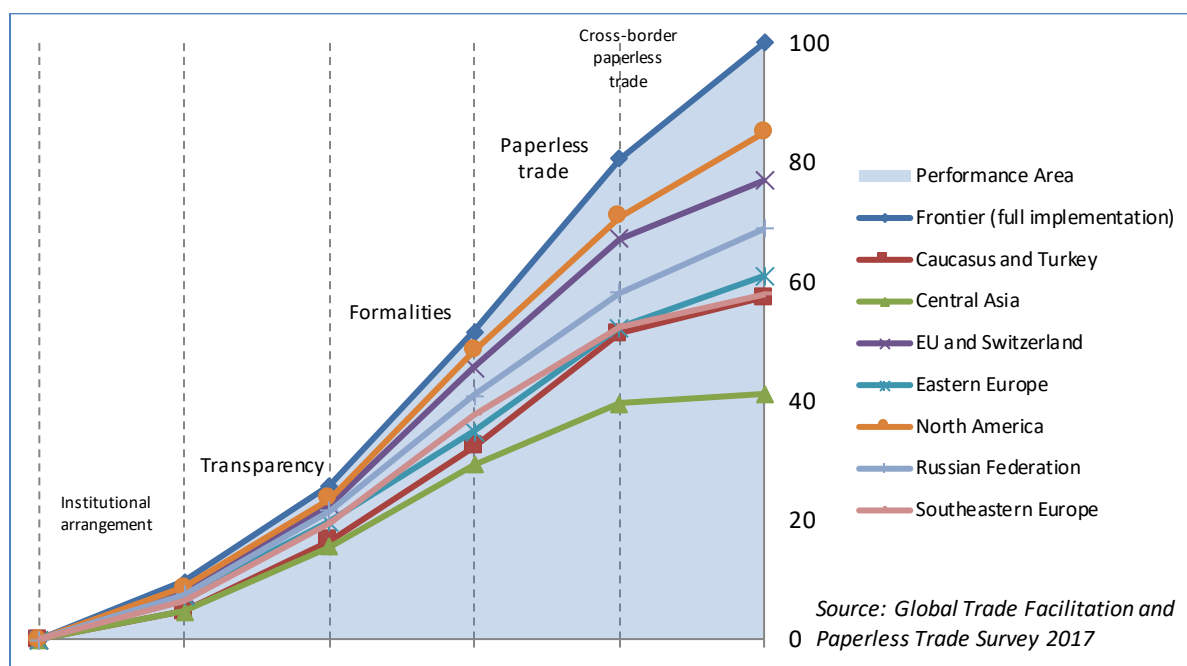
The next step is to make the trade processes more transparent by sharing information on existing laws, regulations, and procedures as widely as possible and consulting and engaging with key stakeholders when developing new ones. Designing and implementing simpler, more efficient trade formalities is next.

The reengineered and streamlined trade procedures and processes may first be implemented based on paper documents, and then further improved through the application of information and communications technology and the development of paperless trade systems. The results of the survey should provide support to participating countries as they look to define targets to reduce the cost of trade, adopt good practices and ensure coordination both domestically and across borders.

Respondents identified limited human resources and insufficient coordination between government agencies as significant challenges faced by their countries in implementing trade facilitation measures. These results suggest that capacity building and technical assistance are needed as much as financial assistance in implementing certain measures. The UNECE Guide to Drafting National Trade Facilitation Roadmaps, and the UNECE Trade Facilitation Implementation Guide, for instance, provide useful direction in this regard.

Survey results also highlight institutional challenges associated with the lack of a clear lead agency in certain countries of the region. In this context, careful design of National Trade Facilitation Committees will be crucial to sustain political will at the highest level, to achieve effective cooperation among all key stakeholders and to promote effective engagement of the private sector.

Figure 4.3: Moving up the trade facilitation ladder towards seamless international supply chains



Note: Figure shows cumulative trade facilitation implementation scores of UNECE subregions for the five groups of trade facilitation measures included in the survey. Scores are based on equally weighted implementation of 31 trade facilitation measures but the number of measures in each of the five groups varies. Full implementation of all measures = 100.

