

Duval, Yann

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An exploration of the need for and cost of selected trade facilitation measures in Asia-Pacific in the context of the WTO negotiations

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**Asia-Pacific Research and Training Network on Trade
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An exploration of the need for and cost of selected trade facilitation measures in Asia-Pacific in the context of the WTO negotiations

by

Yann Duval*

based on case studies of Bangladesh, China, India, Indonesia and Nepal by

**Debapriya Battacharya and Syed S. Hossain, Centre for Policy Dialogue (CPD),
Bangladesh**

**Chen Wenjing and Li Wei, Chinese Academy for International Trade and Economic
Cooperation (CAITEC), China**

**Sachin Chaturvedi, Research and Information System for the Non-Aligned and Other
Developing Countries (RIS), India**

**Yoze Rizal, Centre for Strategic and International Studies (CSIS),
Indonesia**

**Pushpa Raj Rajkarnikar, Nephil M. Maskay and Shiva R. Adhikari,
Institute for Policy Research and Development (IPRAD), Nepal**

* This paper was prepared by Yann Duval, Economic Affairs Officer, Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), based on ARTNeT Working Papers No. 3,4,5,8,9 and 10. Please refer to these working papers and their authors for more detailed and country-specific information. The views presented in this and related papers are the responsibility of their authors and do not necessarily reflect the views of the United Nations and other ARTNeT members and partners. This study was conducted as part of the Asia-Pacific Research and Training Network on Trade (ARTNeT) Thematic Study on Trade Facilitation and carried out with the aid of a grant from the International Development Research Centre, Ottawa, Canada and the financial support of the WTO. Guidance and advice provided by Florian Albuero, University of the Philippines, Donald Lewis, Hong-Kong University, and Evdokia Moise, OECD, as external ARTNeT advisers on trade facilitation, are gratefully acknowledged.

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EXECUTIVE SUMMARY

During the first meeting of the Negotiating Group on Trade Facilitation (NGTF) held in November 2004, the need to identify trade facilitation needs and priorities of DCs and least developed countries (LDCs) was highlighted, along with the need to address the concerns of DCs/LDCs related to cost implications of proposed measures and in terms of special and differential treatment¹. In that context, this paper presents the findings and results of an exploratory ARTNeT study on the needs for and costs of implementation of selected trade facilitation measures (TFMs) related to GATT Articles V, VIII and X. This summary paper is based on six ARTNeT working papers issued between January and April 2006, including five country case studies (available at www.artnetontrade.org).

Assessment of TFMs Implementation

Case studies on TFMs implementation in five Asia-Pacific countries, namely Bangladesh, China, Indonesia, India and Nepal, reveal that continuous unilateral efforts have been made by the Governments of these countries to facilitate trade, although countries are often at very different stages of implementation. In many countries, various trade facilitation systems and measures have been implemented at selected border crossings or customs offices on a pilot basis, with plans to expand the systems to all border crossings and relevant agencies, as resources become available. However, it is often unclear when these systems will be implemented on a national scale and to what extent rules and regulations will be implemented uniformly throughout each country's territory.

In an effort to increase transparency, government agencies responsible for issuing and enforcing trade rules and regulations often have extensive publication and dissemination programmes in place, although the amount of information made available publicly vary from country to country. Not all countries have established standard time periods between publication and implementation and consultation with stakeholders (e.g., private sector traders) on new or amended rules remain ad-hoc and informal in most cases. Some form of binding advance ruling system is available or is being established, although the coverage (e.g., tariff, valuation, origin) and effectiveness (e.g., time between receipt of the information and issuance of a ruling) of the systems vary greatly across countries. Appeal systems and procedures exist but are not always independent from the regulatory authorities. In addition, appeal processes are often lengthy and costly for the traders.

Fees and charges connected with importation and exportation seems to be still quite numerous in some countries. Some of the fees and charges are calculated as a percentage of the value of a shipment, which may not be consistent with the need for the fees charges to be charged on the basis of the cost of services rendered. Some Governments have made an effort to reduce the number and complexity of fees and charges, as well as of trade documents for imports and exports. All countries, including the LDCs studied, have on-going computerization and electronic trade documentation programmes. All countries also have some form of rapid clearance system in place, albeit for selected categories of goods. Risk management and post-clearance audit systems have also been introduced in all countries, although on a very limited pilot basis in some countries. In regard to tariff classification, all countries studied rely on the HS nomenclature, often expanded to 8 or 10-digit levels to suit their needs.

Transit in the Asian countries examined is generally governed by bilateral and regional transit agreements. This might suggest that different rules and regulations apply to goods in

¹ http://www.wto.org/english/news_e/news04_e/tradefac_15nov_e.htm

transit depending on their country of origin in some of the countries. No charges are officially imposed on transit goods. One recurring concern, particularly in South Asia, is that goods officially in transit be illegally marketed in the transit country, as there are often no risk assessment mechanisms in place for these goods.

Results of Private Sector Surveys on TFMs Needs and Priorities

While, according to a review of existing legislations/regulations and on-going projects and programmes often supplemented by interviews with Government officials, many of the TFMs being discussed at the WTO Negotiating Group on Trade Facilitation (NGTF) have been at least partially implemented, the domestic private sector in these countries generally point to a need for improvement in many areas. For example, the private sector often acknowledge that relevant trade information is published and available but points to the need to make the information more easily available, in particular information on new or amended rules.

Elimination of bribery and other corrupt practices of officials involved in the clearance and release of imported goods is given top priority by the private sector in all the countries. Improvement of coordination between relevant agencies, particularly on documentation requirements, e.g. through the establishment of a single window for one-time submission and collection of trade documents, is also given very high priority in all the countries. Timely and comprehensive publication and dissemination of trade rules and regulations (e.g., through the Internet) is the highest priority in Indonesia and Nepal, while reduction and simplification of the documentation requirements for import/export is the highest priority in Bangladesh. Customs valuation, which is not part of the current WTO trade facilitation negotiation agenda, was the most problematic trade facilitation related area identified by private sectors in the five countries.

Costs and Benefits to Governments of implementing TFMs

In addition to the need and priorities of private sector stakeholders, the costs and benefits to governments of implementing TFMs will also be considered when selecting measures to be included in the agreement. The trade research and policy literature has dwelled extensively on the benefits associated with trade facilitation. Unfortunately, very little information is available on the cost of implementing selected TFMs discussed at the WTO, an issue included in the agenda of work of the WTO NGTF. Four of the five country case studies on which this report is based do provide some, albeit very partial, information on the cost associated with trade facilitation programmes and efforts at the national level. The numbers and cost estimates available from the individual studies are, at best, very preliminary. However, they are generally relatively low, partly because some of the costs of implementing TFMs are seen as coming from regular (routine) budget of Customs and other relevant agencies – as well as from the continuation of technical assistance projects by major donors or international organizations.

While regulatory and institutional costs are expected to be small because of the rather extensive trade facilitation related reforms that have been undertaken in most of the countries, training costs may be significant as some countries lack the human resources necessary to effectively implement some of the measures (e.g., risk management and post-clearance audit). Interestingly, most studies point to the need to upgrade infrastructure as part of implementing a meaningful trade facilitation programme. These costs are not limited to computerization and information and communication technology (ICT) systems, but include the costs of container scanners or the setup of testing facilities/laboratories at selected border crossings, for example. In terms of facilitating transit trade, the country studies again suggest that transit trade may not be facilitated without significant investment in various infrastructures, ranging from roads and port facilities to effective risk management systems.

The international expert survey on the costs and benefits of selected TFMs undertaken as part of the study showed that, while long-term savings were expected to exceed costs for all measures, initial setup costs of some of the measures could be expected to be quite high relative to others. The cost difference between measures was mainly explained by the underlying political costs (i.e., extent to which measures will be resisted by staffs within relevant institutions; or by policy makers because of fears of losing political support they need) and infrastructure/equipment costs.

Selected Implications for a WTO Agreement on Trade Facilitation

Since most of the TFMs on the negotiating table have been implemented or are planned for implementation even in the least developed countries in the region, the list of TFMs agreed upon will be less important than the accompanying terms and conditions for implementation, e.g., schedule of implementation for developing countries and technical assistance.

Negotiation of an agreement on trade facilitation provides an opportunity for pushing potentially difficult regulatory reforms at home through binding commitments on small, simple but highly meaningful administrative procedures e.g., a 30-day standard time period between publication and implementation of regulations, the establishment of formal channels of communication with the private sector on trade facilitation issues (e.g., establishment of an inclusive national trade facilitation committee), the alignment of trade documents to specific international standards, or even an agreement to reduce the number of trade documents to a certain number (by a given date, as necessary).

Agreeing on measures to enhance transparency and impartiality, such as an independent system to appeal or double-check rulings on tariff classification, should be given serious consideration given the priority accorded by the private sector to the reduction/elimination of corruption – and its ranking of “tariff classification” as the second most problematic issue in the survey. The notification to the WTO of an official webpage with a negotiated basic list of information and publications and a complete and official list of all existing fees and charges (could be developed in cooperation with the local chamber of commerce and/or with the support of relevant international organizations) could also be considered.

Given that the main priority identified through private sector surveys was the need for improvement of coordination between relevant agencies, the establishment of single windows for one-time submission and collection of trade documents may therefore need to be considered. While commitments on electronic submission and processing of trade documents and the establishment of electronic single windows connecting all relevant agencies and organizations (e.g., similar to Singapore TradeNet) may not be feasible given the level of computerization and the state of the ICT infrastructure in many countries of the region, the negotiations provide an opportunity for developing countries to request and help shape a well-coordinated technical assistance/capacity building mechanisms in this area. Developed countries may be particularly open to funding electronic trade facilitation systems in developing WTO member countries, given the raising concerns about trade security issues.

While there is some convergence in the needs and priorities of the private sector, the studies clearly showed that countries remain at various stages of development and implementation of TFMs. It was also established that setup costs of some measures may be significant for countries with limited resources or with difficult political conditions. Therefore, commitments on TF measures may need to be divided into groups or lists, depending on how quickly they can be implemented in all WTO members and/or on the amount of likely TA/CB and other resources or infrastructure required (TN/TF/W/82 and W/63).

