

Chapter **1**

Summary Report

ERIA

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Chapter 1

Towards Seamless Trade Facilitation in ASEAN Results of the ASTFI Baseline Study Summary Report¹

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1. Introduction

As one of the most trade-reliant regions in the world, it is not surprising that trade facilitation is a key focus of the Association of Southeast Asian Nations (ASEAN), as embodied in the ASEAN Economic Community (AEC) Blueprint 2015 (ASEAN, 2008a) and the AEC Blueprint 2025 (ASEAN, 2015). Trade facilitation is a major pathway towards the attainment of the AEC's main goal: the creation of a '...deeply integrated and highly cohesive ASEAN economy that would support sustained high economic growth and resilience even in the face of global economic shocks and volatilities' (ASEAN, 2015: 2).

Implementation of trade facilitation measures aims '...towards convergence in trade facilitation regimes amongst ASEAN Member States and to move closer to the global best practice...' (ASEAN, 2015: 3). In short, the key strategies towards seamless trade facilitation in ASEAN are to:

- Significantly reduce the divergence and gap in the trade facilitation regimes amongst ASEAN Member States (AMS); and
- Significantly reduce the gap or distance to the global best practice, or better still, be at the global best practice, for each AMS.

Narrowing the divergence in trade facilitation regimes implies that the AMS lagging in trade facilitation need to work harder, improve faster, and perform better than the front-running AMS in moving towards best practice trade facilitation.

At present, ASEAN has two short- to medium-term targets and one short-term target with respect to trade facilitation. The AEC 2025 Trade Facilitation Strategic Action Plan (ATF-SAP) (ASEAN, n.d.) lists one impact target and one outcome target, both short- to medium-term, arising from the key strategies towards seamless trade facilitation in ASEAN. The impact target is the doubling of intra-ASEAN trade from 2017 to 2025, while the outcome target is the improvement in performance (i.e. rise) of AMS in global rankings and surveys. A corollary target is the narrowing of the gap amongst AMS in global rankings and surveys as a reflection of the reduction in the divergence in trade facilitation regimes in ASEAN. The short-term target is a 10% reduction in trade transaction costs by 2020, set by the ASEAN Economic Ministers in 2017.

¹ This report is based on the 2018 data of the ASTFI baseline study survey.

The setting of specific quantitative targets for trade facilitation in ASEAN is noteworthy because it follows the successful approach used towards the virtual elimination of intra-ASEAN tariffs and the substantial (if still incomplete) liberalisation of services under the ASEAN Framework Agreement on Services. Such specific targets force the region to have a greater focus on the implementation of trade facilitation measures and on operational and cooperation issues moving forward. The ASEAN Seamless Trade Facilitation Indicators (ASTFI) support this shift in focus as the ASTFI is meant to be an effective monitoring tool for AMS and ASEAN trade facilitation regimes.

2. The ASTFI and Baseline Study Results

The results of a survey by the Economic Institute for ASEAN and East Asia (ERIA) in 2011 of firms in each of the 10 AMS point to two trade facilitation measures as the top two concerns of the ASEAN private sector for implementation by 2015: (i) improve import and customs administration efficiency and integrity; and (ii) streamline and expedite import and customs procedures, documents, etc. (Intal, Narjoko, and Simorangkir, 2011: 45–46).

At its core, trade facilitation is the simplification and standardisation of the procedures and associated information flows required to move goods internationally, with a focus on efficient and predictable processes, thereby reducing the cost, time, and uncertainty of international trade. Associated with this is the transparency and predictability of trade rules, the effective implementation of trade-related rules and regulations, effective and efficient risk management that reduces risk and balances trade control and trade facilitation, and the efficient movement of goods and associated services and information across borders (ADB and UNESCAP, 2009: 5).

There are two international indicators of the trade facilitation regime: (i) the Organisation for Economic Co-operation and Development Trade Facilitation Indicators (OECD TFI); and (ii) the United Nations Trade Facilitation and Paperless Trade Implementation (UN TFPT) surveys. The OECD TFI measure the implementation of the World Trade Organization Trade Facilitation Agreement (WTO TFA), while the UN survey focuses on the paperless trade and trade facilitation measures for small and medium-sized enterprises, agriculture, and women, in addition to general trade facilitation and transit facilitation. Drawing on Sudjana (2018), the two indicators offer contradictory findings for AMS: while the UN TFPT survey finds an improvement in results, the OECD TFI find a deterioration. The conflicting results likely stem from the differences in scope and focus as well as the methodology used.

Neither the OECD TFI nor the UN TFPT survey are sufficient or suitably tailored to address the concerns and interests of ASEAN in measuring and monitoring the trade facilitation regime in the region. Partly in response to this, the ASEAN Trade Facilitation Joint Consultative Committee (ATF–JCC) decided to develop, together with ERIA, ASEAN-shaped trade facilitation indicators called the ASTFI.

2.1. The ASTFI

The ASEAN Economic Ministers (AEM), during the 23rd AEM Retreat in March 2017, set a target to reduce trade transaction costs by 10% by 2020. To achieve this target, the Philippines, as the 2017 ASEAN Chair, proposed measuring trade facilitation in ASEAN using an ASEAN-specific set of indicators. These indicators, designed to measure the extent to which trade is being facilitated in the region, are primarily built to assist AMS in their efforts to design and implement policy, regulations, and procedures that render the import and export of goods more seamless. Towards this end, ERIA, together with the ATF–JCC, developed the ASTFI. The ASTFI were adopted by the 49th AEM Meeting/31st ASEAN Free Trade Area Council in September 2017.

The indicators are constructed to take into consideration the customs chapter of the ASEAN Trade in Goods Agreement (ATIGA), the ASEAN Trade Facilitation Framework, Protocol 7 of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAGIT), the Strategic Plan of Customs Development, relevant sections of the AEC 2025 Consolidated Strategic Action Plan, the ATF–SAP, and aspects of the WTO TFA that are not covered by the ATIGA.

Thus, the ASTFI are very much geared towards ASEAN, based in part on ASEAN agreements and plans as well as global best practices. Nonetheless, many of the indicators echo those of the globally oriented indicators carried by organisations such as the OECD, albeit with a different approach to scoring. The analysis of the ASTFI results will be supplemented with the results of other globally used indicators and other sources to obtain a more robust analysis of the trade facilitation regimes in ASEAN.

The ASTFI consist 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. Appendix II provides the list of variables in the ASTFI.

2.2. Baseline Study Results

ERIA conducted a baseline survey for the ASTFI, with the strong support of the ATF–JCC, the AMS, and the ASEAN Secretariat during the first half of 2018. The following are the key results:

Transparency and private sector engagement

Timely, comprehensive, and accessible (e.g. via internet) publication and dissemination of trade rules and regulations is one of the top priorities of the private sector on trade facilitation. For foreign-based traders, lack of timely and transparent information becomes a non-tariff barrier, imposing additional costs. Lack of such information also imposes unnecessary costs on small and medium-sized enterprises, even in-country, thereby hurting their competitiveness (see ADB and UNESCAP (2009: 28–29)). The ATF–SAP includes the full operationalisation of the ASEAN Trade Repository (ATR), and implicitly the National Trade Repositories (NTRs) upon which the ATR rests and with which it needs to be interlinked.

Similarly, given that the private sector is the main partner and client in trade facilitation, private sector engagement in the formulation, monitoring, and evaluation of trade-related rules and regulations, as well as trade-related policies and strategies, is important.

On average, ASEAN governments perform well in terms of the transparency of regulation and private sector engagement. AMS performed best in these two components amongst all the components. Note that AMS have high commitment rates in the WTO TFA in these areas. The high performance of AMS on transparency in the context of trade facilitation is also evident from the high scores the region obtained from the United Nations Trade Facilitation (UNTF) report from 2015 to 2019 (United Nations, 2019). During this period, AMS managed to increase their already excellent score of 94.4% in 2015 to 97.8% in 2019.

