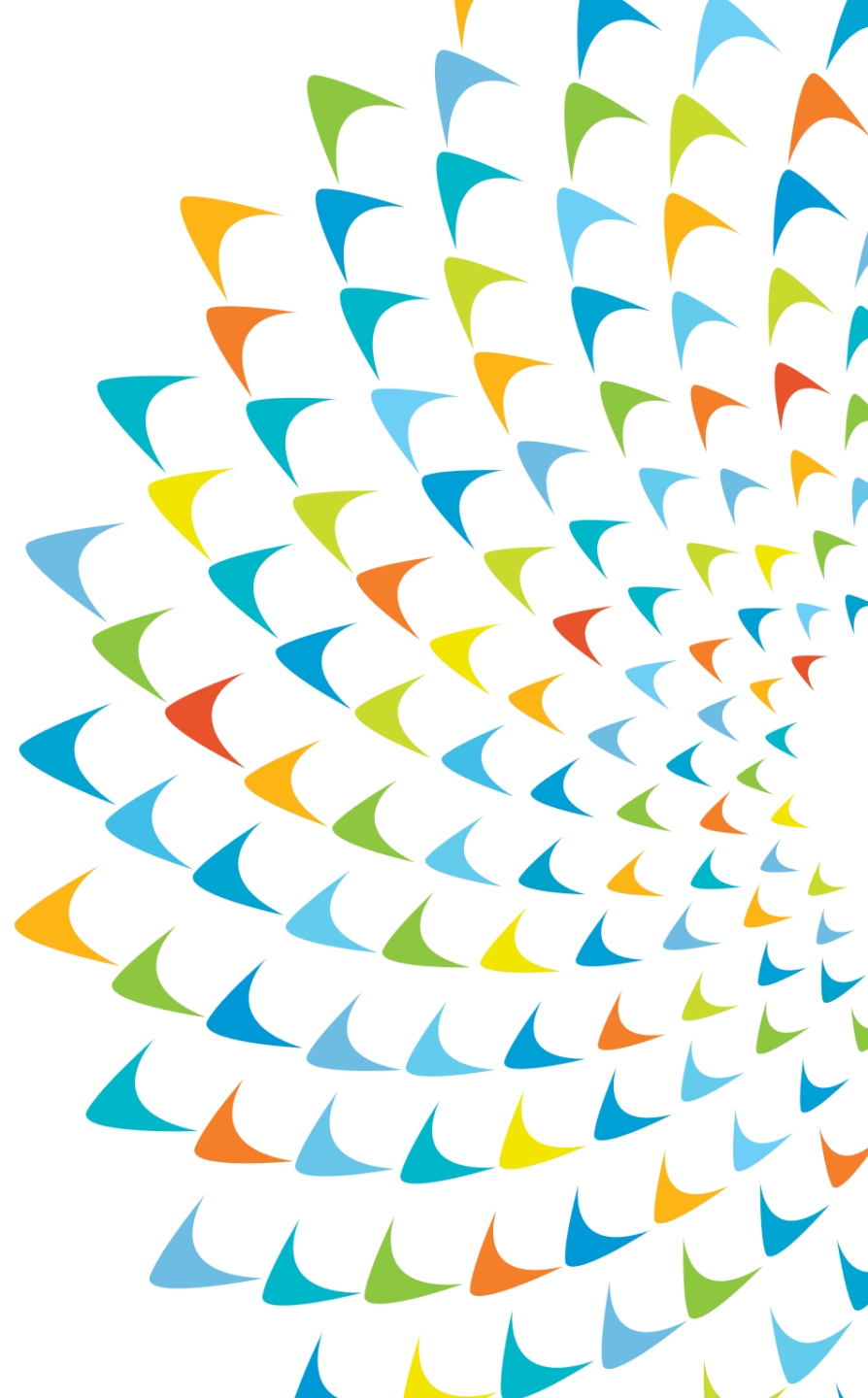




ADB's Trade Facilitation Support to ASEAN/BIMP- EAGA

Shigeaki KAMO
Southeast Asia Department
March 2019





Outline

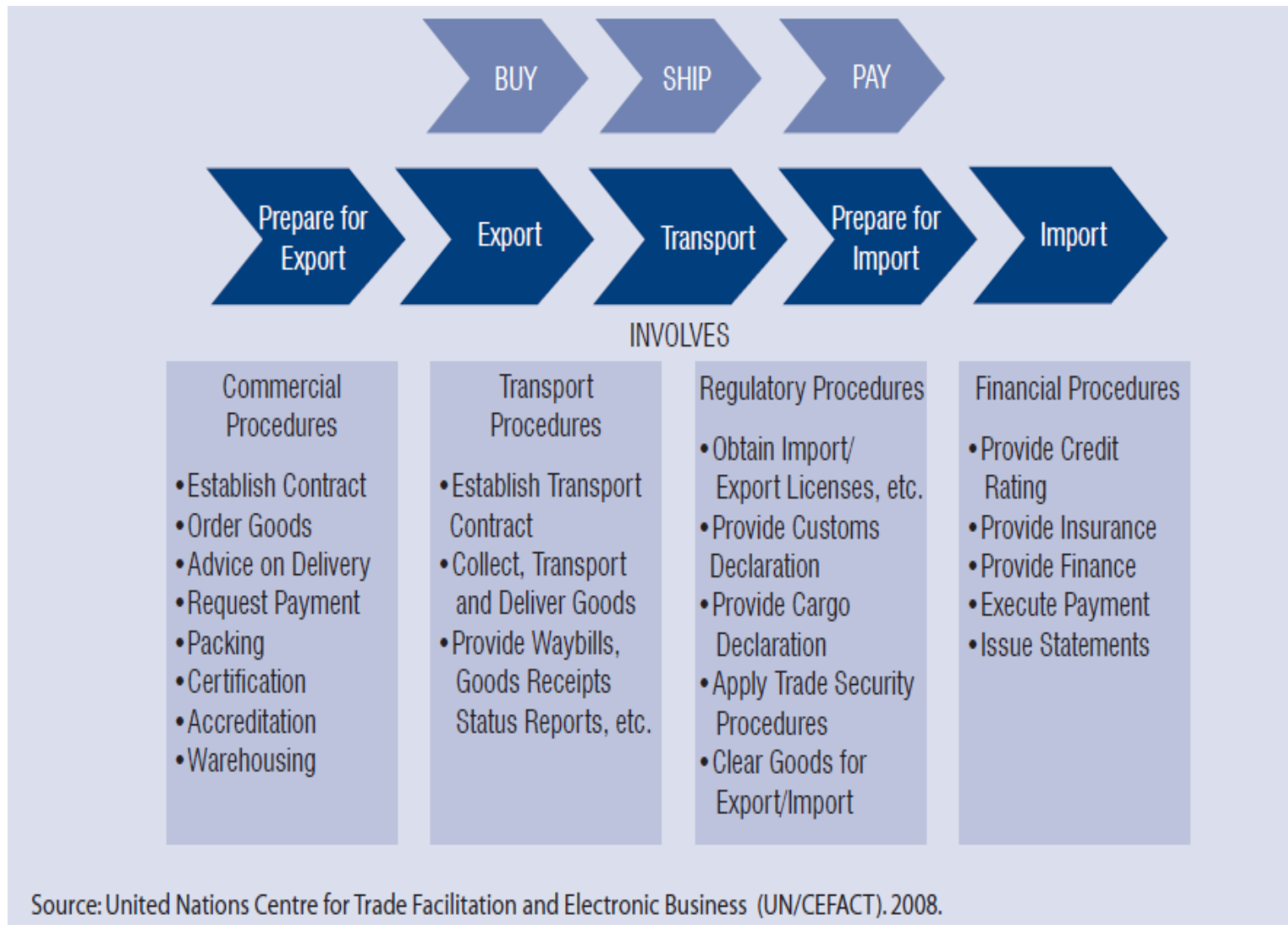
- 1. Trade Facilitation (TF)**
- 2. History of ADB's Support re TF**
- 3. Time Release Study (TRS) as a Method**
- 4. Bottlenecks & Diagnosis**
- 5. Country/Regional Cooperation**
- 6. Way Forward**



1. Trade Facilitation (TF)



Trade Facilitation (TF): Reducing Trade Transaction Costs



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



Typical Problems

- ✓ Excessive documentation requirements
- ✓ Inefficient border-crossing procedures
- ✓ Transport and transit impediments
- ✓ Lack of transparency and predictability
- ✓ Lack of cooperation and coordination
- ✓ Lack of automated processes and scarce use of information technology
