



Digital and Sustainable Trade Facilitation

in Central Asia Regional Economic Cooperation (CAREC) 2021

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



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

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Inputs to the expert group meeting on trade facilitation in times of crisis and epidemic in the Asia-Pacific region (virtual, July 2020) as well as the results from the pilot survey on trade facilitation in times of crisis and pandemic (conducted in 2020 with the Asia-Pacific results published in a regional report in January 2021), contributed to the development of the additional measures on trade facilitation in times of crisis. In addition, comments and suggestions received from participants at the Launch of the United Nations Global Survey on Digital and Sustainable Trade Facilitation 2021 (virtual, July 2021), where the 2021 Survey results were presented, are gratefully acknowledged. The authors are also grateful to the following organizations and individuals for their inputs and suggestions for the development of the 2021 Survey: Alexander R. Malaket, formerly of the International Chamber of Commerce (ICC) Banking Commission and Andrew Wilson from the ICC for the trade finance facilitation component; Candice White from the World Economic Forum (WEF); and Alexandre Larouche-Maltais and Sijia Sun from UNCTAD for the women in trade facilitation component. The research assistance provided by Ruixin Xie, Yifan Tan and Linyi Chen in data collection and finalizing the report is appreciated. Anisa Hussein edited and formatted the report. Arom Sanguanyuang created the cover design.

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EXECUTIVE SUMMARY

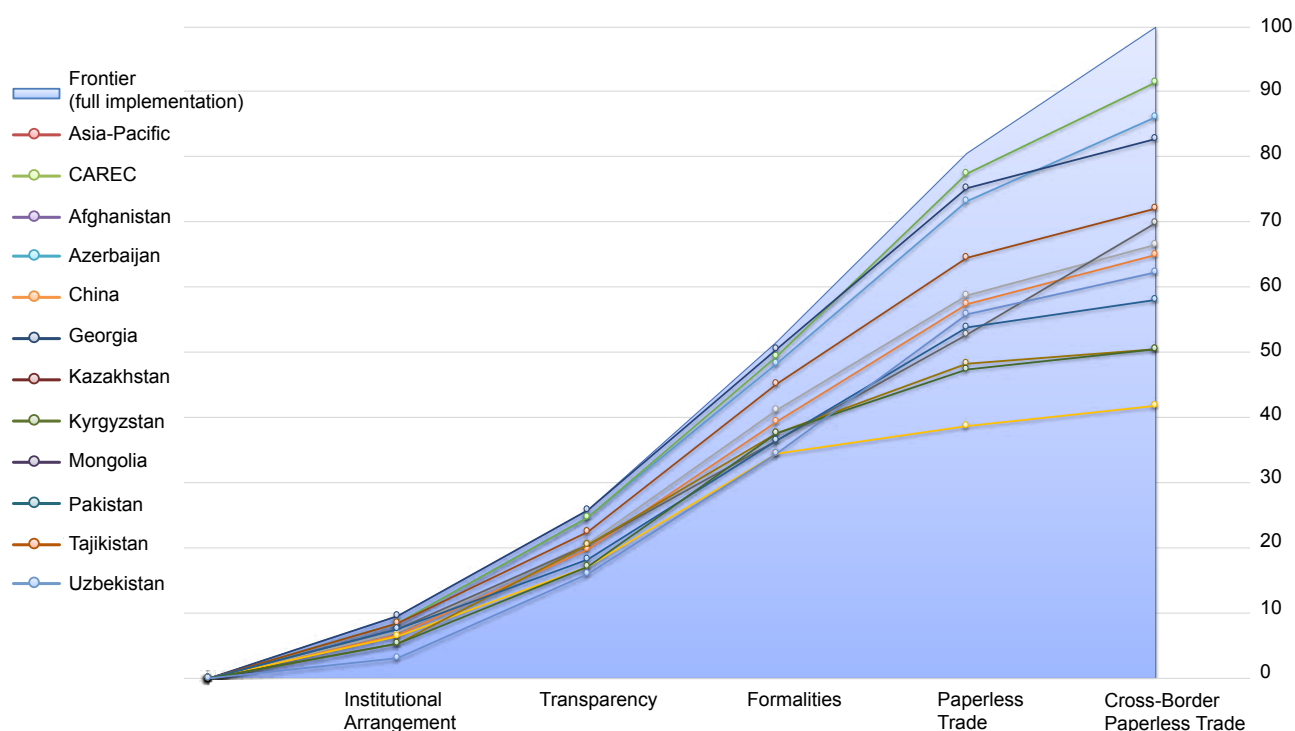
Reducing trade costs is essential in enabling economies to participate in regional and global value chains effectively and for them to continue using trade as an important engine of growth and sustainable development. The disruption of the international supply chain associated with the Covid-19 pandemic as well as the recent surge in shipping costs have put upward pressure on already high trade costs in Central Asia. Trade facilitation plays a significant role in avoiding unnecessary costs and enhancing efficiency through streamlined and digitalized trade. The World Trade Organization (WTO) Trade Facilitation Agreement (TFA) and regional trade digitalization initiatives such as the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA) provides guidance on measures that should be considered for implementation.