While it seems that AMS have performed well in terms of transparency, a possible area of improvement in terms of transparency of regulation and private sector engagement is to provide all available information in English and to increase the scope of information available on each country's trade regulating agency website. As it stands, not all information is in English; and it does not fulfil the requirements of the ATIGA and/or is missing or is difficult to access, especially with respect to non-tariff measures (NTMs). Most AMS performed well in private sector engagement, indicating that AMS have been assiduous in communicating and facilitating active engagement with the private sector.

Good private sector engagement practices can be found in the region. Malaysia's Special Task Force to Facilitate Business (PEMUDAH) is a good example of government-private sector engagement and partnership. Three factors contribute to the effectiveness of PEMUDAH: (i) active engagement of the private sector at both the working and policy levels (PEMUDAH is co-chaired by the government's chief bureaucrat and a private sector leader); (ii) the method of consensus building amongst government agencies and the private sector; and (iii) the role of the Malaysian Productivity Corporation (MPC), as the Secretariat of PEMUDAH, in facilitating the consensus process.

Most AMS tend to have national trade facilitation committees or equivalents led by government officials, with the private sector consulted either regularly or as the need arises. It would be ideal if the private sector were to participate in national trade facilitation committees because they can provide significant dynamism to the reform process, preferably with a technically competent and credible (to both government and the private sector) institution similar to the MPC that can help provide options, analyses, and facilitation in the consensus process.

Another good regulatory practice that contributes significantly to the quality and effectiveness of engagement with the private sector is for ministries and regulatory agencies to request comments on proposed new regulations or changes to existing regulations from the public and concerned stakeholders. In Singapore, this is established practice in the bureaucracy, even without a law mandating it. In Malaysia, a government circular on the National Policy on the Development and Implementation of Regulations, 2013 mandates it. In Viet Nam, a law mandates it, while it is written into Thailand's Constitution. Whether set in a circular, law, or even a constitution, what matters

ultimately is that consideration is given to public comments and that this becomes an established practice in the bureaucracy, since the implementation of laws and administrative rules can be inconsistent if this practice is not institutionalised within the bureaucracy.

Release, clearance, and import–export formalities and coordination

Release, clearance, and import–export formalities and coordination are at the core of the export/import and customs clearance process, and therefore at the heart of a country's trade facilitation regime. The WTO TFA and the Revised Kyoto Convention put considerable emphasis on them. The drive towards paperless trade and single windows is very much the centrepiece of global and regional trade facilitation initiatives. Strategic objectives 1 and 2 of the ATF–SAP are strongly related to release, clearance, and import–export formalities and coordination. As such, they deserve higher weight than the rest of the ASTFI components if an aggregate ASTFI score were to be made for each AMS.

Based on the UNTF report (UNESCAP, 2017), AMS formalities have performed well since 2015, with a steady improvement in the score from 88.9% in 2015 to 91.0% in 2017. In contrast, according to the ASTFI, the performance of AMS on release and clearance formalities may seem surprisingly modest, especially for the trade facilitation front runners of Singapore, Malaysia, and Thailand, taking note of the results of the secondary indicators discussed in section IV. A primary reason for the modest performance on the ASTFI stems from the inclusion of variables in the ASTFI that are not usually included in other trade facilitation indicators (e.g. the UNTF report), notably dwell time publication, Time Release Study (TRS) publication, and self-certification as a regional initiative.

In addition, the best practice performance of release, clearance, and import–export formalities and coordination includes an intra-ASEAN dimension – i.e. mutual recognition arrangements (MRAs) with other AMS on trade facilitation measures for Trusted Traders or Authorised Economic Operators (AEOs), and pre-arrival processing at land borders. In both cases, most AMS perform poorly. ASEAN related variables (e.g. the ASEAN Single Window (ASW), self-certification, transit variables, and MRAs on AEOs) performed underwhelmingly in 2018 partly because the ASEAN initiatives are still mostly in the pilot stage (self-certification) or because there appears to be little urgency or compelling need to undertake them at this time (transit variables). The low scores on ASEAN related variables, including those on transport facilitation, are a constant refrain in the discussion of the ASTFI results.

One of the most critical elements in the release and clearance formalities is risk management or the use of risk-based rules and procedures. Indeed, as the Singapore chapter emphasises, '*risk management... is central to Singapore Customs' balancing of trade control and trade facilitation without compromising either*'. The words highlighted in the previous sentence are critical because they show that risk management must be rigorous, with a constant review of the controls and an assessment of emerging threats, entailing adjustments to existing controls or new controls that need to be implemented without hampering trade. They also refer to tight coordination amongst agencies,

especially with respect to data and information exchange, so that risks are properly assessed, thereby informing selectivity and tactical decisions made. For a global supply chain hub, effective yet not trade-inhibiting risk management is integral to why Singapore is a global leader in trade facilitation without hurting its reputation as a trusted and secure global hub.

Amongst the AMS, Singapore, Malaysia, and Thailand perform best in risk management. Many of the other AMS still do not have an integrated automated risk management system with a national risk management framework in which each agency has risk management criteria and decision rules and risk profiles, and all the criteria and rules are integrated or interconnected to allow seamless risk management of shipments and shippers. Given the importance of effective risk management, which allows the balancing of trade control and trade facilitation, it is worth considering having a regional cooperation initiative in ASEAN on sharing good practices on risk management for efficient and effective trade facilitation.

The export/import formalities and coordination component of the ASTFI has the widest range of scoring amongst the AMS. This is because this component focuses on the drive towards paperless formalities and the establishment and operationalisation of the National Single Window (NSW) and the ASW. With respect to NSWs, AMS range from one of the world's NSW pioneers to AMS where NSWs and their link to the ASW are still under development. The extent of implementation towards paperless trading also varies tremendously amongst AMS, from one AMS that is virtually paperless to other AMS where original copies are still required.

The NSWs and the ASW have been the flagship measure on trade facilitation in ASEAN since the mid-2000s. The Roadmap for an ASEAN Community, 2009–2015 (ASEAN, 2008b) targeted the NSWs of the 10 AMS being operational by 2012. However, NSWs are still under development in three AMS and another AMS is reconfiguring its NSW project. This reflects the complexity of developing an operational NSW, let alone a well-performing one.

Singapore's pre-eminence in its NSW is the result of decades of continuous development, upgrades, and improvement since the turn of the 1990s. At the other end of the spectrum, Viet Nam and Brunei Darussalam began developing their NSWs in 2014 and 2013, respectively. The achievement of these two countries in developing their NSWs is remarkable, given the short period of time it took to operationalise them. However, as the ASTFI country reports for Brunei Darussalam and Viet Nam highlight, the drive to complete and perfect the system is not yet finished, e.g. completing the NSW for exports for Brunei Darussalam and embedding more procedures in the system for Viet Nam.

In the meantime, ASEAN's forerunners in trade facilitation (Singapore, Thailand, and Malaysia) have been upgrading their systems to a higher level of efficiency and service, which in the case of Singapore is meant to integrate trade, logistics, and trade finance – the three areas where the country is globally competitive. Thus, Singapore is transitioning

to its Networked Trade Platform, Thailand to its Customs 4.0, and Malaysia is testing its uCustoms.²

Innovations in the new level of trade facilitation in the three countries are worth noting. These include the adoption of a client relationship manager approach in Singapore and Thailand, wherein an eligible client or member is given a dedicated customs account officer to coordinate and help address problems that the client or member may have in the customs clearance process.

Another innovation, most prominent in Singapore's Trade FIRST, is the differential categorisation of clients with varying risk profiles in terms of trade facilitation 'privileges', where the best clients are given the most leeway and support in trade facilitation. This provides an incentive structure that encourages traders and economic agents to move towards lower risk profiles. (To some extent, this is a refinement of the common practice of privileging super green lane or priority (main partner of customs (MITA)) firms in some AMS.)

