

Chapter 3

Trade Facilitation in ASEAN and ASEAN+1 FTAs: An Analysis of Provisions and Progress

Marie Isabelle Pellan

Institute for International Trade, University of Adelaide

Marn-Heong Wong

Lee Kuan Yew School of Public Policy, National University of Singapore

November 2011

This chapter should be cited as

Pellan, M. I. and M.-H. Wong (2011), 'Trade Facilitation in ASEAN and ASEAN+1 FTAs: An Analysis of Provisions and Progress', in Findlay, C. (ed.), *ASEAN+1 FTAs and Global Value Chains in East Asia*. ERIA Research Project Report 2010-29, Jakarta: ERIA. pp.52-111.

CHAPTER 3

Trade Facilitation in ASEAN and ASEAN+1 FTAs: An Analysis of Provisions and Progress

MARIE ISABELLE PELLAN

Institute for International Trade, University of Adelaide

MARN-HEONG WONG

Lee Kuan Yew School of Public Policy, National University of Singapore

The treatment of trade facilitation in the ASEAN Free Trade Area (FTA) and in the five FTAs concluded by ASEAN is analysed. The performance of ASEAN and its dialogue partners ('ASEAN+6') in different dimensions of trade facilitation is assessed. The paper offers a definition of trade facilitation and reviews the potential benefits of trade facilitation as highlighted in other studies. It examines the trade facilitation provisions in the ASEAN+1 agreements and discusses the complementary roles of multilateral and regional efforts on trade facilitation. It identifies and develops indicators of trade facilitation in several core areas and analyses the performance of ASEAN+6 countries as measured by these indicators over the period 2007 to 2010. Recommendations that could inform the approach of ASEAN+6 countries to trade facilitation in the context of wider intra-regional integration are then presented.

1. Introduction

The emergence of regional value chains was one of the main driving forces behind the rise in intra-regional trade in East Asia during the 1990s, in particular, the increased movement of intermediate goods across country borders. Not unlike other types of trade flows, the extent of trade in intermediate goods depends on the magnitude of prevalent trade costs. However, trade in intermediate goods might be more sensitive to trade costs when compared with trade in final goods¹. One explanation is that companies participate in global sourcing or outsourcing to reduce costs. Hence, any increase in the costs of inputs can quickly incentivize companies to switch suppliers. This includes the option of switching back to domestic suppliers to avoid trade costs.

The growth of regional value chains has added pressure for countries to reduce trade costs in order to make regional value chains more profitable to encourage its further development. While trade costs arise from tariffs as well as non-tariff trade barriers, recent efforts in trimming trade costs have increasingly emphasized the latter, as tariffs have progressively fallen. Trade facilitation is considered an important complement to trade liberalization efforts aimed at fostering economic integration.

There is evidence of the significant impact of trade transaction costs and the benefits that can be reaped from trade facilitation measures, especially for developing countries. Trade facilitation can result in ‘win-win’ opportunities both for developed and developing countries, as well as for governments, businesses and consumers. As such, trade facilitation is one of the ‘WTO (World Trade Organization) plus’ issues increasingly covered in Regional Trade Agreements (RTAs), including in East Asia. It is also a key component of the Doha Development Agenda in WTO, where negotiations for a multilateral agreement on trade facilitation are underway at the time of writing. In the current context of uncertainty over the successful conclusion of the Doha Round, RTAs can be an important vehicle for implementing trade facilitation measures.

This paper analyses the treatment of trade facilitation in the ASEAN (Association of Southeast Asian Nations) Free Trade Area and in the five Free Trade Area (FTA)²

¹ Miroudot et. al. (2009), p.5.

² Note that FTA in this paper is used both as an acronym for Free Trade Area as well as Free Trade Agreement.

agreements concluded by ASEAN and its dialogue partners, and assesses the performance of ASEAN and its dialogue partners ('ASEAN+6') in different dimensions of trade facilitation. The analysis is undertaken with a view to providing suggestions of ways to enhance cooperation in trade facilitation among ASEAN+6 countries as a means to fostering economic integration and the development of value chains in the region.

The paper is structured as follows: section 2 addresses definitional issues in relation to trade facilitation and reviews the potential benefits of trade facilitation as highlighted in other studies. Section 3 examines the trade facilitation provisions in the ASEAN Free Trade Area and ASEAN+1 FTAs, namely ASEAN--Australia--New Zealand Free Trade Area (AANZFTA); ASEAN--Japan Comprehensive Economic Partnership (AJCEP); ASEAN--India Free Trade Area (AIFTA); ASEAN--China Free Trade Area (ACFTA); and ASEAN--Korea Free Trade Area (AKFTA). This will be followed by a brief discussion of complementary roles of multilateral and regional efforts on trade facilitation. Section 4 identifies and develops indicators of trade facilitation in several core areas and analyses the performance of ASEAN+6 countries as measured by these indicators over the period 2007 to 2010. Section 5 attempts to draw policy recommendations that could inform the approach of ASEAN+6 countries to trade facilitation in the context of wider intra-regional integration and provides concluding remarks.

2. Trade Facilitation: Definition and Potential Benefits

2.1. Definition of Trade Facilitation

There is no standard definition of the term 'trade facilitation'. Various definitions have been used by international organizations and in trade agreements. In the context of the WTO and the Organisation for Economic Co-operation and Development (OECD), for instance, trade facilitation means: 'the simplification and harmonization of international trade procedures including the activities, practices and formalities involved in collecting, presenting, communicating and processing data and other information required for the movement of goods in international trade' (OECD, 2005).

In the context of the Doha Round of trade negotiations in WTO, the mandate of negotiations in the area of trade facilitation focuses in particular on the following three provisions of the GATT (General Agreement on Tariffs and Trade) 1994: Article V on Freedom of Transit; Article VIII on Fees and Formalities connected with Importation and Exportation; and Article X on the Publication and Administration of Trade Regulations.³

By comparison, many bilateral and regional trade agreements have a broader understanding of trade facilitation, extending more generally to ‘any procedures, processes or policies capable of reducing transaction costs and facilitating the flow of goods in international trade’.⁴

This paper adopts a broader definition than the one used in the context of WTO negotiations. The review of trade facilitation provisions in section 3 covers a number of behind-the-border issues affecting the free flow of goods, including non-tariff measures such as sanitary and phytosanitary measures, standards, technical regulations and conformity assessment procedures.

Despite their significant impact on trade, rules of origin are not examined in this paper since the issue is addressed in depth in a separate chapter. Provisions in trade agreements for the development of physical infrastructure are also not examined as trade facilitation in FTA provisions, even when understood in a wider sense, is generally distinguished from infrastructure development, notwithstanding the latter’s ability to also significantly influence the flow of traded goods.⁵

³ It should be noted that other WTO rules are relevant to trade facilitation even though they are not covered by the negotiations. These include, for instance: Articles VII (Valuation for Customs Purposes) and Article IX (Marks of Origin) of GATT 1994; Agreement on the Implementation of Article VII of the GATT 1994 (Agreement on Customs Valuation); Agreement on Pre-Shipment Inspection; Agreement on Sanitary and Phytosanitary Measures (SPS Agreement); Agreement on Technical Barriers to Trade (TBT Agreement); and Agreement on Import Licensing Procedures.

⁴ Impediments to international trade in particular complex and numerous formalities are also referred to as ‘red tape’. Trade facilitation aims to cut such red tape; see for example, Woo and Wilson (2000).

⁵ UNESCAP (2002), p.1.

2.2. Potential Benefits of Trade Facilitation

Inefficient trade procedures can produce harmful effects for a country's exports. Some experts have estimated that each additional day that a product is delayed prior to being shipped reduces trade volumes by at least 1 percent.⁶

The reduction in trade transaction costs through trade facilitation can bring significant welfare gains. According to a study by Wilson et al. (2005), improved trade facilitation in a sample of 75 countries could increase trade by 10 percent or US\$377bn. For the Asia-Pacific region alone, improving trade facilitation along four dimensions, namely port efficiency, customs environment, regulatory environment and service sector infrastructure, could increase intra-APEC trade by around 10 percent, or US\$280bn.⁷

Some studies have focused on the potential gains from trade facilitation reforms in the areas covered in the WTO negotiations on trade facilitation. It would appear from these studies that compliance with GATT Article V (Freedom of transit) and Article VII (Fees and formalities connected with importation and exportation) could yield a US\$107 billion and \$33 billion increase in manufacturing trade, respectively. Furthermore, compliance with GATT Article X (Publication and administration of trade regulations) could yield a US\$154 billion increase in trade.⁸

Moreover, improving trade facilitation could produce greater benefits than tariff reductions. A study by Hertel and Keeney (2005) finds that the world-wide gains from improved trade facilitation (US\$110bn) are of comparable magnitude to the results of full liberalization of goods and services trade (US\$150bn).⁹

Duval and Utoktham (2009) suggest that tariff costs account for a small portion of the overall international trade costs of Asian sub-regions – typically 10 percent or less. This confirms in their view the need for trade policy-makers and negotiators to sharpen

⁶ Peng (2008), p.5.

⁷ Wilson et al. (2005).

⁸ Wilson et al. (2005) 'Assessing the benefits of trade facilitation: A global perspective', The World Bank Institute, Washington D.C.

⁹ Hertel and Keeney (2005), 'What's at Stake: The Relative Importance of Import Barriers, Export Subsidies, and Domestic Support' in Kym Anderson and Will Martin (eds) *Agricultural Trade Reform and the Doha Development Agenda*, Washington D.C.: The World Bank.

their focus on reducing non-tariff barriers, including trade facilitation and improvement of trade logistics services.¹⁰

The work of Pomfret and Sourdin (2009) suggests that efforts by ASEAN trade policy-makers to reduce non-tariff barriers have paid off. They analysed the changes in trade costs of around 200 countries between 1990 and 2007 as measured by the difference in ‘free on board’ (FOB) and ‘cost insurance freight’ (CIF) values of imports by Australia, a third country market. They observed that ASEAN countries had reduced trade costs by more than the global average from the mid-1900s until 2003, corresponding to the period during which AFTA was being established and suggested that this might support at least in part the effectiveness of trade facilitation provisions in trade agreements.

However, Shepherd (2010) found that while tariff reductions have played a significant role in reducing overall trade costs in APEC (Asia-Pacific Economic Cooperation) and ASEAN, progress on reducing non-tariff trade costs has been less impressive. He examined trade costs in APEC and ASEAN countries in the periods 1995-2008 and 2001-07 respectively. There has been encouraging progress towards the reduction of trade costs (although there were some data limitations that made it difficult to assess in the case of ASEAN) but that performance varied markedly across countries.¹¹

For developing countries, implementing trade facilitation measures may be more challenging but they stand to gain the most from trade facilitation reforms. Unlike the elimination of tariff barriers which may affect a country’s imports rather than its exports, the reduction of trade transaction costs can be beneficial to both importers and exporters, providing a win-win opportunity for developing countries.¹²

¹⁰ Duval and Utoktham (2009), p.15.

¹¹ Shepherd, UNESCAP (2010), p.93.

¹² *Overcoming Border Bottlenecks*, OECD (2009) p.17.

3. The Treatment of Trade Facilitation in ASEAN and ASEAN+1 FTAs

3.1. Growing Trend to Include Trade Facilitation in RTAs

It is difficult to generalize about the content of the trade agreements that have spread across Asia in late 1990 to early 2000. However, it would seem that ‘new generation’ RTAs are not primarily about tariff barriers but more about reducing border and behind-the-border trade costs.¹³

With a few exceptions, Asian economies are increasingly favouring a WTO plus approach in the negotiation of their FTAs.¹⁴ Besides liberalization of trade in goods, facilitating trade flows through closer customs cooperation and mutual recognition of standards and conformity assessment, for instance, has been a stated objective in most of the completed framework agreements of RTAs involving ASEAN, China and India.¹⁵

Peng (2008) reports that the number of agreements covering trade facilitation in Asia and the Pacific has significantly augmented in recent years. The WTO database on RTAs identifies 85 agreements out of the 298 in force (notified to WTO) as taking up the areas of trade facilitation covered by GATT/WTO agreements.¹⁶ In the Asia-Pacific region alone, 34 out of 102 signed RTAs now include some trade facilitation provisions.

3.2. Trade Facilitation in ASEAN

ASEAN is one of the oldest regional trading arrangements in the Asia-Pacific region. It was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand, and joined by Brunei Darussalam in 1985. During the 1990s ASEAN expanded its membership to 10 as Vietnam acceded in 1995, Laos and Myanmar in 1997, and Cambodia in 1998.¹⁷

¹³ Pomfret and Sourdin (2009), p.257.

¹⁴ Kawai and Wignaraja (2010b), ADB no 226, Oct, p.19.

¹⁵ Sen (2006), p.572.

¹⁶ Finger, Note for ADB FTA Forum.

¹⁷ ASEAN member countries account for 592 million people. If ASEAN were a single economic entity, it would rank as the world’s 10th largest economy, third biggest market in the world in terms of population, fifth largest trading bloc, and 10th in terms of foreign direct investment (FDI) inflows (ASEAN Annual Report 2009-2010, p.1).

The ASEAN framework, like a number of other RTAs in Asia, has developed over a prolonged period of time and consists of several layers of agreements and declarations, each building on and reinforcing the trust gained by the previous one.

Initially, the ASEAN Free Trade Agreement (AFTA) focused on a reduction of tariffs by implementing a Common Effective Preferential Tariff (CEPT) scheme. The agreement contains general provisions incorporating certain aspects that can be subsumed under a broad definition of trade facilitation.¹⁸

The Framework Agreement on Enhancing the ASEAN Economic Cooperation establishing AFTA urges members to ‘reduce or eliminate non-tariff barriers between and among each other on the import and export of products’.¹⁹ Moreover, the 1992 agreements include a Framework Agreement on the Facilitation of Goods in Transit which contains specific provisions on the mutual recognition of inspection certificates for road vehicles and driving licences, as well as provision on the harmonization and simplification of customs procedures as regards transit transport.²⁰

The adoption of the Declaration of ASEAN Concord II (also called Bali Concord II)²¹ at the Ninth ASEAN Summit in Bali on 7-8 October 2003 established the ASEAN Economic Community (AEC), which is foreseen by 2015. The ASEAN Economic Community Blueprint, a comprehensive action plan with clear timelines and targets for implementation from 2008, was further adopted in 2007.²²

Taking one step further on the path of economic integration, in 2009, ASEAN countries adopted the ASEAN Trade in Goods Agreement (ATIGA). The agreement, which entered into force on 17 May 2010, consolidates and streamlines all the provisions of the CEPT--AFTA and economic cooperation agreements, as relevant. It

¹⁸ For instance, the CEPT Agreement provides that members ‘shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalization of trade. These may include, among others, the harmonization of standards, reciprocal recognition of tests and certification of products (...)’ (See Article 5(C) of the Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area, signed in Singapore on 28 January 1992).

¹⁹ See Article 2(A) Section 3 of the Framework Agreement on Enhancing ASEAN Economic Cooperation, signed in Singapore on 28 January 1992.

²⁰ See ASEAN Framework Agreement on the Facilitation of Goods in Transit, Parts III and IV.

²¹ Full text can be found at: www.aseansec.org/15160.htm.

