International Trade and Trade Facilitation in Landlocked Developing Countries

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Trade Costs of Asia-Pacific Countries with Special Needs

Trade costs of Asia-Pacific countries with special needs and large developed economies, 1996-2014

- Reducing trade costs is critical to harness the opportunities presented by regional and global value chains.

- Besides reduced tariffs further reductions in non-tariff sources of costs such as enabling infrastructure and regulatory framework is necessary.


Note: The trade costs shown are tariff equivalents, calculated as trade-weighted average trade costs of countries in each group with the three largest developed economies (Germany, Japan and the United States). LDCs: Least developed countries; LLDCs: Landlocked developing countries; SIDS: Small island developing states.
Trade Facilitation and Paperless Trade Implementation

- **Small Island Developing States (SIDS)**
  - Cross-Border Paperless Trade: 32%
  - Paperless Trade: 41%
  - Institutional Arrangement and Cooperation: 28%
  - Formalities: 43%
  - Transparency: 46%

- **Least Developed Countries (LDCs)**
  - Cross-Border Paperless Trade: 24%
  - Paperless Trade: 44%
  - Institutional Arrangement and Cooperation: 38%
  - Formalities: 55%
  - Transparency: 54%

- **Landlocked Developing Countries (LLDCs)**
  - Cross-Border Paperless Trade: 40%
  - Paperless Trade: 51%
  - Institutional Arrangement and Cooperation: 43%
  - Formalities: 60%
  - Transparency: 60%

- **Global Average**
  - Cross-Border Paperless Trade: 41%
  - Paperless Trade: 56%
  - Institutional Arrangement and Cooperation: 48%
  - Formalities: 58%
  - Transparency: 61%
Trade Facilitation and Paperless Trade Implementation
Trade Facilitation Measures

Implementation of different Asian-Pacific trade facilitation measures, 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017
Asian LLDCs’ implementation of WTO-TFA related measures (excluding transit measures), 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

Note: The data cover seven Asia-Pacific LLDCs, who are also WTO members: Afghanistan, Armenia, Kazakhstan, Kyrgyzstan, Lao PDR, Mongolia, Nepal.
Trade Facilitation Measures

Progress of trade facilitation implementation by measure group, 2015 and 2017

Source: ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2015 and 2017.
Trade Facilitation Measures

- Expected gains from WTO TFA implementation in Asia-Pacific (update)
- Trade cost reductions almost double if full implementation of binding + not binding measures (-10%)
- ICT applications in TF (i.e. paperless trade measures) have high trade cost reduction potential (additional 7%)

### International Trade Cost Changes in Asia and the Pacific Resulting from World Trade Organization Trade Facilitation Agreement Implementation

<table>
<thead>
<tr>
<th>Asia and Pacific</th>
<th>WTO TFA (binding only)</th>
<th>WTO TFA (binding + non binding)</th>
<th>WTO TFA+ (binding + non binding + other paperless and cross-border paperless trade)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Partially implemented</td>
<td>Fully implemented</td>
<td>Partially implemented</td>
</tr>
<tr>
<td>Model 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall TFI</td>
<td>-2.70%</td>
<td>-5.74%</td>
<td>-4.64%</td>
</tr>
<tr>
<td>Model 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transparency</td>
<td>-0.81%</td>
<td>-1.74%</td>
<td>-1.29%</td>
</tr>
<tr>
<td>Formalities</td>
<td>-1.67%</td>
<td>-2.93%</td>
<td>-2.26%</td>
</tr>
<tr>
<td>Institution</td>
<td>-0.41%</td>
<td>-1.35%</td>
<td>-0.41%</td>
</tr>
<tr>
<td>Paperless and cross-border paperless</td>
<td>-</td>
<td>-</td>
<td>-1.39%</td>
</tr>
</tbody>
</table>
Moving up the trade facilitation ladder towards seamless international supply chains (Paperless trade measures)

- **Performance Area**
- **Frontier (full implementation)**
- **Asia-Pacific**
- **LLDCs**
- **LDCs**
- **SIDS**

**Source:** ESCAP, based on UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017

**Note:** the figure shows cumulative trade facilitation implementation scores of CAREC for five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100.
Key challenges for making further progress in Asia and the Pacific

Challenges faced by Asia-Pacific LDCs, LLDCs, SIDSs and other developing countries in implementing trade facilitation measures

- Lack of coordination between government agencies
- Limited human resource capacity
- Financial constraints
- No clearly designated lead agency
- Lack of political will

Note: Data show the number of countries.
Source: The second UNRC survey on trade facilitation and paperless trade implementation
THANK YOU

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http://www.unescap.org/resources/trade-facilitation-and-paperless-trade-implementation-asia-pacific-countries-special-needs
Asia-Pacific region proactive in implementing next-generation trade facilitation solutions

- UN treaty to promote cross-border paperless trade in Asia-Pacific adopted in 2016
  - Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific
  - opened to 53 ESCAP Member States
  - A new support tool for better “digital” implementation of:
    - The WTO Trade Facilitation Agreement (TFA)
    - Growing number of bilateral / subregional agreements
  - 24 countries actively engaged in preparing implementation road map (already formally signed by Armenia, Bangladesh, Cambodia, China and Iran)
  - Accession/ratification phase started 1 October 2017; Entry into force once 5 countries ratify/acceed