Both the case studies and the WTO member proposals to the NGTF reveal that trade facilitation terms such as single windows, express clearance, risk management system and even

advance ruling imply slightly different things to different people, even within a same country. As such, any agreement that will involve complex trade facilitation procedures (such as in terms of risk management and post-clearance audit) will need to make specific reference to established trade facilitation instruments (such as specific paragraphs and sections of the WCO revised Kyoto convention). The disagreements that emerge, even among experts, on the sequencing of various measures also suggest that a long-term mechanism to deal with trade facilitation issues (e.g., a WTO working group or committee), as proposed by various WTO members is likely to be needed (TN/TF/W/62).

As noted by many respondents to the expert survey, TFMs considered may not be implemented effectively separately, but as part of an overall trade facilitation programme (that may include some infrastructure component). Development of standard trade facilitation technical assistance/capacity building modules, each including a small set of related TFMs, for which countries in need could apply may be considered.

As the on-going unilateral trade facilitation efforts in the country studies suggest, implementation of TFMs has no downside for Governments, as it does not result in loss of customs revenue, even if trade flows remain the same. The findings on implementation costs, as well as a significant number of anecdotal evidence from inside and outside the Asia-Pacific region, also suggest that setup and operating costs are dwarfed by long-term savings. As such, special and differential treatment is only needed to shield developing countries from dispute settlement until they secure the resources and build the capacity necessary to implement TFMs.

The types of costs associated with various measures may affect the type of special and differential treatment needed. Measures with high political costs may require differential treatment in terms of time of implementation. Measures with high infrastructure-related costs may require exemption until technical assistance has been received and capacity to implement has been acquired.

An agreement on TF with non-binding commitments would make little sense in the context of the WTO, especially since there are already a number of relatively comprehensive non-binding international conventions on trade facilitation, notably the WCO Revised Kyoto Convention. One essential benefit from negotiating on TF at the WTO would be to agree on a possibly very small but nonetheless existent set of TF measures to be implemented by all WTO member countries.

However, as pointed out in proposal TN/TF/W/82, a disagreement on a single transaction should not lead to the triggering of the WTO dispute settlement mechanism. A WTO agreement that would include commitments from member countries on disclosure of trade-related regulations and fees and charges, combined with a set of jointly agreed principles to govern and strengthen national level appeal mechanisms (including time limits on issuance of rulings), would be an option. The WTO dispute settlement mechanism would then only be triggered in case of failure of the national appeal system to comply with negotiated principles.

Transit arrangements in many Asia-Pacific countries are function of bilateral and subregional agreements mostly. Freedom of Transit will therefore be dependent on harmonization of these bilateral and sub-regional agreements, suggesting that regional committees on transit issues, and perhaps also other trade facilitation issues, may be needed to make progress in this area. Given the neutral role and expertise of UN regional commissions in trade and transport facilitation, it is important that they form an integral part of the coordinated global trade facilitation technical assistance and capacity building that will likely be needed to facilitate implementation of the agreement.

The fact that customs valuation (and SPS/TBT) rank as the most problematic issue(s) in all countries studied some years after the WTO Customs Valuation Agreement (and of the SPS and TBT agreements) was implemented is an important signal to the Geneva negotiators of the

discrepancies that may emerge between an agreement and its implementation in the area of trade facilitation. As such, it may be better to be less ambitious in the number of TFMs to be implemented, but more detailed in defining how compliance will be monitored and, importantly for LDCs, what technical assistance will be provided.

An exploration of the need for and cost of selected trade facilitation measures in Asia-Pacific in the context of the WTO negotiations

Introduction

The WTO's 147 member governments agreed on 1 August 2004 to commence negotiations on trade facilitation. The issue of whether trade facilitation, along with four other so-called "Singapore issues", should be included in the Doha round of negotiation had been one of the issues that resulted in the failure of the WTO Ministerial Meeting in Cancun in 2003.

The main reason for the reluctance of many developing countries (DCs) to negotiate on trade facilitation as part of the Doha Development Agenda seemed to be the fear that implementation of such agreement would entail substantial investment in infrastructure and human resources for them, while at the same time requiring nothing from the developed countries who have already implemented many of the trade facilitation measures (TFMs) likely to be included in a multilateral trade facilitation agreement. Some also feared that a trade facilitation agreement might not reflect the needs and priorities of their countries in this area, as most of the standards and international best practices were established by a few developed countries based on their own needs and priorities. Finally, a binding trade facilitation agreement could have serious consequence on some countries because many of the lesser developed countries still derive a significant share of their Government revenue from Customs activities.

The August 1 Decision of the WTO General Council, often referred to as the "July Package", outlined the modalities of the trade facilitation negotiations in its Annex D². Members agreed that the negotiating agenda would focus on clarifying and improving relevant aspects of Articles V (*freedom of transit*), VIII (*fees and formalities*) and X (*publication and administration of trade regulations*) of the GATT 1994; enhancing technical assistance and support for capacity building; and effective cooperation between customs or any other appropriate authorities on trade facilitation and customs compliance issues.

During the first meeting of the Negotiating Group on Trade Facilitation (NGTF) held in November 2004, the need to identify trade facilitation needs and priorities of DCs and least developed countries (LDCs) was highlighted, along with the need to address the concerns of DCs/LDCs related to cost implications of proposed measures and in terms of special and differential treatment³.

In that context, the purpose of this paper is to present the findings and results of an exploratory ARTNeT study on the needs for and costs of implementation of selected trade facilitation measures related to GATT Articles V, VIII and X. This summary paper is based on six ARTNeT working papers issued between January and April 2006, including five country case studies of Bangladesh, China, India, Indonesia, Nepal conducted by researchers

² http://www.wto.org/english/tratop_e/dda_e/ddadraft_31jul04_e.pdf

³ http://www.wto.org/english/news_e/news04_e/tradefac_15nov_e.htm

from research institutions located in these countries, namely, Debapriya Battacharya, Syed S. Hossain, Chen Wenjing ,Li Wei, Sachin Chaturvedi, Yoze Rizal, Pushpa Raj Rajkarnikar, Nephil M. Maskay and Shiva R. Adhikari, , respectively.

This paper therefore provides an overview of the trade facilitation situation in each of the five countries studied (section II) as well as the results of private sector surveys on trade facilitation needs and priorities (section III). Section IV discusses costs of implementation of trade facilitation measures and presents the main results of an international expert survey conducted on this issue as part of the research effort. Section V highlights potential implications for the WTO negotiations on trade facilitation.

I. Assessment of trade facilitation measures implementation in selected Asia-Pacific Countries

The information provided in this section is based on the five above mentioned case studies. Since the five developing countries studied are from two different subregions and features very different geographic and development characteristics, findings have potential implications for many countries in and outside the Asia-Pacific region.

All researchers conducted their assessment based on a modified version of the World Customs Organization (WCO) Self-Assessment Checklist submitted to the WTO Negotiating Group on Trade Facilitation in 2005 (TN/TF/W/16)⁴. In conducting this assessment, researchers gathered information from secondary sources (e.g., government documents and regulations) and, whenever possible, through consultations with relevant government agencies. Information was collected, for the most part, between August 2005 and November 2005. Assessment checklists for all five countries are presented in tables II.1 to II.5 below.

A. Measures Relevant to Article VIII and X

The classification adopted by the WTO Secretariat in its compilation of proposal (TN/TF/W/43/Rev.) is used to present the assessment results. The following categories of measures fall under Article X, VIII or both: Publication and Availability of Information; Time Period between Publication and Implementation; Consultation and Commenting on New or Amended Rules; Advance Ruling; Appeal Procedures; Advance Lodgment of Data; Fees and Charges Connected with Importation and Exportation; Border Agency Coordination; Release and Clearance of Goods; Tariff Classification. Implementation of measures in each of these categories is discussed briefly below.

1. Publication and Availability of Information

All five country case studies suggest that most of the relevant information is published and made available in various forms, at least through a State Gazette or various Gazettes of relevant government agencies (see table II.1). Most countries have made efforts or designed policies to improve and expand the dissemination of information. All governments, including

⁴ This shorter version of the WCO self-assessment checklist was developed by the WTO Secretariat.

in the two LDCs studied, (Nepal and Bangladesh) appear to make an increasing amount of information available on the Internet.

Table II.1 - Assessment Checklist on Publication and Availability of Information

		Response (Y=Yes; N= No)					Comments
		C N	I N	I D	B D	N P	
							CN: China/ IN: Indonesia/ ID: India/ BD: Bangladesh/ NP: Nepal
1	Is any of the following published?						
	laws	Y	Y	Y	Y	Y	
	Regulations	Y	Y	Y	Y	Y	
	documentary requirements	Y	Y	Y	Y	Y	BD: Changes
	Standard operating practices	Y	Y	Y	Y	Y	BD: Sectoral
	Standard processing times	Y	Y	N	Y	Y	CN: Usually in newspapers / ID: No decision to publish it so far. / BD: 3 days for PSI
	specific customs procedures	Y	Y	Y	Y	Y	
	tariff classification	Y	Y	Y	Y	Y	
	Valuation	Y	Y	N	Y	Y	ID: Provided by local customs office / BD:GATT valuation
	exemptions, prohibitions, restrictions	Y	Y	Y	Y	Y	BD: Statutory Regulatory Orders (SROs)
	duty & tax rates	Y	Y	Y	Y	Y	BD: Tariff classification/tax schedule
	fees and charges	Y	Y	Y	Y	Y	
	administrative arrangements & requirements	Y	Y	Y	Y	Y	
	management plans	Y	Y	Y	Y	N	BD: Strategic development plan
	Rulings	Y	Y	Y	Y	Y	NP: Supreme court decisions are published in Nepal Law Journal, but decisions of lower level courts are not published.
	judicial decisions	Y	Y	N	Y	Y	ID: published by private publishers
	agreements with other countries	Y	Y	Y	Y	Y	
	other?	Y					BD: Nothing verbal; all published; dispatch is poor
2	Is relevant Customs and trade related information made available via the internet?	Y	Y	Y	Y	Y	IN: http://www.beacukai.go.id
3	Is relevant Customs and trade related information made available in:				Y		
	Customs offices	Y	Y	Y	Y	Y	
	embassies	Y	Y	Y	Y	N	ID: through website / BD: Occasionally sent to them
	consulates	Y	Y	Y	Y	N	ID: through website BD: Occasionally sent to them
	trade missions/offices	Y	Y	Y	Y	N	ID: through website
	government buildings/offices	Y	Y	Y	Y	N	BD: Do
	public buildings/offices	Y	Y	Y	Y	N	IN: At International Airport and Seaport / BD: Do
	other?	Y				N	ID: Private publishing houses bring out various customs manuals
4	Is relevant information made available in English, French or Spanish?	Y	Y	Y	N	N	CN: Some in English / IN: Bi-Lingual Website (Inde-Eng) still under development / ID: only in English BD: Only in Bangladesh
5	Does Customs charge for information provided?	Y	N	N	Y	N	CN: Not all information are charged / BD: Tk. 20 for particular information
6	When charges are made, are costs limited to only the service provided?	Y	-	N	Y		IN: See answer no. 5 / ID: Since no charges are imposed hence not applicable
7	Is information relevant to any proposed changes or new requirements made available sufficiently in advance for interested parties to take account of them?	Y	Y	Y	N	N	CN: 30 days in advance / ID: Certain legal provisions are not out for comments / BD: However, the customs authority invites proposals for changes from interest groups during December-January period; this offer closes in February.