This directly relates to the implementation of Article 23.2 of the WTO TFA on Institutional Arrangements, for which UNECE Policy Recommendations 4 and 40 on National Trade Facilitation Bodies and Consultation Approaches are a key reference. Regular monitoring and evaluation of these Committees is also advised to introduce necessary adjustments as countries start implementing the WTO TFA and continue introducing other trade facilitation reforms. The recently adopted UNECE Policy Recommendation, developed in collaboration with ESCAP, outlines the necessary steps to establish sustainable national trade and transport facilitation monitoring mechanisms to measure and assess progress and to assist in policymaking and modernization efforts.

Policymakers working on strategies to achieve the Sustainable Development Goals of the United Nations Agenda 2030 should keep in mind that the implementation of many specific trade facilitation measures may be an effective tool in meeting specific SDG targets, such as those under SDGs 17 on Partnership for Sustainable Development and SDG 8 on Inclusive Growth. The obligations and international support that come with the WTO TFA are an opportunity to engage in reforms that make economic activities more transparent and help traders, especially small traders and trade companies led by women, enter the formal sector.

Annex 1

Definitions of the various stages of implementation

Stages of implementation	Coding/ Scoring
<p>Full implementation: the trade facilitation measure implemented is in full compliance with commonly accepted international standards, recommendations and conventions such as the Revised Kyoto Convention, UN/CEFACT Recommendations, or the WTO Trade Facilitation Agreement; it is implemented in law and in practice; it is available to essentially all relevant stakeholders nationwide, supported by adequate legal and institutional framework, and has adequate infrastructure and financial and human resources.</p>	3
<p>Partial implementation: a measure is considered to be partially implemented if at least one of the following is true: (1) the trade facilitation measure is not in full compliance with commonly accepted international standards, recommendations and conventions; (2) the country is still in the process of rolling out the implementation of the measure; (3) the measure is practiced on an unsustainable, short-term or ad-hoc basis; (4) the measure is not implemented in all targeted locations (such as key border crossing stations); or (5) not all targeted stakeholders are fully involved.</p>	2
<p>Pilot stage of implementation: a measure is considered to be in the pilot stage of implementation if, in addition to meeting the general attributes of partial implementation, it is available only to (or at) a very small portion of the intended stakeholder group (location) and/or is being implemented on a trial basis. When a new trade facilitation measure is in the pilot stage of implementation, the old measure is often continuously used in parallel to ensure that service is provided in case of disruption of the new measure. This stage of implementation also includes relevant rehearsals and preparation for the full-fledged implementation.</p>	1
<p>Not implemented: simply means a trade facilitation measure has not been implemented. However, this stage does not rule out initiatives or efforts towards implementation of the measure. For example, in this stage (pre)feasibility or planning of implementation can be carried out, and consultation with stakeholders on the implementation may be arranged.</p>	0

Annex 2

Countries covered in the survey (2017 and 2015)

Country Groupings	Country	2015 Survey
Caucasus and Turkey	Armenia	x
	Azerbaijan	x
	Turkey	x
Central Asia	Kazakhstan	x
	Kyrgyzstan	x
	Tajikistan	x
	Uzbekistan	x
Eastern Europe	Belarus	
	Moldova	
	Ukraine	x
EU, Norway and Switzerland	Austria	x
	Belgium	x
	Bulgaria	x
	Croatia	x
	Estonia	
	Finland	x
	France	x
	Germany	x
	Greece	x
	Hungary	x
	Ireland	x
	Italy	x
	Malta	
	Netherlands	x
	Norway	
	Portugal	x
	Spain	x
Sweden	x	
Switzerland	x	
UK		
North America	Canada	
Russian Federation	Russian Federation	x
South-Eastern Europe	Albania	
	Macedonia	
	Montenegro	x
	Serbia	x

Landlocked Developing Countries (LLDC): Armenia, Azerbaijan, Macedonia, Moldova, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan

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