²² The year 2010 has been a landmark year for ASEAN in terms of bringing the region ever closer to an ASEAN community with an integrated market. Countries forming part of ASEAN-6 can now import and export almost all goods across their borders at no tariff. For Cambodia, Laos, Myanmar and Vietnam, the tariff of some 99 percent of all tariff lines have been reduced to 0-5 percent.

also comprises elements such as the removal of non-tariff barriers, rules of origin, standards and conformance, sanitary and phytosanitary measures, customs and trade facilitation.

The ATIGA marks a significant milestone with regard to trade liberalization and trade facilitation to improve the free flow of goods within ASEAN. Notably the provisions on non-tariff barriers have been enhanced further as compared to the CEPT--AFTA provisions, through the codification of measures and the establishment of a mechanism to monitor the elimination of non-tariff barriers (NTBs).²³

Apart from the provisions on the elimination of NTBs, the ATIGA contains a broad range of provisions relevant to trade facilitation. For instance, it includes provisions on fees and charges connected with importation and exportation;²⁴ publication and administration of trade regulations;²⁵ and the ASEAN Trade Repository.²⁶ It also contains specific chapters on trade facilitation²⁷ and customs.²⁸

The chapter on trade facilitation calls upon members to develop and implement a comprehensive ASEAN Trade Facilitation Work Program setting out 'clear targets and timelines of implementation necessary for creating a consistent, transparent, and predictable environment for international trade transactions...'.²⁹ The Trade Facilitation Work Program sets out actions and measures to be implemented at both ASEAN and national levels, in areas such as customs procedures, trade regulations and procedures, standards and conformance, and sanitary and phytosanitary measures.³⁰

Under an update on the ASEAN Trade Facilitation Work Program at the 42nd meeting of the ASEAN Economic Ministers, each ASEAN member state has been tasked to conduct a survey of the status of trade facilitation to take stock of the environment in ASEAN in 2010-11 through a common set of questionnaires for the private and public sector.³¹

²³ See Chapter 4.

²⁴ Article 7.

²⁵ Article 12.

²⁶ Article 13.

²⁷ Chapter 5.

²⁸ Chapter 6.

²⁹ Article 45.

³⁰ See Art. 46 of the ATIGA. The work programme and any future revisions shall be administratively annexed to the ATIGA and form an integral part of the agreement (Art. 48.2).

³¹ AEM meeting in August 2010. <http://www.asean.org/25051.htm>

The provisions dealing specifically with customs are aimed at ensuring predictability, consistency and transparency in the application of customs laws of member states; promoting the efficient and economical administration of customs procedures, as well as the expeditious clearance of goods; simplifying and harmonizing customs procedures and practices; and promoting cooperation among customs authorities.

More specific provisions focus on key issues such as conformance to international standards and practices on customs procedures and control; risk management; customs valuation; application of information technology; post-clearance audit; advance rulings; customs co-operation; transparency; designation of enquiry points; and review and appeal of decisions rendered by customs authorities.

In the context of the ASEAN Economic Community Blueprint, a scorecard was established to monitor and assess implementation of provisions in the blueprint, including trade facilitation measures. According to the first AEC Scorecard published in April 2010, 73.6 percent of measures scheduled for implementation between January 2008 and December 2009 were implemented by ASEAN member states. Measures that were not implemented mainly involved the ratification of important economic agreements by individual members.³² The published version of the AEC Scorecard was a brief document and did not contain detailed information on the progress of trade facilitation measures.

In October 2010, ASEAN adopted the Master Plan on ASEAN Connectivity as a key step towards realizing the ASEAN Community³³. The plan prioritized projects with regard to physical infrastructure development (physical connectivity); effective institutions, mechanisms and processes (institutional connectivity); and empowered people (people-to-people connectivity). Substantial improvement in trade facilitation was identified as one of the key strategies to enhance institutional connectivity, and prioritized projects in this area relating mainly to standards and conformance and customs facilitation. Specifically, these are projects to develop more Mutual Recognition Arrangements especially for the priority integration sectors, establish

³² ASEAN Secretariat (2010) p.7.

³³ The ASEAN Community comprises the three pillars of a political-security community, an economic community and a socio-cultural community.

common rules for standards and conformity assessment procedures, and operational all National Single Windows (NSWs) by 2012.

Some of the key trade facilitation measures undertaken by ASEAN in moving towards an AEC are addressed in further detail below.

3.2.1. Customs Modernization and Integration

ASEAN member states have embarked on the acceleration of modernization of customs techniques and procedures with the objective of enhancing trade facilitation and expediting the clearance of goods at customs.³⁴

Progress and achievements in this regard include: adoption of the ‘ASEAN Customs Vision 2015’ in June 2008; review of the ASEAN Customs Agreement to support realization of the ASEAN Economic Community; implementation of the ASEAN Harmonized Tariff Nomenclature 2007/1, which is fully aligned to the World Customs Organization (WCO) Harmonized Commodity Description and Coding System 2007; development of the ASEAN Customs Valuation Guide, ASEAN Customs Post Clearance Audit Manual and ASEAN Cargo Processing Model; and efforts to activate the ASEAN Customs Transit System under the ASEAN Framework Agreement on Facilitation of Goods in Transit.

Measures undertaken pursuant to the Strategic Program of Customs Development (SPCD) are likely to result in significant improvements as regards the free flow of goods within ASEAN, including the release of any containerized shipment within no more than 30 minutes. Information and communication technology (ICT) applications have also been introduced in the customs clearance of goods in all ASEAN member states, in accordance with international standards. Furthermore, with a view to supporting the establishment of the ASEAN Economic Community, ASEAN customs administrations are strengthening their cooperation in the area of customs enforcement.

3.2.2. Single Window

ASEAN members states adopted the Agreement to Establish and Implement the ASEAN Single Window in 2005. The ASEAN Single Window (ASW) is a facility that

³⁴ See Strategic Program of Customs Development (SPCD).

allows parties involved in trade and transport to lodge standardized documentation and/or data with a single entry point to fulfil all import, export and transit-related regulatory requirements.³⁵

Although the ASEAN Economic Community Blueprint set 2008 as the latest year for the ASEAN-6 countries of Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand to operationalize their NSWs, it was only in August 2010 that ASEAN Economic Ministers noted at their meeting that these countries had activated their NSWs. The CLMV countries (Cambodia, Laos, Myanmar and Vietnam) have until 2012 to set up their respective NSWs and at the time of writing they are undertaking preparatory work to do so. The ASEAN countries have signed the Memorandum of Understanding on the Implementation of the ASEAN Single Window Pilot Project and the Protocol on Electronic Customs Facilitation (Single Window) to test the infrastructure and procedures.³⁶

3.2.3. *ASEAN Trade Repository*

With a view to improving transparency, ASEAN member states are working towards the establishment of an ASEAN Trade Repository (ATR) by 2015. The ATR will serve as a gateway of regulatory information at regional and national levels. The objective is to make such information available on the internet to economic operators like exporters, importers, traders, government agencies and the interested public and researchers.

According to the terms of the ATIGA, the ATR will carry trade-related information on the following aspects: tariff nomenclature; preferential tariffs offered under the ATIGA; rules of origin; non-tariff measures; national trade and customs laws and rules; procedures and documentary requirements; administrative rulings; best practices in trade facilitation applied by each member state; and a list of authorized traders of member states.³⁷

³⁵ See UN/CEFACT Recommendation No. 33.

³⁶ 'Thailand MOU On Implementation of ASEAN Single Window Pilot Project to be Signed,' Thai Press Reports, 5 October 2010.

³⁷ ATIGA (2007), Article 13.

The ASEAN secretariat has been entrusted to monitor and update information on the ATR based on notifications submitted by member states. At the time of writing, ASEAN is involved in the design phase of the establishment of the ATR.

3.2.4. Standards, Technical Regulations, Conformity Assessment and Mutual Recognition

ASEAN is undertaking a series of measures aimed at addressing non-tariff barriers to trade. Such measures include, *inter alia*, actions to: (1) harmonize standards, technical regulations and conformity assessment procedures through their alignment with international standards; (2) promote transparency in the development and application of standards, technical regulations and conformity assessment procedures; (3) develop and implement sectoral mutual recognition agreements (MRAs) on conformity assessment for specific sectors identified in the ASEAN Framework Agreement on MRAs. The main objective of these provisions is to avoid the creation of unnecessary obstacles to trade and reaffirm the rights and obligations of ASEAN member states under WTO agreements.

Work on harmonizing standards has been undertaken in ASEAN starting with products in the sectors earmarked as priority for economic integration. These include agro-based products; cosmetics; fisheries; pharmaceuticals; rubber-based products; wood-based products; automotive; construction; medical devices; traditional medicines; and health supplements. Moreover, ASEAN has harmonized technical regulations for the cosmetics and electrical and electronics sectors.

The ASEAN Framework Agreement on MRAs was signed in 1998. MRAs are agreements made between two or more parties to mutually recognize the results of conformity assessment conducted on goods. Having such arrangements between countries reduces the need for a product to undergo multiple tests in order to be sold or used within the same region. As such, MRAs can help reduce business costs on test reports and increase the certainty of market access for products.

A few years after the adoption of the Framework Agreement on MRAs, agreements were adopted in the following sectors: electrical and electronic equipment (2002), cosmetics (2003) and telecommunications (2000). These agreements require parties to accept the test reports and certification issued by the testing laboratories and

certification bodies of other parties. This reduces duplicate testing and certification requirements in all ASEAN countries.

3.3. Trade Facilitation Coverage in ASEAN+1 FTAs

3.3.1. ASEAN--Australia--New Zealand Free Trade Area

The Agreement Establishing the ASEAN--Australia--New Zealand Free Trade Area (AANZFTA) is the single most comprehensive economic agreement negotiated by ASEAN to date. It was signed in February 2009 and entered into force on 1 January 2010. The agreement aims to integrate 12 markets into a market of more than 600 million people with a combined gross domestic product (GDP) of US\$2.65 trillion (based on 2008 figures).

The AANZFTA is a comprehensive FTA negotiated as part of a ‘single undertaking’, i.e. spanning goods, services, investment, as well as other subjects, such as competition policy, intellectual property and trade facilitation. As is the case for a number of modern FTAs, preferential tariff rates are not the centrepiece of AANZFTA and the terms of the agreement are more commonly aimed at addressing specific concerns about trade costs.³⁸

Among the five ASEAN+1 FTAs, AANZFTA is the one that includes the most comprehensive and substantive set of provisions on trade facilitation. For instance, the chapter on trade in goods creates an obligation for parties to apply fees and charges connected with importation and exportation in a manner that is consistent with their rights and obligations under GATT 1994.³⁹ It further incorporates as part of the agreement, Article X of GATT 1994, calling on parties to the extent possible to make available on the internet their domestic laws and regulations.⁴⁰

The chapter entitled Customs Procedures includes provisions aimed at improving predictability, consistency and transparency in the application of customs laws and administrative procedures to ensure the more efficient and effective administration at the border and faster clearance of goods. It includes detailed provisions on customs cooperation, including in relation to technical assistance programmes to be developed,

³⁸ Pomfret, p. 12.

³⁹ Chapter 2, Article 5.

⁴⁰ Chapter 2, Article 6.

subject to resources availability, to facilitate the parties' implementation of Single Windows.⁴¹

Other measures included in the agreement relate to advance rulings on issues regarding tariff classification, customs valuation or origin of goods⁴² and risk management⁴³ (i.e. facilitating the clearance of low-risk goods and focusing on high-risk goods). Other provisions of the agreement focus on the use of automated systems⁴⁴ as well as new technology to promote greater certainty and predictability in relation to e-commerce in the relevant markets, such as paperless trading and e-certification.⁴⁵

In addition to general provisions on non-tariff measures in the chapter on trade in goods, the AANZFTA includes separate chapters with detailed provisions on sanitary and phytosanitary measures,⁴⁶ as well as standards, technical regulations and conformity assessment procedures.⁴⁷ For example, the agreement aims at facilitating trade in goods by providing means to improve transparency, communication and consultation on SPS issues and to enhance the practical implementation of the principles and disciplines under the SPS agreement.⁴⁸ In this particular area, parties are to explore how to further strengthen cooperation on the provision of technical assistance, especially in relation to trade facilitation.⁴⁹

With regard to standards, technical regulations and conformity assessment procedures, trade in goods is to be facilitated by ensuring that such measures do not create unnecessary obstacles to trade.⁵⁰ The agreement further reaffirms the rights and obligations of parties under the TBT agreement, including on issues such as transparency and the mutual recognition of the results of conformity assessments

⁴¹ Chapter 4, Article 5(2)(b).

⁴² Chapter 4, Article 8.

⁴³ Chapter 4, Article 9.

⁴⁴ Chapter 4, Article 6.

⁴⁵ Chapter 10 (Electronic Commerce).

⁴⁶ Chapter 5.

⁴⁷ Chapter 6.

⁴⁸ See for instance Chapter 5, Articles 1-7.

⁴⁹ Chapter 5, Article 8(3).

⁵⁰ Chapter 6, Article 1.

performed in the territory of another party.⁵¹ Provisions also extend to the consideration of proposals to supplement existing cooperation in this area.⁵²

In order to promote and monitor the implementation of trade facilitation measures in relation to SPS measures and standards, technical regulations and conformity assessment procedures, AANZFTA establishes two sub-committees, namely the Sub-Committee on SPS Measures and the Sub-Committee on Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP) mandated to review progress towards achievement of the various commitments.⁵³

3.3.2. *ASEAN--Japan Comprehensive Economic Partnership (AJCEP)*

The ASEAN--Japan Comprehensive Economic Partnership (AJCEP) Agreement was signed in April 2008 and entered into force in December 2008. It is an umbrella agreement for the individual FTAs or comprehensive economic partnership agreements concluded with ASEAN-6 countries over the period 2000-07. The agreement is comprehensive in scope, covering such fields as trade in goods, trade in services, investment and economic cooperation.

As part of the built-in agenda of the AJCEP, ASEAN and Japan launched negotiations on services and investment in 2009. ASEAN and Japan had a combined GDP of US\$6.4 trillion in 2008. The total bilateral trade between ASEAN and Japan reached US\$211.7 billion, making Japan ASEAN's top trading partner in 2008.

According to the terms of the 2006 Framework for Comprehensive Economic Partnership between ASEAN and Japan, parties are to engage in consultations with a view to developing a work programme for the expeditious implementation of measures or activities related to the facilitation of trade procedures. This work programme is to cover areas such as: customs procedures by computerization, simplification and harmonization to international standards, as well as exchange of information concerning

⁵¹ See Chapter 6, Articles 4-7.

⁵² See Chapter 6, Article 8. See also Components 2 and 3 of the Agreement Establishing the ASEAN--Australia--New Zealand Free Trade Area (AANZFTA) Economic Co-operation Work Programme developed pursuant to Chapter 12 of AANZFTA (Implementing Arrangement signed on 27 February 2009).

⁵³ See Chapter 5, Article 10 and Chapter 6, Article 13.

standards and conformance policies and capacity building of standardization organizations.

