



Digital and Sustainable Trade Facilitation

in Pacific Island Developing Economies (PIDEs) 2021

Based on the United Nations Global Survey on Digital and Sustainable Trade Facilitation



The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub promoting cooperation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 member States and 9 associate members, ESCAP has emerged as a strong regional think-tank offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region. The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which it does by reinforcing and deepening regional cooperation and integration to advance connectivity, financial cooperation and market integration. ESCAP's research and analysis coupled with its policy advisory services, capacity building and technical assistance to governments aims to support countries' sustainable and inclusive development ambitions.

UNCTAD possesses long-standing expertise and experience in trade facilitation on which basis it provides technical assistance and capacity-building support to developing countries, including in the establishment of national trade and transport facilitation committees, needs assessments, trade facilitation implementation plans, transit agreements and customs automation through its Automated System for Customs Data (ASYCUDA) programme. It also undertakes a number of activities in the framework of its port management training programme and its e-regulation and e-registration systems. Through their impact on trade facilitation stakeholders (such as port authorities and small and medium-sized enterprises in particular), these programmes also contribute to enhancing trade facilitation in beneficiary countries. UNCTAD assistance and expertise encompass many aspects of trade facilitation that can be addressed by several programmes, to be articulated and tailored according to each country's needs.

The Pacific Islands Forum is the region's premier political and economic policy organisation. Founded in 1971, it comprises 18 members: Australia, Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Kiribati, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. The Pacific Islands Forum Secretariat supports Forum Members to work together through deeper forms of regionalism in support of sustainable development, economic growth, good governance and security. Its focus is innovative, game changing initiatives for regional action. Its role is primarily policy advice, coordination and ensuring the effective implementation of Forum Leaders' decisions leading to tangible improvements in the lives of the people of the Pacific. We report annually on our performance against results.

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EXECUTIVE SUMMARY

Reducing trade costs is essential in enabling economies to participate in regional and global value chains effectively and continue using trade as an important engine of growth and sustainable development. The recent surge in shipping costs and the subsequent disruption of the international supply chain has put additional pressure on already high trade costs in Asia and the Pacific. Trade facilitation plays a significant role in avoiding unnecessary costs and enhancing efficiency through streamlined and digitalized trade. The World Trade Organization (WTO) Trade Facilitation Agreement (TFA) and regional trade digitalization initiatives such as the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA) provide guidance on measures that should be considered for implementation.

In this context, this report presents the results of the 2021 United Nations Global Survey on Digital and Sustainable Trade Facilitation for 11 Pacific Islands Developing Economies (PIDEs), reviewing the progress of trade facilitation reforms and it presents a detailed analysis based on 58 trade facilitation measures that are classified into four groups ("General Trade Facilitation", "Digital Trade Facilitation", "Sustainable Trade Facilitation" and "Other Trade Facilitation") and a further 11 sub-groups covering both binding and non-binding WTO TFA measures,¹ and measures beyond the scope of WTO TFA. The report reveals that:

- PIDEs sub-regional implementation rate of trade facilitation measures stands at 41%, significantly lower than the Asia-Pacific regional average of 65%. PIDEs have the lowest average level of implementation, less than half of Australia and New Zealand (96.8%) and significantly lower than other subregions.
- The trade facilitation implementation level within the sub-region is similar with each other, which is attributed to the similar environments, especially geographical environment shaping and limiting their international trade activities.
- Average implementation in PIDEs increased by approximately 6 percentage points from 35% in 2019 to 41% in 2021. Most PIDEs have made a modest increase in their implementation level over the past two years. Exceptionally, Nauru and Vanuatu have made noticeable improvements of 10 and 22 percentage points, respectively. This progress is significant under the circumstances of the high cost of communication and logistics in the wake of COVID-19. Such progress can be seen as a result of quick reaction with the emergency assistance from regional and international organizations and the continued efforts from the PACER Plus Development and Economic Cooperation Work Programme on customs.
- PIDEs have made the most progress in implementing 'Transparency'. The implementation rate rose by approximately 8 percentage points. The increase can be partially attributed to UNCTAD's project on transparency that covered nine PIDEs PACER countries. On the other hand, 'Cross-border Paperless Trade' measures remain extremely low.
- Measures under the "Sustainable Trade Facilitation" category are least implemented, particularly those targeted at SMEs and women. Both implementation rates stand at 11% and 21%, respectively, suggesting plenty of room for improvement.
- Data on the implementation of measures related to trade facilitation in times of crisis was collected for the first time this year (rate for PIDEs standing at 21% only) suggesting an urgency to enhance the emergency response capability to support a resilient post-crisis recovery and secure future crises. The strict border closure enforcement restrains the spread of COVID-19 and places serious pressure on PIDEs international activities in terms of trade volume and trade procedures.