8	Does Customs publish all proposed changes or new requirements in advance of the entry into force?	Y	Y	Y	N	N	BD: Not as such, but seeks new proposal from the stakeholder groups. This final decision is up to the government. All changes are informed during the Budget declaration.
9	Do stakeholders have the opportunity to contribute/develop/influence/question all proposed changes of new requirements in advance of the entry into force?	Y	Y	Y	Y	Y	CN: Not in all cases / ID: Not in all cases / BD: However, the decision is up to the government whether or not to take any proposal into account.
10	Does Customs invite comments from the public and trade on all proposed changes or new requirements in advance of the entry into force?	Y	Y	Y	N	Y	CN: Not in all cases / ID: Not in all cases / BD: Not as such, but seeks new proposals from the stakeholder groups. The final decision is up to the government. All changes are informed during the Budget declaration.
11	Has Customs established information services such as:						
	client/help desk	Y	Y	Y	Y	Y	IN: Help centres have been established.
	enquiry point	Y	Y	Y	N	Y	
	customer/trader contacts	Y	Y	Y	N	Y	
	call center	Y	Y	Y	N	Y	
	other?	Y					IN: Watch Dog Committees exist

Source: ARTNeT Working Papers No.4,5,8,9,10; www.artnetontrade.org

However, information in most countries is available only in the local language (e.g., in Bangladesh) with some countries making some information available in English (e.g., China plans to have all relevant information in English by 2020). The amount and types of information published and available appear to be substantial in all countries, but efforts appear to be needed in making this published and available information more easily accessible to all.

As pointed out in the Indonesian study, publication and availability of information may vary since trade regulations come from different government agencies (e.g., Customs, Ministry of Finance, Ministry of Trade, Ministry of Transportation), each with its own information dissemination policies, channels and practices. This highlights the need to establish a single trade related policy and regulation platform, preferably internet-based.

2. *Time Period between Publication and Implementation*

Many of the country studies report problems in this area (see table II.1). Bangladesh Customs appear not to publish all relevant information or regulatory changes in advance of their entry into force. In India, entry into force generally starts after online publication on the relevant agency's website - which is almost instantaneous, but often long before paper publication of regulations. The laws in Bangladesh, Nepal, and Indonesia reportedly do not specify a set time period between publication and implementation. A grace period of at least 30 days is reported between adoption of a new regulation and its implementation in Indonesia. However, a minimum 30-day period between publication and enforcement appear to be generally enforced in China.

3. *Consultation and Commenting on New or Amended Rules*

Key government agencies involved in trade facilitation appear to have some consultation with the private sector, even if the consultation process is not institutionalized. The public-private sector consultation mechanism on trade facilitation seems to be most institutionalized in Nepal and least in Indonesia. While the private sector is often –but generally not systematically- given opportunities to comment on proposed changes and amendments, as reported in the cases of China and India, joint public-private development of trade facilitation

mechanisms is not common place. In Bangladesh, the Customs Authority invites proposal for changes from private sector and other interested parties every year between December and January. However, the Government retains sole authority to accept or reject any proposal.

4. Advance Ruling

Many countries provide some advance ruling facilities, with the exception of Nepal (see table II.2). In Indonesia, legally binding advance rulings on valuation is sometime provided (valid for a period of 6 months) and an electronic application system for determining goods classification has been made available to traders. In India, an Authority for Advance Rulings started functioning in April 2003 but its activities have been limited. India and China are however equipped and do provide some binding rulings on valuation and classification.

Given the reported existence of binding ruling systems in many of the countries examined, the reluctance of many developing countries in negotiating on advance ruling as part of Article X may not be fully warranted.

Table II.2 – Assessment Checklist on Rulings and Appeals and Review

		Response (Y=Yes; N= No)					Comments
		C N	I N	I D	B D	N P	
Rulings							
12	Does a system exist of national legislation establishing appropriate provisions for binding rulings by Customs?	Y	Y	Y	Y	Y	ID: Tribunal (CEST) is in place
13	Does national legislation provide for Customs to furnish rulings within a specified period?	Y	Y	N	Y	N	ID: There are several cases pending for long
14	Are ruling processes established with specific time limits?	Y	Y	Y	Y	Y	NP: Only for certain activities and only in DOC, not in Customs
15	Do ruling procedures provide the opportunity for appeal with review and/or judicial process	Y	N	Y	Y	Y	BD: The Commissioner (Appeal), and the Customs Tribunal are in place.
16	Does the administration provide binding rulings for:						
	Valuation	Y	Y	Y	Y	N	
	Classification	Y	Y	Y	Y	N	
	Origin	Y	N	Y	Y	N	
	other Customs purposes?	Y		Y	Y	N	
Appeals and Review							
17	Are internal appeal and review mechanisms established?	Y	Y	Y	Y	Y	
18	Are internal appeal and review mechanisms independent?	Y	Y	Y	Y	Y	
19	Are provisions established for an initial appeal to Customs?	Y	Y	Y	Y	Y	
20	Are provisions established for a further appeal to an authority independent of Customs?	Y	Y	Y	Y	Y	
21	Are provisions established for a final right of appeal to a judicial authority?	Y	Y	Y	Y	Y	ID: There is a quasi judicial authority in place / BD: May go to the Supreme Court
22	Do appeal processes have specific time limits?	Y	Y	N	Y	Y	BD: Three months to 1 year
23	Are goods released pending the outcome of an appeal?	N	N	N	Y	Y	ID: It is being considered to release goods at least in case of accredited traders.
24	Is a security or other form of guarantee required?	Y	Y	Y	Y	Y	BD: Bank guarantee or Commercial undertaking

Source: ARTNeT Working Papers No.4,5,8,9,10; www.artnetontrade.org

5. Appeal Procedures

Appeal procedures exist in all countries studied but vary from one country to another (see table II.2). China, Indonesia and India do not generally allow for goods to be released in the event of an appeal. In Bangladesh and Nepal, release of goods is possible as long as a security deposit equal to the amount of import duties being appealed is paid.

While, in most countries, traders have multiple channels of appeal (internal and external appeals), the procedures are often complex, time consuming and expensive. The number of pending cases in India appears problematic while in Nepal, the number of cases is suspiciously low due to the cost of the appeal process and the fear of retaliation from customs officials. In Indonesia, the Director General of Customs is bound to make a decision within 60 days. If the claimant disagrees with the Customs decision, external appeal is possible but time limits for a decision at this level do not exist. This is true for most other countries studied.

6. Advance Lodgment of Data

Systems for advanced lodgment of data generally exist but are still at a very early stage of development in many of the countries examined. However, some efforts are on-going even in the LDCs studied, with pilot systems available in Bangladesh and Nepal (see table II.3).

7. Other Measures to Enhance Impartiality and Non-Discrimination

In the three large countries studied, progress in the development of computerized and automated Customs control systems is expected to enhance impartiality and reduce discretion of Customs officers (See table II.3). For example, in India, the proposed Risk Management System (RMS), which was expected to cover all the Electronic Data Interchange (EDI) point by the end of 2005, is designed to considerably reduced the discretion of Customs officers. In Indonesia, the Ministry of Finance has issued a Degree on Codes of ethic and conduct for Customs officials and an enforcement committee has been established. Sanctions towards all illegal actions are clearly stipulated in the Decree.

