

Executive Summary

ASEAN has made a strong commitment to improving trade facilitation, which is reflected in all ASEAN Economic Community (AEC) Blueprints including the current one (2025). The measures included in the AEC Blueprint 2025 aim to achieve a convergence in trade facilitation regimes amongst the member states and move the region as a whole closer to global best practices. To make this objective concrete, the ASEAN Economic Ministers (AEM) in 2017 set a target to reduce trade transaction cost (TTC) by 10% by 2020. This should encourage the region to focus more on the implementation of trade facilitation measures, addressing operational and cooperation issues moving forward.

To assist the effort towards achieving this target, especially to allow a discussion amongst the member states on the areas of reform, the ASEAN Trade Facilitation Joint Consultative Committee (ATF–JCC) requested ERIA to come up with a methodology to measure the extent of progress on trade facilitation and to identify the gaps in its implementation. In response to the request, ERIA developed the ASEAN Seamless Trade Facilitation Indicators (ASTFI). The ASTFI consists of measures on transparency and engagement with the private sector; the core trade facilitation measures of clearance and release formalities; export and import formalities and coordination; and measures for transit, transport, and e-commerce facilitation. Partnering with ATF–JCC and the ASEAN Secretariat, ERIA conducted a baseline survey for the ASTFI during the first half of 2018.

This public version of the report presents the results of the survey and the analysis of the study, highlighting trade facilitation efforts and best practices in ASEAN, as well as in each member state as of 2018. A number of key results were revealed by the survey. ASEAN Member States (AMS) had performed well in terms of the transparency of regulation and private sector engagement. The information of regulation is available on each country's trade regulating agency website, although a need for improvement was identified in some countries where information in the English language was not yet available. Most AMS already had national trade facilitation committees or equivalents led by government officials, with the private sector consulted either regularly or as the need arises. Many regulatory agencies had implemented close engagement with the private sector, for example by requesting comments on proposed regulations from the public and concerned stakeholders.

Performance of the AMS in terms of release and clearance formalities had been modest, primarily due to issues with dwell-time publication, Time Release Study (TRS) publication, and self-certification as a regional initiative. The slow progress on ASEAN-related initiatives in this area, such as the ASEAN Single Window (ASW), self-certification, transit variables, and mutual recognition agreements on authorised economic operators (AEOs) also contributed to the underperformance of some of the agencies at the time (some of these initiatives have since been implemented). Moreover, many of the AMS still did not have an integrated automated risk management system with a national risk management framework and the implementation of national single windows was in the early stages.

On transit facilitation and transport facilitation, the AMS were somewhere in between weak to moderate performance. Performance was weak for the simplified procedures for Authorised Transit Traders (ATTs), and to a lesser extent the transit guarantee mechanism and computerised system for transit. The failure to secure full implementation of some major transport and transit agreements (e.g. ASEAN Framework Agreement on Facilitation of Goods in Transit (AFAFGIT), ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST), and ASEAN Framework Agreement on Multimodal Transport (AFAMT)) reflected the low policy prioritisation of these ASEAN initiatives by most AMS, which seems to be due to low commercial traffic.

AMS performed between weak to moderate on e-commerce facilitation, although some other AMS were already leading in the development of the domestic regulatory regime for e-commerce. This is probably not surprising as many AMS were still adjusting to the new phenomenon, with ASEAN still developing a regional framework on e-commerce spearheaded by the ASEAN Coordinating Committee on Electronic Commerce.

The baseline ASTFI survey revealed that the gap between the newer AMS and older AMS narrowed substantially over the period 2008–2018 (as shown by external indicators), providing a robust foundation for deeper integration in the region. Nevertheless, it also pinpointed areas of improvement in most AMS to progress in trade facilitation. The following were the major and ‘common’, or ‘shared’, recommendations towards seamless trade facilitation in ASEAN:

- All the NSW and ASW initiatives should be fully operational and be truly single windows. AMS should also adopt more extensive use of digital copies towards a truly paperless process.
- The National Trade Repositories (NTRs) and ASEAN Trade Repository (ATR) are the most important trade transparency initiatives of ASEAN. AMS need to ensure that the NTRs and the ATR provide the most up-to-date information in a widely accessible format that is easily understood even by small firms and traders.
- Ratification and implementation of the ASEAN transport facilitation agreements and protocols would be a good signal that the AMS are serious about regional integration, even if the individual benefits are not significant. Such agreements should be up and running by 2020.
- Regional efforts on e-commerce were given a significant boost in 2018 due to the importance ASEAN has given to them. The AEM adopted the ASEAN Digital Integration Framework which agreed to implement key action points in some areas, including digital payments, data protection, digital trade and innovation, fostering entrepreneurship, and broadening the talent base in ASEAN. Another issue essential to this is the expedited customs (and other border agencies) clearance for e-commerce transactions within ASEAN.
- The implementation of regional trade facilitation initiatives, such as self-certification, should be accelerated. More bilateral MRAs on issues such as AEOs or ATTs between AMS would strengthen the regional trade facilitation regime in ASEAN.

- AMS are included in the proposed Regional Comprehensive Economic Partnership (RCEP) Agreement. There is a need to look more closely at how trade facilitation in the wider RCEP region could be enhanced, and in the process facilitate the deepening of production networks in East Asia.
- The country reports give examples of loose ends that could be tied up to improve the ASTFI scores and, thus, the quality of services provided by the border agencies. Updating Non-Tariff Measures (NTMs) and publishing them on the NTRs would be an important step forward, but this is a continuing challenge for most AMS. Another meaning of tying up loose ends would be ensuring a smooth 'end-to-end' clearance process. Finally, loose ends could also be identified by implementing the TRS and making the results public.

A number of cases of good practice in leading AMS offered useful examples worth emulating by other AMS, which was heavily discussed during regular briefings to the ATF–JCC by ERIA. Such good practices were considered to be the basis of joint learning amongst the AMS. Notwithstanding the long road ahead, AMS have already been heading in the right direction. A subsequent ASTFI overview in 2020 and 2021 will evaluate the progress and the move towards a seamless trade facilitation environment in ASEAN from the baseline in 2018.