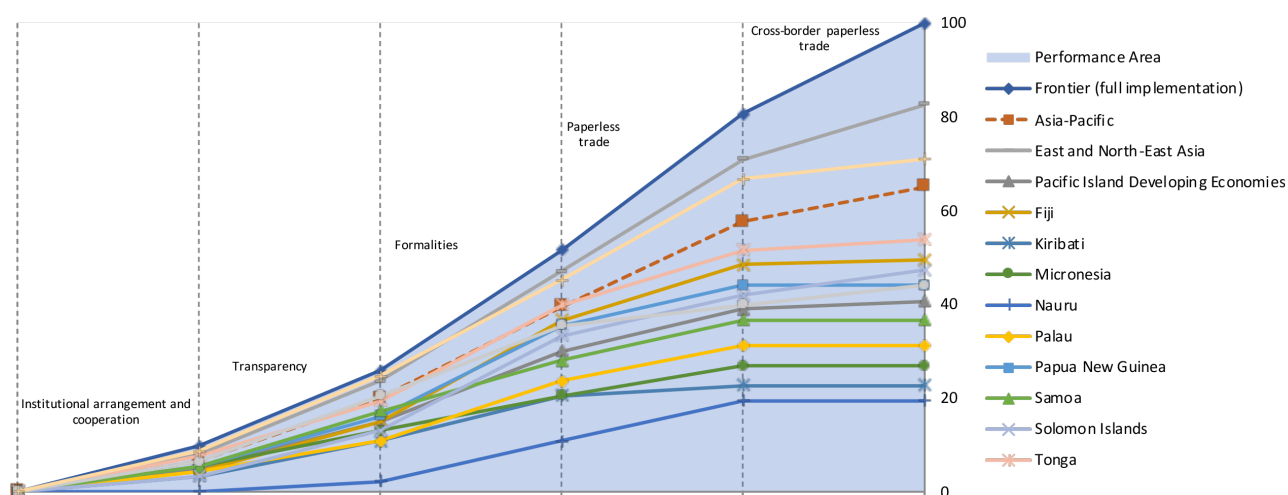
1. Art. 24.2 of the WTO Trade Facilitation Agreement provides that "all provisions of this Agreement are binding on all Members". However, given the very nature of the provisions, some provisions contain "best-endeavor" language, and some other provisions provide flexibilities for developing and least-developed members in their implementation. In this sense, we refer the measures as non-binding.

The analysis presented in this report, based on the latest data available, confirms that digital trade facilitation measures can result in significant benefits to the countries in the subregion. Full implementation of binding and non-binding WTO TFA measures could decrease trade costs by about 14.8%. In contrast, digital trade facilitation measures enabling the seamless electronic exchange of trade data and documents across borders will help significantly reduce trade costs by nearly 26% for PIDEs in a full implementation scenario.

Moving forward, trade facilitation implementation may be seen as a step-by-step process, based on the groups of measures included in the survey – i.e., enhancing the institutional arrangement; establishing transparency; implementing efficient trade formalities; developing paperless trade systems, followed by enabling trade data and documents within these systems, including national Single Windows, to be safely and securely used and reused by authorized stakeholders along the international supply chain (see figure). Especially in the case of paperless and Cross-border paperless trade, countries need to work together to develop and implement the legal and technical protocols needed for the seamless exchange of regulatory and commercial data and documents within and between countries. In this regard, the Framework Agreement on Facilitation of CPTA could support countries in gradually moving to "less-paper" and then to paperless and Cross-border paperless trade by providing a dedicated, inclusive and capacity-building focused intergovernmental platform.

Additionally, the International and regional initiatives, including the PACER Plus (with technical assistance from OCO), will narrow some of the gaps identified and enable progress in electronic data and transparency moving forward. Moreover, UNCTAD has also supported Pacific Island economies to become more active partners and benefit from regional and global trade through the ASYCUDA World project.

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



Note: the figure shows cumulative trade facilitation implementation scores of PIDEs for the survey's 31 common trade facilitation measures. Full implementation of all measures =100.

Source: UN Global Survey on Digital and Sustainable Trade Facilitation, untfsurvey.org, 2021.

This PIDEs report is best read in conjunction with the Global and Asia-Pacific report on the results of the UN Global Survey on Digital and Sustainable Trade Facilitation 2021, available at <https://untfsurvey.org/>.

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