Table II.3 – Assessment Checklist on Customs Management and Systems and Procedures

		Response (Y=Yes; N= No)					Comments
		C	I	I	B	N	CN: China/ IN: Indonesia/ ID: India/ BD: Bangladesh/ NP: Nepal
		N	N	D	D	P	
Management							
25	Are systems in place to monitor and evaluate the performance of Customs against established standards and/or indicators?	Y	Y	Y	Y	Y	IN: Code of Conduct Committee at Department of Finance
26	Are training programmes established for Customs clearance procedures	Y	Y	Y	Y	Y	BD: The Customs Training Academy provides such courses along with refresher courses NP: Not adequately
27	Are all Customs staff given training on integrity matters?	Y	Y	Y	N	Y	NP: But not specifically on integrity
28	Has a Code of Conduct/Code of Ethics been developed and implemented by Customs?	Y	Y	Y	N	Y	ID: There is a Citizen's Charter in place. However, India is not in favour of including it in WTO. BD: Nothing formal; only the Service Rule for the Civil

							Servants in Bangladesh is followed
Questions on Systems and Procedures							
29	Is the customs automated?	Y	Y	Y	Y	Y	IN: Using Electronic Data Interchange (EDI) / BD: As part of the ASYCUDA++ / NP: But not fully
30	Is electronic filing of entry documents provided for?	Y	Y	Y	Y	N	BD: The Direct Trader Input (DTI) system
31	Do customs and other agencies share information electronically?	Y	Y	Y	Y	N	CH: Through many projects, such as the "Fast Customs Clearance" and "Electronic Ports" / IN: For data statistic purpose with Department of Trade not as a Single Window System / ID: It is happening only partially / BD: In CD format
32	Are pre-arrival clearance procedures used?	Y	Y	Y	N	N	IN: Using Pre-Notification facility / BD: Pre-arrival assessment is done; not clearance
33	Does the administration grant immediate release/clearance procedures to any category of goods?	Y	Y	Y	Y	N	IN: Granted to authorized importer (priority channel) and under certain customs facility such as rush handling, express consignment except for restriction and prohibition goods / BD: Petroleum, and perishable goods such as rice, sugar, wheat etc.
34	Does the administration specify a minimum value/minimum amount of duties and taxes below which no duties and taxes will be collected?	Y	N	N	Y	N	BD: Specific Rate of Duty
35	Do you have separate expedited procedures for express consignment shipments?	Y	Y	N	Y	N	IN: Decree of Director General of Customs and Excise Number: KEP-78/BC/1997 juncto KEP-83/BC/2002 BD: Petroleum, and perishable goods such as rice, sugar, wheat etc.
36	Can data be submitted prior to arrival of the goods?	Y	Y	Y	Y	Y	
37	Can goods be released prior to completion of all clearance formalities?	Y	Y	N	Y	N	IN: Using simplified procedure for authorized importer on priority channel / BD: Partly
38	Do you have weight or value restrictions for express consignment shipments?	Y	Y	Y	Y	N	IN: Decree of Director General of Customs and Excise Number: KEP-78/BC/1997 juncto KEP-83/BC/2002 ID: Weight restrictions / BD: Tariff value for Petroleum
39	Does the administration use risk analysis to determine which goods should be examined?	Y	Y	N	N	N	ID: It is under implementation phase / BD: Parametres are there; but partly implemented NP: Just initiated on trial basis in selected customs.
40	Do Customs control systems include audit based controls?	Y	Y	Y	Y	Y	ID: It is under implementation phase / BD: Partly done / NP: Just initiated on trial basis in selected customs.
41	Does the Customs administration authorize persons with an appropriate compliance record for simplified and special procedures	Y	Y	Y	N	N	ID: It is under implementation phase
42	For authorized persons * Can goods be released on the provision of minimum information with full clearance being finalized subsequently-can goods be cleared at the declarant's premises	Y	Y	N		N	

Source: ARTNeT Working Papers No.4,5,8,9,10; www.artnetontrade.org

8. Fees and Charges Connected with Importation and Exportation

GATT Article VIII requires that "All fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes." While countries may be in broad compliance with this requirement (see table II.4), a detailed assessment is difficult to conduct given the wide number of fees charged by various agencies

and organizations in connection with importation and exportation (e.g., in China or Nepal), not to mention the difficulties associated with estimating the cost of services provided.

Some of the countries appear to be charging ad-valorem fees (i.e., fees that are proportional to the value of the shipment or invoice), which rises some questions since fee amounts should be linked to cost of services rendered rather than cost of goods imported or exported. That said, the country studies suggest that, while some of the official fees may sometime be excessive, the problem lies more in traders being charged ad-hoc illegal additional fees in practice.

Table II.4 – Assessment Checklist on Fees and Charges

		Response					Comments
		C N	I N	I D	B D	N P	
							CN: China/ IN: Indonesia/ ID:: India/ BD: Bangladesh/ NP: Nepal
43	Does the administration charge for the provision of information to the trade?	Y	N	N	Y	N	CN: Usually such information is free. For those information which needs to be processed and classified, it is charged. / ID: It is freely available / BD: Tk. 20 per information
44	Do fees for customs processing reflect the cost of services rendered?	Y	Y	N	N	Y	IN: Customs User Fee called PNBP = Penerimaan Negara Bukan Pajak Does not arise / NP: No fees are charged other than duties and taxes. Refers fees charged by different agencies to issue GSP
45	Are fees published?	Y	Y	Y	Y		
	the amount?	Y	Y	Y	Y		
	time due?	Y	Y	Y	Y		
	entity assessing the fee?	N	Y	Y	Y		
	how payment can be made?	Y	Y	Y	Y		
46	Are fee amounts published on the internet?	N	Y	N	Y	N	

Source: ARTNeT Working Papers No.4,5,8,9,10; www.artnetontrade.org

9. Formalities Connected with Importation and Exportation

Significant efforts have been made in streamlining trade documents and their processing, including in China, Bangladesh, India and Indonesia. Most studies report that trade related documents have been aligned according to international standards, i.e., the UN Layout key for trade documents and that a number of WCO instruments, including the harmonized system of tariff classification (HS) is used, as well as some of part of the WCO revised Kyoto Convention, even if only China and India are contracting parties (as of 31 March 06). The use of these international standards is sometime prompted by the introduction or development of electronic or automated customs and trade document systems (e.g., in Bangladesh)⁵.

China, India and Indonesia have EDI systems in place and Bangladesh is leapfrogging to Single Administrative Document (SAD) as part of its implementation of ASYCUDA++.

⁵ All countries examined have implemented or, in the case of Nepal, are preparing to implement, the Customs Valuation Agreement.

Although ASYCUDA and SAD have also been introduced in major Customs offices in Nepal, 11 documents are still needed for exports and 20 for imports. Nepal also requires that a letter of credit be open for every import transaction above USD 30,000.

10. Border Agency Coordination

Although pilot projects and committees have been launched and established, respectively, in recent years in all the countries examined, most studies point to coordination among agencies as an area where significant improvement is still needed. In particular, they point to the need for more coordination between Customs and the many other agencies involved in regulating imports and exports.

The China study reports significant progress in this area since implementation of a “Fast Customs Clearance” system initiated in 2001 and involving the development, at major ports, of Electronic Port Platforms connecting 12 to 16 government agencies with each other and to traders and banks. Steps have also been taken to improve coordination at the regional level to facilitate movement of goods across regions of China.

One issue raised is that of duplication of physical examination of shipments by different agencies, resulting in delays in clearance. Simultaneous examinations by officers from all relevant agencies and/or transfer of authority among staff of different agencies (whenever feasible) are two possible solutions mentioned in the reports.

Another issue that seems to emerge from the studies is the gap between the information systems and overall resources of Customs relative to those of units involved in regulating imports and exports in other government agencies. While Customs have been reformed and their IT systems upgraded in many countries, those of other agencies may not have, creating bottlenecks.

11. Release and Clearance of Goods

As mentioned earlier, most countries examined have launched trade facilitation initiatives, many of which aimed at shortening release and clearance time. Most reports point to investment in infrastructure and ICT as the key to more efficient release and clearance, as in the case of China. The Nepal study also suggests that one of the main reasons for delay in Customs clearance is that Customs houses are not equipped with the modern tools of examination and the technical manpower they need.

In Bangladesh and Nepal, although single administrative documents (SAD) have been introduced as part of the implementation of ASYCUDA, clearance still requires an often long list of paper documents – ranging from 11 for a Nepalese exporter to 20 for a Nepalese importer.

Risk management principles have been applied in all countries, although the level of implementation varies greatly across countries. Risk assessment systems often exist at major ports and/or border crossings, but systems do not appear to be in place nationwide in most of the countries studied. The Indonesian study provides a relatively detailed description of the risk assessment system in that country, indicating that the development of the database on which the current risk management system is based began in 2002. China aside, implementation of risk management systems in other countries studied has been slow. In Nepal, only one customs office has a risk assessment system in place. Post clearance audit, typically implemented as part of a risk management programme, have also been introduced

only recently there. In India, Customs has launched a risk management system (RMS) on a limited basis at select custom ports. Based on data from the EDI and other electronic trade documentation systems, ‘Star Performers’ are to be identified, depending on their creditability and goodwill.

Express consignment clearance systems are in place in Indonesia as well as at 9 major Customs offices in China. Other countries also have simplified or rapid clearance systems, although these systems are sometime limited to shipments of perishable products and a few other product categories, as in the case of Bangladesh (e.g., petroleum products, relief goods). Importers can secure faster clearance of their good by making a security deposit with Customs in advance of the arrival of the goods. However, this option is generally not available in Nepal, except for certain raw materials. The WCO Revised Kyoto Convention and related guidelines appear to be used as references in most country studied, even when the countries have not ratified the Convention.

12. Tariff Classification

The WCO Harmonized Commodity Description and Coding System, generally referred to as “Harmonized System” or simply “HS”, is the 6-digit coding system that forms the basis for tariff classification in all country studied – Nepal, while not a contracting party to the related WCO convention, did adopt the nomenclature. However, countries, or institutions within countries, may not use or interpret the HS nomenclature in exactly the same way, as is the case in India, for example. Countries also breakdown 6-digit level tariff lines into non-standard 8-digit to 10-digit tariff lines to refine the classification.

A major issue emerging from the study is the large number of misclassification (e.g., over 30% in India) resulting from differences in interpretation of the nomenclature, attempts by traders to declare under tariff lines with lower rates, but also attempts by Customs officers with often large discretionary powers to extract rent, as in Nepal. China has recently launched an Advance Classification Ruling System, including publication of rulings, to address discrepancies between classification of same goods depending on the time and place of classification.

B. Measures relevant to GATT Article V

GATT Article V addresses matters related to Goods Transit, including non-discrimination of transit goods, disciplines on fees and charges, disciplines on transit formalities and documentation requirements, and improved coordination and cooperation amongst authorities and with the private sector.

Except for Indonesia, none of the countries studied are contracting parties to international transit agreements such as the TIR convention (China and India are parties to the ATA Carnet convention for temporary imports of goods into foreign countries). However, many of them are parties to bilateral transit agreements, each with their specific rules and systems (see table II.5). Many countries seem to be concerned that facilitating transit will result in some transit goods being sold illegally in the transit country. For example, Bangladesh is concerned that facilitating the transit of Indian goods through its ports will result in a flood of Indian products into the country. At the same time, Bangladesh has taken

steps to facilitate transit of goods from Nepal and Buthan, two landlocked country of the South Asian subregion. These steps have included negotiations of transit agreements and improvement in the transport infrastructure between the three countries.

