

# Digital and Sustainable Trade Facilitation

in North and Central Asia 2021

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





**The shaded areas of the map indicate ESCAP members and associate members.\***

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# ACKNOWLEDGEMENTS

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The report was prepared by ESCAP. Jiangyuan Fu and Chorthip Utoktham, under the guidance of Soo Hyun Kim and the overall supervision of Yann Duval, all from the Trade, Investment and Innovation Division (TIID) of ESCAP, provided the analysis of data for NCA, collected as part of the United Nations Global Survey on Digital and Sustainable Trade Facilitation 2021. The research assistance provided by Yifan Tan and Jiaying Zhou in finalizing the report is appreciated. Anisa Hussein and Natnicha Sutthivana informally edited the report and Anisa Hussein formatted the report. Arom Sanguanyuang created the cover design.

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Inputs to the expert group meeting on trade facilitation in times of crisis and epidemic in the Asia-Pacific region (virtual, July 2020) as well as the results from the pilot survey on trade facilitation in times of crisis and pandemic (conducted in 2020, with the Asia-Pacific results published in a regional report in January 2021), contributed to the development of the additional measures on trade facilitation in times of crisis. In addition, comments and suggestions received from participants at the Launch of the United Nations Global Survey on Digital and Sustainable Trade Facilitation 2021 (virtual, July 2021), where the 2021 Survey results were presented, are gratefully acknowledged. The authors are also grateful to the following organizations and individuals for their inputs and suggestions for the development of the 2021 Survey: Alexander R. Malaket, formerly of the International Chamber of Commerce (ICC) Banking Commission, and Andrew Wilson from the ICC for the 'Trade Finance Facilitation' component; Candice White from the World Economic Forum (WEF); and Alexandre Larouche-Maltais and Sijia Sun from UNCTAD for the 'Women in Trade Facilitation' component.

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# EXECUTIVE SUMMARY

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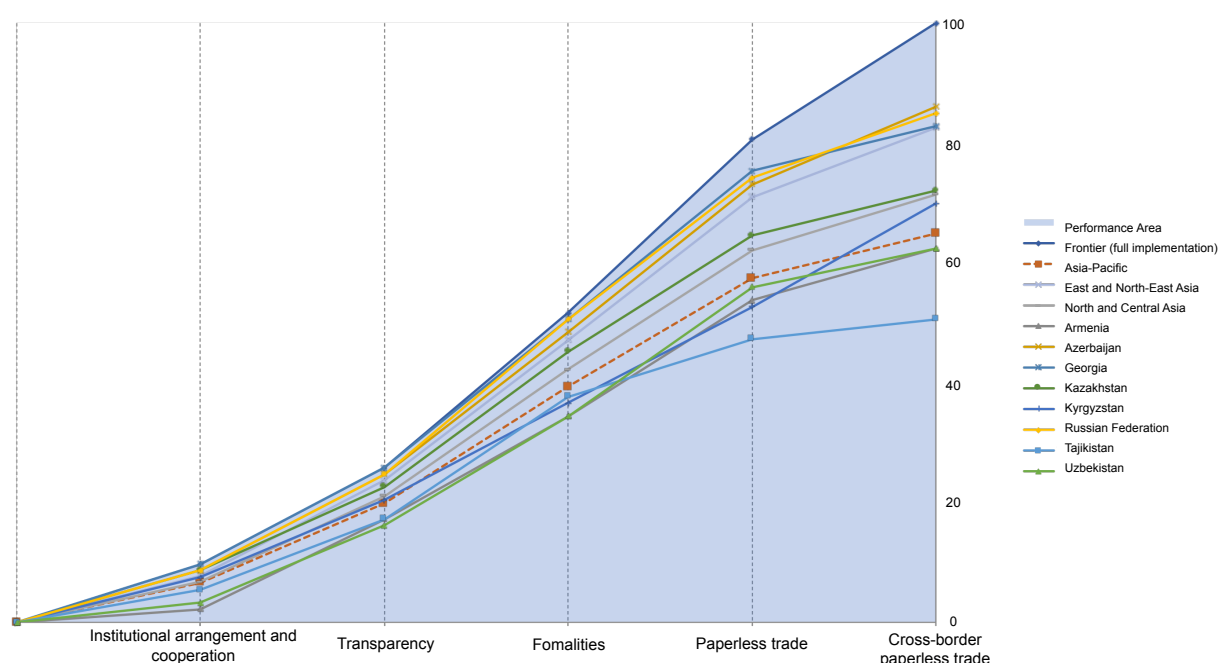
Reducing trade costs is essential in enabling economies to participate in regional and global value chains effectively and continue using trade as an important engine of growth and sustainable development. The recent surge in shipping costs and the subsequent disruption of the international supply chain 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) provides 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 eight countries in North and Central Asia, reviewing the progress of trade facilitation reforms and provides 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, as well as measures beyond the scope of the WTO TFA. The report reveals that:

- North and Central Asia's implementation rate of the trade facilitation measures stands at 71%, significantly higher than the Asia-Pacific regional average of 65%. Within the region, the implementation level of North and Central Asia is next only to Australia and New Zealand, East & North-East Asia and South-East Asia.
- Implementation varies widely across the North and Central Asia countries. The implementation rate of Azerbaijan, the Russian Federation and Georgia achieve high levels, standing at over 80%. Kazakhstan stands at 72%, and Kyrgyzstan achieves approximately 70%. In contrast, Tajikistan stands at 51%, followed by Armenia and Uzbekistan, with an implementation rate of 62%.
- North and Central Asia countries made the most progress in implementing 'Cross-border Paperless Trade' related measures between 2019 and 2021, standing at 48%. Kyrgyzstan has made significant progress over the past two years, revealing a 15 percentage points increase, now standing at 70%.
- Measures under the "Sustainable Trade Facilitation" group are least implemented, particularly those targeted at women. For example, implementing measures to enhance gender balance in national trade facilitation faces considerable challenges with average implementation rates of 39%, suggesting plenty of room for improvement.
- The implementation of the newly incorporated sub-group 'Trade Facilitation in Times of Crisis' is 68%, higher than that of the regional average level. However, when it comes to individual measures, awareness about the long-term strategies to deal with emergency situations, such as the current pandemic shall be further enhanced.

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 5.7%. In contrast, digital trade facilitation measures, enabling the seamless electronic exchange of trade data and documents across borders, will help reduce trade costs by 13% for North and Central Asia 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; development of 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 Cross-border Paperless Trade in Asia and the Pacific (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.

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



Note: the figure shows cumulative trade facilitation implementation scores of Asia-Pacific sub-regions for 31 common trade facilitation measures included in the survey. Full implementation of all measures =100.

Source: UN Global Survey on Digital and Sustainable Trade Facilitation, [untfsurvey.org](https://untfsurvey.org), 2021.

This North and Central Asia report should be 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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