Indonesian Customs has been an active player in trade facilitation reforms and NSW development, despite the twin challenges of being a large archipelagic nation with many ports (compared with the countries of continental ASEAN) and a country that has yet to embrace fully economic openness in contrast to countries like Malaysia, Singapore, Thailand, and Viet Nam. Indonesia's NSW allows for live tracking of the flow of shipments (from their arrival to the port exit to the trader's warehouse) at a number of major ports in the country, including the flow of permits. Thus, the NSW can provide information on the dwell time of shipments, which has been given policy prominence by President Joko Widodo.

Indonesia's NSW does not, however, have information on the timing and flow of permit processing, from application to approval. In this sense, it is still not a single sign-on or a real single window. Considering Indonesia's size and expansive bureaucracy (with the attendant bureaucratic politics), establishing a centralised single sign-on for permits is not easy, hence the current approach undertaken by Indonesia.

Given the importance of the NSW to trade facilitation, it is clear that greater focus and investment in the operationalisation and/or perfecting of NSWs deserves top policy priority from AMS. In addition, the ASW regional initiative relies on the NSWs as its foundation. After the successful pilot-testing of the exchange of ATIGA Form D, the live implementation of the electronic exchange of more documents and the involvement of more AMS would be the next phase of making the ASW a common reality in the region.

Transit, transport, and e-commerce facilitation

An integrated AEC presupposes efficient connectivity that includes transit and transport facilitation. These are of particular importance to the Lao People's Democratic Republic (Lao PDR), as it is the sole landlocked country in ASEAN. Nonetheless, transit and transport

² 'u' stands for 'ubiquitous' because the service is at one's fingertips anywhere, anytime, on any device.

facilitation can also be important in other land routes of continental ASEAN, e.g. Bangkok–Kuala Lumpur–Singapore and Bangkok–Vientiane–Hanoi.

ASEAN has negotiated important agreements for transit and transport facilitation, including the AFAFGIT, whose Protocol 7 is specifically for transit facilitation; the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST); the ASEAN Framework Agreement on Multimodal Transport (AFAMT); and the ASEAN Framework Agreement on the Facilitation of Cross-Border Transport of Passengers by Road Vehicles. The ATF–SAP includes the full operationalisation of the ASEAN Customs Transit System (ACTS), while Section II C1-iv of the 2025 AEC Blueprint specifies the operationalisation of the AFAFGIT, AFAFIST, AFAMT, and ASEAN Framework Agreement on the Facilitation of Cross-Border Transport of Passengers by Road Vehicles.

The performance of AMS in transit facilitation is low to moderate, with the marked exception of Indonesia. AMS performance was relatively weak for the simplified procedures for Authorised Transit Traders (ATTs) variable, and to a lesser extent the transit guarantee mechanism and computerised system for transit, which for ASEAN is the ACTS. Nonetheless, the future is positive given that the ACTS has been pilot-tested for Malaysia, Singapore, and Thailand; and phase 2 of the ACTS project will extend it to the Greater Mekong Subregion (GMS) East–West Corridor involving Thailand as well as Cambodia, the Lao PDR, Myanmar, and Viet Nam (CLMV).

Similar to the AMS performance in transit facilitation, the performance in the transport facilitation components of the ASTFI in most of the AMS is low. This may seem surprising since three of the four variables on transport facilitation are related to ASEAN agreements that have been negotiated over nearly two decades, starting with the signing of the AFAFGIT in 1998. The failure to secure full implementation of the four major transport and transit agreements reflects the low policy prioritisation of these ASEAN initiatives by most AMS.

A possible major reason for this apparent lack of policy emphasis on the implementation of the ASEAN agreements is that they may be superfluous. The transport agreements are mainly geared at continental ASEAN (although Borneo island also has borders), which already has the GMS Cross-Border Transport Facilitation Agreement (CBTA), signed in 1999 – covering Cambodia, the Lao PDR, Myanmar, Thailand, and Viet Nam, plus China. Bilateral and trilateral road transport agreements have also been signed amongst these states as a pragmatic approach to the implementation of the GMS CBTA, which has now been implemented on at least three major GMS borders (Feng, 2014). Given the implementation of the CBTA, albeit still partial, implementing the ASEAN transport agreements does not seem to be urgent. In addition, the implementation approach of the GMS CBTA – relying on a series of bilateral and trilateral transport agreements – seems to suggest that the implementation of the transport agreements, together with the various protocols, is very challenging.

The other possible major reason is that commercial traffic appears to be limited. This also seems to be a main reason for the low scores in transit facilitation, with the marked exception of Indonesia. The results of the Japan External Trade Organization (JETRO) survey on the ASEAN Logistics Map for 2008 (JETRO, 2009) indicate that road transport is costlier but faster than sea transport in ASEAN. In addition, up until 2008, most of the land routes had limited and/or very unbalanced commercial trade, with the sole exception of the Bangkok–Kuala Lumpur–Singapore route. Even for this route, much of the volume of trade was between Thailand and Malaysia and between Malaysia and Singapore, with little through traffic between Thailand and Singapore. This means that much of the trade volume amongst the three countries is by sea. For the Lao PDR, transit issues have been addressed in bilateral agreements with Thailand and Viet Nam. Indonesia has borders with Timor-Leste and eastern Malaysia, and the border arrangements are likely primarily to facilitate local cross-border trade.

The experience of the GMS countries provides some good practices in transit and transport facilitation. For example, the GMS–CBTA Single Stop Inspection mechanism allows border control authorities from two countries to conduct joint one-stop inspections at inbound checkpoints. For example, at the Lao Bao–Dansavanh border crossing between Viet Nam and the Lao PDR, Vietnamese trucks are checked only at the Dansavanh border crossing and Lao PDR trucks are checked only at the Lao Bao border crossing. The result has been a drastic drop in the average clearance time for trucks from 90 minutes to 29 minutes. The GMS CBTA also has a ‘single window inspection’ wherein different inspections and controls of goods (e.g. customs, phytosanitary/plant protection, and veterinary) are carried out jointly and simultaneously by the respective competent authorities involved. Indeed, as agreed by the Lao PDR and Viet Nam, the initial one-stop inspection conducted by customs will be expanded to all the customs, immigration, and quarantine border agencies, resulting in an even faster clearance time (see ADB and Australian Aid (2013)).

The ACTS is very good practice when fully implemented – it could lead to seamless transit facilitation in continental ASEAN at least. Its key features are a single electronic goods declaration from departure to destination; duties and taxes at risk covered by a single guarantee that is reduced or waived for ATTs; simplified procedure privileges for ATTs; the application of common risk management techniques; a waiver of the need to transfer goods to a different truck in each country; and a digital customs system linking all customs offices in transit routes and linking all traders to customs offices of departure (see ARISE (2014)).

AMS performance in e-commerce facilitation ranges from weak to moderate, with Malaysia and Thailand taking the lead in the development of the domestic regulatory regime for e-commerce. This is probably not surprising as many AMS are 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. In preparing AMS to face this new economic climate, the ASEAN Coordinating Committee on

Electronic Commerce consolidated the ASEAN Work Programme on Electronic Commerce, 2017–2025, which includes a review of the regional legal framework on e-commerce.

The policy issues captured by the three variables of e-commerce facilitation are all challenging: (i) a legal framework for an interoperable cross-border e-commerce trading system, (ii) a legal framework for domestic and cross-border e-commerce dispute settlement, and (iii) a revenue collection framework for cross-border e-commerce trade. The variables in the e-commerce section of the ASTFI do not include the issues of data localisation and privacy, which are currently contentious globally.