Table II.5 – Assessment Checklist on Measures related to Freedom of Transit

		Response					Comments
		C N	I N	I D	B D	N P	
General							
47	Have international transit systems been implemented?	Y	Y	Y		N	
48	Have regional transit systems been implemented?	Y	N	N		N	
49	Is the Customs territory a landlocked country?	N	N	N		Y	
50	Are transit corridors established within the Customs territory?	Y	Y	Y		N	
51	Are transit routes prescribed?	Y	N	Y		Y	IN: Confirmation is needed with Department of Transportation / NP: India Nepal transit traty has prescribed transit route for Nepal
52	Are transit routes agreed in consultation with trade operators?	Y	N	N		N	IN: Confirmation is needed with Department of Transportation / ID: The consultations are at the bilateral government level only
53	Is abuse of the Customs transit system a concern in the Customs territory?	Y	Y	Y		N	
54	Is a strict route stipulated for all high risk goods?	Y	N	N		N	IN: Confirmation is needed with Department of Transportation
55	Is Customs escort required for all high risk goods?	Y	N	N		N	
56	Are time limits imposed for transit goods?	Y	N	N		N	ID: As there are no roads so connectivity is poor
57	Are current border posts and Customs offices suitably located for effective transit operations within the Customs territory?	Y	Y	Y		N	
58	Are operating hours coordinated with other Customs administrations?	Y	Y	Y			
59	Are controls and responsibilities at border posts coordinated with other border agencies?	Y	Y	Y			ID: It is largely at level of army and BSF
60	Are controls and responsibilities at border posts coordinated with other country's Customs administrations?	Y	Y	N			ID: However, with automation this may improve the ground situation
Documentation							
61	Is a Goods declaration required for all goods in transit?	Y	Y	Y			NP: Not applicable as Nepal is not transit country
62	Is a standardized Customs transit declaration/document in use?	Y	Y	Y		Y	NP: This document is used for goods moving via India to an from
63	Have documentary requirements for transit coordinated with other border agencies?	Y	N	N			NP: Not applicable as Nepal is not transit country
64	Are documentary requirements for transit coordinated with other border agencies?	Y	N	N			NP: Not applicable as Nepal is not transit country
65	Are simplified transit declarations in use?	Y	Y	Y			ID: So far, it is only with Bhutan / NP: Not applicable as Nepal is not transit country
Securities and Guarantees							
66	Are goods in transit relieved of the payment of duties and taxes?	Y	Y	N			ID: In some cases traders face octroi, imposed by local authorities at state level / NP: Not applicable as Nepal is not transit country

67	Are any fees and charges levied in connection with Customs transit?	Y	N	N			ID: On holidays overtime is charged / NP: Not applicable as Nepal is not transit country
68	Has an international guarantee system been implemented?	Y	N	N			ID: Mutual guarantees are provided by national governments / NP: Not applicable as Nepal is not transit country
69	Are securities and/or guarantees required for all goods in transit?	Y	N	Y			ID: Only in case of sensitive commodities as declared by Government of India. As of now there are 8 such commodities
70	Are cash deposits required for goods in transit?	N	N	N			NP: Not applicable as Nepal is not transit country
71	Are securities and/or guarantees discharged as soon as the obligations have been fulfilled?	Y	N	Y			NP: Not applicable as Nepal is not transit country
Examination							
72	Are examinations for goods in transit based on the application of risk assessment?	Y	Y	N			ID: Currently, there is no scope for it in the bilateral treaties
Authorized Trades							
73	Are simplified procedures established for authorized consignors involved in the transit procedure?	Y	N	Y			ID: It is same for all. However, government is working to implement it.
Seals and Fastening							
74	Are seals and identification marks affixed by foreign Customs accepted for Customs transit operations?	Y	N	Y			NP: Not applicable as Nepal is not transit country

Source: ARTNeT Working Papers No.4,5,8,9,10; www.artnetontrade.org

The Nepal study finds that, while a transit agreement is in place between India and Nepal, clearance of goods at Indian ports remain very lengthy and port operators do discriminate when charging service fees on Nepalese or Indian shipments. Other issues mentioned include the lack of harmonization (alignment) of Indian and Nepalese trade/transit documents and the fact that shipments in transit are subjected to regulations established by both the Central Indian Government and local state governments. Nepal itself has no legal provisions for transit goods given the absence of declared transit traffic at this time.

While the India study confirms that no duty or taxes are charged by India on transit goods, it recognizes that some local governments might impose unofficial fees. The importance of correct application and interpretation of regulations and conventions is highlighted by the fact that, in India, since no fees or charges are supposed to be imposed on transit goods, shipments in transit are not allowed to be cleared during holidays and weekends, when overtime charges apply. Other issues identified in the India study are the lack of simplified transit procedures for authorized consignors and the lack of risk assessment mechanisms for transit goods, both of which are not covered in bilateral transit agreements currently governing transit among South Asian countries. Poor or lack of infrastructure to facilitate transit is mentioned in all studies.

II. Private Sector surveys of needs and priorities

Exploratory private sector surveys were conducted in all five countries to assess their trade facilitation needs and priorities. The survey instrument consisted of two main sections: Part I assessed the private sector perception of the level of implementation of various trade facilitation measures related to Article V, VIII and X in their own country; Part II asked private sector respondents to prioritize selected trade facilitation measures for implementation.

The survey also identified the four trade facilitation related areas in which private sector respondents faced the most problems (see Annex I for the survey instrument template).

Sample size and selection vary across the five country case studies, as some of the team members chose to administer the questionnaire through phone or face to face interviews rather than by mail. However, most country teams relied on small random samples stratified by sectors (primary products, manufactured goods) or by types of activities (e.g., freight forwarders, exports manufacturers, international courier services). Responses from a total of 218 companies in the five countries studied were collected - seventy three (73) in Bangladesh, thirty two (32) in China, fifty one (51) in India, eighteen (18) in Indonesia, and forty four (44) in Nepal. Response rates ranged from about 5% for the self-administered mail survey in India to 72% for the interview-based survey in Indonesia.

A. Perceived level of implementation of Articles V, VIII and X

Table III.1 summarizes the responses of the private sector companies to various statements related to the level of implementation of Articles V, VIII and X in their own country. Statements are grouped depending on whether they relate to Articles VIII and X, or to article V, and are ordered based on the extent to which private sector respondents agree (or disagree) with them. While the averages should not be compared across countries as interpretation of scales may vary depending on cultural and other factors, rankings of the various measures in terms of implementation within countries and across the sample of countries studies area of interest.

Table III.1 - Perceived level of implementation of GATT Articles V, VIII and X by the private sector in selected countries

(7: Strongly agree; 6: Agree; 5: Slightly agree ... 3: Slightly disagree; 2: Disagree; 1: Strongly disagree)

	Overall Average	Bangladesh	China	India	Indonesia	Nepal
Art. VIII & X (Transparency and Fees & Formalities)						
Relevant trade and customs procedures and regulations are publicly available and easily accessible	4.8	3.4	5.1	5.4	4.9	5.3
Computerization and automation of customs and trade procedures have noticeably reduced average time of clearance	4.7	4.2	5.8	5.0	5.6	3
Penalties and fines for minor breaches of customs regulation (e.g., due to typing mistakes) are small and reasonable	4.4	3.3	5.6	4.3	4.3	4.3
Information about changes in regulations and procedures are made available promptly and conveniently to the public	4.3	3.1	4.5	4.9	3.6	5.3
It is easy to submit required trade documentation to trade/customs authorities for approval	4.3	3.1	3.9	4.3	5.4	5
A formal and effective private sector consultation mechanism exists, which allows traders to comment on proposed changes to regulations and procedures before they are issued and implemented.	4.0	3.7	4.6	4.0	3.4	4.3
On average, fees and charges levied on export and import are reasonable (i.e., are limited to the cost of services rendered by the authorities)	4.0	3.4	4.3	4.0	3.3	5
An independent system to appeal trade and/or customs authorities' decisions is available and operates effectively	3.9	2.6	3.6	4.4	4.2	4.6
An effective advance ruling system is in place, which allows the importer, in advance of trade, to obtain binding rules in certain specific areas (e.g., tariff classification, customs valuation,	3.8	4.1	4.4	4.0	5.1	1.3
Laws, regulations and judicial decisions are applied in a uniform, impartial, and reasonable manner	3.4	2.7	4.5	3.9	2.7	3.3
Documentation requirements for import/export are NOT excessive and time consuming	3.3	1.9	2.9	3.3	4.4	4.0
Irregular and arbitrary payments are NOT often required to expedite release of goods from customs	3.2	1.8	5.9	3.6	3.2	1.4
Art. V (Transit related)						
Vehicles in transit are allowed to use the most convenient routes to their destination	5.1	4.3	6.0	4.8	4.3	6
The treatment of goods and vehicles in transit is non-discriminatory (i.e., imported goods are not discriminated based on origin and/or destination)	5.0	4.1	5.8	4.7	4.3	6
Regulation and procedures for goods in transit are clearly defined and widely available	4.4	3.4	4.3	4.2	3.9	6.3
Goods in transit are NOT subject to unreasonable transit duties or transit charges	4.1	3.3	4.9	4.6	3.8	4.0

Source: compiled and adapted from ARTNeT Working Papers No. 4, 5, 8, 9, 10, www.artnetontrade.org

Across the five countries, private sector respondents tend to slightly agree that relevant trade and customs procedures and regulations are publicly available and easily accessible, although information about changes in regulations and procedures may not be communicated promptly and conveniently to the public in Bangladesh and, to a lesser extent, in Indonesia. The private sector also agrees that computerization and automation of customs and trade procedures have noticeably reduced average time of clearance, except in Nepal, while also expressing that (a) irregular and arbitrary payments are often required to expedite release of goods from Customs (with the singular exception of China) and that (b)

documentation requirements for import/export are excessive and time consuming (with the exception of Indonesia).