In this context, this report presents results of the 2021 United Nations Global Survey on Digital and Sustainable Trade Facilitation for ten countries members of the Central Asia Regional Economic Cooperation Program (CAREC), namely Afghanistan, Azerbaijan, China, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan and Uzbekistan. It presents a detailed analysis based on 58 trade facilitation measures which are classified into four groups ("General Trade Facilitation", "Digital Trade Facilitation", "Sustainable Trade Facilitation", and "Other Trade Facilitation") and further 11 sub-groups covering both binding and non-binding WTO TFA measures and measures beyond the scope of WTO TFA+. The report reveals that:

- Average trade facilitation implementation rate in CAREC has increased by 9 percentage points, from 58% in 2019 to 67% in 2021, a remarkable progress amidst the COVID-19 pandemic. CAREC average implementation is slightly higher than the Asia-Pacific regional average (64.9%).
- Implementation level in CAREC is quite heterogeneous. The Trade facilitation implementation of China reaches global leading level, standing over 90%, followed by Azerbaijan and Georgia (86% and 83%, respectively). In contrast, Afghanistan stands at only 42%, lagging far behind the average implementation rate in this subregion.
- CAREC countries have made progress across essentially all general and digital trade facilitation measures. They made the most progress in implementing 'Cross-Border Paperless Trade' measures between 2019 and 2021, although implementation rates remains still low at approximately 40%, showing there is still plenty of room for improvement, primarily through regional cooperation.
- When it comes to "Sustainable Trade Facilitation" measures, CAREC countries are actively implementing measures regarding 'Agricultural Trade Facilitation'. The implementation of inclusive measures to promote SMEs is relatively high as well – trade facilitation policies supporting SMEs are of critical importance in achieving sustainable trade facilitation. In contrast, implementation of trade facilitation measures supporting women is relatively low.
- 'Trade Facilitation in Times of Crisis' measures are relatively well implemented with implementation rate at approximately 60%, (higher than regional average level), but better preparation for ongoing and future crises should be a policy priority for countries that have not yet started making such plans.
- Implementation rate of 'Trade Finance Facilitation' measures is approximately 32%, making it the least implemented sub-group. There is a need for greatly enhanced coordination and cooperation between traditional trade facilitation actors and those involved in developing financial and payment services.

The report suggests that most trade cost reductions are associated with paperless trade measures rather than conventional trade facilitation measures. Implementing both binding and non-binding WTO TFA measures could result in a 4-9% decrease in trade costs. In contrast, digital trade facilitation measures enabling the seamless electronic exchange of trade data and documents across borders could result in a reduction of about 17% in a full implementation scenario. For countries to reap the benefits from digital trade facilitation, the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA) could support countries by providing a dedicated, inclusive and capacity-building focused intergovernmental platform. The CPTA entered into force in February 2021 and all eligible countries that have not yet done so are encouraged to accede to the treaty as soon as possible as its implementation begins in 2022.

Moving up the trade facilitation ladder towards seamless international supply chains



Note: the figure shows cumulative trade facilitation implementation scores of Asia-Pacific sub-regions for 31 common trade facilitation measures included in the survey. Full implementation of all measures =100. Source: UN Global Survey on Digital and Sustainable Trade Facilitation, untfsurvey.org, 2021

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

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