Amongst the AMS, Malaysia and Thailand are the leading countries in the e-commerce indicators. For the three indicators mentioned above, regulations are being implemented on a wider scale in Malaysia and Thailand.

Viet Nam, the Philippines, and Singapore are the second group of countries leading the AMS in facilitating e-commerce. Viet Nam and the Philippines have applied regulations that support the implementation of (i) a legal framework for an interoperable cross-border e-commerce trading system, and (ii) a legal framework for domestic and cross-border e-commerce dispute settlement. Viet Nam and the Philippines also have a revenue collection framework for cross-border e-commerce trade at a developmental stage.

Singapore has implemented (i) a legal framework for an interoperable cross-border e-commerce trading system, and (ii) a revenue collection framework for cross-border e-commerce trade, but has not implemented anything to provide a legal framework for domestic and cross-border e-commerce dispute settlement. The rest of the AMS still lag behind in facilitating e-commerce trade, as they do not have a widely applied facilitative policy for e-commerce trade.

3. Insights on/from the ASTFI Country Reports

The ASTFI results are snapshots of the efforts of the AMS over the years to improve their trade facilitation regime – some AMS over two decades or more and others more recently, with varying levels of resources available in each country.

3.1. Brunei Darussalam

The case for efficient trade facilitation in Brunei Darussalam lies in the imperative for the country to diversify beyond oil and gas. One of the most promising avenues for economic diversification in Brunei Darussalam is high-value processing trade. This involves a quick turnaround of imports for exports with Brunei Darussalam's value added – presumably primarily via air because of the extremely low liner connectivity³ of the country – and the wage and skill composition of the population.

³ Based on the ASTFI country report, the low liner connectivity performance is manifested through a low score for logistics infrastructure on the 2016 Logistics Performance Index (LPI) and a low connectivity score on the United Nations Conference on Trade and Development (UNCTAD) Liner Shipping Connectivity Index (LSCI). The LSCI assesses maritime connectivity for container shipping, providing comparisons between countries and over time.

Brunei Darussalam has been working on improving trade facilitation. Two key ways forward have been the introduction of the electronic customs system (e-Customs) in 2010 and the implementation of the Brunei Darussalam NSW since 2013. Since Brunei Darussalam is aiming at significant transformation and diversification of the economy, trade facilitation is only one of the important cogs of reform. Hence, Brunei Darussalam has undertaken a number of major initiatives to improve the business climate. The need for much better trade facilitation service is because high value processing trade is likely to be time-sensitive, requiring a very short turnaround time.

3.2. Cambodia

Cambodia is a success story of trade and foreign direct investment (FDI) driven economic growth and transformation, with one of the highest average growth rates in the developing world for more than a decade, resulting in a sharp drop in poverty incidence. The trade to gross domestic product (GDP) ratio has been consistently greater than 100 since 2000 and has been rising secularly from 100 in 2000 to 125 in 2018. As the Cambodia ASTFI report highlights, trade facilitation is of high policy priority for the country to maintain its international competitiveness and to prepare it for the eventuality of losing its preferential access to Western markets as its per capita income rises further.

Cambodia's focused efforts on trade facilitation a little over a decade ago were remarkable, as described in the ASTFI country report. Cambodia climbed 22 places in the 2012 Logistics Performance Index (LPI). However, its LPI rating has decreased dramatically in recent years, with its ranking declining sharply from 77 in 2016 to 109 in 2018. Logistics professionals and executives express significant dissatisfaction regarding Cambodia's trade facilitation. This means that the successes at the start of the trade facilitation reform were not sustained. More importantly, the sharp deterioration in recent years seems to indicate that the country, without an operational NSW, has been increasingly constrained in the face of the much larger volume and wider range of imports and exports of a fast-growing trade and FDI driven economy.

3.3. Indonesia

The increase in rating and the sharp rise in the ranking of Indonesia in the LPI from 63 in 2016 to 46 in 2018 reflect the significant strides that Indonesia has taken in trade facilitation, especially from 2014 to 2018. Indonesia ranks third amongst the top-performing lower middle-income countries, after Viet Nam and India. The LPI rating and ranking are based on the perceptions of out-of-country logistics professionals dealing with Indonesia. At the same time, however, the 2018 LPI report indicates a deterioration in the perception of in-country logistics professionals on the efficiency of the clearance and delivery of imports and exports on schedule (see section IV and Figures 1.1 and 1.2).

The apparent disconnect seems to indicate the importance of tightening 'loose ends', as the Indonesia ASTFI report brings out. Perhaps equally important is the 'end-to-end' perspective in trade facilitation, which in the case of Indonesia would possibly include the

efficiency of moving goods in and out of the Bonded Logistics Centre,⁴ as this seems to be a source of dissatisfaction for the in-country logistics professionals in Indonesia.

3.4. Lao PDR

The Lao PDR experienced the sharpest improvement in rating and ranking in the customs LPI amongst AMS, from 2016 (ranked 155) to 2018 (ranked 74). The country belongs to the top 10 performing lower middle-income countries in 2018, together with Viet Nam, Indonesia, and the Philippines amongst the AMS. What makes the Lao PDR performance worth highlighting is that the country started trade reform in earnest only in the mid-2000s.

However, despite the remarkable improvement in trade facilitation, the scores of the ASTFI and the still very high documentary compliance time, especially for exports (as measured by the high average documentary compliance time on the World Bank's Ease of Doing Business), indicate that much remains to be done to improve the country's trade facilitation regime. In 2016, the Lao PDR's average documentary compliance time was 216 hours, significantly above other AMS with a similar level of development (132 hours in Cambodia and 96 hours in Myanmar) (World Bank, 2018). A top priority is the operationalisation of the NSW and the component foundations, such as the use of digital copies and electronic payments (e-payments).

3.5. Myanmar

Myanmar has achieved significant improvements in economic performance, but there is still ample room to strengthen its reforms (UNESCAP, 2017).

Myanmar ministries are cooperating closely to implement a series of reforms to enhance the country's competitiveness and competence in trade facilitation. Since its inclusion in the World Bank's Ease of Doing Business ranking in 2013, the Customs Department has carried out many reforms, including the Myanmar Automated Cargo Clearance System that was introduced in November 2016 and is intended to improve trade facilitation. Customs has also made advances such as the adoption of the ASEAN Harmonised Tariff Nomenclature in 2017, the WTO TFA, post-clearance audit, and the Advance Ruling on Classification and Valuation. On a more strategic level, Myanmar has implemented reforms of laws and regulations related to trade, such as the Sea Customs Act, 1878; the Land Customs Act, 1924; and the Tariff Law, 1992 (all amended and modified in 2018).

Despite achieving quite robust growth and development, Myanmar's rating and ranking in the customs LPI amongst the AMS during 2016–2018 is still low due to lack of personnel and information technology (IT) infrastructure.

Myanmar experienced the sharpest deterioration in rating and ranking of customs LPI amongst the AMS during 2016–2018, slipping from 96 in 2016 to a rank of 131 in 2018 – the lowest in ASEAN. Such a sharp deterioration in the perception of the efficiency of the

⁴ The Bonded Logistics Centre is a multifunctional warehouse used by traders to store and handle the documentary needs of goods for import and export.

clearance process by customs and other border agencies seems at odds with the many reforms to improve trade facilitation in the country.

One possible reason is that, as the Myanmar ASTFI report implies, Myanmar's customs agency is significantly under-resourced, primarily in terms of its IT capability and human capital (despite the personnel expansion and training programmes), while the agency is undergoing significant organisational changes.

The other possible reason for the rather perplexing result is that there are 'loose ends' or 'unfinished ends' to the reforms. One key way forward is to complete the reforms while continuing the institutional strengthening of critical agencies, especially customs, in terms of both the needed infrastructure and personnel.