Table III.2 - Private Sector Priority Ranking of Selected Trade Facilitation Measures

Trade Facilitation Measures	Overall Ranking	Bangladesh Ranking	China Ranking	India ranking	Indonesia Ranking	Nepal Ranking
Elimination of bribery and other corrupt practices of officials involved in the clearance and release of imported goods	1	1	1	1	2	1
Improvement of coordination between relevant agencies, particularly on document requirement, e.g., through the establishment of a single window for one-time submission and collection of all trade documents	2	3	3	4	2	4
Timely and comprehensive publication and dissemination of trade rules and regulations (e.g., through the Internet)	2	6	4	4	1	1
Computerization and automation of trade procedures, e.g., online submission and approval of customs declarations, cargo manifests, including electronic payment of fees and customs duties	4	6	4	2	5	6
Harmonization and standardization of documentation requirements based on international standards	5	4		8	8	4
Reduction and simplification of the documentation requirements for import and export procedures	6	1	7	3	6	
Improvement in customs inspection and control procedures, e.g., systematic use of risk analysis to determine which good should be examined, clearer criteria for "green" and "red" channels and special channels for authorized traders and express shipments	7	6	7	4	10	6
Establishment (or improvement in the effectiveness) of an advance ruling system, which allows the importer, in advance of trade, to obtain binding rules in certain specific areas (e.g., tariff classification, customs valuation, origin)	8		4	10	8	1
Beginning and, if possible, completing clearance of goods before they have arrived physically in the Customs territory (based on advance submission of good declaration and other documents)	9	9	2	4		9
Establishment (or improvement in the effectiveness) of a consultation mechanism through which traders can provide inputs on proposed new or amended rules and regulations	10		4		7	6
Establishment (or improvement in the effectiveness) of enquiry points and/or call centers for up-to-date information on trade procedures		9		9	2	
Establishment (or improvement in the effectiveness) of an appeal mechanism outside of the authority of customs or related agencies for traders to dispute customs and other authorities' decisions		5			10	9
Separating release from clearance procedures, i.e., allowing goods to be released before all clearance formalities have been completed (this may be subject to providing a financial guarantee to customs and/or post-release audit)			7			
Implementation of international and regional transit systems based on international standards and practices						

Source: ARTNeT Working Papers No. 4, 5, 8, 9, 10; www.artnetontrade.org

Table III.1 also highlights disparities across countries. For example, there is strong disagreement that an effective advance ruling system is in place in four of the five countries studied, but the advance ruling system in Indonesia receives favorable ratings. Also, the

private sector in Bangladesh seems particularly dissatisfied with the implementation of almost all measures related to transparency, fees and formalities related to importation and exportation (Article VIII and X) considered in the survey, while Chinese private sector ratings tend to be positive, except in terms of documentation requirements and the existence of an independent appeal mechanism.

B. Private Sector Priorities

Table III.2 summarizes how private sector respondents in each of the countries studied prioritize fourteen trade facilitation measures mainly related to Articles VIII and X.

Elimination of bribery and other corrupt practices of officials involved in the clearance and release of imported goods is given top priority in all the countries. Improvement of coordination between relevant agencies, particularly on documentation requirements, e.g. through the establishment of a single window for one-time submission and collection of trade documents, is also given very high priority in all the countries. Timely and comprehensive publication and dissemination of trade rules and regulations (e.g., through the Internet) is the highest priority in Indonesia and Nepal, while reduction and simplification of the documentation requirements for import/export is the highest priority in Bangladesh.

Beginning and, if possible, completing clearance of goods before they arrive physically in the Customs territory is a priority for the Chinese private sector and, to a lesser extent, for India, but not for the other countries. Establishment of enquiry points receives high priority in Indonesia, but not in other countries. Establishment of an advance ruling system is a top priority for the Nepalese private sector. Interestingly, establishment of a consultation mechanism through which traders can provide inputs on proposed new or amended rules and regulations, or improvement in customs inspection and control procedures through risk analysis and authorized traders channels are relatively low priorities in most countries.

C. Key Problem Areas for Trade Facilitation

Table III.3 highlights the 4 trade facilitation areas/issues that are identified as most problematic by the private sector respondents. Inspection and release of goods and tariff classification are identified as two of the top four problem areas that may be addressed within the scope of the current WTO negotiations.

The areas and issues identified go beyond the current scope of the trade facilitation negotiations. In particular, Customs valuation, which is not part of the negotiation, is ranked as the most or second most problematic issue by the private sector in all countries surveyed. The same is true for technical or sanitary requirements, which is ranked as the fourth most problematic area overall, and as the most problematic area by the Chinese respondents.

Table III.3 – Most Problematic Areas in Conducting Trade

	Overall Ranking	Bangladesh Ranking	China Ranking	India Ranking	Indonesia Ranking	Nepal Ranking
Customs valuation	1	1	2	1	3	2
Inspection and release of goods	2	2	6	2	2	1
Tariff classification	3	3	5	3	4	3
Technical or sanitary requirements	4	7	1	7	5	4
Payment of fees and penalties	5	6	4	6	1	n.a.
Obtaining an import license	6	5	3	5	6	n.a.
Submission of documents for clearance	7	4	6	4	7	n.a.
Identification of origin of the goods	8	8	8	8	8	n.a.

III. Implementation Costs of Trade Facilitation

Estimating the cost of implementation of selected trade facilitation measures is a difficult exercise. Indeed, trade facilitation measures are typically implemented either as part of larger reform efforts or as part of continuous reviews and improvements of rules and procedures of Customs and other, often numerous, agencies, each with its own budget and resources. In addition, the political dimension of trade facilitation and its implication on removing opportunities for rent seeking by groups of government officials, can also add significantly to the cost and time necessary for full implementation of a given trade facilitation measure.

Aside from political costs, trade facilitation implementation costs may include legislative/regulatory costs, institutional costs (e.g., for the establishment and operation of a national trade facilitation committee or enquiry point), human resource training costs (e.g., training of Customs officers on conducting post-clearance audits) and infrastructure costs (e.g. hardware and software needed for establishment of an electronic trade documentation system).

After highlighting selected quantitative information from the country papers, a summary of the results of an international expert survey on the implementation costs of selected trade facilitation measures, and their sequencing, is presented.

A. Selected Quantitative Information from Country Case Studies

Research team members indicated major difficulties in obtaining relevant cost estimates, budget breakdowns and related information from customs and other government agencies involved in implementing trade facilitation measures. Selected information from each of the country studies is reported here. However, numbers and estimates provided below should be taken as indicative at best.

India

- Trade and legal reforms and the issuance of regulations are on-going in India. In addition, key institutions and regulatory authorities in charge of these reforms are in place, such that legislative and regulatory costs of trade facilitation are expected to be low.
- USD 0.80 million was allocated for the introduction of self-assessment based risk management system and post clearance audits for low risk importers and exporters.
- The growth of a Certifying Authority under the purview of Customs to issue relevant digital signature certificates to facilitate and secure the exchange and processing of electronic trade documents will require 32 additional posts in addition to the existing 4.
- No separate budget is available on the cost of publications of relevant rules and regulations on the Internet and through other means. However, costs related to enhancing publications and availability online are expected to be minimal
- Training costs are not available as they are typically parts of regular budgets. In addition, some staff do take part in trainings outside the organization (e.g., sponsored or organized by the World Bank or other international organizations).
- Equipment/infrastructure costs related to trade facilitation represent up to 90% of the minimum costs for improving compliance with Articles VIII and X, and more for Article V. Included are development of web-based applications, consolidation of existing and proposed IT infrastructure, additional testing facilities and electronic cargo scanning machines at border points.
- Planned trade facilitation expenditures related to Articles VIII and X for an 18 month period, over and above regular budgets which include training and publication costs, and including the above mentioned equipment/infrastructure costs as well as a separate World Bank project to upgrade and establish additional laboratories amount to almost USD 70 million. Planned expenditures associated with enhancing transit amounts to less than USD 5 million earmarked for improving equipment and transit related infrastructure, over and above the existing Customs and other agencies regular budgets.

Bangladesh

- A project aiming to reform and simplify customs procedures, shift to post-entry audits for warehouse imports, increase private sector involvement in the process of export reform through training and publication, and to introduce electronic information and risk management systems was undertaken in 1999. The budget for the 3-year phase was USD 9.61 million.
- A 3-year Trade Facilitation Project for the Chittagong Port is expected to be implemented in the near future at a cost of USD 41.3 million, to be shared by ADB and the Government of Bangladesh, namely, the Customs House of Chittagong, the Chittagong Port Authority and the Roads and Highways Department. No details on the hard and soft infrastructure components of the project are available in the study.

Nepal

- The study provides very crude estimates of the expected cost for the Government to introduce trade facilitation measures, based on limited information available from the budget of the three year customs reform plan as well as a number of Inland Clearance Depot projects. The overall cost estimate of USD 34 million given include extension

of inland clearance depots (USD 25 million), computerization of Customs offices, training of government and private sector, improvement in governance, introduction of advance ruling system and related administrative reform (USD 1 million) and improvement of physical facilities in Customs. Much needed technical assistance from donor and international agencies are not included in this estimate.

China

- No significant regulatory and institutional costs are expected in China, given the major reforms that have taken place in the area of trade and customs over the past 15 years, partly as part of its accession to the WTO. Costs related to information publication (laws, regulations and notifications) and maintenance of web pages are not easily available as they are part of routine budgetary expenditures.
- Training costs are expected to be an important part of the costs of implementing trade facilitation measures, especially given that China Customs staff number 48,000 in over 300 offices. It is difficult to measure training expenditures since off-the-job trainings can take various forms that may involve travel and accommodation costs in addition to training fees as such.
- China has invested heavily in information systems for trade facilitation. The Customs and Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) inputs in computerization in 2005/06 are estimated to be RMB 1420 million (about USD 176 million) and RMB 510 million (about USD 63 million), respectively. Major information projects conducted by Customs (e.g., Fast Customs Clearance project) and AQSIQ (e.g., AQSIQ Information Service System and Database) in 2005/06 are estimated to be RMB 5.888 million (about USD 731 thousand) and RMB 4.386 million (about USD 544 thousand), respectively.