- ✓ High administrative costs





Estimated Benefits

Cost reduction potential of almost 10% of trade cost.

OECD Trade Policy Working Paper, No. 118, 2011

Up to two-thirds of the total gains to be obtained by developing countries.

OECD TD/TC/WP(2003)31/FINAL

Reduction of total trade costs of 14.5% for low income, 15% for lower-middle income, and 13.2% for upper-middle income countries

OECD Trade Policy Working Paper, No. 144, 2013





2. History of ADB's support re TF



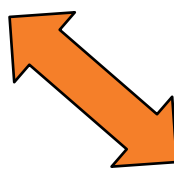
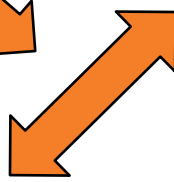
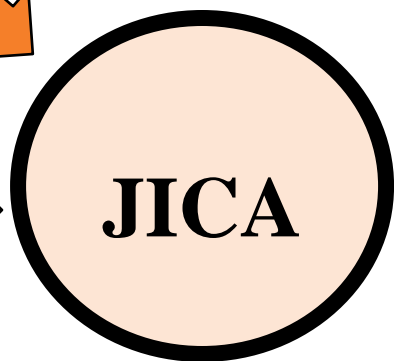
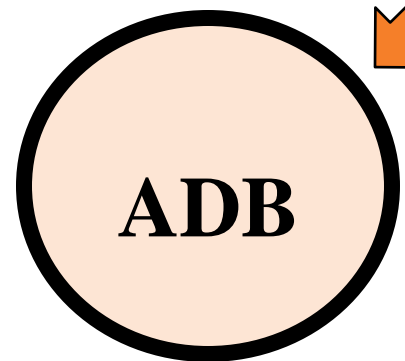
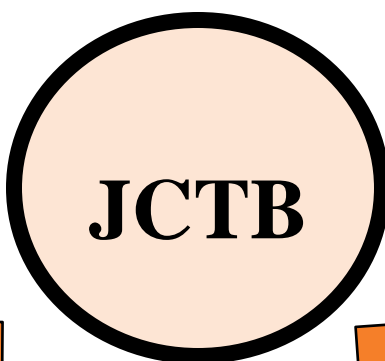
DPs Coordination for TF

- ✓ ADB
- ✓ Japan's Customs and Tariff Bureau, Ministry of Finance (JCTB)
- ✓ Japan International Cooperation Agency (JICA)
- ✓ WCO
- ✓ Others: IMF, UNESCAP, WB, ...