The AJCEP was negotiated in 2008 pursuant to the Framework Agreement. The AJCEP emphasizes the importance of simplification, transparency and harmonization with regard to the application of customs procedures for the prompt customs clearance of goods.⁵⁴ It stipulates that each party shall endeavour to apply its customs procedures in a predictable, consistent and transparent manner. In addition, the agreement contains provisions on transparency of laws, regulations, and administrative procedures and rulings.⁵⁵

The agreement also covers SPS and TBT measures. In particular, it includes provisions that reaffirm the rights and obligations under WTO agreements,⁵⁶ strengthen cooperation and information exchange,⁵⁷ and commit parties to developing joint work programmes for building capacity, especially with regard to standards, technical regulations and conformity assessment procedures.⁵⁸ To facilitate cooperation in the area of SPS and TBT measures and to review implementation of these provisions, a Sub-Committee on Sanitary and Phytosanitary Measures and a Sub-Committee on Standards, Technical Regulations and Conformity Assessment Procedures were established.⁵⁹

Further provisions deal with economic cooperation in areas such as trade-related procedures; business environment; ICT; and transportation and logistics.⁶⁰

3.3.3. *ASEAN--China Free Trade Area (ACFTA)*

Under the Framework Agreement on Comprehensive Economic Cooperation signed in November 2002, ASEAN and China committed themselves to phased reduction of tariffs on goods traded among China and ASEAN's six older members so as to create a free trade area among them by 2012. The ASEAN--China FTA (ACFTA) was realized in 2010.

⁵⁴ Article 22.

⁵⁵ Article 4.

⁵⁶ See for instance Articles 39 and 45.

⁵⁷ See Articles 40 and 43.

⁵⁸ Article 46(2)(c).

⁵⁹ Articles 40 and 48 of the ASEAN-Japan Agreement on Comprehensive Economic Partnership.

⁶⁰ Article 52.

In November 2004, China's Commerce Minister and the Economic Ministers of the 10 ASEAN countries signed the Agreement on Trade in Goods, which set 1 January 2010 as the date for the elimination of all tariffs on trade between China and ASEAN-6.⁶¹ This agreement entered into force on 1 January 2005. Two additional enabling agreements were negotiated under the 2002 Framework Agreement, namely the Agreement on Trade in Services, signed in 2007 and the ASEAN--China Investment Agreement signed in 2009.

In 2008, China was the third largest trading partner of ASEAN after Japan and the EU, with a trade value of US\$192 billion. This accounted for 11 percent of ASEAN's total trade with external parties. The ACFTA in 2008 was a market of 1.91 billion consumers with a combined GDP of about US\$5.83 trillion. It is reported that in terms of consumer market size, the ACFTA is the biggest FTA in the world.⁶²

With regard to trade facilitation, the Framework Agreement includes provisions aimed at strengthening economic cooperation between the parties, including through the establishment of effective trade and investment facilitation measures, such as the simplification of customs procedures and the development of MRAs.⁶³

The ASEAN--China Agreement on Trade in Goods contains provisions on Transparency⁶⁴ and some general language on the elimination of non-tariff barriers.⁶⁵ The Agreement on Trade in Goods does not include any specific provisions on trade facilitation or on customs procedures.

It is worth noting that in 2009 ASEAN and China adopted a Memorandum of Understanding (MOU) on Standards, Technical Regulations and Conformity Assessment within the framework of their initial cooperation agreement. This MOU aims, *inter alia*, at further promoting cooperation in the implementation of the TBT Agreement and ensuring that imported and exported products between ASEAN and

⁶¹ However, up to 150 tariff lines can still be protected by tariffs up to 2012.

⁶² ASEAN, 'Free Trade Agreements', available at www.aseansecretariat.org.

⁶³ See Articles 2 and 7 of the Framework Agreement on Comprehensive Economic Co-operation between ASEAN and the People's Republic of China.

⁶⁴ Article 4 essentially incorporates Article X of the GATT 1994 as an integral part of the ASEAN-China Agreement on Trade in Goods.

⁶⁵ Article 8.

China conform to requirements of safety, health, environment, the protection of consumers' interests and the promotion of regional trade in line with TBT principles.⁶⁶

Also relevant to trade facilitation is the Beijing Declaration on ASEAN--China ICT Cooperative Partnership for Common Development and Plan of Action, which is aimed at deepening collaboration in the area of ICT.⁶⁷ A detailed Plan of Action to implement the Beijing Declaration was developed for 2007-12. This Plan of Action calls on parties, *inter alia*, to identify measures to facilitate mutual recognition arrangements for ICT telecommunications equipment and to exchange information and cooperate in the field of online applications and services.

3.3.4. ASEAN--Korea Free Trade Area (AKFTA)

ASEAN and the Republic of Korea signed a Framework Agreement on Comprehensive Economic Cooperation in 2005. Subsequently, four more agreements were negotiated between the parties, forming the legal basis of the ASEAN--Korea FTA (AKFTA): the Agreement on Dispute Settlement Mechanism (2005); the Agreement on Trade in Goods (2006); the Agreement on Trade in Services (2007); and the Agreement on Investment (2009). The ASEAN--Korea FTA took effect on 1 January 2010 for ASEAN-6. According to the ASEAN Annual Report for 2009-2010, bilateral trade between ASEAN and South Korea grew from US\$38.7 billion in 2003 to US\$750.3 billion in 2009.

The Framework Agreement on Comprehensive Economic Cooperation calls for economic cooperation in the area of customs procedures. More specifically, parties are encouraged to share expertise on ways to streamline and simplify customs procedures; exchange information on best practices relating to customs procedures, enforcement and risk management techniques; facilitate cooperation and exchange of experiences in the application of information technology; and publish their customs laws and regulations.⁶⁸

AKFTA calls for economic cooperation in the areas of customs procedures; transparency of customs laws and regulations; application of information technology

⁶⁶ See Preamble and Article 1 of the Memorandum of Understanding between the Governments of Member States of ASEAN and the Government of the People's Republic of China on Strengthening Cooperation in the Field of Standards, Technical Regulations and Conformity Assessment.

⁶⁷ Beijing Declaration, adopted in May 2005.

⁶⁸ Annex, Article 1.

and improvement of monitoring and inspection systems in customs procedures. Other provisions contained in the Annex to the agreement deal with ICT, SPS measures and standards and conformity assessment procedures. The Framework Agreement calls for the establishment of effective trade and investment facilitation measures. On economic cooperation, it commits parties to explore and undertake cooperation projects in areas such as customs procedures; ICT; standards and conformity assessment; and SPS measures.

The Agreement on Trade in Goods under the Framework Agreement on Comprehensive Economic Cooperation signed in 2006 includes provisions on Transparency⁶⁹ and on WTO disciplines, reaffirming parties' commitments under WTO, including those relating to non-tariff, TBT and SPS measures.⁷⁰ Article 8 of the agreement deals specifically with non-tariff barriers and SPS measures. More specifically, it calls for the identification of non-tariff barriers with a view to their elimination. It also emphasizes the importance of transparency of TBT and SPS measures and establishes a working group on TBT and SPS to deal with issues relating to the implementation of this provision, and the protection of human, animal or plant life or health through mutual cooperation and bilateral consultations.

3.3.5. ASEAN--India Free Trade Area (AIFTA)

ASEAN and India negotiated a Framework Agreement on Comprehensive Economic Cooperation in 2003. The ASEAN-India Trade in Goods Agreement (AI-TIGA) under the Framework Agreement was signed on 13 August 2009 and entered into force on 1 January 2010 for four ASEAN member states and India. It calls for the reduction of tariffs with a view to their eventual elimination starting 1 January 2010. The AI-TIGA creates one of the largest free trade areas with a market of almost 1.8 billion people, and a combined GDP of US\$2.8 trillion. At the time of writing, ASEAN and India are negotiating Agreements on Trade in Services and Investment under the Framework Agreement.⁷¹

⁶⁹ Article 4 incorporates as an integral part of the Agreement Article X of the GATT 1994.

⁷⁰ Article 7.

⁷¹ ASEAN Annual Report 2009-2010, p.7.

The Framework Agreement sets out general terms of cooperation on a comprehensive set of trade facilitation issues. These include: MRAs, conformity assessment, accreditation procedures and standards and technical regulations; non-tariff measures; customs cooperation; trade financing; and business visa and travel facilitation.

The AI-TIGA also includes a number of provisions relevant to trade facilitation. For instance, the agreement calls for the simplification of customs procedures and their harmonization with relevant international standards and recommended practices, where possible.⁷² The AI-TIGA also contains a provision on non-tariff measures reaffirming parties' commitments under WTO rules including transparency and notification of SPS/TBT measures.

3.4. Comparative Analysis of Trade Facilitation Provisions in ASEAN+1 FTAs

3.4.1. Main Areas Covered in Trade Facilitation Provisions

The empirical literature on trade facilitation provisions in regional trade agreements highlights the broadening scope of RTAs' trade facilitation coverage.⁷³

For instance, Moise (2002) classifies RTA trade facilitation provisions in four main categories: rules on transparency and due process; harmonization of procedures and formalities; simplification and avoidance of unnecessary restrictiveness; and modernization and the use of new technology.

In his examination of trade facilitation provisions in RTAs in Asia and the Pacific, Peng (2008) focuses on nine areas, which in his view reflect the increasing use of a broader definition of the term trade facilitation. These areas are: customs procedures and cooperation; technical regulations, standards and SPS measures; NTBs, including administrative fees and charges; transparency of laws, regulations and administrative rulings; use of ICT and e-commerce; mobility of business persons; freedom of transit; facilitation in transport and trade logistics; facilitation in payment and trade finance.⁷⁴ In particular, Peng has identified the first five areas as 'core' areas in trade facilitation cooperation that are covered in the majority of RTAs.

⁷² Article 14.

⁷³ Moise (2002); Wille and Redden (2006); Peng (2008).

⁷⁴ Peng (2008).

A review of trade facilitation provisions in the ASEAN and ASEAN+1 FTAs has shown that they tend to cover the five core categories as identified by Peng (Table 1).

Table 1. Summary Table of Trade Facilitation Provisions in ASEAN+1 FTAs

Trade Facilitation coverage/RTA	ASEAN	ASEAN--Australia--NZ	ASEAN--Japan	ASEAN--Korea	ASEAN--China	India--ASEAN
Customs procedures and cooperation	√	√	√	√	√	√
Technical regulations, standards and SPS measures	√	√	√	√		√
NTBs, especially administrative fees and charges	√	√	√	√	√	√
Transparency of laws, regulations and administrative rulings	√	√		√	√	
Use of ICT and E-commerce	√	√	√	√	√	

This section compares the trade facilitation provisions in ASEAN+1 FTAs in the five core areas of trade facilitation identified above, namely: (1) customs procedures and cooperation; (2) TBT and SPS measures; (3) NTBs, especially administrative fees and charges; (4) transparency of laws, regulations and administrative rulings; and (5) use of ICT and e-commerce.

Customs Procedures and Cooperation

Customs procedures are identified as an area for future cooperation in all of ASEAN's FTAs. However, not all ASEAN+1 FTAs include detailed and concrete provisions on customs procedures. ASEAN--China⁷⁵ and ASEAN--Korea FTAs,⁷⁶ for instance, identify customs procedures as an area of future collaboration in their respective Framework Agreement, but their respective Agreement on Trade in Goods do not include any specific provisions on the matter.

In contrast, the AJCEP, AIFTA and AANZFTA contain provisions that call on their parties to endeavour to apply customs procedures in a predictable, consistent and

⁷⁵ See Article 2 of the ASEAN--China Framework Agreement.

⁷⁶ See Article 3.1(a) of the ASEAN--Korea Framework Agreement on Comprehensive Economic Cooperation.

transparent manner. Furthermore, with a view to ensure prompt customs clearance, parties must endeavour to: (1) simplify their customs procedures; and (2) harmonize their customs procedures, to the extent possible, with relevant international standards and recommended practices, e.g. from the WCO. The issue of transparency is also emphasized, as parties are encouraged to share information amongst themselves in the area of customs procedures.

AANZFTA is the agreement that includes the most detailed and specific set of provisions on customs procedures. As such, AANZFTA is the agreement that most mirrors the ASEAN FTA in terms of the measures and initiatives identified to facilitate the free flow of goods across borders. Among the concrete measures relevant to customs cooperation are provisions on advance rulings⁷⁷ and risk management.⁷⁸

TBT and SPS Measures

Like the provisions on customs procedures and cooperation, provisions on TBT and SPS measures are incorporated in most of the RTAs in East Asia.⁷⁹ Such provisions are also found in ASEAN+1 FTAs but once again, the provisions found in the different agreements tend to vary in terms of their scope.

The AANZFTA, AJCEP, AIFTA and AKFTA all reaffirm the rights and obligations of parties under the WTO TBT and SPS Agreements. Some of the agreements, such as AKFTA contain provisions reiterating the importance of transparency of TBT and SPS regulations, including notification procedures on the preparation of technical regulations or standards, and occurrences of SPS incidents.

Both AJCEP and AANZFTA address the issue of TBT and SPS measures in separate chapters through a detailed set of provisions focusing on specific aspects of the implementation of TBT and SPS measures, such as the issue of equivalence in respect of international standards, guidelines and recommendations. These ASEAN+1 FTAs

⁷⁷ Article 8.

⁷⁸ Article 9.

⁷⁹ The WTO Agreement on Technical Barriers to Trade (TBT) and the Agreement on Sanitary and Phytosanitary Measures (SPS) set out principles and rules in the areas of standards and conformance. The TBT Agreement covers technical regulations, voluntary standards and conformity assessment procedures applying to both industrial and agricultural products. The SPS Agreement regulates measures imposed on certain agricultural products to ensure food safety for human and animals, protect humans from animal or plant-carried diseases, and protect animals and plants from pests and diseases. The TBT and SPS Agreements are mutually exclusive in their application.

also establish working groups or sub-committees to follow up on the implementation of the relevant provisions by the parties to the agreement.

Whilst the ACFTA agreements do not substantively address the issue of TBT and SPS measures, China and ASEAN nevertheless adopted in 2009 a Memorandum of Understanding on Strengthening Cooperation in the field of standards, technical regulations and conformity assessment procedures.

Non-Tariff Barriers (NTBs)

NTBs are generally defined as measures other than tariffs which effectively prohibit or restrict imports or exports of goods between countries. With this broad definition, the term NTBs may encompass a wide variety of measures that have an impact on trade. These may include, for instance, quantitative restrictions; fees and charges in connection with importation and exportation; import licensing procedures; technical regulations, standards or conformity assessment procedures; and SPS measures.

This section deals particularly with measures such as quantitative restrictions; fees and charges in connection with importation and exportation; and import licensing procedures, as TBT and SPS measures were covered in a category of their own.

Based on the review of the five ASEAN+1 FTAs it appears that all of them contain provisions on 'non-tariff barriers' or 'non-tariff measures'. The provisions essentially call upon member states to abstain from adopting or maintaining any non-tariff measure on the importation of any good of any other member state or on the exportation of any good destined for the territory of any other member state, except in accordance with their WTO rights and obligations or in accordance with the ASEAN+1 agreement.

The AANZFTA specifically refers to quantitative restrictions and incorporates into the agreement the requirements of Article XI of the GATT 1994.⁸⁰ The ASEAN-India Agreement on Trade in Goods focuses on administrative fees and formalities, reaffirming the commitment of parties under Article VIII of the GATT 1994.

Furthermore, several ASEAN+1 FTAs contain provisions relating to transparency with regard to non-tariff measures. For instance, some of the ASEAN+1 agreements

⁸⁰ Chapter 2 Article 7.

invite parties to identify NTBs as soon as possible after the entry into force of the agreement and in some cases, to agree on a timeframe for their elimination.⁸¹

Transparency of Laws, Regulations and Administrative Rulings

Transparency constitutes one of the substantial issues addressed in the multilateral negotiations on trade facilitation at WTO. In particular, negotiations are aimed at the clarification and improvement of Article X of GATT 1994 (Publication and administration of trade regulations).