3.6. Philippines

The 2018 LPI reveals an improvement in the Philippines' overall rank from 71 in 2016 to 60 in 2018. However, the improvement is not reflected in the customs LPI component, where the Philippines' rank deteriorated to 85 in 2018 compared with 78 in 2016 and 47 in 2014.

The reduction in the international customs LPI rank follows the trend of the domestic LPI score. In 2016, 25% of freight forwarders, as LPI respondents, perceived the clearance and delivery of the Philippines' imports and exports to be inefficient. In addition, no respondent (0%) indicated that customs clearance and border agencies were often or always transparent. Even though the score for both transparency and clearance is low, the score for solicitation of informal payments improved from 2016 to 2018 – 0% of respondents indicated that they had experienced solicitation of informal payments in 2018 compared with 60% in 2016.

In light of the high energy and minimum wage costs in the Philippines relative to most AMS, it is imperative for the country to have much more seamless trade facilitation – partly to offset such high energy and wage costs and be competitive in manufacturing for export. Unfortunately, the ASTFI baseline study results and the secondary indicators of trade facilitation (see Figures 1.1 – 1.4) are not comforting: the record is highly mixed.

Nonetheless, the Philippines ASTFI report shows that a number of major recent reforms provide a strong foundation for a better performing trade facilitation regime. These include the redesign of the country's NSW, as the old NSW has largely fallen out of use, with the new NSW based in the Department of Finance. Ultimately, the Philippines will have to accord the drive towards seamless trade facilitation much more focus, implementation priority, and energy.

3.7. Viet Nam

Viet Nam has arguably been the most assiduous of the AMS in its drive to have a well-performing trade facilitation regime, consistent with its trade and FDI driven economy. The Viet Nam ASTFI report details many of the reforms and initiatives undertaken. The improvement in Viet Nam's ranking in the LPI and the World Bank's Ease of Doing Business Trading across Borders indicator reflects the success of the country's efforts to improve

its trade facilitation regime. Viet Nam overtook Malaysia in the customs LPI ranking in 2018 and was the top-performing lower middle-income country in the 2018 LPI. Such a marked improvement in trade facilitation occurred alongside very robust FDI inflow and a sharp rise in exports and imports.

However, as the discussion in section IV indicates, there is still significant room for improvement for Viet Nam in terms of the efficiency and competence of customs and other border agencies, as well as the issue of informal payments. The Viet Nam ASTFI study highlights the country's drive to improve, refine, and make the NSW fully operational – involving more agencies and more improved features – so that the perception of private sector stakeholders can improve significantly in the future.

3.8. Malaysia, Singapore, and Thailand

These three countries are the front runners in trade facilitation in ASEAN, topped by Singapore, which has been perennially amongst the top seven (and at times, the global number one) in logistics performance indicators. Thailand and Malaysia were amid the top five performers amongst upper middle-income countries in logistics performance in 2018.

As the front runners in trade facilitation in ASEAN, Singapore, Thailand, and Malaysia have been moving their customs and border management to the next level towards greater trade facilitation while ensuring trade control and security. Thus, Singapore has Trade FIRST and is transitioning to its Networked Trade Platform, Thailand has Customs 4.0, and Malaysia is testing uCustoms. To some extent, this is not surprising because the three countries (and increasingly, Viet Nam) are the AMS most involved in global and regional production networks and value chains, where the demands on trade facilitation are pressing. Moreover, as they are deeply embedded in production networks that are heavily influenced by technological developments, the three countries need to meet the evolving needs of industries and businesses.

Despite being front runners, many areas for improvement remain. The ASTFI scores of the three countries show the areas needing improvement. The country ASTFI reports for Malaysia, Singapore, and Thailand provide country-specific recommendations for improvement. It is useful to highlight where greater commitment from the three countries may be needed, for example, for the three to provide signalling leadership, in words and deeds, to push forward the implementation of the ASEAN agreements as well as bilateral MRAs that deepen trade facilitation in the region, for example, MRAs on AEOs.

4. Context of the ASTFI Baseline Study Results: The Challenge and Promise of Trade Facilitation in ASEAN

A trade facilitation regime pertains to the regulations and processes and the associated institutional arrangements that govern the cross-border movement of goods. Arguably, there is a positive relationship between the quality of the trade facilitation regime (as provided by the government and related concerned institutions) and the quality of the

trade facilitation services (as felt and perceived by the clients, primarily the private business sector and industries).

The challenge of trade facilitation in ASEAN can be gleaned from the views of key private sector stakeholders, e.g. logistics professionals and executives. Indeed, most of the popularly used trade facilitation indicators rely on the perceptions of key private sector stakeholders: the LPI, the World Bank's Ease of Doing Business Trading Across Borders indicator, and the Global Enabling Trade Index Pillar 3 on the efficiency and transparency of border administration. There is also a burden of customs procedures variable in the World Economic Forum Global Competitiveness Report (GCR). The LPI relies significantly on the perception of logistics professionals (e.g. freight forwarders) while many variables in the Enabling Trade Index and the customs variable in the GCR rely on the perceptions of executives.

It is useful to look at a few indicators from the above-mentioned indices to have some indication of the state of trade facilitation services in ASEAN – in terms of the efficiency, transparency, certainty, and integrity of the export, import, and customs processes. Figures 1.1 and 1.2, from the LPI, present an evaluation of the efficiency of the border process (customs, other agencies) by logistics professionals based outside the country of interest (Figure 1.1) and inside the country of interest, i.e. in-country logistics professionals (Figure 1.2). Figure 1.3 and 1.4 show indicators of the perceptions or evaluations of executives on the burden of customs procedures (Figure 1.3) and the incidence of solicitation of informal payments in exports and imports (Figure 1.4) in the country.

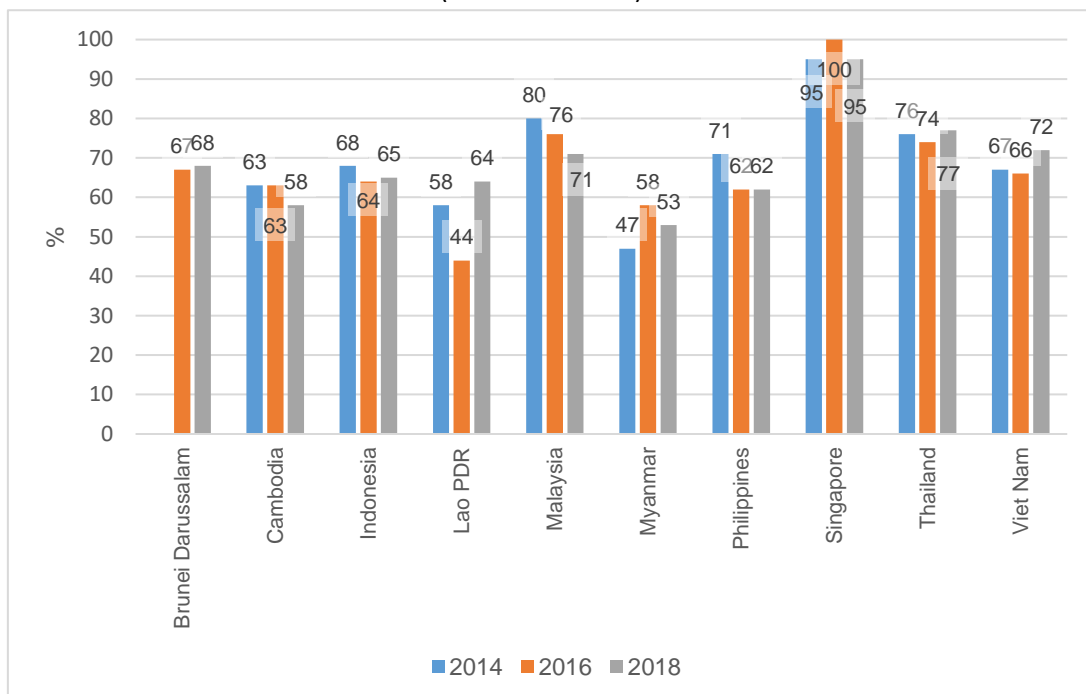
The state of trade facilitation services in ASEAN – in terms of the efficiency, transparency, certainty, and integrity of the export, import, and customs processes – and as viewed by key private sector stakeholders (e.g. logistics professionals and executives), shows considerable achievements and significant challenges for AMS and the region. Below are some of the private sector stakeholders' perceptions of the state of trade facilitation in ASEAN, based on the LPI and GCR (see Figures 1.1 – 1.4):