(Image)

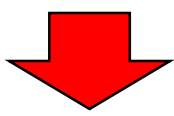
Policy Implementation



Collaboration
Coordination
Common Goal

Technical Assistance, e.g.,
TRS, RM (AEO & PCA), IT/NSW
w/t JFPR

Grant for IT System
Experts in Customs Authorities
Research Projects in GMS, etc.



Explore Concrete Outcome for TF in ASEAN

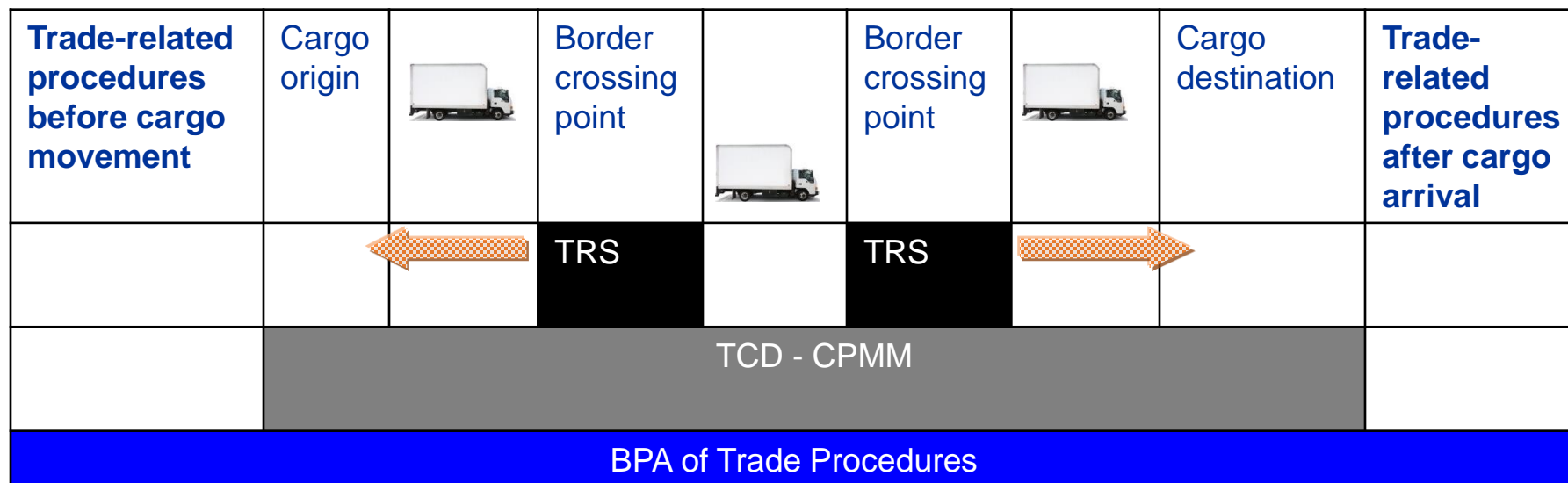




3. Time Release Study (TRS) as a Method



TTFMM Integrated Methodology: “BPA+”/“TRS+”



- **Business Process Analysis (BPA):** Diagnosis of TF bottlenecks along entire supply chain.
- **Time-Cost Distance Method (TCD) & Time Release Study (TRS):** Improve/verify BPA time and cost estimates.



< ASEAN's TRS Mandate >

- ✓ ASEAN Economic Ministers set target of 10% reduction of trade transaction cost in ASEAN by 2020.
- ✓ ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC): Designated body to handle TF in ASEAN, tasked to find a way on how to reduce the trade transaction cost.
- ✓ Proxies: ATF-JCC with the support of Economic Research Institute for ASEAN and East Asia (ERIA) constructed a methodology, namely ASEAN Seamless Trade Facilitation Indicators (ASTFI). Upon discussion amongst ASEAN Member States during the Workshop on ASTFI and the 10th Meeting of ATF-JCC held in January 2018, TRS.



TRS: Scope

Parties involve:



Shipping company
Shipping agent
Port Authority,
etc.



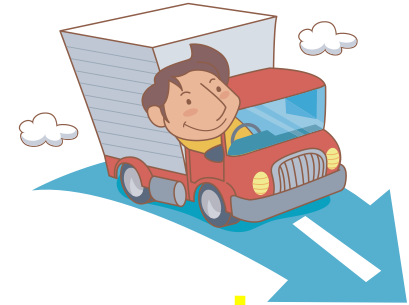
Importer,
Customs broker
Container Yard
OGAs, etc.



Customs,
Bank,
Customs
broker



Port Authority
Container Yard
Warehouse,
Forwarder, etc.