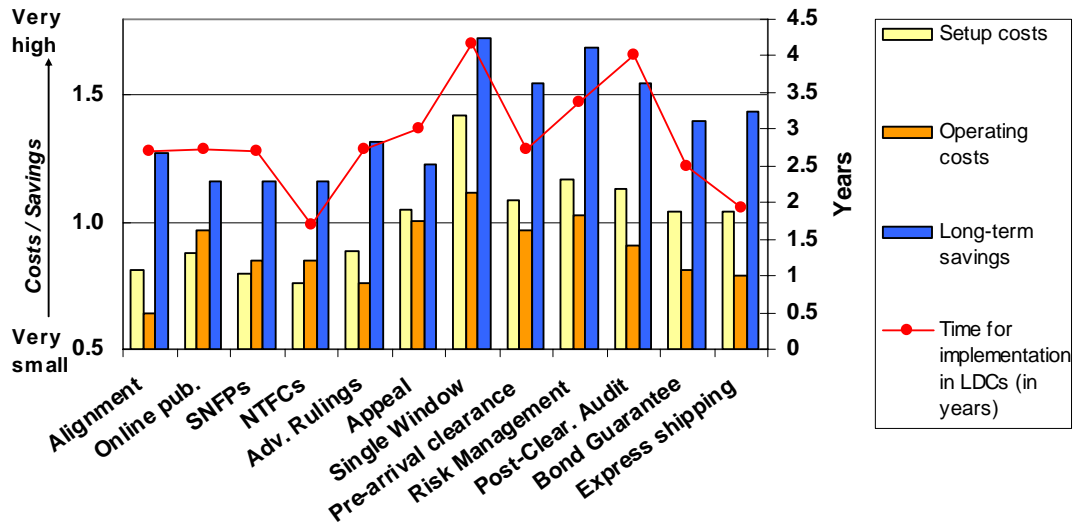
B. Expert Surveys on Implementation Costs and Sequencing

Given the paucity of reliable and meaningful quantitative information, a qualitative expert survey instrument was developed and administered to international trade facilitation experts (for details, see Duval, 2006). Fourteen international experts completed the survey between September 2005 and November 2005, resulting in a response rate of 70 per cent. Respondents included experienced staff and/or senior trade facilitation consultants from the Asian Development Bank (ADB), OECD, UN Conference on Trade and Development (UNCTAD), UN Economic Commission for Europe (UNECE), UN Development Programme (UNDP), UNESCAP, World Customs Organization (WCO) and the World Bank. The average year of experience of the sample in trade facilitation was 11 years (140 years of cumulated trade facilitation experience), with a majority of the respondents having acquired their experience in the South and Southeast Asian countries.

Figure IV.1 shows the average implementation time and the relative cost and benefits (long-term savings) associated with each of the TFMs considered, as perceived by the experts. In that figure, qualitative cost estimates are expressed in the form of an index, calculated as the average of each respondent's estimate divided by the average setup costs estimates for all TF measures of that respondent. This index shows the implementation cost of each measure relative to the average setup cost of all measures considered, which may be very useful in

assisting negotiators to prioritize the various measures⁶. For example, a trade facilitation measure with an indexed setup cost value of 1 means that experts, on average, estimate that this measure has average setup costs when compared to other measures, while a value of 2 would indicate that a given trade facilitation measure has implementation costs of twice the average setup costs of all TF measures included in the survey.

Figure IV.1 - Experts' Qualitative Assessment of the Relative Cost, Benefits and Time Needed for Implementing Selected Trade Facilitation Measures



Source: Duval (2006)

The results provide qualitative estimates of setup costs, operating costs as well as long-term savings to be incurred by the governments implementing the selected measures. The most striking result is that all respondents, which also included senior customs officers from developing countries not initially supportive of including trade facilitation in the WTO negotiations, agree that long-term savings far exceed the setup and operating costs for all TF measures.

Another glance at Figure IV.1 also reveals that operating costs are perceived to be much lower than initial setup costs, except for three of the 12 measures: online publication, single national focal points, and national trade facilitation committees. However, the overall costs of these three measures are among the lowest in the set considered. The trade facilitation measure with the lowest cost and the highest relative long-term savings to cost ratio is that which refers to the adoption and use of international trade facilitation standards such as the UN layout key for trade documents and the HS nomenclature.

⁶ That index could be used in comparing estimates across experts, as comparing absolute estimates across experts would not be appropriate. Because experts may have used different anchors (reference points) when estimating whether costs for a particular measure were *Very Small* [$VS = 1$], *Small* [$S=2$], *Medium* [$M=3$], *High* [$H=4$] or *Very High* [$VH=5$], interpretation of the results must be done in relative rather than absolute terms.

Establishment of (electronic) single windows system is perceived as the most costly of the 12 TF measures, followed by the implementation of a risk management system and the establishment and wider use of audit-based customs. These three measures also take the most time to implement, with experts indicating that least developed and low-income developing countries would need at least three to five years for implementing them, provided they had adequate resources to do so (three to five years). Expedited procedures for express shipments and qualified companies, setup of a system of bond or deposit guarantees and establishment on national trade facilitation committees, were seen as three measures that could be implemented quickly provided that political will existed.

As part of the survey, experts also provided, for all TF measures considered, qualitative cost estimates broken down into five categories: regulatory setup costs, institutional setup costs, human resources training setup costs, equipment setup costs, political setup costs and recurring costs. Interestingly, political costs, defined as the “Extent to which a measure will be resisted by staffs within relevant institutions; or by policy makers because of fears of losing political support they need” are among the top two cost categories for 10 of the 12 TF measures considered. Equipment/Infrastructure also ranks as a top cost category for five of the 12 measures, followed by human resources training cost during the initial phase (top cost category for 4 of 12 TF measures). Regulatory costs are generally perceived to be low relative to other cost categories, except for the implementation of effective appeal procedures of Customs rulings and the establishment of a bond guarantee or deposit system to expedite the clearance of goods. More details and the survey instrument are available from Duval (2006).

A similar survey instrument was also used in the Bangladesh study to elicit qualitative estimates from two senior government officials directly involved in the development of trade control and facilitation procedures. The two experts rated most trade facilitation measures as having small implementation costs and perceived that long-term savings would justify costs for all measures but for the establishment of Single National Focal Points (SNFPs) and an advance ruling system. Establishment of SNFPs would require an estimated 4-year implementation period in Bangladesh. Setting up an independent and effective appeal mechanism was rated as one of the lowest cost TF measure, as was a pre-arrival clearance system. While acknowledging the long-term savings potential of electronic single windows and post-clearance audit, initial costs are perceived to be highest among the measures considered.

As one of the international expert respondents’ noted, a difficulty with estimating time and infrastructure costs is that much depends on how these measures are sequenced. If too many are initiated simultaneously, the implementation will likely take longer. Similarly, some investment in equipment/infrastructure, as well as training, can be amortised over more than one measure, thus reducing the cost for any one measure.

Many experts stressed the importance of sequencing the measures. However, when asked to group the measures into three distinct sets (A, B, and C) to be implemented sequentially, experts’ answers varied and no obvious agreement emerged on how to sequence the measures. That said, most experts agreed that *Adoption and implementation of international standards for trade documents (e.g., United Nations Layout Key) and the HS nomenclature* were top priority for inclusion in the revised GATT Articles. *Establishment of enquiry points and single national focal points for trade facilitation* as well as *Online publication of trade regulations and procedures in local language and English* ranked, on average second and third in terms of priority needs.

IV. Conclusion and Implications for the WTO Negotiations

Case studies on trade facilitation measures implementation in five Asia-Pacific countries, namely Bangladesh, China, Indonesia, India and Nepal, reveal that continuous unilateral efforts have been made by the Governments of these countries to facilitate trade, although countries are often at very different stages of implementation. In many countries, various trade facilitation systems and measures have been implemented at selected border crossings or customs offices on a pilot basis, with plans to expand the systems to all border crossings and relevant agencies, as resources become available. However, it is often unclear when these systems will be implemented on a national scale and to what extent rules and regulations will be implemented uniformly throughout each country's territory.

In an effort to increase transparency, government agencies responsible for issuing and enforcing trade rules and regulations often have extensive publication and dissemination programmes in place, although the amount of information made available publicly vary from country to country. Not all countries have established standard time periods between publication and implementation and consultation with stakeholders (e.g., private sector traders) on new or amended rules remain ad-hoc and informal in most cases. Some form of binding advance ruling system is available or is being established, although the coverage (e.g., tariff, valuation, origin) and effectiveness (e.g., time between receipt of the information and issuance of a ruling) of the systems vary greatly across countries. Appeal systems and procedures exist but are not always independent from the regulatory authorities. In addition, appeal processes are often lengthy and costly for the traders.

Fees and charges connected with importation and exportation seems to be still quite numerous in some countries. Some of the fees and charges are calculated as a percentage of the value of a shipment, which may not be consistent with the need for the fees charges to be charged on the basis of the cost of services rendered. Some Governments have made an effort to reduce the number and complexity of fees and charges, as well as of trade documents for imports and exports. All countries, including the LDCs studied, have on-going computerization and electronic trade documentation programmes. All countries also have some form of rapid clearance system in place, albeit for selected categories of goods. Risk management and post-clearance audit systems have also been introduced in all countries, although on a very limited pilot basis in some countries. In regard to tariff classification, all countries studied rely on the HS nomenclature, often expanded to 8 or 10-digit levels to suit their needs.

Transit in the Asian countries examined is generally governed by bilateral and regional transit agreements. This might suggest that different rules and regulations apply to goods in transit depending on their country of origin in some of the countries. No charges are imposed on transit goods. One recurring concern, particularly in South Asia, is that goods officially in transit be illegally marketed in the transit country, as there are often no risk assessment mechanisms in place for these goods.