- In-country logistics professionals consider the clearance and delivery of imports and exports to be often or almost always efficient and on schedule in Thailand, Singapore, and most recently the Lao PDR and Brunei Darussalam. There have been significant slippages in Cambodia, Indonesia, and Malaysia, while perceptions have improved on the Philippines, Viet Nam, and Myanmar.
- In-country logistics professionals view that there is almost always transparency in trade clearance and on regulatory changes in Malaysia, Thailand (to a lesser extent), Singapore, and most recently Brunei Darussalam and the Lao PDR. There is a far less favourable view of transparency in the other AMS, with the Philippines and Indonesia registering some slippage.
- Foreign-based logistics professionals consider Singapore a global pacesetter in the efficiency (speed, simplicity, and predictability of the clearance process) of customs and other border agencies. Malaysia, Thailand, and increasingly Viet Nam follow,

but at significantly lower ratings, and with perceptions on Malaysia deteriorating secularly and perceptions on Viet Nam improving secularly.

Interestingly, the Lao PDR has the lowest rating, which contrasts markedly with the perception of in-country logistics professionals, who have a far more favourable view. The LPI report does not provide any explanations for this significant divergence of perceptions. One possible explanation, though, is that in-country logistics professionals know more, and are more updated on, the regulatory, institutional, and managerial landscape of the Lao PDR and could thereby adjust much more smoothly than foreign-based logistics professionals, especially because the Lao PDR does not yet have an operational NSW.

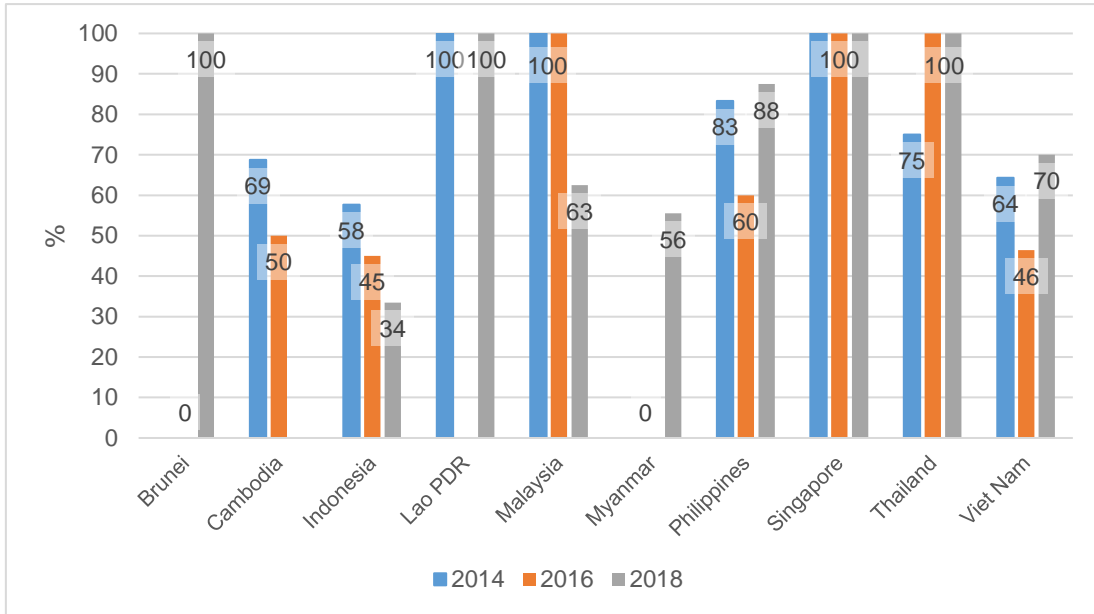
Figure 1.1: LPI – Customs in ASEAN, 2014–2018
(ratio to frontier)



ASEAN = Association of Southeast Asian Nations, Lao PDR = Lao People’s Democratic Republic, LPI = Logistics Performance Index.

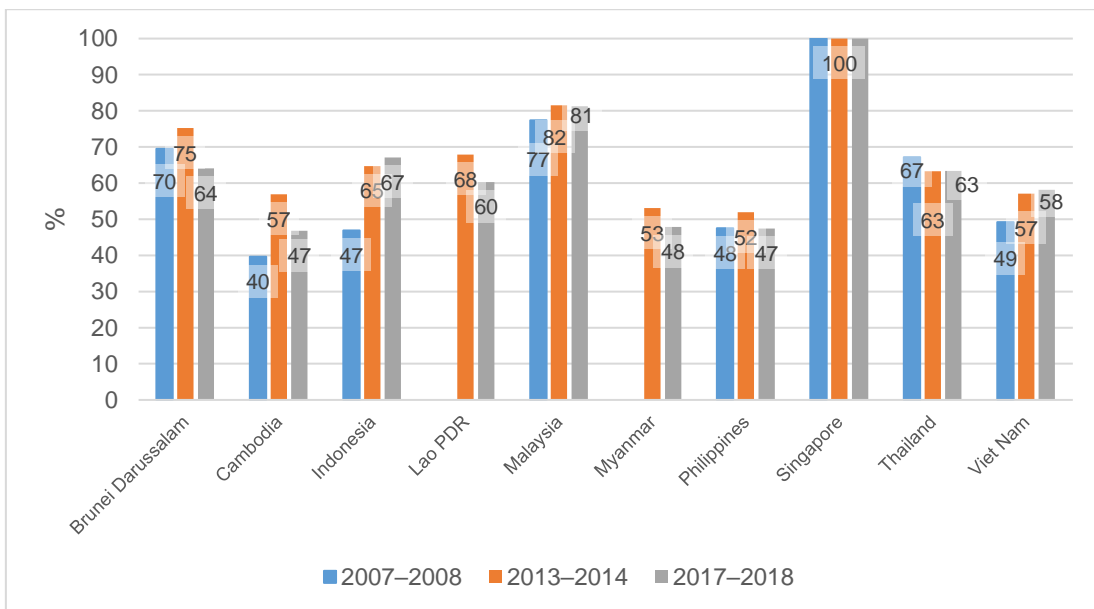
Source: Authors’ calculation based on data from World Bank (n.d.), International LPI from 2007 to 2018. https://lpi.worldbank.org/sites/default/files/International_LPI_from_2007_to_2018.xlsx (accessed 15 June 2018).