The ACFTA, AI-TIGA, AKFTA and AANZFTA explicitly incorporate into the agreement Article X of the GATT 1994, making the GATT provision an integral part of the FTA. In the case of AANZFTA the requirement extends, as far as possible, to making laws, regulations, decisions and rulings available on the internet. AJCEP also contains a general provision on transparency, inviting parties to make publicly available their laws, regulations, administrative procedures, administrative rulings and judicial decisions.

Use of ICT and E-Commerce

ICT and e-commerce provide useful tools to improve trade efficiency and create a more transparent and predictable trading environment. AJCEP, AIFTA, ACFTA and AKFTA only identify ICT and e-commerce as sectors in which cooperation between parties could be strengthened, or in which economic cooperation activities could be undertaken.

AANZFTA includes more detailed provisions on ICT and e-commerce, similar to the ASEAN FTA. E-commerce is covered in a separate chapter of the agreement. Provisions are aimed to promote its wider use globally and to enhance cooperation between the parties in order to foster its development. Under the terms of the agreement, domestic laws and regulations should be adopted by the parties to govern electronic transactions taking into account the UNCITRAL (United Nations Commission on International Trade Law) Model Law on Electronic Commerce 1996.

⁸¹ See for instance ASEAN--China Agreement on Trade in Goods, Article 8 and ASEAN--Korea Agreement on Trade in Goods, Article 8.

Moreover, the AANZFTA includes provisions on paperless trading, whereby parties commit to making trade administration documents available to the public in electronic form and to accepting documents submitted electronically as the legal equivalent of the paper version of these documents, taking into account methods agreed by international organizations such as WCO.

3.4.2. Key Findings from the Comparative Analysis

ASEAN+1 FTAs contain several provisions relevant to trade facilitation. However there does not appear to be a consistent approach to trade facilitation across the five ASEAN+1 FTAs. The provisions in the different ASEAN+1 agreements vary in terms of their scope, specificity and depth of commitments.⁸²

There is an important contrast in terms of the coverage of trade facilitation between ASEAN FTA and some of the ASEAN+1 FTAs. While the ASEAN FTA contains several provisions relevant to trade facilitation, including a framework for implementing trade facilitation initiatives such as MRAs, the Single Window and the ASEAN Trade Repository, the coverage of trade facilitation in other agreements, such as the ASEAN--China and ASEAN--India FTAs, is fairly general.

AANZFTA is the agreement with the most comprehensive trade facilitation content. It includes a number of specific trade facilitation measures already promoted in the context of ASEAN FTA, such as paperless trading, risk assessment, advance rulings and Single Windows.

With the exception of AANZFTA, ASEAN+1 FTA provisions on trade facilitation often lack specificity. The provisions are broad and aspiration and do not commit parties to undertake concrete action or to achieve specific targets or goals.⁸³

All of the ASEAN+1 FTAs call for economic cooperation in the area of customs with the objective of simplifying customs procedures and, to the extent possible, harmonizing such procedures to international standards. As noted by Peng (2008), the

⁸² A number of factors are relevant to assessing the overall efficiency of trade facilitation provisions in RTAs. Moise (2002) suggests factors such as: whether the provisions are part of an FTA or a Framework/Cooperation Agreement; are limited to establishing a work programme or plan of action; are complementary to tariff reduction or elimination (considered critical to effective implementation of tariff reduction/elimination in RTAs); binding or non-binding.

⁸³ For example, APEC has set a goal to lower trade transaction costs by 5 per cent between 2001 and 2006 and by a further 5 per cent between 2006 and 2010.

fact that RTAs explicitly affirm the application of international agreements, standards and instruments related to trade facilitation can contribute not only to further regional integration, but also to advance the harmonization of procedures and formalities world-wide.⁸⁴

Another important area of trade facilitation covered in a number of ASEAN+1 FTAs is non-tariff barriers, including SPS and TBT measures such as standards, technical regulations and conformity assessment procedures. The inclusion of such provisions in FTAs shows the growing importance of these measures in global trade. Most of the provisions on SPS and TBT reaffirm WTO rights and obligations. This is the case for AANZFTA and AJCEP, which call upon parties to abide by their WTO obligations in this area. The establishment of sub-committees to oversee implementation of the FTA provisions on SPS and on standards, technical regulations and conformity assessment procedures is likely to ensure a continuing monitoring of progress in the implementation of these provisions.

3.5. Complementary Roles of Multilateral and Regional Efforts on Trade Facilitation

Trade facilitation was introduced in the WTO context during the 1996 Ministerial Conference in Singapore⁸⁵ and was explicitly included in the Doha Development Agenda of negotiations (DDA) in 2001.⁸⁶ WTO members agreed to start formal negotiations on trade facilitation in 2004, with the mandate of the negotiations limited to the following aspects: clarifying and improving GATT rules on the movement, release and clearance of goods, including goods in transit, with the aim of reducing the transaction costs of trade; developing special provisions for developing and least-developed country members and providing them with technical assistance and capacity-building support to implement better trade facilitation policies and practices; and

⁸⁴ Peng (2008), p.16.

⁸⁵ There are four so-called 'Singapore Issues' introduced in 1996 and mentioned in the 2001 Doha Declaration: trade facilitation, relationship between trade and investment, interaction between trade and competition policy, and transparency in government procurement.

⁸⁶ Paragraph 27 of the 2001 Doha Ministerial Declaration recognized 'the case for further expediting the movement, release and clearance of goods, including goods in transit, and the need for enhanced technical assistance and capacity-building in this area'.

improving communication and cooperation between the customs authorities of WTO members.⁸⁷

A significant number of proposals have been tabled and discussed by members since the launch of the negotiations. Based on these proposals, a 'Draft Consolidated Negotiating Text' was developed in December 2009. While the draft text remains under negotiation at the time of writing, the document gives an overview of the possible content of a future multilateral agreement on trade facilitation.⁸⁸

One key aspect of the negotiation of disciplines on trade facilitation relates to the concern of developing countries regarding the costs linked to trade facilitation reform and the capacity constraints to implement and comply with new commitments in this area.

Customs modernization programmes may require in certain instances commitments to large initial investments and long-term operating and maintenance costs. Yet, these costs can be quickly recouped by the gains from facilitated trade and increased productivity in customs administrations. Paperless trading, or the use of Single Window systems, for instance, can have significant impacts on reducing trade transaction costs if accompanied by effective measures to streamline and simplify border procedures.

The final agreement on trade facilitation is likely to incorporate provisions on technical assistance and capacity building to support developing countries in undertaking trade facilitation reforms. The negotiations to date have created some expectations that the final outcome would provide bound obligations in exchange for bound commitments of assistance to developing countries. In order to achieve consensus on a trade facilitation agreement WTO members will therefore have to strike a balance between new commitments, and the promise of technical assistance and other measures to support their implementation.

Most WTO members agree on the usefulness of undertaking trade facilitation reforms and on the benefits of such reforms for both importers and exporters. They all share an interest in seeing trade transaction costs reduced, in their own country as well as in their trading partners. For this reason, trade facilitation may appear less

⁸⁷ The modalities for the negotiations are set out in Annex D of the decision (WTO document WT/L/579, available at http://docsonline.wto.org/gen_home.asp).

⁸⁸ For the latest revision of the Draft Consolidated Negotiating Text, see document TN/TF/W/165/Rev. 10, 25 July 2011.

controversial than other issues under the DDA. Nevertheless these negotiations are part of a 'Single Undertaking' which means that their successful completion is tied to progress in other areas of the Doha Round, such as agriculture and services.

The conclusion of a multilateral agreement on trade facilitation would contribute greatly to the reduction of trade transaction costs by committing all WTO members to undertake reforms. As mentioned above, the development dimension is at the core of the mandate and will no doubt be a key to achieving an outcome in this area. However, the DDA negotiations have been at a stalemate and the timeframe for concluding the round is unclear at this stage. In the current state of WTO negotiations, FTAs can be an effective vehicle to take forward trade facilitation goals and support the deepening of production networks through trade and investment liberalization.⁸⁹ Maur (2008) has investigated how regional initiatives can contribute to trade facilitation reform. In his opinion RTAs offer good prospects of comprehensive and effective reforms and can effectively complement multilateral and national initiatives.

Since many RTAs are between developed and developing countries, the experience of negotiating RTAs with trade facilitation provisions could be useful to the multilateral process, in particular in terms of striking a balance between trade facilitation requirements and developing countries' capacity needs.⁹⁰

Finger (2008) argues that the obligation to provide assistance to developing countries is more easily managed on a country-to-country basis than on a multilateral basis and that FTAs are a better vehicle to provide trade facilitation-related assistance to developing countries than multilateral negotiations. In his view, more progress on trade facilitation can be achieved through the smaller scale of FTAs than the larger scale of a multilateral agreement.⁹¹

⁸⁹ Kawai and Wignaraja (2010a) argue that even if the round were to be concluded in 2011, FTA activity would continue as many of the 'new age' agreements go beyond what is on the negotiating table and deal with issues such as investment, competition, intellectual property and public procurement. ADB brief p.7.

⁹⁰ Peng (2008) p.15.

⁹¹ He argues that the specifics of building institutions from different starting points can be more effectively addressed on the smaller scale of free trade agreements than the larger scale of a multilateral agreement (likely to be common denominator).

It should be noted that in the review of ASEAN+1 FTAs, examples of provisions related to technical assistance in the area of trade facilitation were found only in one agreement, namely AANZFTA.⁹²

4. Measuring Progress in Trade Facilitation by ASEAN+6 Economies

4.1. Constructing Trade Facilitation Indicators

The aim of this section is to identify and develop measures of trade facilitation to proxy for specific policy areas, which will enable a review of the trade facilitation performance of ASEAN+6 economies in recent years and allow their performance to be tracked on a regular basis in the coming years. To the extent that countries successfully implement the trade facilitation provisions in the various FTAs, it is reasonable to expect that their trade facilitation performance will improve, although the magnitude of the impact and their importance relative to other factors will have to be empirically verified.

In considering the indicators that could form the set of trade facilitation indicators for regular tracking, a review was undertaken to identify indicators that had been used in previous studies and the different ways in which they had been categorized and constructed, such as in Wilson, Mann and Otsuki (2003, 2005); Abe and Wilson (2008); Fosso (2008); Hoekman and Nicita (2008); Iwanow and Kirkpatrick (2008); and Portugal-Perez and Wilson (2010). It was found that most of the primary variables were drawn from the World Economic Forum's Global Competitiveness Reports (WEF's GCRs), the World Bank's Doing Business (DB) database and the World Bank's Logistics Performance Index (LPI) and sub-indicators. These data sources have the advantage of being able to provide a range of relevant basic indicators that measure different aspects of trade facilitation for a large number of countries on a readily-accessible annual or biannual basis. This facilitates cross-country comparisons over time.

⁹² See for instance Chapter 4 Article 5 of AANZFTA where technical assistance is mentioned in regard to the implementation of Single Windows. Reference is also made to technical assistance related to trade facilitation in Chapter 5 (SPS Measures) and Chapter 6 (Standards, Technical Regulations and Conformity Assessment Procedures), Article 8.

In addition to the criteria of multiple country coverage and availability on a regular basis, this paper applies two other criteria in its selection of a list of primary variables. The first is that the variables would proxy for one of the five ‘core’ areas in trade facilitation cooperation that are covered in the majority of RTAs that contain trade facilitation provisions, as identified by Peng (2008) in his review of 34 RTAs in the Asia-Pacific region. The second criterion is to ensure that as far as possible, the variables specifically correspond to the provisions in the RTAs and/or point more specifically to areas where governments can undertake reforms. For example, while the extent of business internet use could reflect the outcome of the use of ICT in trade administration and provisions to promote electronic commerce, a more direct measure would be whether laws relating to ICT (e.g. electronic commerce, digital signatures and consumer protection) are well developed. However, given that there are relatively few suitable specific indicators, a number of broader indicators have also been selected, such as the national-level corruption perceptions index from Transparency International as one of the indicators to proxy for transparency in the publication and administration of trade regulations. The list of primary variables compiled is in Appendix 1.

The primary trade facilitation variables used in this paper are drawn from multiple sources: DB, GCR, the WEF’s Global Trade Enabling Report (GETR), the WEF’s Global Information Technology Reports (GITR),⁹³ LPI and Transparency International. These variables are a mix of quantitative data and survey scores. It is acknowledged that survey responses have an element of subjectivity; on the other hand, these data are from well-established sources (see footnote 4 of Wilson, Mann and Otsuki, 2005, p.845) and the information required would otherwise not be available. As there is a lack of ready data to proxy for the administrative fees and import licensing aspects of NTBs and technical regulations and standards, this paper has also constructed several indicators. These are: an index on import licensing and two indicators to proxy for standards, namely, the extent of a country’s participation in the Technical Committees of the ISO (International Organization for Standardization) per million of the economically active population and the cumulative total number of MRAs signed by a

⁹³ The bulk of indicators in the WEF reports are drawn from the WEF’s Executive Opinion Survey, but the GETR and GITR contain indicators that are specific to trade facilitation and ICT use that are not available in the GCRs.

country on standards related to trade in goods with ASEAN+6 and non-ASEAN+6 countries. Details of their construction are given in Appendix 2.

Data are from 2007 to 2010. As data on LPI indicators are available only for 2007 and 2010, they are interpolated for 2008 and 2009. Data from GETR are available from 2007 to 2009 and are extrapolated for 2010. Where data are not available for Brunei, Laos and Myanmar, imputed ASEAN averages are used for these countries, as in Layton (2007).

As the primary variables have different units and scales, each observation of a raw indicator series is indexed to the maximum value among the ASEAN+6 countries for that series during the whole period between 2007 and 2010 and rescaled on a zero to one continuous scale, following Portugal-Perez and Wilson (2010) and Wilson, Mann and Otsuki (2005). This puts the raw data on a comparable basis and also indicates the gap in a country's performance from that of the best-practice country among ASEAN+6 whose indexed value is 1.0. The year variability is also preserved.

The use of multiple sources of data to proxy for each core trade facilitation area is intended to avoid over reliance on any one survey question or source (as in Wilson, Mann and Otsuki, 2005, p.846). On the other hand, the variables selected to proxy for any area must be sufficiently correlated that they measure the same underlying trade facilitation dimension. To ensure that this is the case, the correlation among indexed variables representing each area is first tested with Bartlett's test of sphericity (as in Nicoletti, Scarpetta and Boylaud, 2000, p.19), which rejects the hypothesis that the items are not inter-correlated at the 1 per cent significance level in all five areas. The factor analysis procedure is then run on each group of indicators by area, where the extraction of factors is based on the principle components factor method. The single retained factor in each area accounts for between 89 percent and 66 percent of total variance of the data across the five areas. This shows that there is a valid statistical basis to support the list of primary variables as selected in this paper.

While the indexed variables in each area can be aggregated to yield a weighted trade facilitation sub-index using the squared factor loadings, this paper has chosen to aggregate the variables by taking a simple average as the resulting aggregated index will be easier to interpret. There is also no theoretical argument for using weights from

factor analysis.⁹⁴ The five trade facilitation sub-indices, which can each range from zero to one, are summed up to give what this paper will term a ‘Core Trade Facilitation Index’ for each country.

