



# Digital and Sustainable Trade Facilitation in Pacific Island Developing Economies

## SUB-REGIONAL REPORT 2019

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

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## EXECUTIVE SUMMARY

Reducing trade costs is essential for developing economies to effectively use trade as an engine of growth and sustainable development. Trade facilitation and digitalization have taken increasing importance as evidenced by the WTO Trade Facilitation Agreement (TFA), as well as the growing number of regional and sub-regional initiatives for facilitating the electronic exchange of information along international supply chains, including the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (FA-CPT).

This report presents an analysis of the results of the United Nations Global Survey on Digital and Sustainable Trade Facilitation for 11 Pacific Island Developing Economies (PIDEs). The WTO TFA+ Survey was conducted during the first half of 2019 and covered 53 trade facilitation measures categorized under four groups: “General Trade Facilitation”, “Digital Trade Facilitation”, “Sustainable Trade Facilitation” and “Trade Finance Facilitation”.

The report reveals that:

- PIDEs implementation rate of the measures stands at 35.5%, well below the Asia-Pacific regional average (59.7%). Moreover, PIDEs has the lowest average level of implementation in the region, less than half of AUS-NZL (93%) and even lower than South and South-West Asia (55.4%).
- Implementation in PIDEs is quite homogeneous. While stronger economies have an implementation level between 40-50%, others do not trail far behind with implementation levels been 25-30%, with Nauru achieving only 8% as an outlier.
- Implementation level of Trade Facilitation measures by PIDEs increased by only 8 percentage points from 27% in 2017 to 35% 2019. Other than Tuvalu and Samoa, who made huge leaps of around 27 and 21 percentage points respectively, most PIDEs made modest increase in their implementation level over the past two years.
- PIDEs have already implemented some of the WTO TFA related measures, in particular ‘Transparency’ measures. However, implementation levels of more advanced ‘Cross-Border Paperless Trade’ measures remain extremely low.
- Measures under the “Sustainable Trade Facilitation” category are least implemented, particularly those targeted at women and SMEs. These measures are typically not specified in multilateral and/or regional agreements but need to be further emphasized to ensure trade facilitation benefits a wider range of stakeholders.
- Data on implementation of “Trade Finance Facilitation” measures, collected for the first time this year, suggest a serious lack of awareness about the importance of these measures and how they could be integrated in trade facilitation strategies.

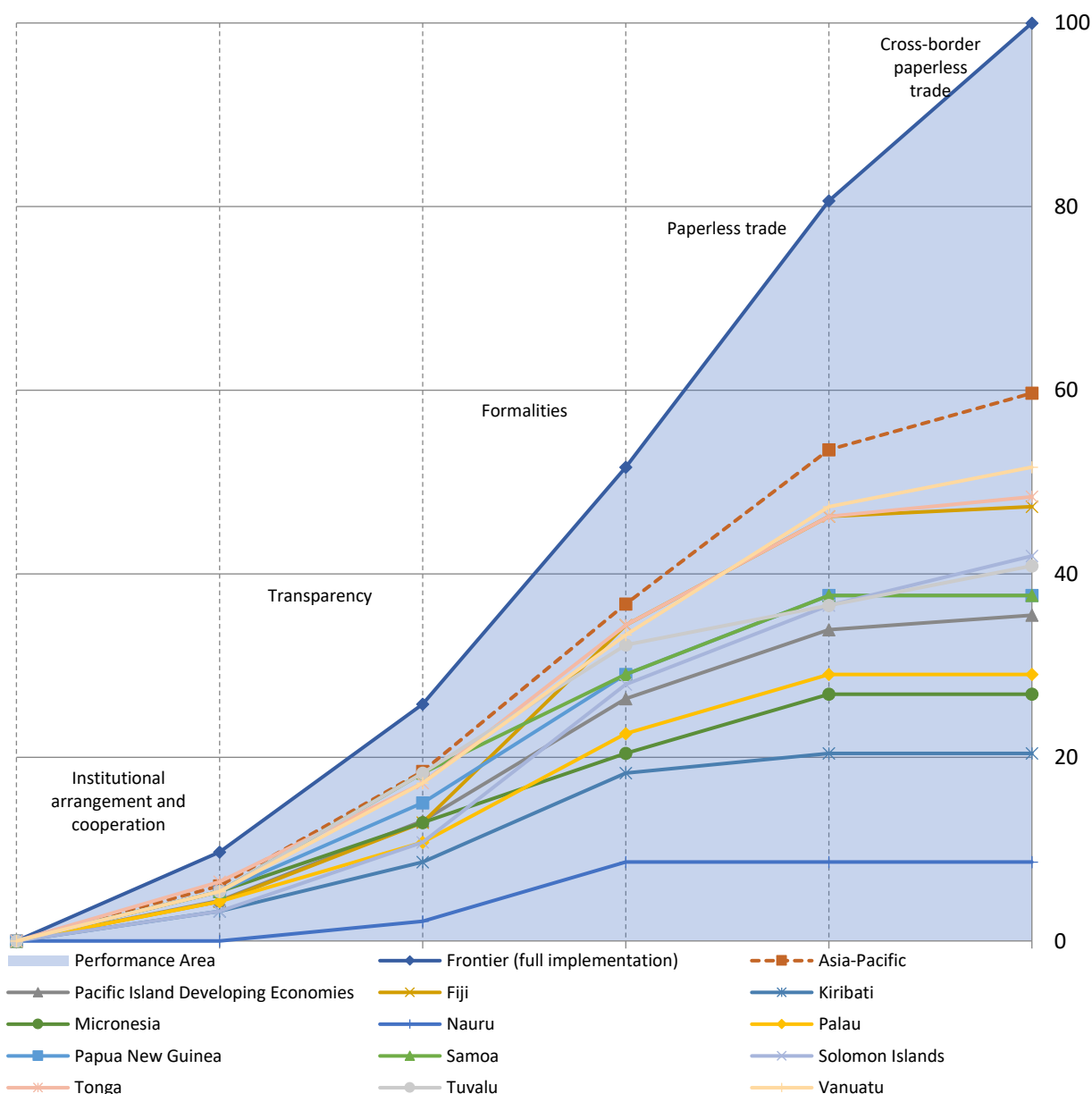
The impact analysis included in the report shows that achieving basic compliance with WTO TFA by implementing only binding measures results in only modest trade cost reductions. Full implementation of binding measures results in a decrease of trade costs of about 7-15%, while full implementation of all TFA measures results in a 21.6% reduction. Importantly, the paperless implementation of the TFA measures together with enabling the seamless electronic exchange of trade data and documents across borders results in much larger trade costs reductions, averaging nearly 32% for PIDEs as a whole. Looking forward, given in particular the growing importance of cross-border e-commerce and its potential in supporting SMEs more direct engagement in international trade, trade digitalization may be prioritized in trade facilitation strategies