Arrival of
cargo

Unloading
/storage

Submission of
Declaration

Custom
Release
Permission

Removal
of Cargo



4. Bottlenecks & Diagnosis



Major Findings from Countries' TRS (Bottlenecks)

< Customs >

- Manual processes even when IT system exists**
- Administrative inefficiencies**
- High rate of physical and documentary inspection**
- Delays in payment of duties and taxes**



Major Findings from Countries' TRS (Bottlenecks)

< OGAs (Other Government Agencies) >

- Interventions before declaration
- Lack of inspection/testing facilities
- Delays in issues of licenses and permits
- Underdevelopment of national single window (NSW)
- No coordinated border management



Major Findings from Countries' TRS (Bottlenecks)

< Private Sector: e.g., Customs broker >

- Delays after goods' arrival until declaration submitted**
- Lack of technical skills of Customs brokers**
- Correct documents not submitted on a timely basis**
- Delays after issuing release note until cargoes' leaving**
- Unavailability of funds to pay duties and taxes**



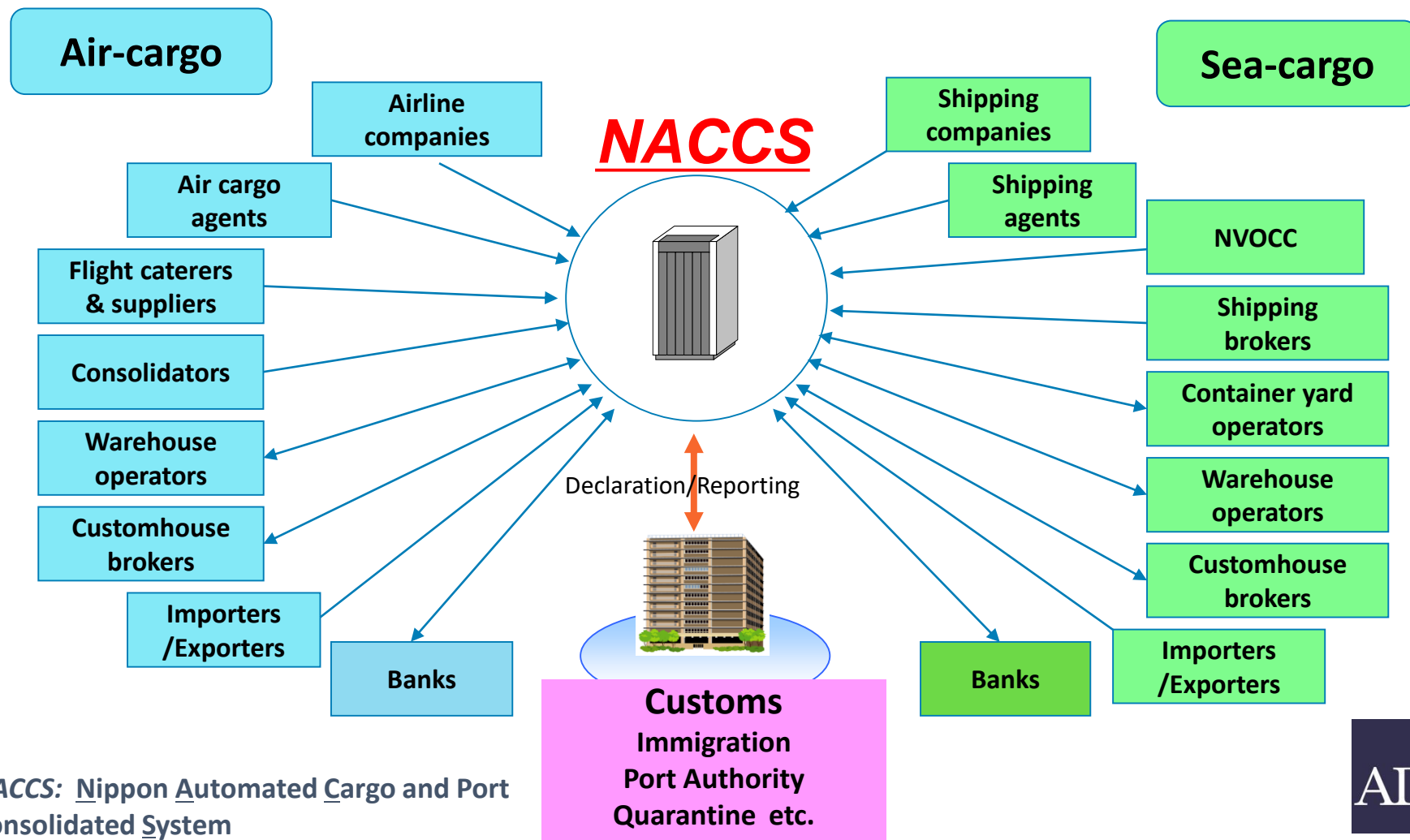
Diagnosis

- ✓ Review the legislation to ensure compliance with the latest international standards.
- ✓ Provide strategies to enhance Customs IT systems and NSW.
- ✓ Check current operations against international standards and reengineer where appropriate
- ✓ Design an intelligence and compliance management strategy to align the risk management processes.
- ✓ Review and improve current and outdated processes and procedures at checkpoints.



Diagnosis: NSW (with OGAs, etc.)