4.2. Trade Facilitation Performance of ASEAN+6 Countries

As measured by the Core Trade Facilitation Index over the period 2007 to 2010, Singapore has performed best in trade facilitation overall while Laos has been the worst performer among the ASEAN+6 countries. This is given in Table 2, which reports summary statistics on the primary variables, the five trade-facilitation sub-indices and the overall Core Trade Facilitation Index, all of which have been rescaled on a zero to one continuous scale. The table also indicates the country with the highest and lowest indexed values on each item over the four-year period.

By individual core area of trade facilitation, Singapore has been the best performer in all areas except for technical regulations, standards and SPS measures, where New Zealand has come out on top. Within each core area, however, there are other countries that have shown strengths in selected primary variables. For example, Korea has recorded the best practice in several customs and ICT variables: number of documents required to export and import; percentage of imported shipments subject to physical inspection; and laws relating to ICT. Australia has registered the shortest clearance time without physical inspection for shipments in the customs area; the highest number of MRAs signed; and has the least restrictive import licensing requirements in the area of NTBs, the latter together with New Zealand. New Zealand has obtained the highest scores on a couple of indicators under transparency, namely, the frequency with which firms make undocumented extra payments or bribes connected with import and export permits, and the perceived levels of public sector corruptions as measured by the corruption perceptions index.

⁹⁴ Portugal-Perez and Wilson (2010) aggregated trade facilitation indicators using weights from factor analysis, but earlier studies such as Wilson, Mann and Otsuki (2005) and Fosso (2008) used a simple average of primary variables. This paper also constructed weighted aggregate indices across the five core trade facilitation areas using squared factor loadings, but finds that the results are similar to those obtained from taking simple averages, except in the area of NTBs (administrative fees and import licensing), where the factor loading of the import licensing variable is much smaller.

There is no one country that has been a consistent worst performer by core area of trade facilitation over the period 2007 to 2010. Rather, a different country has obtained the lowest rating in each area. They are: Cambodia in customs procedures and cooperation; Laos in NTBs (especially administrative fees and charges and import licensing); India in technical regulations, standards and SPS measures; the Philippines in transparency of laws, regulations and administrative rulings; and Indonesia in the use of ICT and e-commerce. These countries, together with Myanmar and Vietnam, have been the weakest in a range of primary variables across the core areas.

Table 2. Summary Statistics for Values of Trade Facilitation Core Areas and Primary Variables

Indices/Variables	Mean	SD	Lowest performance		Highest performance		Source
Customs Procedures and Cooperation	0.58	0.17	Cambodia	0.36	Singapore	1	
Documents to export (number)	0.51	0.17	Cambodia	0.27	Korea	1	DB
Documents to import (number)	0.51	0.19	Cambodia	0.27	Korea and Thailand	1	DB
Time to export (days)	0.36	0.22	Laos	0.10	Singapore	1	DB
Time to import (days)	0.31	0.22	Laos	0.08	Singapore	1	DB
Burden of customs procedures (score; 1-7 (best))	0.67	0.14	Cambodia	0.38	Singapore	1	GCR
Customs service index (score; 0-12 (best))	0.61	0.18	Vietnam	0.15	Singapore	1	GETR
Efficiency of clearance process (score; 1-5 (best))	0.75	0.12	Indonesia	0.51	Singapore	1	GETR/LPI
Clearance time	0.42	0.22	Myanmar	0.10	Australia		LPI
Physical inspection (%)	0.17	0.18	Myanmar	0.02	Korea	1	LPI
Number of agencies - exports	0.52	0.16	Cambodia	0.25	Singapore and Australia	1	LPI
Number of agencies – imports	0.52	0.16	Cambodia	0.25	Singapore and Australia	1	LPI
NTBs, especially fees and charges	0.61	0.16	Laos	0.22	Singapore	1	
Cost to export (US\$ per container)	0.57	0.19	Laos	0.21	China	1	DB
Cost to import (US % per container)	0.51	0.18	Laos	0.18	Singapore	1	DB
Import licensing requirements (score)	0.61	0.22	Laos and Myanmar	0.20	Australia and New Zealand	1	Authors' calculations

Indices/Variables	Mean	SD	Lowest performance		Highest performance		Source
Technical Regulations, Standards and SPS	0.34	0.28	India	0.01	New Zealand	1	
Country's participation in ISO Technical Committees (score per million capita)	0.23	0.29	Cambodia, Myanmar and Laos	0.00	New Zealand	1	Authors' calculations
Cumulative number of MRAs signed by country	0.42	0.28	India	0.00	Australia	1	Authors' calculations
Transparency of laws, regulations and administrative rulings	0.64	0.19	Philippines	0.39	Singapore	1	
Transparency of government policy making (score; 1-7 (best))	0.73	0.12	Indonesia	0.40	Singapore	1	GCR
Favouritism in decisions of government officials (score; 1-7 (best))	0.66	0.16	Philippines	0.36	Singapore	1	GCR
Irregular payments in exports and imports (score; 1-7 (best))	0.63	0.20	Philippines	0.32	New Zealand	1	GETR
Corruption Perceptions Index (score; 0-10 (best))	0.49	0.28	Myanmar	0.12	New Zealand	1	Transparency International
Use of ICT and E-Commerce	0.77	0.11	Indonesia	0.48	Singapore	1	
Laws relating to ICT (score; 1-7 (best))	0.74	0.15	Cambodia	0.40	Korea	1	GITR
ICT use and government efficiency (score; 1-7 (best))	0.75	0.11	Indonesia	0.47	Singapore	1	GITR
Government prioritization of ICT (score; 1-7 (best))	0.80	0.10	Indonesia	0.47	Singapore	1	GITR
Core Trade Facilitation Index	0.62	0.17	Laos	0.42	Singapore	1	Authors' calculations

Source: Author's calculation

Note: Each variable and factor was standardized to values that range from 0 to 1 to facilitate comparison

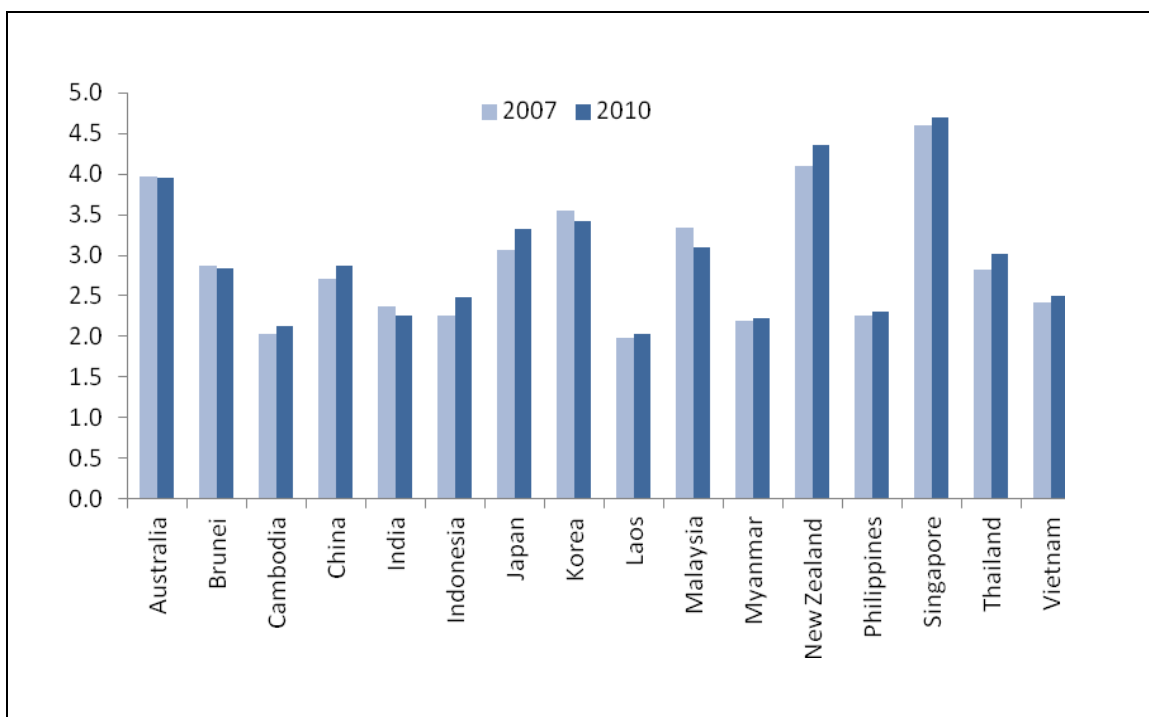
A comparison of trade facilitation performance across countries highlights the great disparities among ASEAN+6 countries (Figure 1). The top three countries are Singapore, New Zealand and Australia and the bottom three countries are Laos,

Cambodia and Myanmar, and their positions have not changed between 2007 and 2010. However, a positive development over the last four years has been the improvement in trade facilitation performance by the majority (70 percent) of countries. The countries that have made the greatest headway have been Japan from improvements in standards (number of MRAs signed) and customs (survey scores on customs burden and customs services and number of agencies traders have to deal with); New Zealand in standards (number of MRAs signed); Indonesia in ICT (survey scores on ICT use and government efficiency and government prioritization of ICT) and to a lesser extent transparency (survey scores on transparency in government policy making and corruption); and Thailand in customs (number of documents to export and import).

Countries that have registered poorer performance in trade facilitation between 2007 and 2010 have been Malaysia from deteriorations in transparency (survey scores on favouritism in official decisions and corruption) and ICT (survey scores on ICT laws and government prioritization of ICT); Korea in transparency (survey scores on favouritism in official decisions and transparency of government policy-making) and India from NTBs (cost to import and export) and transparency (survey scores on favouritism in official decisions and corruption).

Details of changes in index scores by core areas of trade facilitation between 2007 and 2010 are provided in radar diagrams for each country in Appendix 3. It is noted that most of the countries have scored relatively low in standards, which means that they are quite far from the country with the best practice relative to their performance in other core areas. However, the low scores may have arisen from the choice of primary variables used to proxy for this area and thus may have to be interpreted with caution. The raw data of primary variables used in the construction of the Core Trade Facilitation Index and sub-indices are given in Appendix 4.

Figure 1. Core Trade Facilitation Index for ASEAN+6 Countries, 2007 and 2010



Source: Author's calculations

5. Policy Recommendations to Enhance Trade Facilitation in the Context of Greater Economic Integration in East Asia

ASEAN is emerging as an integration hub for FTAs in the East Asian region. With the recent realization of FTAs with key dialogue partners the focus is turning to policy discussions of an extended ASEAN+3 or ASEAN+6 framework to further consolidate economic integration in the region.⁹⁵ Differences among FTAs can be cumbersome to business and add to the cost of compliance for exporters. With the proliferation of bilateral and regional FTAs, ASEAN countries are starting to consider how to integrate individual agreements into a coherent and seamless free trade regime.

The key to regional economic integration in East Asia will be to tackle behind-the-border regulatory barriers. This will be crucial to extending multinationals' supply chains and opening up regional markets for domestic producers and consumers.⁹⁶ The

⁹⁵ Kawai and Wignaraja (2010b).

⁹⁶ Sally (2010), p.6.

reduction of trade transaction costs and the improvement of customs procedures efficiency will play a significant role in fostering economic integration in the region.

5.1. Policy Recommendations

The comparative analysis of ASEAN and ASEAN+1 FTA provisions and the review of ASEAN+6 countries' performance on trade facilitation suggest five main recommendations that could guide ASEAN and its dialogue partners in their aim to strengthen trade facilitation cooperation. These are:

- (1) Defining a consistent set of underlying trade facilitation principles;
- (2) Adopting a set of specific trade facilitation measures;
- (3) Monitoring performance in core trade facilitation areas and setting targets;
- (4) Sharing best practices and implementing capacity-building measures in priority areas; and
- (5) Keeping abreast of developments in the multilateral process.

5.1.1. Define a Consistent Set of Trade Facilitation Principles

Provisions in the current five ASEAN+1 FTAs vary in terms of their scope, specificity and depth of commitments. ASEAN and its dialogue partners, in their consideration of improvements to current agreements and the design of future agreements to deepen integration in East Asia, could undertake to adopt a consistent approach to trade facilitation. Such a consistent approach could rest in the first instance on a common set of principles as set out in the ATIGA.

The ATIGA, which entered into force on 17 May 2010, incorporates a set of model principles to guide member states in their undertaking of trade facilitation measures and initiatives at both ASEAN and national levels.⁹⁷ These principles are:

1. **Transparency:** Information on policies, laws, regulations, administrative rulings, licensing, certification, qualification and registration requirements, technical regulations, standards, guidelines, procedures and practices relating to trade in goods (hereinafter referred to as 'rules and procedures relating to

⁹⁷ Article 47 of the ATIGA.

trade’) to be made available to all interested parties, consistently and in a timely manner at no cost or a reasonable cost;

2. **Communication and consultation:** The authorities shall endeavour to facilitate and promote effective mechanisms for exchanges with the business and trading community, including opportunities for consultation when formulating, implementing and reviewing rules and procedures relating to trade;
3. **Simplification, practicability and efficiency:** Rules and procedures relating to trade to be simplified to ensure that they are no more burdensome or restrictive than necessary to achieve their legitimate objectives;
4. **Non-discrimination:** Rules and procedures relating to trade to be applied in a non-discriminatory manner and be based on market principles;
5. **Consistency and predictability:** Rules and procedures relating to trade to be applied in a consistent, predictable and uniform manner so as to minimize uncertainty to the trade and trade-related parties. Rules and procedures relating to trade to provide clear and precise procedural guidance to the appropriate authorities with standard policies and operating procedures and be applied in a non-discretionary manner;
6. **Harmonization, standardization and recognition:** While accepting the need of each member state to regulate or set rules for legitimate objectives such as protection of health, safety or public morals and conservation of exhaustible natural resources, regulations, rules and procedures affecting the acceptance of goods between member states to be harmonized as far as possible on the basis of international standards where appropriate. The development of mutual recognition arrangements for standards and conformity assessment results, and continuing co-operation on technical infrastructure development, are encouraged;
7. **Modernization and use of new technology:** Rules and procedures relating to trade to be reviewed and updated if necessary, taking into account changed circumstances, including new information and new business practices, and based on the adoption, where appropriate, of modern techniques and new technology. Where new technology is used, relevant

authorities shall make best efforts to spread the accompanying benefits to all parties through ensuring the openness of the information on the adopted technologies and extending cooperation to authorities of other economies and the private sector in establishing inter-operability and/or inter-connectivity of the technologies;

8. **Due process:** Access to adequate legal appeal procedures, adding greater certainty to trade transactions, in accordance with the applicable laws of member states; and
9. **Cooperation:** Member states shall strive to work closely with the private sector in the introduction of measures conducive to trade facilitation, including by open channels of communication and cooperation between both governments and business. Member states shall continue to work in partnership to focus on opportunities for increased cooperation including integrated technical assistance and capacity building; exchanges of best practices critical to implementing trade facilitation initiatives and the coordination of positions concerning topics of common interest discussed in the framework of regional and international organizations.

The trade facilitation principles incorporated in the ATIGA are similar to the APEC principles on trade facilitation.⁹⁸ This can be explained by the considerable overlap of membership between APEC and ASEAN. In the context of APEC, the development and implementation of trade facilitation measures compliant with the Principles on Trade Facilitation is left to the member economies. The inclusion of the model principles in the ATIGA gives greater emphasis to the issue of trade facilitation in the context of ASEAN. It can also serve to guide ASEAN's trade facilitation cooperation with its dialogue partners. However, in order to be effective, such principles need to translate into concrete measures.

