



*Civil Society Forum organized by
South Asia Watch on Trade, Economics and Environment*

1

Trade Facilitation for implementation of BIMSTEC Master Plan for Transport Connectivity



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23 September, 2022



Topics of Discussion

- Trade Facilitation
 - Importation and Exportation
 - Reducing NTM / TBT challenges
 - Transit



Trade Facilitation

- ADB has supported for the preparation of Master Plan for Transport Connectivity as a strategic document to achieve enhanced connectivity and sustainable development of the region.
- Trade facilitation is one of the main subject of this BIMSTEC Master Plan for Transport Connectivity.
- In the past, the focus on trade facilitation was on the development of physical infrastructure, particularly the facilities at the border crossings and supporting ICDs.
- Presently, it has become increasingly clear that border practices and procedures are critical non-tariff barrier that is is a major cause of border congestion.
- Trade facilitation helps create an enabling environment for rapid economic development by promoting trade.
- Regarding hard infrastructure, the key issues are further development of the main border posts, including associated dry ports, and of ICDs.
- The soft infrastructure issues mainly relate to customs modernization and the increasing use of ICT,



Trade Facilitation

- **Trade Facilitation Objectives**
 - Expediting the movement, release and clearance of goods, including goods in transit.
 - Simplification, modernization and harmonization of export and import processes
 - Measures for effective cooperation between customs and other appropriate authorities on trade facilitation
 - Modern technologies are encouraged to be implemented to expedite trade procedure



Trade Facilitation

- World Trade Organization –Trade Facilitation Agreement
 - **E-Systems** : Formalities relating to importation and exportation including establishing a single window and minimizing document requirements.
 - **Border Cooperation**: Cooperation amongst border agencies –harmonization of information and joint inspections. Shared resources.
 - **Customs**: Advance Ruling, Simplified procedures for clearance, Minimizing document requirements , Single Window
 - **Border Infrastructure** : Expeditious Clearance, Technology assisted inspections
 - **Risk Based Inspections** : Expeditious clearance and processing through pre-arrival information, risk management and special treatment
 - **Capacity Building**: Capacity Building & Training
 - **Testing Facilities** : Modernization



NTM / TBT Challenges

- Non-tariff measures / barriers : *NTMs are policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both. Non-tariff barriers to trade are trade barriers that restrict imports or exports of goods or services through mechanisms other than the simple imposition of tariffs”* –United Nations Conference on Trade and Development (UNCTAD)
- Technical Barriers to Trade: *The Technical Barriers to Trade (TBT) are technical regulations, standards, and conformity assessment procedures are deemed discriminatory and creates unnecessary obstacles to trade.”* –World Trade Organization (WTO)



WTO SPS Agreement

- **Sanitary and Phytosanitary (SPS) Agreement:** The Sanitary and Phytosanitary (SPS) Measures implemented aims to protect human, animal or plant life or health from pests and diseases that may be brought in by imported agricultural products.
- The rights of every country –To ensure that country's consumers are being supplied with food that is safe to eat.
- The SPS agreement indicates: Regulations are based on science and utilize international standards and recommendation.
- The SPS agreement also indicate:
 - *Utilization of risk management tools*
 - *Mutual Recognition Agreements for laboratory certifications.*



Transit -Customs

- Customs transit is defined by Specific Annex E of the Revised Kyoto Convention (RKC) as the Customs procedure under which goods are transported under Customs control (and without imposing Customs duties) from one Customs office to another.
- Fundamental Understanding of Transit
 - No duties are imposed
 - Possible administrative charges
 - No inspection –documentary scrutinization only
 - Collection of guarantees upon entry and refunded upon exit.
 - Sealing of wagons with security tags
 - Possible track and trace tags



Transit -Customs

- The application of modern practices and procedures as promoted by the Revised Kyoto Convention of WCO and the Trade Facilitation Agreement of the World Trade Organization (WTO) can minimize the delays in border crossing points.
- The modern trend is for the facilities at the border to serve merely as a checkpoint for freight traffic, rather than as a clearance point.
- Unfortunately, this approach has been difficult to implement in the BIMSTEC region and in developing countries elsewhere for a variety of reasons.
- Due to existing practices and procedures, most border posts act as the actual clearance point.
- Most of the BIMSTEC member states lag behind global standards of modern or advanced logistics in , which is likely a cause of the relatively low performance of most member states in the logistics performance index rankings of the World Bank.
- In the last decade, there has been significant investment in new border infrastructure and facilities in the region.



Transit -Customs

- The lack of harmonization of documentation and the clearance requirements is the other major area of concern.
- There are few mutual recognition agreements between the BIMSTEC member states—the validity of tests and standards undertaken in one BIMSTEC member state is not accepted by another BIMSTEC member state.
- BIMSTEC need to encourage member states to review and rationalize their documentation requirements in relation to import and export clearance wherever possible and promote the development of more mutual recognition agreements between member states.



Gap Assessment is necessary

- Institutional and Governance
- Level of automation
- Information and communication technology (ICT) infrastructure –Standard Operating Procedures, Disaster Recovery Plans etc
- Business process re-engineering –Simplification
- Data harmonization and standardization
- Capacity building –Knowledge, resource, skillsets etc
- Paperless Transit –International transit regimes, regional agreements etc
- Cross Border Mutual Recognition –Trade documents, scientific documents etc
- Authorized Economic Operators
- Electronics transactions and signatures law
- Paperless trade and single window laws
- Cross-border aspects

A scenic landscape featuring a range of mountains. In the background, two prominent peaks are covered in snow and partially shrouded in light blue haze. The middle ground shows dark, rocky mountain slopes. In the foreground, a wide, light-colored river flows through a valley, with a small cluster of green trees on the left bank. The sky is a clear, bright blue.

**Thank You All
for your kind attention**