While, according to a review of existing legislations/regulations and on-going projects and programmes often supplemented by interviews with Government officials, many of the trade facilitation measures being discussed at the WTO Negotiating Group on Trade Facilitation (NGTF) have been implemented, the domestic private sector in these countries generally point to a need for improvement in many areas. For example, the private sector often acknowledge that relevant trade information is published and available but points to the

need to make the information more easily available, in particular information on new or amended rules.

Elimination of bribery and other corrupt practices of officials involved in the clearance and release of imported goods is given top priority by the private sector in all the countries. Improvement of coordination between relevant agencies, particularly on documentation requirements, e.g. through the establishment of a single window for one-time submission and collection of trade documents, is also given very high priority in all the countries. Timely and comprehensive publication and dissemination of trade rules and regulations (e.g., through the Internet) is the highest priority in Indonesia and Nepal, while reduction and simplification of the documentation requirements for import/export is the highest priority in Bangladesh. Customs valuation, which is not part of the current WTO trade facilitation negotiation agenda, was the most problematic trade facilitation related area identified by private sectors in the five countries.

In addition to the need and priorities of private sector stakeholders, the costs and benefits to governments of implementing trade facilitation measures will also be considered when selecting measures to be included in the agreement. The trade research and policy literature has dwelled extensively on the benefits associated with trade facilitation. Unfortunately, very little information is available on the cost of implementing selected trade facilitation measures discussed at the WTO, an issue included in the agenda of work of the WTO NGTF. Four of the five country case studies on which this report is based do provide some, albeit very partial, information on the cost associated with trade facilitation programmes and efforts at the national level. The numbers and cost estimates available from the individual studies are, at best, very preliminary. However, they are generally relatively low, partly because some of the costs of implementing trade facilitation measures are seen as coming from regular (routine) budget of Customs and other relevant agencies – as well as from the continuation of technical assistance projects by major donors or international organizations.

While regulatory and institutional costs are expected to be small because of the rather extensive trade facilitation related reforms that have been undertaken in most of the countries, training costs may be significant as some countries lack the human resources necessary to effectively implement some of the measures (e.g., risk management and post-clearance audit). Interestingly, most studies point to the need to upgrade infrastructure as part of implementing a meaningful trade facilitation programme. These costs are not limited to computerization and information and communication technology (ICT) systems, but include the costs of container scanners or the setup of testing facilities/laboratories at selected border crossings, for example. In terms of facilitating transit trade, the country studies again suggest that transit trade may not be facilitated without significant investment in various infrastructures, ranging from roads and port facilities to effective risk management systems.

The international expert survey on the costs and benefits of selected trade facilitation measures undertaken as part of the study showed that, while long-term savings were expected to exceed costs for all measures, initial setup costs of some of the measures could be expected to be quite high relative to others. The cost difference between measures was mainly explained by the underlying political costs (i.e., extent to which measures will be resisted by staffs within relevant institutions; or by policy makers because of fears of losing political support they need) and infrastructure/equipment costs.

The following implications stem from the above findings:

- Since most of the trade facilitation measures on the negotiating table have been implemented or are planned for implementation even in the least developed countries in the region, the list of trade facilitation measures agreed upon will be less important than the accompanying terms and conditions for implementation, e.g., schedule of implementation for developing countries and technical assistance.
- Negotiation of an agreement on trade facilitation provides an opportunity for pushing potentially difficult regulatory reforms at home through binding commitments on small, simple but highly meaningful administrative procedures e.g., a 30-day standard time period between publication and implementation of regulations, the establishment of formal channels of communication with the private sector on trade facilitation issues (e.g., establishment of an inclusive national trade facilitation committee), the alignment of trade documents to specific international standards, or even an agreement to reduce the number of trade documents to a certain number (by a given date, as necessary).
- More generally, agreeing on measures to enhance transparency and impartiality, such as an independent system to appeal or double-check rulings on tariff classification, should be given serious consideration given the priority accorded by the private sector to the reduction/elimination of corruption – and its ranking of “tariff classification” as the second most problematic issue in the survey. The notification to the WTO of an official webpage with a negotiated basic list of information and publications and a complete and official list of all existing fees and charges (could be developed in cooperation with the local chamber of commerce and/or with the support of relevant international organizations) could also be considered.
- Apart from improving timely dissemination of trade regulations and reducing the number of trade documents, one of the main priority identified through private sector surveys was the need for improvement of coordination between relevant agencies. The establishment of single windows for one-time submission and collection of trade documents may therefore need to be considered. While commitments on electronic submission and processing of trade documents and the establishment of electronic single windows connecting all relevant agencies and organizations (e.g., similar to Singapore TradeNet) may not be feasible given the level of computerization and the state of the ICT infrastructure in many countries of the region, the negotiations provide an opportunity for developing countries to request and help shape a well-coordinated technical assistance/capacity building mechanisms in this area. Developed countries may be particularly open to funding electronic trade facilitation systems in developing WTO member countries, given the raising concerns about trade security issues.
- While there is some convergence in the needs and priorities of the private sector, the studies clearly showed that countries remain at various stages of development and implementation of trade facilitation measures. It was also established that setup costs of some measures may be significant for countries with limited resources or with difficult political conditions. Therefore, commitments on TF measures may need to be divided into groups or lists, depending on how quickly they can be implemented in all WTO members and/or on the amount of likely TA/CB and other resources or infrastructure required (TN/TF/W/82 and W/63).

- A detailed look at the case studies and the responses from the researchers, as well as the WTO member proposals reveals that trade facilitation terms such as single windows, express clearance, risk management system and even advance ruling imply slightly different things to different people, even within a same country. As such, any agreement that will involve complex trade facilitation procedures (such as in terms of risk management and post-clearance audit) will need to make specific reference to established trade facilitation instruments (such as specific paragraphs and sections of the WCO revised Kyoto convention). The disagreements that emerge, even among experts, on the sequencing of various measures also suggest that a long-term mechanism to deal with trade facilitation issues (e.g. a WTO working group or committee), as proposed by various WTO members is likely to be needed (TN/TF/W/62).
- As noted by many respondents to the expert survey, trade facilitation measures considered may not be implemented effectively separately, but as part of an overall trade facilitation programme (that may include some infrastructure component). Development of standard trade facilitation technical assistance/capacity building modules, each including a small set of related trade facilitation measures, for which countries in need could apply may be considered.
- As the on-going unilateral trade facilitation efforts in the country studies suggest, implementation of trade facilitation measures has no downside for Governments, as they do not result in loss of customs revenue, even if trade flows remain the same. The findings on implementation costs, as well as a significant number of anecdotal evidence from inside and outside the Asia-Pacific region, also suggest that setup and operating costs are dwarfed by long-term savings. As such, special and differential treatment is only needed to shield developing countries from dispute settlement until they secure the resources and build the capacity necessary to implement trade facilitation measures.
- The types of costs associated with various measures may affect the type of special and differential treatment needed. Measures with high political costs may require differential treatment in terms of time of implementation. Measures with high infrastructure-related costs may require exemption until technical assistance has been received and capacity to implement has been acquired.
- An agreement on TF with non-binding commitments would make little sense in the context of the WTO, especially since there are already a number of relatively comprehensive non-binding international conventions on trade facilitation, notably the WCO Revised Kyoto Convention. One essential benefit from negotiating on TF at the WTO would be to agree on a possibly very small but nonetheless existent set of TF measures to be implemented by all WTO member countries.
- However, as pointed out in proposal TN/TF/W/82, a disagreement on a single transaction should not lead to the triggering of the WTO dispute settlement mechanism. A WTO agreement that would include commitments from member countries on disclosure of trade-related regulations and fees and charges, combined with a set of jointly agreed principles to govern and strengthen national level appeal mechanisms (including time limits on issuance of rulings), would greatly limit the risk

of such occurrence. The WTO dispute settlement mechanism would then only be triggered in case of failure of the national appeal system to comply with negotiated principles. Some developing countries may need technical assistance to setup compliant appeal mechanisms, and assistance in terms of human resource training. One interesting feature is that the operating cost of appeal mechanisms at the national level will likely be a function of the level of transparency and impartiality of Customs and other agencies, thus in itself providing an incentive for further trade facilitation.

- Transit arrangements in many Asia-Pacific countries are function of bilateral and subregional agreements mostly. Freedom of Transit will therefore be dependent on harmonization of these bilateral and sub-regional agreements, suggesting that regional committees on transit issues, and perhaps also other trade facilitation issues, may be needed to make progress in this area. Given the neutral role and expertise of UN regional commissions in trade and transport facilitation, it is important that they form an integral part of the coordinated global trade facilitation technical assistance and capacity building that will likely be needed to facilitate implementation of the agreement.
- The fact that customs valuation (and SPS/TBT) rank as the most problematic issue(s) in all countries studied some years after the WTO Customs Valuation Agreement (and of the SPS and TBT agreements) was implemented is an important signal to the Geneva negotiators of the discrepancies that may emerge between an agreement and its implementation in the area of trade facilitation. As such, it may be better to be less ambitious in the number of trade facilitation measures to be implemented, but more detailed in defining how compliance will be monitored and what technical assistance will be provided.

V. Limitations of the study

It is important to stress the exploratory nature of this study and its limitations. First, the study only covers 5 countries in the Asia-Pacific region, such that the results may not apply directly to all countries in this region of the world. Second, the research team members and their respective institutions often had difficulty gathering some of the information necessary to conduct a comprehensive assessment of the trade facilitation situation and to estimate the cost of implementation of various trade facilitation measures, as some of the information may have been available only to selected Government agencies (or not at all). Third, because of the limited time and financial resources available, the private sector surveys are of limited scale and scope, such that the survey results may not be fully representative of the views of the relevant private sector stakeholders in the countries studied.

Overall, while the study is useful in gaining an understanding of the trade facilitation situation and the need and priorities of the private sector in a wide spectrum of countries in the Asia-Pacific region, it is clear that more detailed national level studies should be undertaken, if possible as an integral part of the implementation of a WTO agreement on trade facilitation. The need for a continuous assessment exercise to take place during and possibly after the negotiations was stressed in a number of proposals (TN/TF/W/63,W/29,W/41).

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