⁹⁸ The APEC principles were endorsed as part of the Shanghai Accord adopted at the 13th APEC Ministerial Meeting in 2001.

5.1.2. Adopt a Set of Specific Trade Facilitation Measures

The review of trade facilitation provisions in ASEAN+1 FTAs shows an emphasis on cooperation in areas relating to trade facilitation. However, with the exception of AANZFTA, which includes a number of specific trade facilitation measures already promoted in the context of ASEAN FTA, ASEAN+1 FTA provisions on trade facilitation often lack specificity.

A consistent approach to trade facilitation in the context of greater economic cooperation in East Asia would define a specific set of measures that build on existing ASEAN initiatives and could reference as its starting point the measures as incorporated in the AANZFTA. Electronic customs clearance procedures, for instance, is an area of great potential that could result over time in significant reductions of transaction costs. The establishment of a Single Window across the region could also contribute to an unimpeded trade environment. Product standards and conformity assessment procedures on a region-wide basis should also be considered. As with the case of ASEAN, clear timelines could be set for implementing the various measures.

5.1.3. Monitor Performance in Core Trade Facilitation Areas and Set Targets for Improvement

This paper has highlighted five core areas in trade facilitation cooperation that are covered in ASEAN and ASEAN+1 FTAs as well as a majority of RTAs in Asia and the Pacific. These are customs procedures and cooperation; technical regulations, standards and SPS measures; NTBs, including administrative fees and charges; transparency of laws, regulations and administrative rulings; and use of ICT and e-commerce. A set of primary variables has been collated or constructed from multiple data sources for the ASEAN+6 countries to proxy for their performance in the five core trade facilitation areas. A composite Core Trade Facilitation Index has also been constructed based on data in the five core areas to measure each country's overall performance in trade facilitation. Although much of the trade facilitation performance of ASEAN+6 countries over the past few years may not reflect the outcomes of trade facilitation provisions in the various FTAs given that most of them have only recently entered into force, it can be expected that the performance indicators would be useful in monitoring the effective implementation of trade facilitation measures in the coming years.

It is recommended that the trade facilitation performance indicators presented in this paper be tracked on an annual basis for the ASEAN+6 countries. Care has been taken to ensure that the trade facilitation indices and primary variables are compiled from data sources that are regularly updated and readily accessible and have a wide country coverage.⁹⁹ These measures form the basis for countries to set specific quantitative targets for improvement. The experience of APEC, which has set specific targets for the reduction of trade transaction costs across the region, could be useful in this regard.¹⁰⁰

5.1.4. Share Best Practices and Implement Capacity-Building Measures in Priority Areas

The review of trade facilitation performance has shown that there are great disparities across ASEAN+6 countries. A number of countries are strong in different core trade facilitation areas and on specific primary variables, while others are weak overall or in particular core areas and primary variables. This diversity in performance is conducive to the sharing of best practices among ASEAN countries and its dialogue partners. For example, a number of ASEAN countries could benefit from the experience of dialogue partners in the areas of product standards and conformity assessment procedures.

The performance indicators could also assist each country to identify areas of relative weakness for priority action. These measures could complement the national self-assessment exercises that have been undertaken by developing countries that are WTO members in the context of WTO negotiations, which sought to identify their needs and reflect on priorities with respect to trade facilitation reforms.

There are cost implications to implementing trade facilitation reforms that are particularly pertinent for developing countries. Some measures are considered elementary and relatively easy for countries to implement. These include, for instance:

⁹⁹ Although some indicators could be more specifically measured with customized surveys of businesses, these indicators may be costly to update regularly.

¹⁰⁰ APEC economies committed to a 5 percent reduction of trade transaction costs between 2002-06 as part of the 2002 Trade Facilitation Action Plan and later agreed on a further 5 percent reduction between 2006-10. For progress on trade facilitation work in APEC, see 2010 CTI Annual Report to Ministers, available at: http://publications.apec.org/publication-detail.php?pub_id=1081.

the establishment of enquiry points and the adoption of simplified documents. Other measures are farther reaching and more costly, and therefore need to be addressed through appropriate technical assistance and capacity-building support measures in order to be carried out satisfactorily. In the context of ASEAN+1 FTAs, only the AANZFTA contains provisions related to technical assistance in the area of trade facilitation, one of which calls on customs authorities to develop technical assistance programmes to facilitate implementation of Single Windows.

As discussed above, measures to support developing countries' efforts to engage in trade facilitation reforms are likely to form an integral part of any multilateral agreement on trade facilitation. Technical assistance and capacity-building measures should likewise be a feature of trade facilitation cooperation between ASEAN and all its dialogue partners.

5.1.5. Keep Abreast of Developments in Multilateral Negotiations

Multilateral negotiations may result in the creation of binding commitments on the part of WTO member countries to implement measures aimed at facilitating trade. Such commitments are likely to be accompanied by provisions on technical assistance and capacity building, as well as special and differential treatment for developing countries.

The Draft Consolidated Negotiating Text gives an overview of the proposals currently on the table. This document could serve as a point of reference in the negotiation of future trade facilitation measures in RTAs. If a multilateral agreement is concluded in WTO, RTA provisions will have to be in line with multilateral obligations.

6. Conclusion

Trade facilitation is considered to be an important enabler in the growth of regional value chains and an important driver of economic integration. With the gradual elimination of tariffs, a number of new barriers to trade have been erected. These barriers are increasingly targeted in negotiations at the bilateral, regional and multilateral levels. Despite many ongoing initiatives in trade facilitation, there is

evidence that the ASEAN region remains fragmented, partly due to difficulties of moving goods across borders. Inefficient border administration affects the competitiveness of ASEAN exports by raising costs and shipping times. While the overall performance of ASEAN may have improved in recent years, there is considerable room for improvement of trade processes and procedures in individual countries. The ASEAN Economic Community Blueprint and ASEAN+1 FTAs offer a useful framework for channelling efforts to further reduce trade transaction costs between ASEAN and its dialogue partners. This would unlock ASEAN's promise, promote the growth of regional value chains and trade in East Asia and help to rebalance global growth.

Ongoing negotiations in WTO could contribute to advancing trade facilitation goals by creating binding commitments for WTO members to improve trade procedures and formalities. Such an agreement, if adopted, would most likely incorporate provisions on technical assistance and capacity building to assist developing country members in their implementation of any new commitments.

The implementation of trade facilitation measures through RTAs can effectively complement efforts at the multilateral level. The identification of best practices or model trade facilitation principles could assist in this regard. In addition, individual countries should strive to identify priority areas for action.

In the context of the reflection on further deepening economic integration in the East Asia region and the possible harmonization of existing provisions on trade facilitation, a sensible approach would be to align as much as possible RTA provisions to existing WTO obligations, bearing in mind the content of the draft negotiating text currently on the table.

References

- Abe, K. and Wilson, J.S. (2008) 'Governance, Corruption, and Trade in the Asia-Pacific Region', World Bank Policy Research Working Paper 4731.
- ADB/UNESCAP (2009) '*Designing and Implementing Trade Facilitation in Asia and the Pacific*', November.
- ASEAN (2010) 'ASEAN Annual Report 2009-2010', *Bridging Markets, Connecting People*, ASEAN Secretariat.
- ASEAN (2009) 'Roadmap for an ASEAN Community 2009-2015: *One Vision, One Identity, One Community*', *ASEAN Economic Community Blueprint*, ASEAN Secretariat.
- Baldwin, R. (2007) 'Managing the Noodle Bowl: The Fragility of East Asian Regionalism', ADB Working Paper Series on Regional Economic Integration, No.7, February.
- Corning, G. (2009) 'Between bilateralism and regionalism in East Asia: the ASEAN-Japan Comprehensive Economic Partnership', *The Pacific Review*, 22(5): 639-65.
- De Dios, L.C. (2009) 'Business Views on Trade Facilitation', ERIA Discussion Paper Series, May.
- Drzeniek Hanouz, M. and Geiger, T. (2010) 'Enabling Trade in the Greater ASEAN Region: *Findings from the Enabling Trade Index 2010*', World Economic Forum, Geneva.
- Duval, Y. and Utoktham, C. (2009) 'Behind the Border Trade Facilitation in Asia-Pacific: Cost of Trade, Credit Information, Contract Enforcement and Regulatory Coherence', Asia-Pacific Research and Training Network on Trade, Working Paper Series, No. 67, May.
- Eglin, R. (2008) '*The Doha Round Negotiations on Trade Facilitation*', in *The Global Enabling Trade Report 2008*, World Economic Forum, pp. 35-39.
- Finger, J.M. (2008) 'Trade Facilitation: The Role of a WTO Agreement', ECIPE Working Paper, No.1.
- Finger, J.M. and Wilson, J.S. (2006) 'Implementing a WTO Agreement on Trade Facilitation: What Makes Sense?', The World Bank, World Bank Policy Research Paper 3971, August.

- Fosso, B.P. (2008) 'Intra-African Trade Obstacles: The Role of Business Environment', Working Paper.
- Grainger, A. (2007) 'Customs and Trade Facilitation: From Concepts to Implementation', *World Customs Journal*, 2(1).
- Hamanaka, S., Tafgar, A. and Lazaro, D. (2010) 'Trade Facilitation Measures under Free Trade Agreements: Are They Discriminatory Against Non-Members?', ADB Working Paper Series on Regional Economic Integration, No.55, July.
- Hertel, T. and Keeney, R. (2005) 'What's at Stake: The Relative Importance of Import Barriers, Export Subsidies, and Domestic Support' in Kym Anderson and Will Martin (eds) *Agricultural Trade Reform and the Doha Development Agenda*, Washington D.C.: The World Bank.
- Hoekman, B., Martin, W. and Mattoo, A. (2009) 'Conclude Doha: It Matters', The World Bank, Policy Research Working Paper 5135.
- Hoekman, B. and Nicita, A. (2008) 'Trade Policy, Trade Costs and Developing Country Trade', World Bank Policy Research Paper 4797.
- Iwanow T. and Kirkpatrick, C. (2008) 'Trade Facilitation and Manufactured Exports: Is Africa Different?', *World Development*, 37(6): 1039-50.
- Kawai, M. and Wignaraja, G. (2010a) '*Free Trade Agreements in East Asia: A Way Toward Trade Liberalization?*', ADB Briefs, No.1, June.
- Kawai, M. and Wignaraja, G. (2010b) 'Asian FTAs: Trends, Prospects and Challenges', ADB Economics Working Paper Series, No.226, October.
- Kawai, M. and Wignaraja, G. (2009) 'The Asian 'Noodle Bowl': Is It Serious for Business?', ADBI Working Paper Series, No.136, April.
- Layton, B. (2007) 'Trade Facilitation: A study in the context of the ASEAN Economic Community Blueprint' in ERIA Research Project, Deepening Economic Integration in East Asia: The ASEAN Economic Community and Beyond, (ed. H. Soesastro).
- Maur, J.-C. (2008) 'Regionalism and Trade Facilitation: A Primer', the World Bank, Policy Research Working Paper 4464, January.
- Miroudot, S., Lanz, R. and Ragoussis, A. (2009) 'Trade in intermediate goods and services', OECD Trade Policy Working Paper No. 93.
- Moise, E. (2003) 'Trade Facilitation Principles in GATT Articles V, VIII and X: Reflections on Possible Implementation Approaches', Paper for the Working Party of the OECD Trade Committee, TD/TC/WP(2003)12/Final.

- Nicoletti, G., Scarpetta, S. and Boylaud, O. (2000) 'Summary Indicators of Product Market Regulation with an Extension to Employment Protection Legislation', OECD Economics Department Working Paper No. 226.
- OECD (2009) 'Overcoming Border Bottlenecks: *The Costs and Benefits of Trade Facilitation*', OECD Trade Policy Studies, 2009.
- OECD (2002) 'The relationship between regional trade agreements and multilateral trading system: Trade Facilitation', TD/TC/WP(2002)17/FINAL, *Working Party of the Trade Committee*.
- Peng, B. (2008) 'Trade Facilitation Provisions in Regional Trade Agreements in Asia and the Pacific', UNESCAP Trade and Investment Division: Staff Working Papers 01/08, May.
- Plummer, M.G. (2007) 'Best Practices in Regional Trading Agreements: An Application to Asia', *The World Economy*, 30(12):1771-96.
- Pomfret, R. and Sourdin, P. (2009) 'Have Asian Trade Agreements Reduced Trade Costs?', *Journal of Asian Economics*, 20,:255-68.
- Portugal-Perez, A. and Wilson, J.S. (2010) '*Export Performance and Trade Facilitation Reform*', World Bank Policy Research Paper 5261.
- Sally, R. (2010) 'Regional Economic Integration in Asia: The Track Record and Prospects', ECIPE Occasional paper.
- Sen, R. (2006) 'New Regionalism' in Asia: A comparative analysis of emerging regional and bilateral trading agreements involving ASEAN, China and India', *Journal of World Trade*, 40(4): 553-96.
- Shepherd, B. (2010) 'Trade costs and facilitation in APEC and ASEAN: *delivering the goods?*' in *UNESCAP, Rising Non-tariff protectionism and crisis recovery*, study by the Asia-Pacific Research and Training Network on Trade, (eds Mikic and Wermelinger).
- Shepherd, J. and Wilson, S. (2008) 'Trade Facilitation in ASEAN Member countries: Measuring Progress and Assessing Priorities', The World Bank, Policy Research Working Paper 4615, May.
- Transparency International, Global Corruption Report, New York: Cambridge University Press, various years.
- UNDP/UNESCAP (2008) 'Trade Facilitation Beyond the Multilateral Trade Negotiations: Regional Practices, Customs Valuation and Other Emerging Issues', a study by the Asia-Pacific Research and Training Network on Trade (pp. 27-81).

- Wille, P. and Redden, J. (2006) 'A comparative analysis of trade facilitation in selected regional and bilateral trade agreements: How trade facilitation issues are addressed in ASEAN, APEC, SAFTA, PACER and the Australia--Singapore Free Trade Agreement', UNESCAP Asia-Pacific Research and Training Network on Trade Working Paper Series, No. 17, August.
- Wilson, J.S., Mann, C. and Otsuki, T. (2003) 'Trade Facilitation and Economic Development: A New Approach to Measuring the Impact', *World Bank Economic Review*, 17(3): 367–89.
- Wilson, J.S., Mann, C. and Otsuki, T. (2005) 'Assessing the Benefits of Trade Facilitation: A Global Perspective', *World Economy*, 28(6): 841-71.
- World Bank (2007, 2010) 'Connecting to Compete: Trade Logistics in the Global Economy.' *The Logistics Performance Index and Its Indicators*. Washington DC: World Bank.
- World Bank, *Doing Business*, Washington DC: World Bank, IFC and Palgrave MacMillan, various years.
- World Economic Forum, *The Global Competitiveness Report*, various years.
- World Economic Forum, *The Global Enabling Trade Report*, various years.
- World Economic Forum, *The Global Information Technology Report*, various years.
- WTO (2010) Draft Consolidated Negotiating Text, TN/TF/W/165/Rev.5, 5 November.
- WTO (2009) Negotiations on Trade Facilitation: Compilation of Members' Textual Proposals, Revision, TN/TF/W/43/Rev.19, 30 June.
- Ujiie, T. (2006) 'Trade Facilitation, Asian Development Bank', ERD Working Paper No. 78, January.