- Benefits: Quick Response (1-3 sec), Economical Total Development Cost, User Friendly Services like Immediate Release upon Arrival, Less Cost Import/ Export and Port Procedures

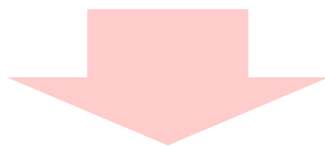


NACCS: Nippon Automated Cargo and Port Consolidated System



Diagnosis: Risk Management

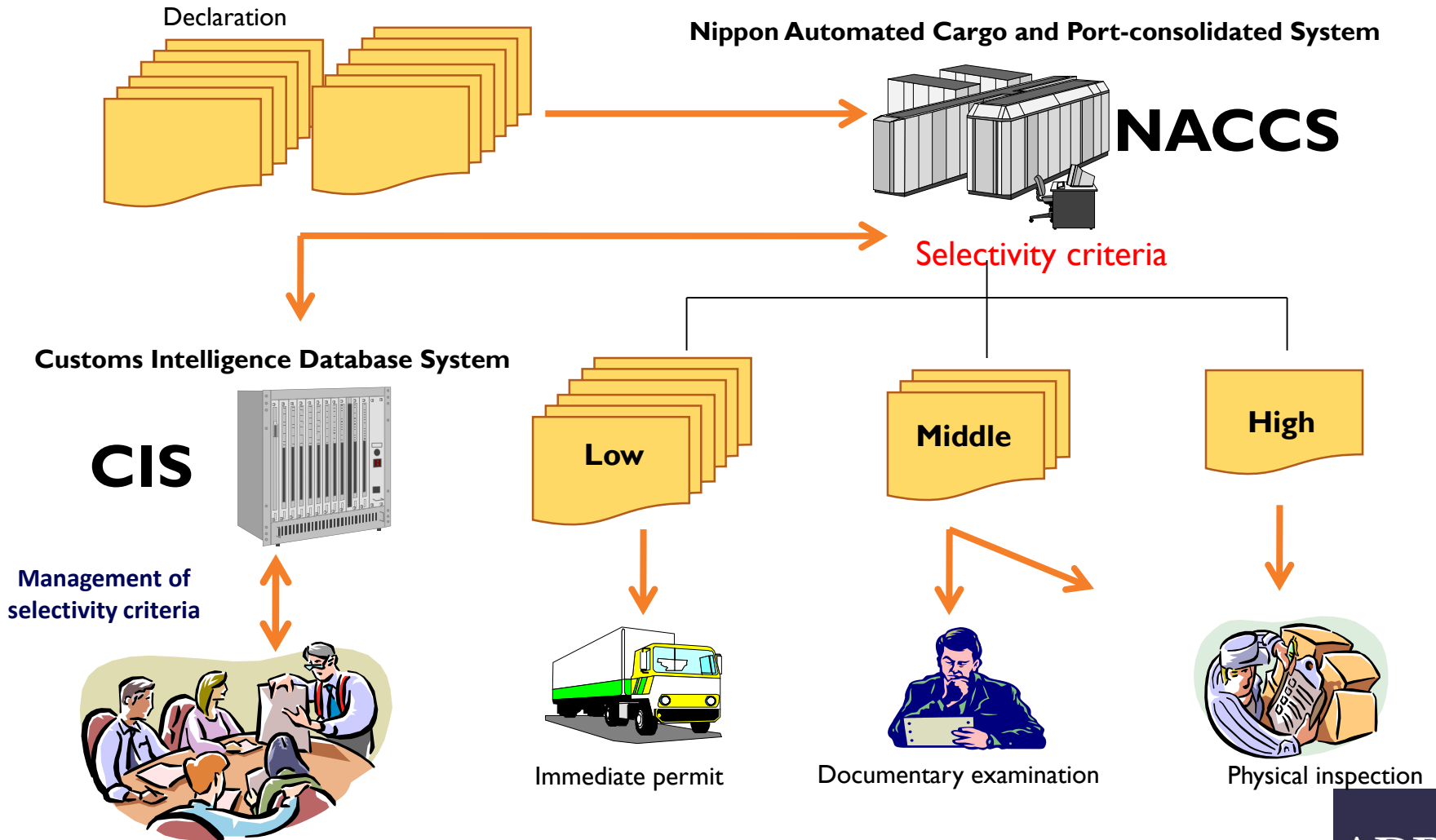
- **Risk management**, to ensure intervention in only high risk cargo, which enables reconciling trade facilitation and trade security
⇒ IT selectivity function helps to decide an appropriate level of Customs intervention, based on **risk profile/risk criteria**
- Improved transparency of Customs clearance and other procedures



- Faster and smoother customs clearance and logistics
- Contributes to economic growth by expanding trade