of PIDEs. Accordingly, small islands may consider acceding to the FA-CPT as soon as possible to demonstrate political will and build their capacity in this area.

This PIDEs report may best be read in conjunction with the Global and Asia-Pacific reports on the results of the UN Global Survey on Digital and Sustainable Trade Facilitation 2019, available at <https://untfsurvey.org/>.<sup>1</sup>

### 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, 2019

<sup>1</sup> See also ADB-ESCA Asia-Pacific Trade Facilitation Report 2019: Bridging Trade Finance Gaps through Technology. Available at: <https://www.adb.org/publications/asia-pacific-trade-facilitation-report-2019>

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The Report was prepared by Vasan Narang, Chorthip Utoktham and Danijel Bajt under the guidance of Yann Duval and the overall supervision of Mia Mikic, all from the Trade, Investment and Innovation Division (TIID) of ESCAP. Roy Lagolago and Kalei Billings-Dugu of the Oceania Customs Organization (OCO), Patrick Goettner from United Nations Conference on Trade and Development (UNCTAD), as well as Yuhua Zhang and Sangwon Lim from ESCAP also contributed to the report, in particular by facilitating data collection from relevant experts as well as data validation in several Pacific Island countries. The active participation of the participants to the Asia-Pacific Forum on Trade Digitalization for Sustainable Regional Integration and the interim Intergovernmental Steering Group on Cross-Border Paperless Trade Facilitation, held on 12-15 March 2019, in the initial data collection effort is gratefully acknowledged. The United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific (UNNExT), a knowledge community supported by ESCAP and ECE, also greatly facilitated data collection.

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This report should best be read in conjunction with the Global and Regional reports on Digital and Sustainable Trade Facilitation, available at <https://untfsurvey.org/>.

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## ABBREVIATIONS

ADB	Asian Development Bank
AEO	Authorized economic operator
ASEAN	Association of Southeast Asian Nations
ECA	United Nations Economic Commission for Africa
ECE	United Nations Economic Commission for Europe
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ENEA	East and North-East Asia
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESCWA	United Nations Economic and Social Commission for Western Asia
ICT	Information and communications technology
ITC	International Trade Centre
LDC	Least developed country
LLDC	Landlocked developing country
NCA	North and Central Asia
NTFC	National trade facilitation committee
OCO	Oceania Customs Organization
OECD	Organization for Economic Co-operation and Development
PIDE	Pacific Island Developing Economies
SAARC	South Asian Association for Regional Cooperation
SEA	South-East Asia
SELA	Latin American and Caribbean Economic System
SIDS	Small island developing states
SSWA	South and South-West Asia
TFA	Trade Facilitation Agreement
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNCTAD	United Nations Conference on Trade and Development

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