Appendix

Appendix 1. List of Primary Variables to Measure Trade Facilitation Performance

Table A1. List of Primary Variables to Measure Trade Facilitation Performance

Trade Facilitation Area	Indicator	Source
Customs Procedures and Cooperation <ul style="list-style-type: none"> • Classification of goods (WCO HS) • Customs valuation (WTO CVA and Article VII of GATT 1994) • Certificate of origin • Temporary admission • Advance rulings • Pre-shipment inspection • Express shipment • Risk Management • Mutual Assistance • Customs automation system • Information exchange • WCO Customs Data Model 	Documents to export (number)	DB
	Documents to import (number)	DB
	Time to export (days)	DB
	Time to import (days)	DB
	Burden of customs procedures (score; 1-7 (best))	GCR
	Customs service index (score; 0-12 (best))	GETR
	Efficiency of clearance process (score; 1-5 (best))	GETR/LPI
	Clearance time without physical inspection (days)	LPI
	Physical inspection (%)	LPI
	Number of agencies - exports	LPI
	Number of agencies - imports	LPI
	NTB, especially fees and charges <ul style="list-style-type: none"> • Administrative fees and formalities such as taxes and internal charges, customs user fees (Article VIII of GATT 1994) 	Cost to export (US\$ per container)
Cost to import (US\$ per container)		DB
Import licensing requirements (score)		Authors' calculation
Import licensing <ul style="list-style-type: none"> • Use of international standards • Mutual recognition of conformity assessment • Accreditation • Laboratory and testing • WTO TBT Agreement • WTP SPS Agreement 	Country's participation in ISO Technical Committees (score per million capita)	Authors' calculation
	Cumulative number of MRAs signed by country	Authors' calculation
Transparency of laws, regulations and administrative rulings <ul style="list-style-type: none"> • Publication • Notification and provision of information • Administrative processes • Contact Point • Article X of GATT 1994 	Transparency of government policy making (score; 1-7 (best))	GCR
	Favouritism in decisions of government officials (score; 1-7 (best))	GCR
	Irregular payments in exports and imports (score; 1-7 (best))	GETR
	Corruption Perceptions Index (score; 0-10 (best))	Transparency International

Trade Facilitation Area	Indicator	Source
Use of ICT and E-Commerce <ul style="list-style-type: none"> • Paperless trading • Electronic authentication and signature • Regulatory framework • Online consumer protection 	Laws relating to ICT (score; 1 - 7 (best))	GITR
	ICT use and government efficiency (score; 1 - 7 (best))	GITR
	Government prioritization of ICT (score; 1 - 7 (best))	GITR
Online personal data protection		

Sources: DB: Doing Business; GCR: Global Competitiveness Report, GETR: Global Enabling Trade Report; LPI: Logistics Performance Index; GITR: Global Information Technology Report.

Note: The Categories and summary points in the first column under ‘Trade Facilitation Area’ are from Peng (2008).

Appendix 2. Note on Construction of Indicators on Import Licensing and Standards

A2.1. Import licensing

The extent of a country’s import licensing requirements is scored on a scale of 0 to 1 with scores assigned as follows:

0	no licence required
0.2	licences mainly on grounds of public health, morality, national security etc. with no discrimination
0.4	licences mainly for public health etc. with some discrimination
0.6	licences not based solely on grounds of public health etc. and non-transparent
0.8	substantial number of goods require import licences
1	all goods require import licences

Information is sourced mainly from various years of the National Trade Estimates Reports, as well as country sources.

A2.2. Participation in ISO Technical Committees (TCs)

All ASEAN+6 countries are members of the International Organization for Standardization, but they participate in different numbers of Technical Committees and with different status: Secretariat, Participating Member or Observer Member. Scores are assigned as follows for a country’s participation in each TC:

Secretariat: 1.5

Participating Member: 1

Observer Member: 0.5

The total score of a country is obtained by summing up the score it obtains across all the TCs in which it is a member.

To control for the likelihood that a bigger economy will have the resources to participate in a greater number of committees, the total score is then divided by the country's economically active population (aged 15 – 64) to obtain ISO score per million capita, which is one of the primary variables used to proxy for the country's trade facilitation efforts in standards.

It is found that a variable of total ISO score does not correlate well with other trade facilitation variables, in particular, the MRA variable that is the other variable that proxies for standards, while ISO score per million capita is correlated with the MRA variable as well as a few other customs-related variables.

The limitation of the current ISO score per million capita variable is that it captures only current year information. In this paper, the ISO score per million capita variable is assumed to have remained unchanged between 2007 and 2010 for each country. Thus, year variations in countries' scores on standards a rise solely changes in the MRA variable.

Information is sourced from the ISO website:
http://www.iso.org/iso/about/iso_members.htm

A2.3. Cumulative Number of MRAs Signed

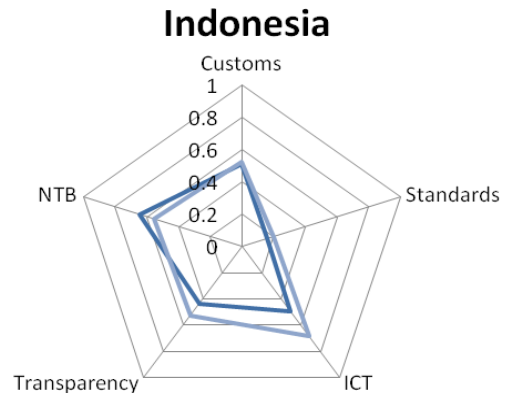
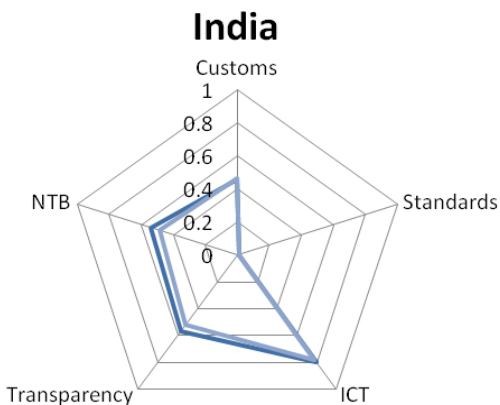
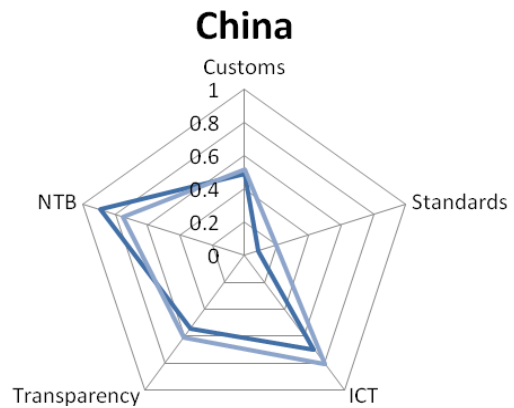
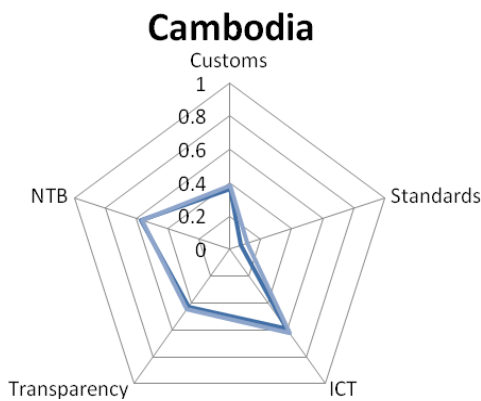
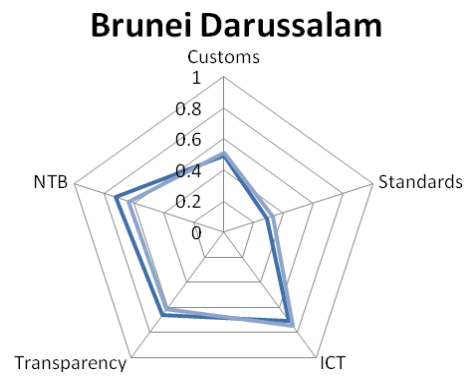
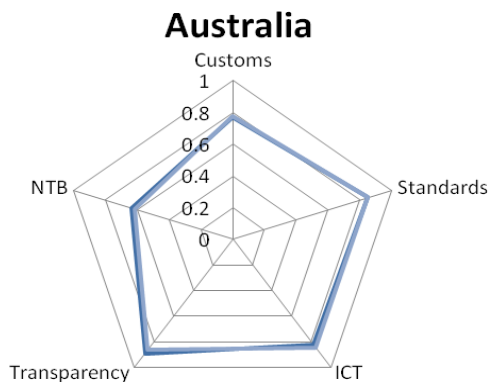
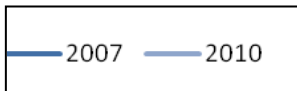
Information on the MRAs that each country has concluded with other countries or regional entities – ASEAN, EU, etc. – is obtained from the websites of national standards agencies and trade agencies.

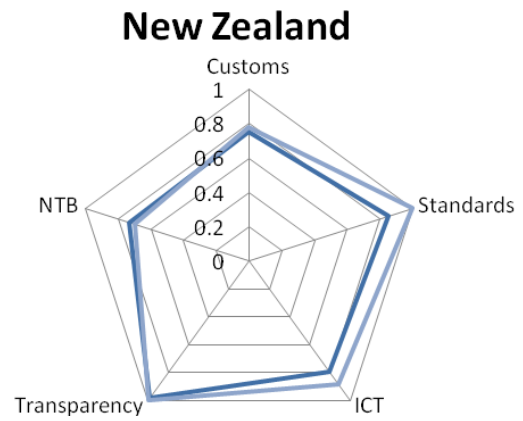
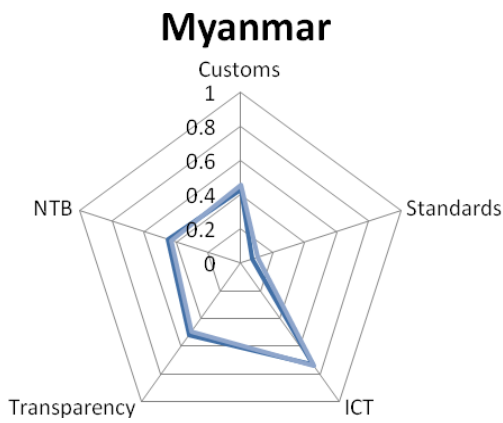
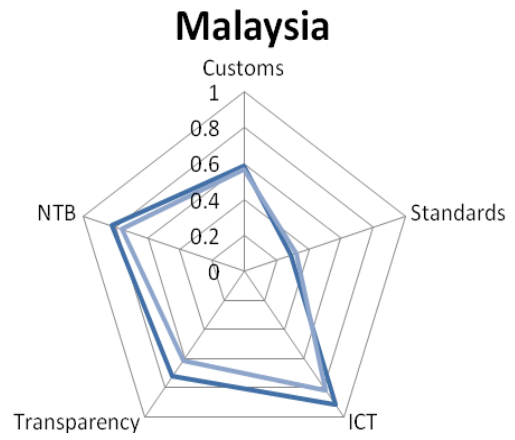
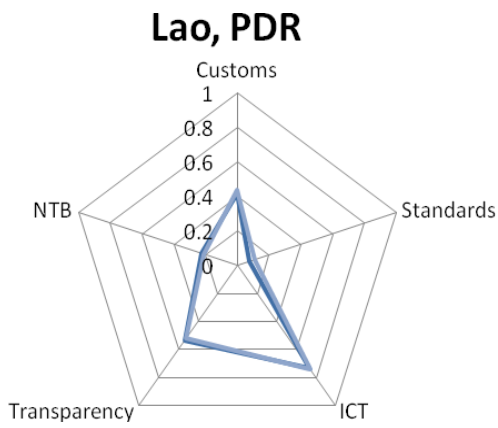
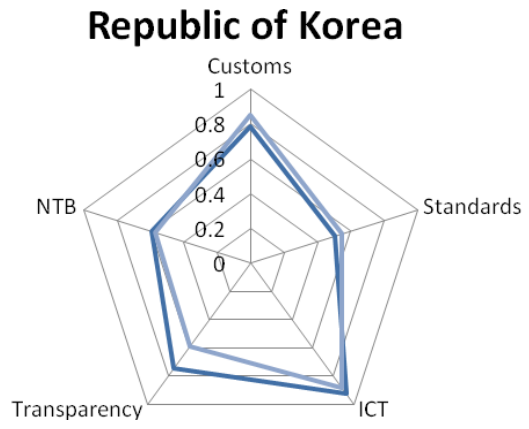
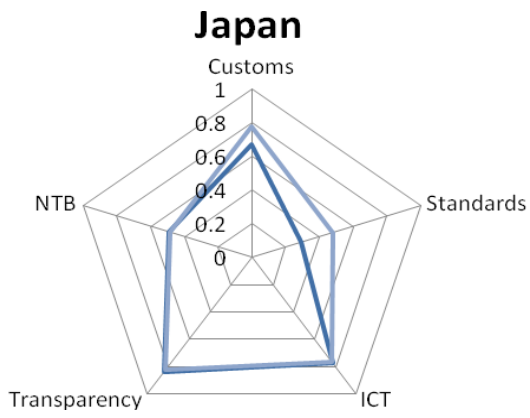
Only MRAs related to trade in goods e.g. electronic products, customs procedures are counted. This variable does not count the number of MRAs concluded in professional services.