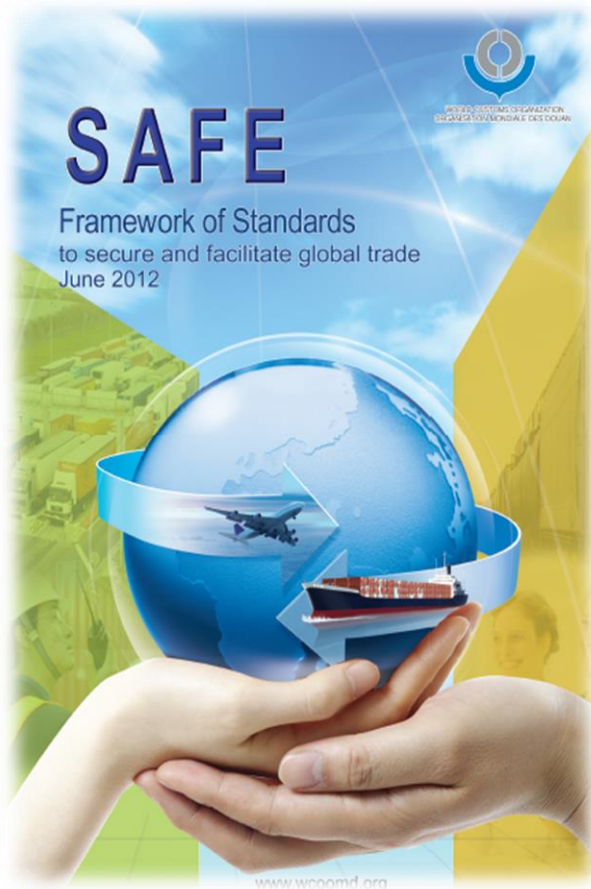
Risk Management: Cargo Targeting Approach





Risk Management: GtoB Partnership Approach Authorized Economic Operators (AEO)

AEO is a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administrations as complying with WCO or equivalent supply chain security standards.



AEO includes;

- manufacturer
- importer
- exporter
- brokers carrier
- consolidator
- intermediary
- port, airport
- terminal operator
- integrated operator
- warehouse
- distributor
- freight forwarder



Best Practice Applicable Measures (At a Glance)

Before Arrival

Arrival

Warehousing

Declaration

Release



Adv. Ruling

Single Window

Pre-arrival declaration

Coordinated Border Management (OGAs)

AEO

NII

Release before duty/tax

E-payment

Risk Management



Comprehensive Approach: WTO Trade Facilitation Agreement (TFA)



Section I

The TFA contains 12 Articles with approximately 40 “technical measures” (Articles 1 - 12)



Section II

Special provisions for developing and least-developed country Members (Articles 13 – 22)



Section III

Final provisions and institutional arrangements (Articles 23 – 24).



Section I

TFA contains 12 Articles with approximately 40 “technical measures”.



Article 1
Publication & Availability
of Information



Article 5
Measures to Enhance
Impartiality, Non-Discrimination
& Transparency



Article 9
Movement under
Customs Control



Article 2
Comment
and Consultations



Article 6
Disciplines on Fees
and Charges



Article 10
Import, Export
& Transit Formalities



Article 3
Advance
Rulings



Article 7
Release and Clearance
of Goods



Article 11
Freedom
of transit



Article 4
Procedures for
Appeal or Review



Article 8
Border Agency
Cooperation



Article 12
Customs
Cooperation



< Special & Differential Treatment for Developing Countries >

Category A: provisions that the member will implement by the time the Agreement enters into force (or in the case of a least-developed country within one year after entry into force)

Category B: provisions that the member will implement after a transitional period following the entry into force of the Agreement

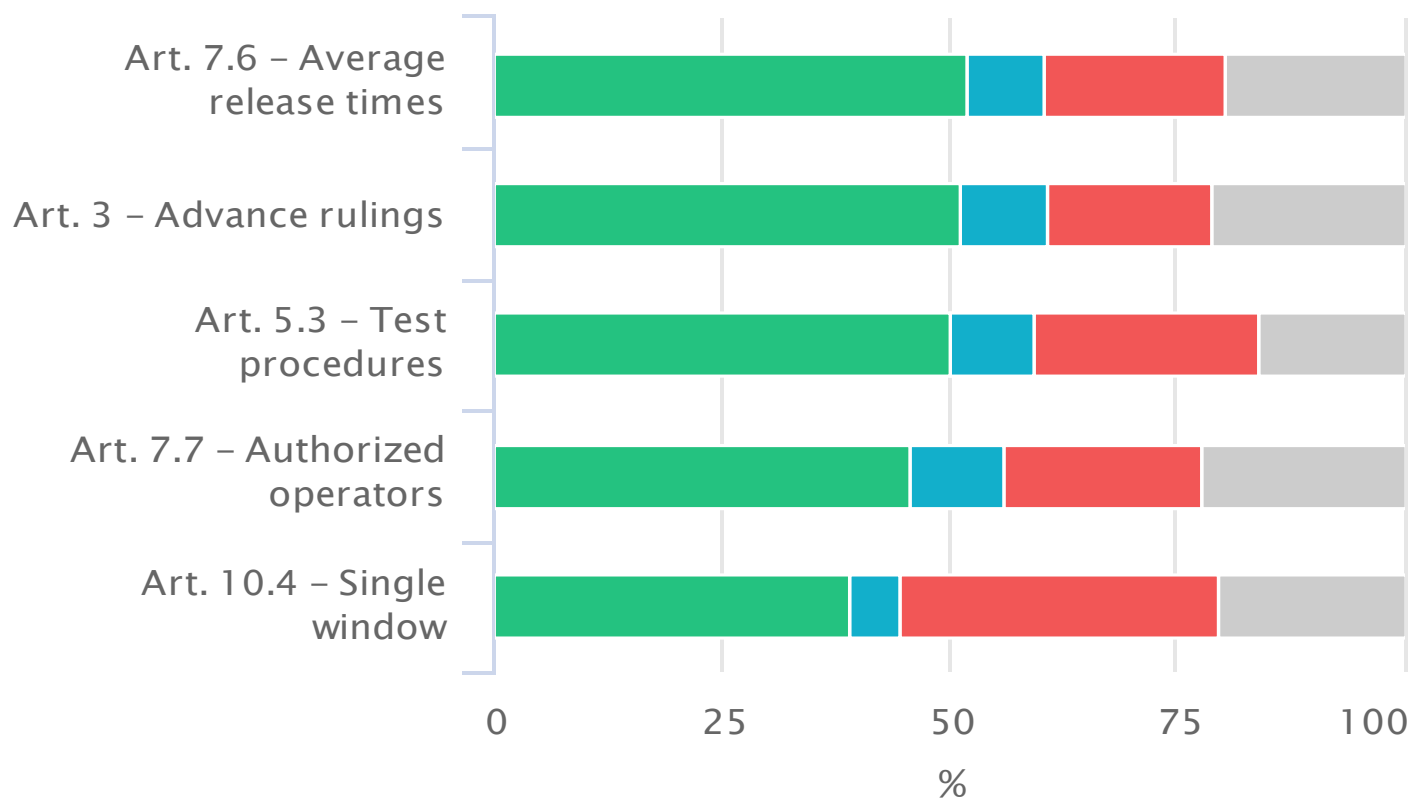
Category C: provisions that the member will implement on a date after a transitional period following the entry into force of the Agreement and requiring the acquisition of assistance and support for capacity building.