Figure 1.2: Efficiency of Clearance and Delivery in ASEAN, 2014–2018



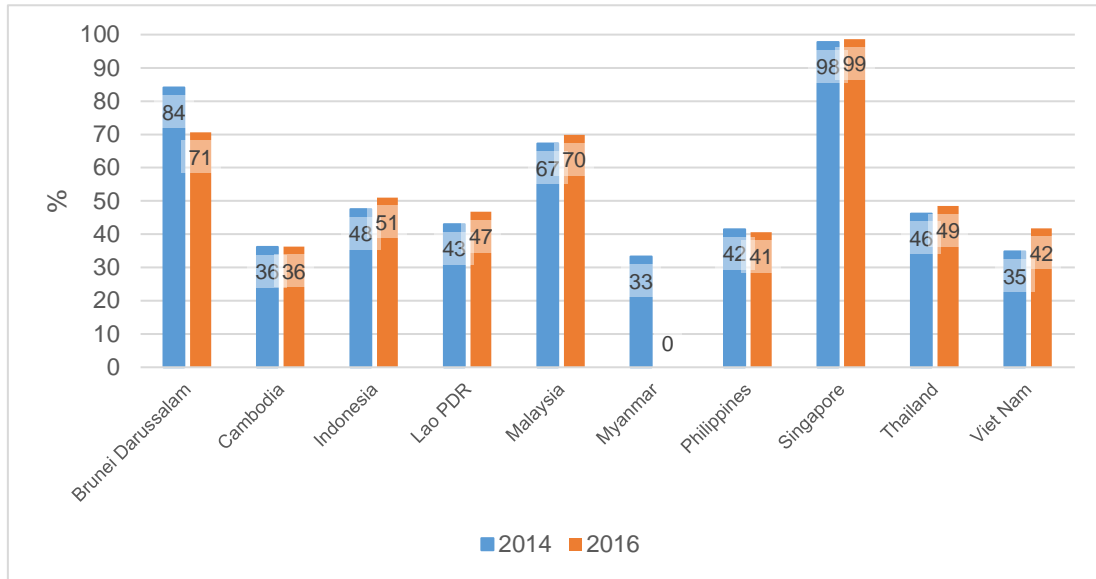
ASEAN = Association of Southeast Asian Nations, Lao PDR = Lao People’s Democratic Republic.
 Source: World Bank (n.d.), Domestic LPI, Performance. <https://lpi.worldbank.org/domestic/performance> (accessed 15 June 2018).

Figure 1.3: Burden of Customs Procedures in ASEAN, 2007–2018
 (ratio to frontier)



ASEAN = Association of Southeast Asian Nations, Lao PDR = Lao People’s Democratic Republic.
 Sources: Authors’ calculation based on data from World Economic Forum (n.d.) Global Competitiveness Index Historical Dataset, 2007–2017. http://www3.weforum.org/docs/GCR2017-2018/GCI_Dataset_2007-2017.xlsx (accessed 15 June 2018).

Figure 1.4: Irregular Payments in Exports and Imports in ASEAN, 2014–2016
(ratio to frontier)



ASEAN = Association of Southeast Asian Nations, Lao PDR = Lao People’s Democratic Republic.
Sources: Authors’ calculation based on data from World Economic Forum (n.d.) Global Enabling Trade Index. Historical Dataset, 2007–2017. http://www3.weforum.org/docs/GCR2017-2018/GCI_Dataset_2007-2017.xlsx (accessed 15 June 2018).

- Executives find customs and other border procedures in Singapore to be highly predictable and not burdensome. Malaysia ranks second amongst AMS for this component. Other AMS where some favourable views were expressed on the burden of border procedures are Brunei Darussalam, Indonesia, the Lao PDR, and Thailand.
- Executives consider that irregular payments in exports and imports virtually never occur in Singapore, followed to a large extent by Brunei Darussalam and Malaysia. The executives are more equivocal for the rest of the AMS.

While these are essentially perceptions, and therefore prone to bias, the results nonetheless suggest that there is significant room for improvement in trade facilitation for many AMS. This is consistent with the findings of the ASTFI discussed earlier in the report.

At the same time, despite the concerns of the business sector – including the foreign business sector – on the trade facilitation regimes in the AMS, virtually all the major foreign investing communities in ASEAN are bullish on the ASEAN region:

- In the 2017 European Union (EU)–ASEAN business sentiment survey, about three-quarters of the respondent EU firms in ASEAN felt that ASEAN has become more important for the firms’ global revenues during 2015–2016 and that ASEAN offers the best economic opportunities for 2017–2022 (EU–ASEAN Business Council, 2017).

- In the JETRO survey of business conditions of Japanese companies in Asia and Oceania, a greater percentage of Japanese-affiliated companies in ASEAN have been responding to business challenges with expansion of their operations than the Japanese affiliates in China from 2012 to 2017 (the latest survey year) (JETRO, 2017).
- In the ASEAN Business Outlook Survey 2018 of AmCham Singapore, four-fifths of the surveyed executives of United States (US) firms in ASEAN expect their companies' level of trade and investment in ASEAN to increase in 2018–2023. Robust economic growth, the rise of the middle and consuming class, and regional integration are the top three reasons why ASEAN markets will be more important for the worldwide operations of the US firms (AmCham Singapore, 2018: 15).
- Perhaps the Australian Business in ASEAN Survey 2018 puts it most forcefully and plainly, as it states that ASEAN, as Asia's new factory – with strong demand growth, rising standards of living, and a large infrastructure deficit – offers huge opportunities for Australian investors, or for that matter, other foreign and domestic investors. In addition, nearly nine-tenths of all the Australian firms surveyed plan to increase their levels of trade and investment in 2018–2023 (Australia–ASEAN Chamber of Commerce, 2018).

Thus, not improving the region's trade facilitation regime and services is an untapped opportunity for the region.

5. Conclusions and Recommendations: Towards Seamless Trade Facilitation in ASEAN: Elements for Moving Forward into 2020 and Beyond

The ASTFI results and the discussions above show the remarkable achievements of a number of AMS in trade facilitation during 2008–2018. What is particularly noteworthy are the significant strides of the newer AMS, especially Viet Nam but also the Lao PDR and even Cambodia. Clearly, the gap between these three and the other AMS has decreased substantially in recent years, providing a robust foundation for deeper integration in the region.

The case of Myanmar is particular in that the country is in the middle of wide-ranging reforms and institutional changes as it transitions from a relatively closed and 'planned' (or perhaps better, 'directed' or 'controlled') economy to a more open and market-oriented one. The reforms and institutional changes have not quite borne fruit yet, based on the perceptions of logistics professionals, in part because the policy and institutional changes have combined with under-resourced agencies facing the growing demands and rising expectations of a fast-growing and changing economy. Nonetheless, there is no doubt of the strong commitment to improve trade facilitation. Hopefully, as the 'dots' become better connected, 'loose ends' are tied up, technical infrastructure is developed, and institutions are strengthened, Myanmar may experience the same large jumps in performance that the Lao PDR did. In the process, the huge gap in trade facilitation

performance within ASEAN would drastically decline, and a more efficient and seamless trade facilitation regime in the region would be established.

The ASTFI results and the discussion above also point out, however, that there is still much to be done in many of the AMS to move towards a seamless trade facilitation environment in the countries individually and in the ASEAN region as a whole. The ASTFI country reports provide country-specific recommendations. What are highlighted below are the major and 'common' or 'shared' recommendations towards seamless trade facilitation in ASEAN:

5.1. NSW, ASW, and Export–Import Formalities

- The most important and impactful measure for the way forward is to operationalise the NSW (Cambodia, the Lao PDR, and Myanmar); operationalise a reworked and improved version of it (the Philippines); make it fully operational in terms of the procedures and the number of agencies embedded in it (e.g. Viet Nam) and for exports (Brunei Darussalam); make it closer to a truly single window (e.g. Indonesia and Viet Nam); and finish the upgrading to a higher-performing, integrated, ubiquitous, and client-focused system, even facilitative of trade logistics integration (Malaysia's uCustoms, Singapore's Networked Trade Platform, and Thailand's Customs 4.0). By 2020, all the NSW initiatives should be fully operational and truly single window, and the upgraded systems of the front runners should be operational.
- The full operationalisation of the NSWs in all 10 AMS by 2020 is imperative to make the ASW fully operational by 2020, with the inclusion of additional documents in the ASW.
- Attendant to the full operationalisation of the NSWs in each AMS, and to make them perform well, is the more extensive use of digital copies towards a truly paperless process. While technical constraints can arise from legacy IT systems, the ATF–JCC should set a target for the percentage of processes that are paperless by 2020.