Appendix 3. 2007 and 2010 Country Specific Scores on the Five Core Areas of Trade Facilitation

Figure A1. 2007 and 2010 Country Specific Scores on the Five Core Areas of Trade Facilitation

Legend:





Source: Authors' calculations

Appendix 4. Trade Facilitation Primary Indicators by Country Customs Procedures and Cooperation

Tables A2. Trade Facilitation Primary Indicators by Country Customs Procedures and Cooperation

	Year	Documents to export (no.)	Documents to import (no.)	Time to export (days)	Time to import (days)	Burden of customs procedures (score: 1-7, where 7 best)	Customs service index (score: 0 - 12(best))	Efficiency of clearance process (score: 1 - 5(best))	Clearance time without physical inspection (days)	Physical inspection (%)	No. of agencies - exports	No. of agencies - imports
Australia	2007	6	5	9	8	4.9	8.8	3.6	1.7	3.0	2	2
	2008	6	5	9	8	4.9	9.3	3.6	1.3	3.6	2	2
	2009	6	5	9	8	4.9	10.3	3.7	0.9	4.2	2	2
	2010	6	5	9	8	5.0	11.3	3.8	0.5	4.9	3	3
Brunei Darussalam	2007	6	6	27	19	4.5	6.4	3.0	1.9	18.0	3	3
	2008	6	6	27	19	4.5	6.4	3.0	1.7	19.3	4	4
	2009	6	6	27	19	4.6	7.6	2.9	1.5	20.5	4	4
	2010	6	6	25	20	4.5	8.8	2.8	1.3	21.8	4	4
Cambodia	2007	11	11	37	45	2.5	3.2	2.2	1.0	12.0	4	4
	2008	11	11	22	29	2.8	4.5	2.2	1.1	17.7	4	5
	2009	11	11	22	29	3.3	5.8	2.3	1.3	23.3	5	6
	2010	10	10	22	26	3.5	7.1	2.4	1.4	29.0	6	7
China	2007	7	6	21	24	4.2	7.0	3.0	1.4	7.0	4	4
	2008	7	6	21	24	4.5	6.8	3.0	1.5	7.5	4	4
	2009	7	5	21	24	4.6	7.8	3.2	1.6	8.1	4	4
	2010	7	5	21	24	4.5	8.8	3.4	1.7	8.6	4	4
India	2007	8	9	18	21	3.6	6.7	2.7	2.4	25.0	3	2
	2008	8	9	17	20	3.7	7.0	2.7	2.2	21.2	3	3
	2009	8	9	17	20	3.9	7.3	2.7	2.1	17.4	3	3
	2010	8	9	17	20	4.0	7.6	2.7	1.9	13.6	3	4
Indonesia	2007	5	6	21	27	3.0	7.7	2.7	1.6	12.0	3	3
	2008	5	6	21	27	3.3	5.5	2.7	1.8	11.7	3	3
	2009	5	6	21	27	3.7	7.2	2.4	2.0	11.4	3	3
	2010	5	6	20	27	3.9	8.9	2.1	2.1	11.1	3	4
Japan	2007	4	5	10	11	4.4	8.7	3.8	1.4	3.0	3	3
	2008	4	5	10	11	4.3	11.5	3.8	1.2	3.1	3	3
	2009	4	5	10	11	4.4	11.3	3.8	1.0	3.3	2	2
	2010	4	5	10	11	4.6	11.1	3.8	0.8	3.4	2	2

	Year	Documents to export (no.)	Documents to import (no.)	Time to export (days)	Time to import (days)	Burden of customs procedures (score: 1-7, where 7 best)	Customs service index (score: 0 - 12(best))	Efficiency of clearance process (score: 1 - 5(best))	Clearance time without physical inspection (days)	Physical inspection (%)	No. of agencies - exports	No. of agencies - imports
Korea, Rep.	2007	4	6	11	10	5.4	9.0	3.2	1.0	1.0	2	3
	2008	4	6	8	8	5.0	9.5	3.2	0.9	1.5	2	2
	2009	3	3	8	8	4.6	9.5	3.3	0.8	2.1	2	2
	2010	3	3	8	7	4.5	9.5	3.4	0.6	2.6	3	2
Lao PDR	2007	9	10	50	50	3.9	6.4	3.0	1.9	18.0	3	3
	2008	9	10	50	50	4.0	6.4	3.0	1.7	19.3	4	4
	2009	9	10	50	50	4.2	7.6	2.9	1.5	20.5	4	4
	2010	9	10	48	50	4.2	8.8	2.8	1.3	21.8	4	4
Malaysia	2007	7	7	18	14	5.0	9.0	3.4	1.7	6.0	3	3
	2008	7	7	18	14	4.8	6.3	3.4	1.4	6.2	3	3
	2009	7	7	18	14	4.8	6.6	3.1	1.1	6.3	3	3
	2010	7	7	18	14	4.8	6.9	2.8	0.7	6.5	3	3
Myanmar	2007	7	8	24	24	3.9	6.4	3.0	4.5	56.0	4	4
	2008	7	7	22	22	4.0	6.4	3.0	3.7	54.0	4	4
	2009	7	7	22	21	4.2	7.6	2.9	2.8	52.0	5	4
	2010	7	7	21	21	4.2	8.8	2.8	2.0	50.0	5	4
New Zealand	2007	7	5	10	9	5.5	9.5	3.6	0.5	5.0	2	3
	2008	7	5	10	9	5.6	10.0	3.6	0.5	3.9	2	3
	2009	7	5	10	9	5.9	10.0	3.6	0.5	2.9	3	3
	2010	7	5	10	9	5.8	10.0	3.6	0.5	1.8	3	3
Philippines	2007	8	8	17	18	3.1	4.3	2.6	1.8	32.0	4	4
	2008	8	8	16	16	2.9	8.0	2.6	1.8	27.6	4	4
	2009	8	8	16	16	3.0	9.3	2.7	1.8	23.1	4	3
	2010	8	8	15	14	3.0	10.6	2.8	1.8	18.7	3	3
Singapore	2007	4	4	5	4	6.4	9.5	3.9	1.1	3.0	2	2
	2008	4	4	5	4	6.5	11.0	3.9	0.9	2.7	2	2
	2009	4	4	5	4	6.4	12.0	4.0	0.7	2.3	2	2
	2010	4	4	5	4	6.3	13.0	4.1	0.5	2.0	2	3

	Year	Documents to export (no.)	Documents to import (no.)	Time to export (days)	Time to import (days)	Burden of customs procedures (score: 1-7, where 7 best)	Customs service index (score: 0 - 12(best))	Efficiency of clearance process (score: 1 - 5(best))	Clearance time without physical inspection (days)	Physical inspection (%)	No. of agencies - exports	No. of agencies - imports
Thailand	2007	7	9	17	14	4.3	4.7	3.0	1.9	9.0	4	4
	2008	4	3	14	13	4.1	7.5	3.0	1.5	8.9	3	4
	2009	4	3	14	13	4.1	9.2	3.0	1.1	8.8	3	3
	2010	4	3	14	13	4.1	10.9	3.0	0.7	8.7	2	2
Vietnam	2007	6	8	24	23	3.2	2.0	2.9	1.4	14.0	5	4
	2008	6	8	24	23	3.3	2.0	2.9	1.4	23.3	4	5
	2009	6	8	22	21	3.6	3.3	2.7	1.4	32.6	4	5
	2010	6	8	22	21	3.6	4.6	2.5	1.4	41.8	3	6

Sources: Doing Business, Global Competitiveness Report, Global Enabling Trade Report, Logistics Performance Index, various years

Table A3. Trade Facilitation Primary Indicators by Country: NTB, Especially Fees and Charges; Technical Regulations, Standards and SPS

	Year	Cost to export (US\$ per container)	Cost to import (US\$ per container)	Import licensing requirements (score)	Country's participation in ISO Technical Committees (score per million capita)	Cumulative no. of MRAs signed by country
Australia	2007	930	1120	0.2	25.4	14
	2008	1200	1239	0.2	25.4	14
	2009	1060	1119	0.2	25.4	14
	2010	1060	1119	0.2	25.4	14
Brunei Darussalam	2007	515	590	0.6	10.8	4
	2008	630	708	0.6	10.8	4
	2009	630	708	0.6	10.8	5
	2010	630	708	0.6	10.8	5
Cambodia	2007	722	852	0.6	0	2
	2008	732	872	0.6	0	2
	2009	732	872	0.6	0	3
	2010	732	872	0.6	0	3

	Year	Cost to export (US\$ per container)	Cost to import (US\$ per container)	Import licensing requirements (score)	Country's participation in ISO Technical Committees (score per million capita)	Cumulative no. of MRAs signed by country
China	2007	390	430	0.6	0.7	2
	2008	460	545	0.6	0.7	3
	2009	500	545	0.6	0.7	4
	2010	500	545	0.6	0.7	5
India	2007	820	910	0.6	0.6	0
	2008	945	960	0.6	0.6	0
	2009	945	960	0.6	0.6	0
	2010	1055	1025	0.6	0.6	0
Indonesia	2007	667	623	0.6	1	4
	2008	704	660	0.6	1	4
	2009	704	660	0.8	1	5
	2010	704	660	0.8	1	5
Japan	2007	989	1047	0.6	8.2	5
	2008	989	1047	0.6	8.2	7
	2009	989	1047	0.6	8.2	8
	2010	1010	1060	0.6	8.2	10
Korea, Rep.	2007	745	745	0.6	18.8	7
	2008	767	747	0.6	18.8	7
	2009	742	742	0.6	18.8	7
	2010	790	790	0.6	18.8	8
Lao PDR	2007	1750	1930	1	0	2
	2008	1860	2040	1	0	2
	2009	1860	2040	1	0	3
	2010	1860	2040	1	0	3
Malaysia	2007	432	385	0.8	10.7	4
	2008	450	450	0.8	10.7	4
	2009	450	450	0.8	10.7	5
	2010	450	450	0.8	10.7	5
Myanmar	2007	709	769	1	0	2
	2008	756	821	1	0	2
	2009	759	825	1	0	3
	2010	743	815	1	0	3

	Year	Cost to export (US\$ per container)	Cost to import (US\$ per container)	Import licensing requirements (score)	Country's participation in ISO Technical Committees (score per million capita)	Cumulative no. of MRAs signed by country
New Zealand	2007	725	800	0.2	39.5	9
	2008	868	850	0.2	39.5	12
	2009	868	850	0.2	39.5	13
	2010	855	825	0.2	39.5	13
Philippines	2007	800	800	0.6	1.6	4
	2008	816	819	0.6	1.6	4
	2009	816	819	0.6	1.6	5
	2010	675	730	0.6	1.6	5
Singapore	2007	416	367	0.4	24.3	9
	2008	456	439	0.4	24.3	10
	2009	456	439	0.4	24.3	11
	2010	456	439	0.4	24.3	13
Thailand	2007	615	786	0.6	3.7	9
	2008	625	795	0.6	3.7	9
	2009	625	795	0.6	3.7	10
	2010	625	795	0.6	3.7	10
Vietnam	2007	468	586	0.6	1.1	3
	2008	533	606	0.6	1.1	3
	2009	555	645	0.6	1.1	4
	2010	555	645	0.8	1.1	5

Sources: Logistics Performance Index; various years; author's calculations

Tables A4. Trade Facilitation Primary Indicators by Country: Transparency of Laws, Regulations and Administrative Rulings; Use of ICT and E-Commerce

	Year	Transparency of government policy making (score: 1-7, where 7 best)	Favouritism in decisions of government officials (score: 1 - 7(best))	Irregular payments in exports and imports (score: 1 - 7(best))	Corruption Perceptions Index (score: 0 - 10(best))	Laws relating to ICT (score: 1 - 7(best))	ICT use and government efficiency (score: 1 – 7(best))	Government prioritization of ICT (score: 1 - 7(best))
Australia	2007	5.3	4.8	6.3	8.6	5.3	5.0	4.9
	2008	5.4	5.2	6.2	8.7	5.5	5.2	5.4
	2009	5.3	5	6	8.7	5.6	5.1	5.4
	2010	5.2	4.6	5.8	8.7	5.5	5.0	5.3
Brunei Darussalam	2007	4.7	4	4	5.5	3.4	4.6	5.2
	2008	4.7	4	3.7	5.5	3.4	4.6	5.2
	2009	4.5	3.9	3.6	5.5	3.8	4.7	5.3
	2010	4.1	3.9	3.5	5.5	4.0	4.6	5.3
Cambodia	2007	4.1	2.7	2.4	2	2.4	4.3	4.4
	2008	4	2.8	2.4	1.8	2.5	4.2	4.3
	2009	3.7	3	2.6	2	2.8	4.1	4.3
	2010	3.6	3.2	2.8	2.1	3.2	3.9	4.6
China	2007	3.8	3	4.4	3.5	3.9	4.6	4.5
	2008	4.5	3.4	4.5	3.6	4.2	4.9	5.1
	2009	4.8	3.8	4.3	3.6	4.2	5.1	5.6
	2010	4.8	3.8	4.1	3.5	4.4	5.0	5.6
India	2007	4.4	3.3	4	3.5	4.6	4.9	5.5
	2008	4.2	3.2	3.6	3.4	4.6	4.9	5.4
	2009	4.6	3.2	3.4	3.4	4.5	4.9	5.5
	2010	4.7	2.9	3.2	3.1	4.6	4.7	5.3
Indonesia	2007	2.5	3.6	3	2.3	3.3	3.0	3.0
	2008	3.2	3.5	3.2	2.6	3.8	3.5	3.6
	2009	3.9	3.7	3.1	2.8	4.0	4.0	4.5
	2010	4.1	3.9	3	2.8	3.9	4.2	4.7
Japan	2007	5.2	4.6	6.1	7.5	4.8	4.1	5.5
	2008	5.1	4.6	5.9	7.3	4.8	4.1	5.0
	2009	4.8	4.5	6	7.7	4.8	4.2	5.1
	2010	4.6	4.6	6.1	7.8	4.8	4.3	5.2
Korea, Rep.	2007	4.7	4.7	5.7	5.1	5.7	5.6	5.9
	2008	4.5	4.4	5.2	5.6	6.0	5.8	5.6
	2009	3.7	3.1	4.8	5.5	5.6	5.8	5.4
	2010	3.8	2.8	4.4	5.4	5.1	5.7	5.6

	Year	Transparency of government policy making (score: 1-7, where 7 best))	Favouritism in decisions of government officials (score: 1 - 7(best))	Irregular payments in exports and imports (score: 1 - 7(best))	Corruption Perceptions Index (score: 0 - 10(best))	Laws relating to ICT (score: 1 - 7(best))	ICT use and government efficiency (score: 1 – 7(best))	Government prioritization of ICT (score: 1 - 7(best))
Lao PDR	2007	4.3	3.6	4	1.9	4.1	4.6	4.9
	2008	4.4	3.6	3.7	2	4.1	4.7	4.9
	2009	4.5	3.6	3.6	2	4.1	4.7	5.0
	2010	4.4	3.6	3.5	2.1	4.2	4.6	5.0
Malaysia	2007	5.2	4.3	5	5.1	5.4	5.6	6.0
	2008	5	4.1	4.6	5.1	5.3	5.6	5.8
	2009	4.9	3.7	4.2	4.5	5.1	5.5	5.7
	2010	4.8	3.7	3.8	4.4	5.1	5.4	4.8
Myanmar	2007	4.3	3.6	4	1.4	4.1	4.6	4.9
	2008	4.4	3.6	3.7	1.3	4.1	4.7	4.9
	2009	4.5	3.6	3.6	1.4	4.1	4.7	5.0
	2010	4.4	3.6	3.5	1.1	4.2	4.6	5.0
New Zealand	2007	5.6	5.7	6.7	9.4	5.4	4.7	4.7
	2008	5.3	5.4	6.6	9.3	5.3	4.7	4.8
	2009	5.8	5.7	6.7	9.4	5.5	4.9	5.4
	2010	6	5.7	6.8	9.3	5.5	5.2	5.7
Philippines	2007	4	2.6	3.1	2.5	3.9	4.1	4.1
	2008	3.8	2.2	2.6	2.3	3.9	4.0	4.3
	2009	3.7	2.1	2.4	2.4	3.8	3.9	4.2
	2010	3.6	2.2	2.2	2.4	3.6	3.6	4.1
Singapore	2007	6.1	5.4	6.6	9.3	5.9	6.1	6.3
	2008	6.3	5.7	6.6	9.2	6.0	6.3	6.3
	2009	6.3	5.8	6.5	9.2	6.0	6.3	6.4
	2010	6.3	5.6	6.4	9.3	5.9	6.2	6.4
Thailand	2007	4.6	3.6	4.1	3.3	4.1	5.2	5.2
	2008	4.2	3.4	3.7	3.5	3.9	4.8	4.6
	2009	4.2	3.1	3.5	3.4	3.9	4.7	4.4
	2010	4.3	2.9	3.3	3.5	3.9	4.5	4.5
Vietnam	2007	3.8	3	3.1	2.6	3.4	4.0	5.1
	2008	4.2	3.1	2.9	2.7	3.7	4.5	5.0
	2009	4.4	3.2	2.7	2.7	3.8	4.7	5.3
	2010	4.3	3.1	2.5	2.7	4.0	4.6	5.5

Sources: Global Competitiveness Report, Global Information Technology report, Transparency International; various years