Bottom 5 measures with lowest implementation rate



Based on implementation commitments by all WTO Members



-  Rate of implementation commitments today
-  Rate of implementation commitments requiring additional time
-  Rate of implementation commitments requiring additional time and assistance
-  Rate of implementation commitments yet to be designated

(Source: WTO)



5. Country/Regional Cooperation



TF Support to ASEAN (National Level)

Cambodia

- TRS
- Risk Management
- NSW
- Cargo Tracking
- WCO-RKC

Lao PDR

- TRS
- Cross-border TRS with VIE & THA
- Risk Management
- ACTS

Myanmar

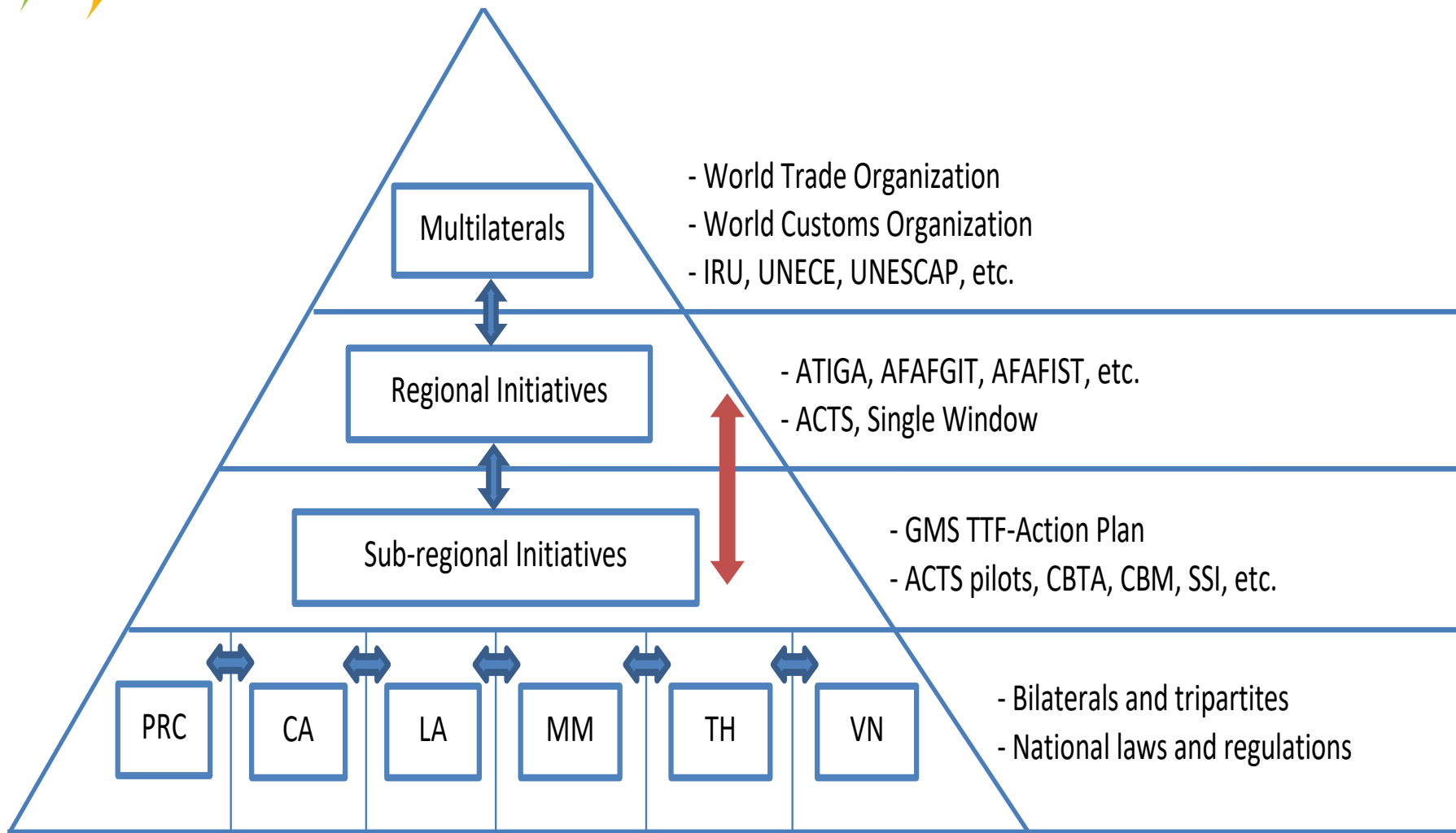
- TRS
- AEO
- IT system
- Customs broker's training
- Human Resource Management
- Customs Training School
- WTO-TFA/WCO-RKC