5.2. NTRs, ATR, and NTMs

- The NTRs and ATR are the most important trade transparency initiatives of ASEAN. The country reports show major progress in the NTRs of many AMS. The most important weakness is the information base on NTMs. ASEAN is addressing this with the help of the EU–ARISE project and ERIA. Ideally, the NTRs and ATR should be complete by 2020. Apart from populating the ATR with the appropriate information linked with the NTRs, the challenge is for AMS to ensure that the NTRs and the ATR provide the most updated information in a widely accessible format that is easily understood even by small firms and traders.

5.3. ASEAN agreements, ACTS, and stronger cross-border coordination

- Ratification and implementation of the ASEAN transport facilitation agreements and protocols would provide 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.
- Land borders between AMS tend to be in the less developed parts of the countries, except the Johor–Singapore border, and to some extent the Lao PDR as a landlocked country. Thus, less policy priority is accorded to making their operations as seamless as possible. Nonetheless, the ACTS has the potential for seamless transit facilitation – at least in continental ASEAN. The ACTS should be fully operational and rolled out to Cambodia, the Lao PDR, Myanmar, and Viet Nam by 2020 to show the potential for deeper cross-border trade and economic relationships between and amongst AMS. In addition, more bilateral and institutionalized cross-border coordination should take place by 2020.
- Regional efforts on e-commerce were given a significant boost in 2018 in light of the importance ASEAN is placing on it. The AEM adopted the ASEAN Digital Integration Framework at the 50th AEM Meeting on 29 August 2018. As indicated by the Joint Media Statement of the meeting (ASEAN, 2018), implementing key action points in the six priority areas would facilitate seamless trade and digital payments and protect data, while supporting digital trade and innovation, fostering entrepreneurship, and broadening the talent base in ASEAN. Related to this is the issue of 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. On certificates of origin, there may be merit in the proposal of the EU–ASEAN Business Council (2017) to set up a working group that includes the private sector to examine the pros and cons, risk management mechanisms, and documentary requirements if the threshold value for a waiver of the certificate of origin were increased.
- More bilateral MRAs on issues such as AEOs (e.g. the Singapore–Thailand MRA on 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. As the RCEP is fundamentally about building deeper economic linkages between ASEAN and its six Dialogue Partners, it is clear that trade facilitation will eventually be an important consideration. Thus, 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. One possibility is to develop an ‘ASEAN Plus Six Seamless Trade Facilitation Indicators (A6STFI)’, which could be a modification and/or expansion of the current ASTFI.

5.4. Tie up ‘loose ends’

- The country reports give examples of loose ends that could be tied up to improve the ASTFI scores and, thus, the quality of service of the border agencies. For example, Malaysia could add transit rules and procedures to its customs website so that both foreign and domestic interested parties would have access to them. The Philippines could make the quality of the information on the relevant websites more business-friendly, work with the Philippine Ports Authority to institutionalise the regular publication of dwell times, and/or expedite its accession to the Istanbul Convention (adoption of the Admission Temporaire/Temporary Admission (ATA) Carnet). There are many more examples of loose ends in virtually all the country reports. Updating 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. For Indonesia, this could mean more than just customs and port clearance, and could include the efficiency of the in- and out-flow of goods in the new Bonded Logistics Centre. A significant improvement in customs clearance and a faster dwell time at the port could be negated by inefficiencies in the Bonded Logistics Centre, so the private sector may not feel the improvements in the customs and port clearance.
- Finally, loose ends could also be identified by implementing the TRS and making the results public. The most important benefit of the TRS is in determining and prioritising the sources of inefficiency in the export/import and customs clearance process. This allows for determining ways of tying up loose ends and addressing bottlenecks. Thus, it was recommended that all the TRSs be conducted in 2018 to assist the AMS in drawing up action plans to meet the targeted reduction in trade transaction costs of 10% by 2020.

5.5. Joint learning and regional cooperation

- A number of cases of good practice in leading AMS offer useful examples worth emulating by other AMS. Such good practice could be the basis of joint learning amongst the AMS, perhaps facilitated by the ATF–JCC or the Coordinating Committee on Customs. Examples of such good practice are:
 - transparency in rule-making in Malaysia (government circular), Singapore (ingrained practice), and Thailand (Constitution);
 - public consultations undertaken on new regulations;
 - Malaysia’s PEMUDAH public–private working groups, with technical support from the MPC, not just at the high policy level;
 - Thailand’s Customs Alliance under Customs 4.0, which aims to introduce a customs account officer approach, similar to banks’ relationship manager approach to clients and Singapore’s Trade FIRST;
 - a customs academy (e.g. Malaysia) for continuous training and professionalisation of the customs bureaucracy; and

- international and regional benchmarking to propel accelerated and clear-cut programmes for improvement, e.g. Viet Nam and Malaysia.
- Integrated and automated risk management for permits and customs clearance of all key trade-related agencies, with all risk parameters and decision rules in one interconnected platform (e.g. Singapore).
- At the individual AMS level, countries could learn from each other regarding their attempts to improve the implementation of the various trade facilitation measures. For example, the Philippine ASTFI country report recommends that the country apply risk management principles, taking into consideration the nature of the agencies and products being regulated; study and work with other AMS on how to integrate the NSW with the NTR; and study and adopt best practices for AEOs and Trusted Traders to allow the early release of goods, even based on provisional documentation.

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Appendix I

Integrative Report:

1. ERIA

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Appendix II

ASEAN Seamless Trade Facilitation Indicators (ASTFI)

Sub-Indicators and Components

Transparency and Information on Laws, Regulations, and Procedures

- VA01 Customs website/trade portal and information
- VA02 Information on export and import formalities of regulatory agencies
- VA03 National Trade Repository and Association of Southeast Asian Nations (ASEAN) Trade Repository
- VA04 Implementation of interactive information channels/customs contact centre

Communication with and Active Engagement of the Private Sector

- VB01 National Trade Facilitation Committee, and equivalent title and mechanisms
- VB02 Stakeholders, including micro, small, and medium-sized enterprises

Release and Clearance Formalities

- VC01 Advance Rulings for classification and valuation
- VC02 Pre-arrival processing
- VC03 Best practice risk management
- VC04 Separation of release from final determination and payment of customs duties
- VC05 Electronic payment
- VC06 Appeal and review mechanism
- VC07 Post-clearance audit
- VC08 Dwell time publication
- VC09 Time release study publication
- VC10 Trade facilitation measures for Trusted Traders or Authorised Economic Operators
- VC11 Self-certification
- VC12 Simplified or expedited clearance
- VC13 Temporary admission

Import/Export Formalities and Coordination

- VD01 Documentation requirements
- VD02 Acceptance of copies
- VD03 National Single Window

VD04 ASEAN Single Window

VD05 Border agency (customs, immigration, and quarantine) coordination (domestic)

Cross-Border Coordination and Transit Facilitation

VE01 Border agency institutional coordination (with bordering countries)

VE02 Border-crossing operational coordination with the neighbouring countries

VE03 Computerised system for transit

VE04 Transit guarantee mechanism

VE05 Simplified procedures for Authorised Transit Traders

Transport Facilitation

VF01 Procedures for issuance of ASEAN Goods Vehicle Cross-Border Permits

VF02 Electronic data interchange and port community

VF03 Land transport facilitation: Operationalisation of Protocols 1, 2, and 4

VF04 Land transport facilitation: Operationalisation of the ASEAN Framework Agreement on Facilitation of Inter-State Transport and the ASEAN Framework Agreement on Multimodal Transport

E-commerce

VG01 Legal framework and operationalisation of e-identification and authorisation

VG02 Revenue collection framework for cross-border e-commerce trade

VG03 Legal framework for domestic and cross-border e-commerce dispute settlement