Philippines

- TRS
- AEO



TTF Pyramid





Measures for Trade in Goods under AEC Blueprint 2025

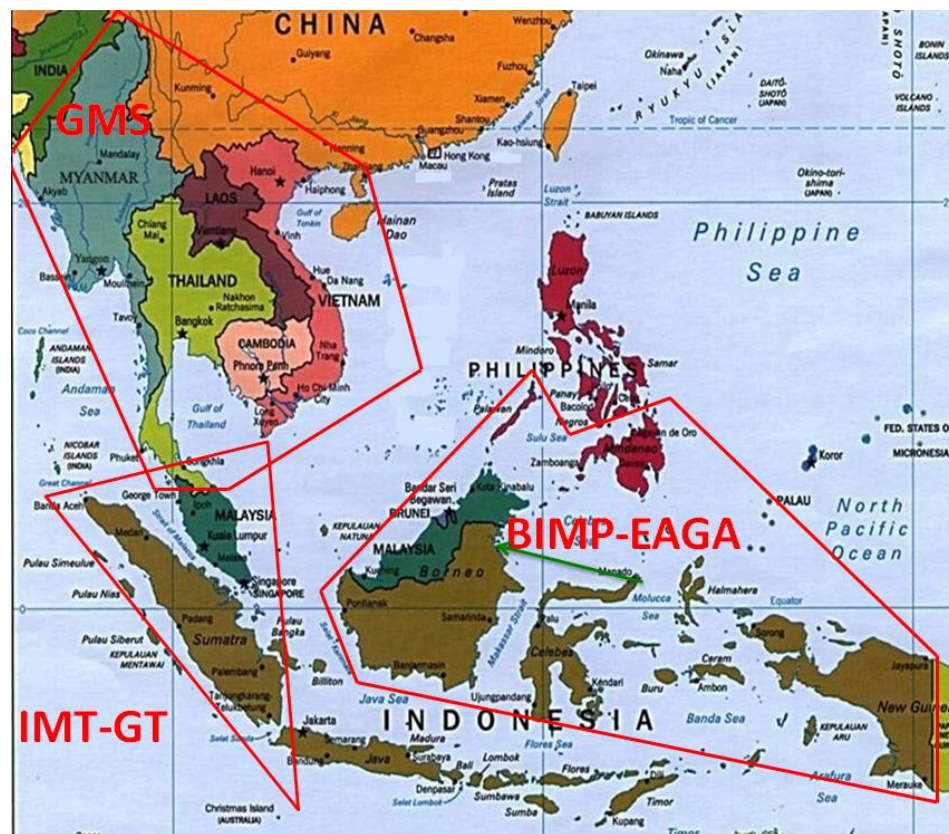
Accelerate and Deepen the Implementation of Trade Facilitation Measures

- Complete measures initiated under the AEC Blueprint 2015
- Fully roll-out the **NSW in all ASEAN Member States**, and widen the scope of the ASEAN Single Window project
- Cooperate on the effective operationalization of the National and ASEAN Trade Repositories
- Streamline and simplify administrative regulatory regimes, documentary requirements, as well as import and export procedures, including **Customs procedures**
- Deepen regional implementation of trade-facilitative ASEAN initiatives such as **AEO and Self-Certification**
- Strengthen **public-private sector partnership**
- Minimize trade protection and compliance costs in dealing with **Non-Tariff Measures (NTMs)**.
- Work towards facilitative standards and conformance (**harmonization**)



TF Support to ASEAN (Sub-regional Level)

- ASEAN sub-regions are implementing various transport and trade facilitation (TTF) measures
 - **GMS** Transport and Trade Facilitation
 - **BIMP-EAGA** CIQS Action Plan
 - **IMT-GT** CIQ work at early stage
- Increasing alignment with ASEAN Trade Facilitation initiatives (ATIGA, AFAGIT, ACA, etc.)





TF Support to ASEAN (Regional/Sub-regional Level)

ASEAN

- Overall **TRS** support specifically for CLMV
- Regional **TRS** workshop across ASEAN
- Aligning the World Bank doing business studies

BIMP-EAGA

- TRS: Workshop on **TRS** Implementation in BIMP-EAGA
- AEO: Workshop on **AEO** in BIMP-EAGA



6. Way Forward



Further Enhancing TF across ASEAN by ADB

- **Capacity Buildings: TAs**
- **IT/Logistics Environment: Loans**

Thank you.



Japan
Fund for
Poverty
Reduction

